

# Impax Asset Management



## AUM racing ahead of forecasts

9 September 2020

By 31 August 2020, 11 months into the financial year, assets under management had grown to £19.3bn, substantially above our previous year-end forecast of £17.2bn, and 28% up on the FY19 year-end level of £15.1bn. Impax's strong and continued progress since the March 2020 market lows sees it set to exceed our year-end forecasts for revenue (£77.9m), adjusted operating profit (£20.9m), and net cash position (£32.1m) by some margin.

The AUM performance is indicative of both being in an asset management sweet-spot and being a winner within it. **Impax has obviously benefited from positive market moves, but also continues to see substantial client inflows, which we believe will continue.**

The flow of assets into sustainable investing generally continued through the Feb-Mar 2020 market crash and accelerated rapidly thereafter. Morningstar reports that in Europe, Q1 2020 saw sustainable funds attract EUR25bn in net inflows (when many funds saw outflows), while in Q2, this more than doubled to EUR55bn<sup>1</sup>. In the US, sustainable funds saw net inflows of just over US\$10bn in both Q1 and Q2<sup>2</sup>.

Impax, meanwhile, has **grown its AUM by 16%** between Jan and Aug 2020, far in excess of broader market moves and clearly indicative of strong client inflows. Over the same period, the FTSE 100 fell c. 21%, the MSCI All World Index grew by 3%, and even the buoyant S&P 500 managed only 8% growth.

The share price has reacted accordingly, closing at 493p on 8 September 2020, 27% up on the 31 December 2019 price of 389p (which was roughly in line with our previous DCF valuation). The direction of travel appears justified.

Impax is scheduled to provide a more detailed breakdown of its AUM position for FY20 in early October 2020 – splitting out client flows versus market moves and providing operating unit AUM performance (London-managed listed and real assets and US-listed assets). At that time, we will be updating our forecasts and valuation.

### Company Data

EPIC	IPX
Price	493p
52 week Hi/Lo	510p/191p
Market cap	£643m

### Share Price, p



Source: ADVFN

### Description

Impax is a specialist asset manager, focused on the growth opportunities arising from the transition to a sustainable economy. Founded in 1998, it offers a range of thematic and unconstrained global equity strategies, real asset funds, as well as smart beta and fixed income strategies.

Aggregate AUM at end Aug 2020 was £19.3bn

### Summary historic financials

(Year-end 30 Sept)	2018A	H1 2019A	2019A	H1 2020A
AUM, £bn	12.5	13.3	15.1	14.4
Revenue, £m	65.7	33.8	73.7	41.2
Adj Op. Profit, £m	20.0	7.7	18.0	10.5
Adj EPS, diluted, p	12.4	4.4	11.5	6.3
PER	39.8	55.6	43.0	39.3
Dividend*, p	4.1	1.5	5.5	1.8
Yield	0.8%	0.3%	1.1%	0.4%
Net assets, £m	53.5	55.7	63.2	63.2
Net cash**, £m	16.8	9.7	27.2	20.6

Source: Group report & accounts and ED estimates \* Excludes special dividend of 2.6p in FY18, \*\*includes funds in money market & LT deposit accounts and 3<sup>rd</sup>-party interest on consolidated funds (therefore differs from 'cash reserves' which excludes 3<sup>rd</sup>-party interest on cons. funds)  
Adj. results eliminate non-recurring acquisition costs, on-going amortisation of intangibles acquired, one-off tax credits and mark-to-market charges on equity award schemes. PER, and Yield calculations based on a share price of 493p.



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<sup>1</sup> <https://www.morningstar.co.uk/uk/news/204525/sustainable-fund-flows-hit-record-in-q2.aspx>

<sup>2</sup> <https://www.morningstar.com/articles/994219/sustainable-funds-continue-to-rake-in-assets-during-Q2>



## Investor Access

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