

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

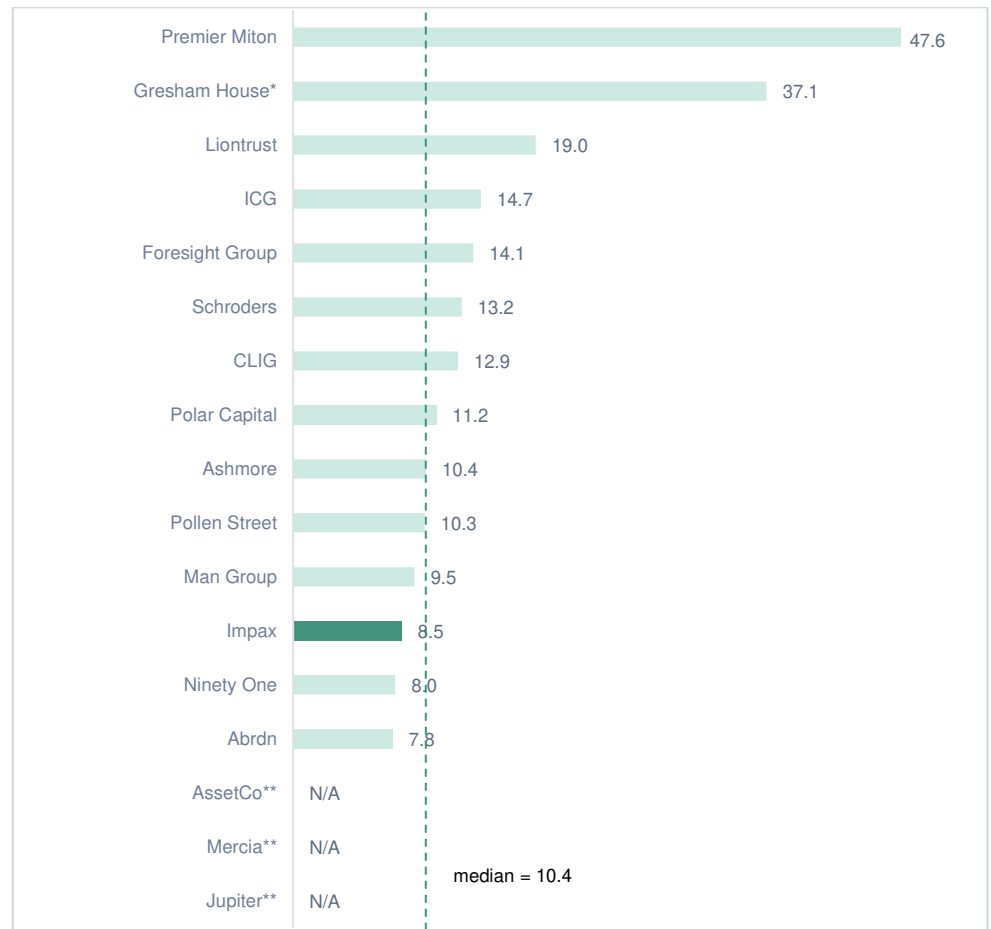
Summary financials & forecasts

| 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

Distributed by London South East

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

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