

AUM hit by outflows in Q1-25, down 8%

9 January 2025

AUM fell 8.3% over Q1 of FY25 (1 Oct 24 - 31 Dec 24) from £37.2bn to £34.1bn. Net outflows were -£2.4bn with investment performance -£0.66bn. The termination of Impax's smaller mandate with St James's Place (announced Oct 24) contributed to the outflows (see also below), as well as redemptions driven by industry consolidation in the APAC region. But pleasingly, Impax has continued to see a slow-down in outflows from its largest European distribution partner, BNP Paribas Asset Management, and from its US mutual funds.

Impax has stated it expects the Sky Harbour Capital Management acquisition (announced Jul 24) to close shortly. This will add c. £1.3bn of fixed income AUM. We remind readers that this is part of a strategic move to increase the proportion of AUM in this asset class, and in turn decrease the proportion of AUM in small and mid-cap equities.

SJP shadow looms but we maintain share price fall looks too extreme

We also remind readers of the announcement on 13 Dec 24 of the termination of a £5.2bn AUM St James's Place mandate (Impax's largest SJP mandate, not that referred to in paragraph 1), which will impact AUM in Q2-25. On that day, the IPX share price fell 23% to 252p (8 Jan 25: 242.5p).

We analysed the impact of the termination in our 14 Dec 24 note, [SJP ends mandate, but price fall looks unwarranted](#), with our forecasts and valuation downgraded (from 700p to 600p), noting:

- The SJP termination would have a negative impact on AUM in the Q2-25 quarter of around 14%.
- The impact on revenue would be far more muted (c. 7.5% on an annualised basis) as the SJP fund had a low-fee-margin of c24bps compared to the average Impax fee margin of 44.3bps.
- Some costs would be stripped out too (c. 5% of adjusted op. costs on an annualised basis).
- The price reaction to the loss of a single, albeit large, low margin account looked too extreme, with a large gap (>100%) opening up between our fundamental valuation and the share price.

We have reduced our end-FY25 AUM, but other forecasts change only slightly downwards, and **our fundamental valuation remains 600p, more than double the share price**. It is worth noting that Impax is paying particular attention to cost management, and we do not assume any further cost reductions beyond bonus reductions which will filter through on AUM and revenue falls. Also, we flag the low PER v. sector peers (page 2). Additionally, readers may want to refer to our 28 Nov 24 note, [Solid FY24 results, triggers to reignite growth visible](#), for detail on Impax's market environment, positioning, and growth prospects including a number of potential triggers for a return to inflows.

Company Data

EPIC	IPX.L
Price (last close)	242.5p
52 weeks Hi/Lo	545p/230p
Market cap	£322m
ED Fair Value	600p
Proforma net cash	£91m
Avg. daily volume	309k

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 listed equities, fixed income, systematic, and private markets strategies.

AUM on 31 Dec 2024: £34.1bn



Next event

AUM update April 2025

Paul Bryant (Analyst)

0207 065 2690
paul.bryant@equitydevelopment.co.uk

Andy Edmond

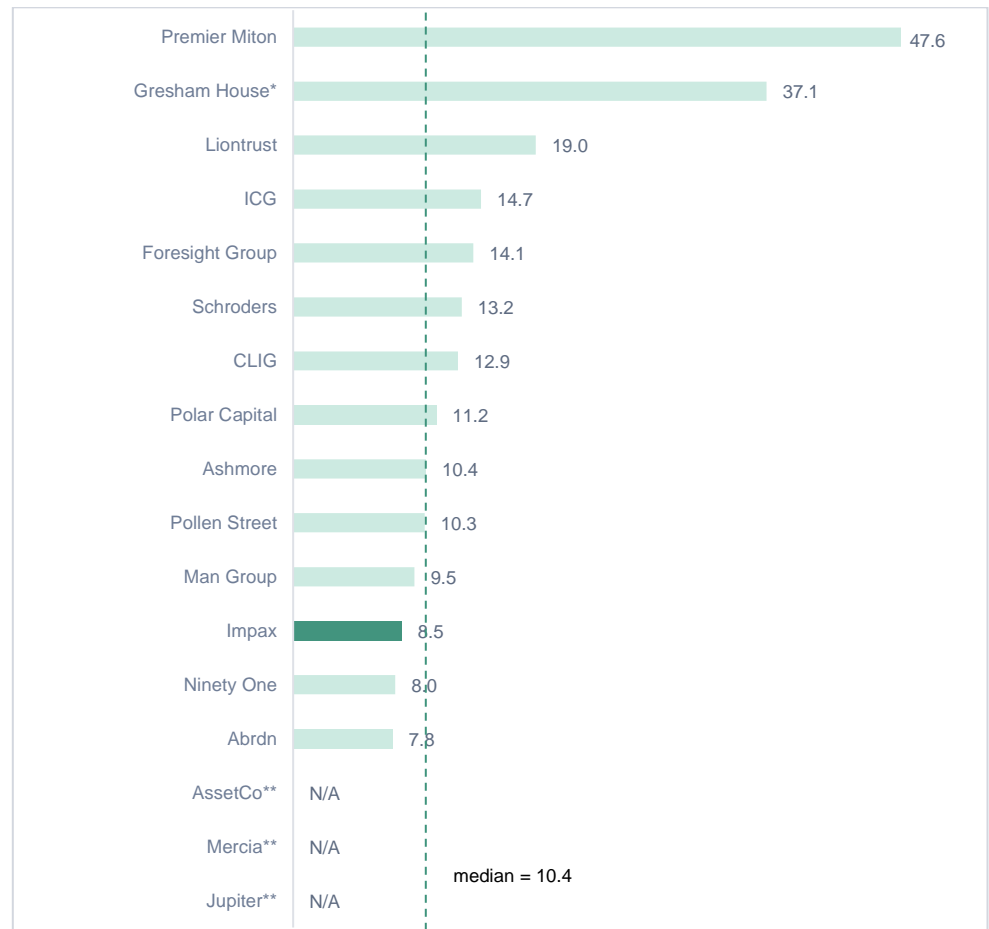
0207 065 2691
andy@equitydevelopment.co.uk

Summary financials & forecasts

Year end 30 Sep	FY22A	FY23A	FY24A	FY25E prev.	FY25E new	FY26E prev.	FY26E new
AUM, £bn	35.7	37.4	37.2	35.2	34.1	39.0	37.8
Revenue, £m	175.4	178.4	170.1	159.3	159.0	163.5	163.5
Adj. Op. Profit*, £m	67.4	58.1	52.7	40.4	40.3	42.7	42.7
Net profit after tax	59.5	39.2	36.5	30.6	30.6	32.7	32.7
EPS basic, p	46.0	30.5	28.5	24.0	23.9	25.6	25.6
EPS adj. & diluted, p	42.1	35.2	32.2	24.9	24.9	26.3	26.3
PER	5.3	8.0	8.5	10.1	10.1	9.5	9.5
Dividend, p	27.6	27.6	27.6	27.6	27.6	27.6	27.6
Yield	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%
Net assets, £m	138.2	134.0	131.1	124.7	124.7	117.6	117.6
Net cash, £m	110.9	91.5	93.1	74.6	74.6	70.0	69.9

Source: Group report & accounts and ED estimates. ER and yield based on share price of 242.5p.

* IFRS costs less non-recurring acq. costs, amort. of intangibles acq'd, one-off tax credits & M-T-M of NI on equity awards

PER (TTM) peer group comparison


Source: London Stock Exchange, company announcements. PERs based on share prices as at 8 Jan 25 and latest available basic EPS on Trailing Twelve Months (TTM) basis on that date.

*De-listed on 20 Dec 2023 after being acquired

**All made statutory losses on TTM basis

Contacts

Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

andy@equitydevelopment.co.uk

Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

hannah@equitydevelopment.co.uk

Equity Development Limited is regulated by the Financial Conduct Authority

Disclaimer

Equity Development Limited ('ED') is retained to act as financial adviser for its corporate clients, some or all of whom may now or in the future have an interest in the contents of this document. ED produces and distributes research for these corporate clients to persons who are not clients of ED. In the preparation of this report ED has taken professional efforts to ensure that the facts stated herein are clear, fair and not misleading, but makes no guarantee as to the accuracy or completeness of the information or opinions contained herein.

Any reader of this research should not act or rely on this document or any of its contents. This report is being provided by ED to provide background information about the subject of the research to relevant persons, as defined by the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Research produced and distributed by ED on its client companies is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent as defined by the FCA but is 'objective' in that the authors are stating their own opinions. This document is prepared for clients under UK law. In the UK, companies quoted on AIM are subject to lighter due diligence than shares quoted on the main market and are therefore more likely to carry a higher degree of risk than main market companies.

ED may in the future provide, or may have in the past provided, investment banking services to the subject of this report. ED, its directors or persons connected may at some time in the future have, or have had in the past, a material investment in the Company. ED, its affiliates, officers, directors and employees, will not be liable for any loss or damage arising from any use of this document to the maximum extent that the law permits.

More information is available on our website www.equitydevelopment.co.uk

Contact: info@equitydevelopment.co.uk | 020 7065 2690