

Interactive PDF user guide

IMPAX Asset Management

This year we have produced a **Strategic Report** and separate **Governance and Financial Report**. Both documents are contained within this interactive pdf.

This interactive pdf allows you to access the information that you want easily, whether printing, searching for a specific item or going directly to another page, section or website.

The different features

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Section navigation

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LINKS

Throughout this report there are links to pages, other sections and web addresses for additional information.

Examples: This is an example of how the links appear within this document. They are recognisable by the underline, simply click to go to the relevant page or web URL (www.impaxam.com).



Click here to go directly to the Strategic Report.

Click here to print the Strategic Report.



Click here to go directly to the Governance and Financial Report.

Click here to print the Governance and Financial Report.

Strategic Report

For the year ended 30 September 2019

Impax Asset Management Group plc

**Specialists in the
transition to a more
sustainable economy**

Impax is an established global brand and a pioneer in investing in the transition to a more sustainable global economy.

Our Mission

To generate superior, risk-adjusted investment returns from opportunities arising from the transition to a more sustainable economy for clients with a medium to long-term horizon.

To make a contribution to the development of a sustainable society, particularly by supporting or undertaking relevant research and engaging or collaborating with others.

To provide a stimulating, collaborative and supportive work-place for our staff.

Our Values



Be the solution



A passion for excellence



All voices valued



Doing better together



Building a common future

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Naming of companies in this document

For simplicity we use the following short forms in the place of the legal company entity names in this document and the Governance and Financial Report. Impax Asset Management Group plc is referred to throughout as "Impax" or the "Company". In January 2018, Pax World Management LLC was acquired by Impax and has been re-named Impax Asset Management LLC. This company is based in Portsmouth, New Hampshire and we refer to it as "Impax NH". Impax NH is the manager of Pax World Funds. Impax Asset Management Ltd and Impax Asset Management (AIFM) manage or advise listed equity funds and accounts, and the Real Assets division. The majority of this business is based in London so we refer to it as "Impax LN".

Highlights

Financial Highlights

AUM ¹	Revenue	Adjusted operating profit ²	Adjusted diluted earnings per share ²	Profit before tax	Dividend per share ³	Shareholders' equity	Cash reserves ⁵
£15.1_{BN}	£73.7_M	£18.0_M	11.5_P	£18.9_M	5.5_P	£63.2_M	£26.2_M
2018: £12.5BN	2018: £65.7M	2018: £20.0M	2018: 12.4p	2018: £14.6M	2018: 4.1p ⁴	2018: £52.6M	2018: £24.6M

Business Highlights

Strong net inflows and prestigious new institutional mandate wins

Continued out-performance of our major investment strategies against global equity indices

34% growth in dividend and new dividend policy for 2020

Repayment of all acquisition borrowings ahead of schedule

Awards:

- **AIM Company of the Year⁶**
- **Boutique Manager of the Year⁷**
- **Circulars Investor Award⁸**
- **LSE Green Economy Mark⁹**

¹ Assets under management and advice as at 30 September 2019

² Adjusted operating profit and adjusted diluted earnings per share are shown after removing the effects of contingent consideration credits, non-recurring acquisition costs, ongoing amortisation of intangibles acquired and market-to-market effects of National Insurance on equity award schemes. A reconciliation of the International Financial Reporting Standards ("IFRS") and adjusted KPIs are provided in [note 4](#) of the financial statements

³ 1.5p per share interim dividend and proposed final dividend of 4.0p per share

⁴ Excludes 2.6p special dividend

⁵ Represents cash and cash equivalents plus cash invested in money market funds and deposit accounts less cash held in research payment accounts and in consolidated funds, see [note 22](#) of the financial statements for a reconciliation

⁶ Shares magazine

⁷ Environmental Finance

⁸ An initiative of the World Economic Forum

⁹ London Stock Exchange

Who We Are and What We Do

Impax Asset Management was founded in 1998 and has been a pioneer in the development of investing in the transition to a more sustainable global economy.

Impax is widely acknowledged as a leading specialist asset manager in this space. As of 30 September 2019, we managed or advised on £15.1 billion of assets in both listed and real asset strategies which makes us one of the largest investment managers dedicated to investing in these markets globally.

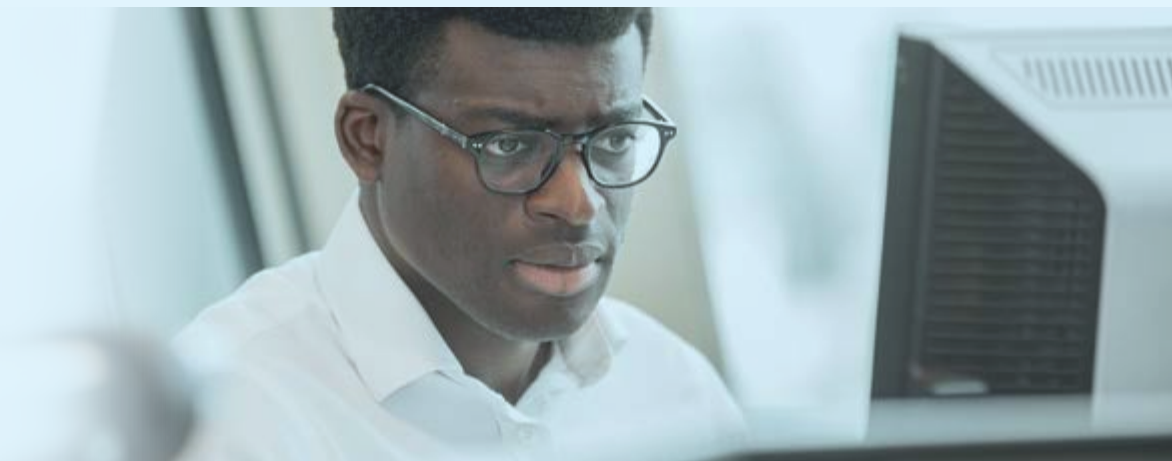
We believe that capital markets will be shaped profoundly by global sustainability challenges, including climate change, pollution and essential investments in human capital, infrastructure and resource efficiency.

These trends will drive growth for well-positioned companies and create risks for those unable or unwilling to adapt.

Fundamental analysis which incorporates long term risks, including environmental, social and governance (ESG) factors, enhances investment decisions.

We invest in companies and assets that are well positioned to benefit from the shift to a more sustainable global economy. We seek higher quality companies with strong business models that demonstrate sound management of risk.

We offer a well-rounded suite of investment solutions spanning multiple asset classes aiming to deliver superior risk-adjusted returns over the medium to long term. Across our investment portfolios we seek higher quality companies with strong business models and governance.



Why We Are Different

An acknowledged global brand leader

We are one of the largest and longest established investors dedicated to investing in the transition to a more sustainable economy, and manage assets for some of the world's largest investors.



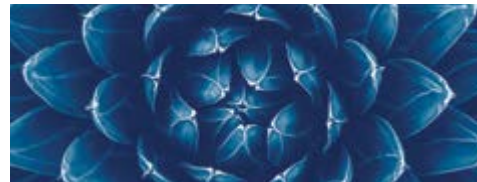
55

Members in our specialist investment team¹

¹ This figure includes 5 members of the Senior Management team

A scalable business developing new investment strategies

Our investment strategies are scalable and have significant capacity for expansion. We continue to evolve our existing strategies and assess and develop new opportunities.



16

Investment strategies

Partnership with our clients delivers more than superior investment returns

We are committed to outstanding levels of client service with comprehensive and transparent reporting.

We continue to evolve and expand our thought leadership work, including focused collaborative stewardship services, engagement activities and impact reporting.



158

Corporate engagements in 2019

Building value for our stakeholders

As our track record and range of capabilities grow, we are attracting a broad range of clients from around the world.

We continue to deliver strong financial results. We have increased the dividend significantly over the last decade and now announce our commitment to pay out between 55% and 80% of adjusted profit after tax each year.

We can report very high levels of staff engagement.

We continue to increase our financial support for and participation with our philanthropy partners.



34%

Dividend increase²

² Proposed

“2019 has proved to be another year of strong growth for Impax as investor interest in the transition to a more sustainable economy continues to build.”



Ian R Simm Chief Executive

During the twelve months ending 30 September 2019 (the “Period”), Impax’s assets under discretionary and advisory management (“AUM”) increased by 21% to reach £15.1 billion. Notwithstanding a challenging backdrop for equity markets, we have continued to attract strong net inflows with £1.4 billion of net new client money, and our major investment strategies maintained their record of out-performance versus global equity indices.

The long-term drivers of this transition, namely the expanding global population, rising living standards, natural resource constraints, pollution and environmental damage, are underpinning a widening range of attractive investment opportunities. Particularly noteworthy is the unprecedented flow of private capital into companies that are contributing to the mitigation of and adaptation to climate change.

Net inflows of over £0.5 billion in the first two months of the new financial year contributed significantly to AUM rising to £15.7 billion by 30 November.

AN INCREASINGLY COMPELLING INVESTMENT LANDSCAPE

Since Impax began managing client money in 1998, the markets for goods and services that are addressing environmental problems and/or improving resource efficiency have expanded dramatically, propelled by rising demand, new business models based on emerging technologies, and supportive policy. Looking ahead, these trends are set to accelerate and huge investment in environmental markets will be needed over decades if we are to maintain global temperature increase to within 1.5 degrees Celcius of pre-industrial levels, as agreed by the 183 nations and the European Union that ratified the Paris Climate Agreement in 2016.

In addition to developments in technology and business models, Government policy continues to be highly supportive of our investment thesis. In 2018 the EU adopted aggressive 2030 goals, particularly to cut greenhouse gas emissions by at least 40% from 1990 levels, to increase renewable energy to 32% (of total energy) and to improve

“Government policy continues to be highly supportive of our investment thesis.”

energy efficiency by at least 32.5%. These targets are likely to be tightened further early in the next decade following the COP26 Climate Summit next year, which is expected to focus on heightened levels of ambition for national emissions targets. Reflective of these policies, and supported by falling technology costs, markets for clean power generation, low emissions transportation, advanced waste processing and sustainable food are expanding rapidly.

This year the UK became the first major economy to legislate for “net zero” greenhouse gas emissions by 2050 and is in the process of ensuring that sector policies are harmonised with this ambitious goal.

“During the Period we received £1.4 billion in net new client money, including several new significant mandates.”

The UK Government also recently announced its Green Finance Strategy, which includes plans to ensure that the financial risks and opportunities from climate change are integrated into mainstream financial decision making.

In the United States, the approach to environmental policy is currently mixed, with Federal agencies being directed to reverse a number of statutes and stall further development, whilst at the state and municipal levels there is a high level of activity and commitment, particularly in the face of unprecedented levels of flooding, storm damage and drought. Meanwhile, demand for environmental goods and services continues to rise and these markets are expanding more rapidly than the broader economy.

During 2019 many Asian governments implemented further new policies supportive of sustainable development. In China the government announced the setting of new carbon emissions limits on key energy intensive sectors, and that it had cut carbon dioxide emissions per unit of GDP by 46% versus 2005 levels, surpassing its 2020 target three years early. The government also met its 2018 target to invest a trillion yuan in water conservation projects. Meanwhile the Indian government has announced

ambitious plans to end the sale of all diesel and petrol vehicles and move towards an all-electric car fleet by 2030.

FUND FLOWS AND DISTRIBUTION

During the Period we received £1.4 billion in net new client money, including several new significant mandates, and sustained inflows into most of the open-ended funds managed by Impax LN (Figure 1).

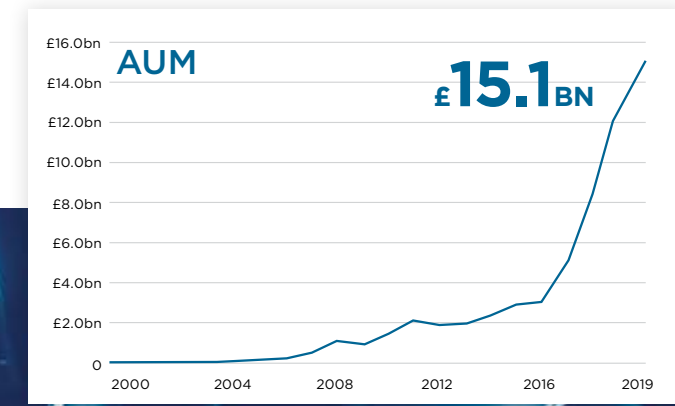
Figure 1: AUM and fund flows

AUM Movement 12 months to 30 September 2019	Impax LN		Impax NH		Total firm £m
	Listed equities £m	Real assets ¹ £m	Fixed income, smart beta, US equities £m	Reconciliation ² £m	
Total AUM at 30 September 2018	9,024	450	3,644	(603)	12,515
Net flows	1,691	(4)	(251)	(57)	1,379
Market movement, FX and performance	941	(1)	266	(49)	1,157
Total AUM at 30 September 2019	11,656	445	3,659	(709)	15,051

¹ Real Assets comprise Private Equity and Property funds

² Avoidance of double count of Pax World Global Environmental Markets Fund and Pax Global Opportunities Fund

Figure 2: Our AUM growth since inception



Chief Executive's Report continued

In December 2018, St James's Place hired us to run our Global Opportunities strategy for their Sustainable and Responsible Equity fund, which launched at £283 million and had reached £439 million by the end of the Period. We have seen major allocations to our Leaders strategy with three new mandates investing in this strategy. These include AP7, the government agency which manages Sweden's premium pension funds and the Luxembourg State Pension Fund. In May we began the management of an account for the California State Teachers Retirement System. Just before the Period end, Formuepleje, the largest non-bank owned asset manager in Denmark, mandated Impax to manage its Better World Global Opportunities fund.

At the time of writing we have several material mandates in the pipeline from institutional investors in Europe and North America.

“Performance from the Pax World Funds managed by Impax NH improved significantly.”

Flows into the Pax World Funds were negative in aggregate over the Period but had turned positive (on a monthly basis) by September 2019 as clients and prospects responded to improved investment performance. The Global Women's Leadership Fund, which employs a factor-based investment approach, and which invests in a basket of listed companies with strong female leadership representation, was particularly successful, registering US\$130 million of net inflows over the Period. Net outflows were highest in the US Small Cap Fund and the Balanced Fund.

INVESTMENT PERFORMANCE

Listed Equity

The Impax LN managed listed equity strategies performed well over one year with all strategies other than Sustainable Food out-performing the ACWI, their global benchmark index. The Global Opportunities strategy, which we launched in January 2015, has extended its significant out-performance; over the Period, this strategy returned 14.5%¹ compared to the ACWI which delivered 7.3%², reflecting in particular strong stock selection in the IT, Materials and Healthcare sectors.

Performance from the Pax World Funds managed by Impax NH improved significantly with eight out of eleven funds delivering top quartile performance in their peer group over the Period.

A more detailed breakdown on the performance of our major investment strategies over one, three and five years is included on [page 18](#).

Real Assets

Impax's private equity infrastructure business focused on renewable energy continues to advance. Our third fund, Impax New Energy Investors III (“NEF III”), which closed to new investors last year with €357 million of commitments, has already invested, committed or reserved over 50% of its capital; the portfolio now includes a developer of wind and solar assets in France, a developer of hydropower projects in Norway and a 110 MW solar PV scheme in the Netherlands, which when built will be the largest of its kind. We are also planning to re-power operational wind assets in France and Germany.

Impax New Energy Investors II has produced attractive returns for investors and we have made good progress in selling the small number of remaining assets in the Fund.

¹ In line with market standards, the strategy returns are calculated including the dividends reinvested, net of withholding taxes gross of management fee and are represented in sterling

² MSCI indices are total net return (net dividend reinvested)



During 2020 we plan to make further investments in NEF III, and given the highly encouraging pipeline of opportunities we are already starting to gauge investor appetite for new investment products in this area.

DEVELOPING THE IMPAX TEAM

Impax has one of the largest specialist investment teams globally focused on the transition to a more sustainable global economy. We now have 156 staff based in our London headquarters, Hong Kong and our US offices in Portsmouth NH, Greenwich CT and Portland OR. During the Period we added a net thirteen positions covering a wide range of functions. As the Company has grown, we have endeavoured to sustain a strong culture and develop systems and policies that make Impax an attractive place to work. Following the acquisition of Impax NH, a project team consulted with staff to update the statement of our values in order to reflect our approach to working practices, diversity/inclusion, community involvement and environmental management. The updated statement can be seen on [page 26](#).

The integration of Pax World Management LLC (“Impax NH”) is well on track. Most areas of the Support Team are now well integrated, while the Client Service and Business Development teams are collaborating closely, particularly in the United

States where there are many common clients. Although the investment teams remain separately managed today, they already use a common IT portal to access research and are sharing best practice in managing the investment process.

Earlier this year we repeated the 2017 staff engagement survey in order to gauge changes in staff attitudes, particularly in light of Impax’s strong growth and the Impax NH acquisition. We were very pleased with the results, which included a 92% response rate and a 90% “engagement” score. More details on the results of this survey are on [page 28](#). Based on the results, we were awarded the 5 Star Employer Award 2019 from Work Buzz; this followed last year’s award for Impax LN from Investment Week as one of the “Best Places to Work in Investment in 2018”. Furthermore, for the fourth consecutive year, Business NH Magazine has named Impax NH one of the best companies to work for in the state of New Hampshire.

BEYOND INVESTMENT RETURNS

As one of the pioneers of investment focused on sustainable development, Impax has always sought to contribute to thought leadership in this area. For example, in 1999 we developed one of the world’s first taxonomies of the green economy, which was adopted in 2007 by FTSE Russell; we

“The integration of Impax NH is well on track.”

remain FTSE Russell’s partner in the development of classification systems and financial indices covering the sustainable economy. In October 2019, the London Stock Exchange launched the Green Economy Mark to recognise companies that derive more than 50% of their revenues from environmental solutions; Impax Asset Management Group plc and Impax Environmental Markets plc, the investment trust that we manage, were among the first recipients of the new Mark.

Since 2014, in response to client concerns about the investment risk posed by climate change, we have co-led a research programme with Imperial College, London, to develop a quantitative tool that allows investors to manage “transition risk”, i.e. the shifts in the economy necessary to reduce emissions. We are currently active in industry groups to develop best practice in climate risk assessment and disclosure, and we are working with peers and environmental scientists to investigate methodologies for the measurement of physical climate risk.

Chief Executive's Report continued

“This year, in addition to being named “AIM Company of the Year”, we were delighted to receive two prestigious industry awards acknowledging the quality of our work.”

Our work to help improve the governance, strategy and risk management of the companies we invest in is particularly valued by clients. Over the Period our engagement work focused on a number of Asian companies, in particular those where board structure and levels of disclosure often fall short of best practice. We are also increasing our dialogue with companies to discuss their exposure to, and plans to manage, physical climate risks.

Client interest in the non-financial outcomes of Impax-managed investment portfolios continues to build. This is the fifth year that we have published environmental impact metrics, quantifying and disclosing the environmental benefit derived from portfolio companies' activities (see [page 21](#)). We report the climate impact of our strategies compared with the current global economy, and an economy consistent with two degrees of warming. We also show how our five largest strategies are aligned with the United Nations' Sustainable Development Goals.

AWARDS AND INDUSTRY RECOGNITION

This year, in addition to being named “AIM Company of the Year”¹, we were delighted to receive two prestigious industry awards acknowledging the quality of our work. At the World Economic Forum's Annual Meeting in Davos in January, Impax was presented with the Circulars ‘Investor’ Award in recognition of our work “leading the way in investment to support a transition to a more circular economy.” In August we were also awarded “Boutique Manager of the Year” at the Environmental Finance Sustainable Investing awards.



REGULATORY UPDATE AND BREXIT

Impax is preparing for compliance with the FCA's Senior Managers & Certification Regime (“SM&CR”) to UK asset managers from 9 December 2019. We have reviewed our governance structures and committee representation to reflect the requirements of SM&CR. As a result, we have optimised individual accountability and reviewed standards of personal conduct.

At the time of writing the UK faces renewed uncertainty over Brexit and the exact impact that this may have on the Company remains hard to predict. We have well-developed, detailed contingency plans and have established an entity authorised in the EU27 as a UCITS management company and an Alternative Investment Fund Manager with ancillary MiFID permissions.

This legal entity is domiciled in Ireland, enabling Impax to continue providing services to existing EU clients and develop future EU relationships. In the event of the UK departing the EU on World Trade Organization (WTO) terms, it is expected that less than five percent of the Group's assets would need to be managed from our Dublin office.

OUTLOOK

In 2019 markets have become harder for investors to navigate. With the US-China trade war leading to the implementation of tariffs, widespread concerns about prospects for global growth, and unprecedented levels of political turmoil in several countries, including the UK, there are many reasons for investors to be cautious.

Nevertheless, the commitment of policy makers, the business community and wider civil society to combatting climate change, reducing pollution and forging a path towards a more sustainable economy has never been stronger. Against this backdrop, Impax's committed teams, well-established investment philosophy, broad range of investment solutions and acknowledged leadership position across many markets should stand the Company in good stead to deliver further growth over the coming years.

Ian R Simm

3 December 2019

¹ Shares magazine

Chief Executive's Q&A

Ian R Simm
Chief Executive

Q Impax continues to see strong growth from new clients and mandates when many asset managers are seeing outflows. To what do you attribute this?

A I think there are several reasons. Firstly, the drivers of our investment thesis continue to strengthen, supporting high rates of market growth and providing excellent opportunities for well positioned companies. Secondly, as one of the first investment managers dedicated to these markets Impax has over two decades of experience, a large team of investment specialists and a long track-record managing a range of investment portfolios. Finally, I believe Impax has a strong reputation for "going the extra mile", working hard to inform clients about our engagement, impact and thought leadership work.

Q How is the integration of Pax/Impax NH progressing and how has the culture of the Company changed?

A We are well on track, with most areas of the Support Team now fully integrated, the client service and business development teams working closely together and the investment teams sharing ideas. Before the merger, the London and New Hampshire teams had worked together for nearly ten years and recognised that their respective business cultures aligned closely. To minimise the risk of disruption, we have been running several integration programmes including a project to update and harmonise our statement of our Values – the updated statement can be seen on [page 26](#). I was really pleased to see that our staff engagement survey reported very high levels of engagement and job satisfaction.

Q Impax has performed well in recent years but how well are you positioned for more volatile markets and risk averse times?

A As we've discussed with shareholders over many years, Impax invests for the longer-term, an approach that's in line with the expectations of our predominantly institutional investor client base. The markets in which we invest are on average set to grow faster than the mainstream economy; although as with all markets there will be "bumps in the road," we pay close attention to portfolio diversification and ensure that, if investment clouds are gathering, we have plenty of defensive positions, for example in utilities.

Q Can you explain why you have paid back borrowings ahead of schedule?

A Impax is a cash generative business. When we borrowed US\$25 million to part-finance the acquisition of Pax World Management, we took a prudent view of our business prospects and agreed to a three-year repayment schedule. As it's turned out, we've expanded more rapidly than expected and have used a portion of our free cash flow to repay the debt early.

Q Your staff are your major asset. What steps are you taking to ensure the stability of the existing team and to attract the best new talent?

A Indeed, we owe our success to the dedication and hard work of all our colleagues and we are committed to maintaining a stable and engaged team. Impax has a strong business culture and this year the development of our Values has helped to reinforce this.

We prioritise our investment in relationship development and recognise the importance of comprehensive and regular feedback. We seek to identify where we need to recruit or develop new or additional talent or skills to drive business success. We ensure new team members are supported so we maintain our inclusive working environment, which we feel is a key part of our culture and therefore a component in driving our success. We continue to invest in our Human Resources infrastructure for example to strengthen processes around promotions and succession planning.

Q What are your plans for growing and developing the business?

A We will continue to concentrate on what we do best; focusing on high growth investment opportunities in the transition to a more sustainable economy. We intend to expand our existing strategies, most of which are scalable and have considerable capacity, with an increased emphasis on the Impax branded pooled funds. We are also looking at developing further our real asset offerings. At the same time we are investing in our distribution capability as we seek to diversify and expand the Group's global client base.

Our Approach to Creating Shareholder Value

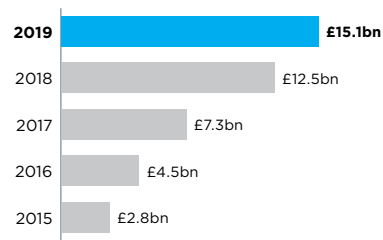
	OUR APPROACH	PROGRESS THIS YEAR	OUR PLANS FOR THE FUTURE
Invest by seeking price inefficiencies in high growth markets	<p>Development of deep expertise in investing in companies set to benefit from the transition to the more sustainable global economy.</p> <p>Fundamental analysis which incorporates long-term risks, including environmental, social and governance (ESG) factors.</p>	<p>We continue to deliver strong long-term investment performance.</p>	<p>Focus on sharing investment expertise and best ideas across all strategies.</p>
Focus on a small number of highly scalable investment strategies	<p>We currently offer strategies across five areas - Thematic Equities (Active), Equities (Smart Beta), Unconstrained Equities, Fixed Income and Real Assets.</p> <p>We would consider launching a small number of complementary strategies.</p>	<p>£1.4 billion of net inflows, reflecting the continuing rise in investor interest in the markets in which we invest.</p> <p>In particular, the Global Opportunities strategy is attracting strong interest and new allocations. We are developing the expertise from Impax NH in fixed income and gender lens investing for the European institutional market.</p>	<p>Targeted distribution of existing strategies with increased focus on own-brand pooled funds. Development of real asset offerings.</p>
Build and extend a flexible distribution architecture	<p>Continuous development of our marketing and client service capabilities in the UK and US to ensure effective communication with our clients and maximise opportunities for new business.</p>	<p>Investment in Impax's direct sales team. New partnerships established (UK) and existing partnerships extended into new strategies (Europe and Asia Pacific).</p> <p>Significant new mandates and continuing expansion of our North American distribution platform. Re-launch of a more sophisticated website with global access.</p>	<p>Continuing the evolution of marketing capabilities and development of client service model by investor type.</p>
Attract and retain highly qualified individuals	<p>We prioritise investment in our staff and aim to empower team members to reach their full potential.</p>	<p>Build out of global Human Resources capabilities. Very good results from our biennial staff survey.</p>	<p>Invest in career and management development.</p>
Balance tight costs control with the needs of an expanding business	<p>To manage and optimise a scalable platform for growth, including a core team, business systems and processes, and infrastructure.</p>	<p>Further integration of back office and compliance teams. Strong cost controls and rising operating margin.</p>	<p>Build services to support the business growth by leveraging technology and shared global services.</p>

Key Performance Indicators

We use a number of key performance indicators (“KPIs”) to measure our financial performance.

AUM

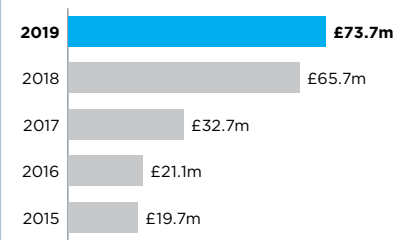
£15.1BN



AUM represents our total assets under management and advice. The movement between opening and closing AUM provides an indication of the overall success of the business during the year in terms of both net subscriptions and investment performance. It also provides a good lead indicator of revenue and profitability.

REVENUE

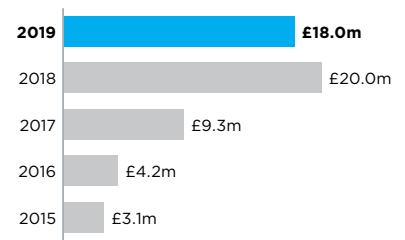
£73.7M



Revenue represents the fees we have earned for services provided in the year.

ADJUSTED OPERATING PROFIT¹

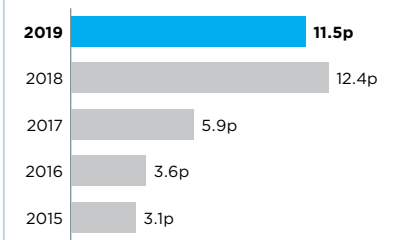
£18.0M



Adjusted operating earnings reflects the performance of our core business. It takes into account our operating efficiency, investments made to grow our business and how we reward and retain our staff.

ADJUSTED DILUTED EARNINGS PER SHARE¹

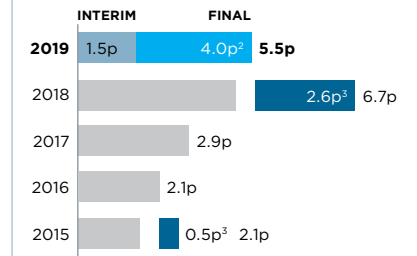
£11.5P



Adjusted diluted earnings per share (“EPS”) reflects the overall financial performance of the Company for the year and takes into account the dilutive effect of our share option and restricted share awards.

DIVIDEND

5.5P²



The Company has followed a progressive dividend policy to date. In future the Company intends to pay between 55% and 80% of adjusted Profit After Tax.

How we performed in 2019

AUM grew by 21% during the year to £15.1 billion, our highest ever AUM. The AUM benefitted from net inflows of £1.4 bn and market performance of £1.2 bn.

Revenue increased by 12% to £73.7 million.

Adjusted operating earnings fell to £18.0m as benefits from inflows were offset by the absence of one off private equity income recorded in 2018 and market falls in Q4 2018.

Adjusted diluted EPS fell to 11.5p in line with the reduced adjusted profits.

The Board is recommending a final dividend of 4.0 pence per share bringing the total dividend for the year to 5.5 pence per share. This represents growth of 34% and is the eleventh consecutive year that we have grown the dividend.

¹ A reconciliation from the IFRS numbers is provided in [Note 4](#) of the Governance and Financial Report

² Proposed

³ Special dividend

Financial Review

“I am pleased to report that strong earnings and cash generation have enabled us to repay our acquisition borrowing early and to adopt a higher pay out dividend policy.”

Charles D Ridge Chief Financial Officer



Figure 3: Financial highlights for financial year 2019 versus financial year 2018

	2019	2018
AUM ¹	£15.1bn	£12.5 bn
Revenue	£73.7m	£65.7m
Adjusted operating profit ²	£18.0m	£20.0m
Adjusted profit before tax	£18.1m	£19.2m
Adjusted diluted earnings per share ²	11.5p	12.4p
Debt	-	£10.0m
Cash reserves ³	£26.2m	£24.6m
Seed investments	£4.6m	£3.8m
Dividend per share ⁴	1.5p interim + 4.0p final	1.1p interim + 3.0p final + 2.6p special

	2019	2018
IFRS operating profit	£18.8m	£15.5m
IFRS profit before tax	£18.9m	£14.6m
IFRS adjusted diluted earnings per share	12.1p	8.9p

As in previous periods, in order to facilitate comparison of performance with previous time periods and to provide an appropriate comparison with our peers, the Board encourages shareholders to focus on financial measures after adjustment for non-recurring acquisition costs, accounting charges or credits arising from the acquisition accounting from Impax NH, and adjustments arising from the accounting treatment of National Insurance costs on share based payment awards.

These financial results include Impax NH for a full 12 months (2018: 8.5 months). A reconciliation of the International Financial Reporting Standards (“IFRS”) and adjusted numbers is provided in [Note 4](#) of the Governance and Financial report.

¹ Assets under management and advice as at 30 September 2019

² Adjusted operating profit and adjusted diluted earnings per share are shown after removing the effects of non-recurring acquisition costs, ongoing amortisation of intangibles acquired and market-to-market effects of National Insurance on equity award schemes. A reconciliation of the International Financial Reporting Standards (“IFRS”) and adjusted KPIs are provided in [note 4](#) of the financial statements

³ Represents cash and cash equivalents plus cash invested in money market funds and deposit accounts less cash held in research payment accounts and in consolidated funds, see [note 22](#) of the financial statements for a reconciliation

⁴ 1.5p per share interim dividend and proposed final dividend of 4.0p per share

REVENUE

Revenue for the Period grew by £8.0 million to £73.7 million (2018: £65.7million). Growth was driven by continued strong inflows for Impax LN and the inclusion of a full 12 months of Impax NH revenue, offset by the loss of one-off private equity income recorded in 2018 (£6.1 million) and the market falls in the fourth quarter of 2018.

Our run-rate¹ revenue at the end of the Period was £78.3 million (2018: £69.6 million), giving a weighted average run rate revenue margin of 52 basis points (2018: 56.4 basis points) on the £15.1 billion of AUM.

OPERATING COSTS

Adjusted operating costs increased to £55.7 million (2018: £45.7 million). Impax LN costs increased to £35.8 million as a result of planned growth in staff and other costs. Impax NH costs increased to £19.9 million, mainly as a result of including a full 12 months of operations.

We continue to invest selectively in the business to take advantage of strong growth opportunities, so expect cost increases in the near term to be modest.

IFRS operating costs include additional charges and credits, principally being the amortisation of intangible assets arising on the Impax NH acquisition, which for the Period is more than offset by the release of the provision for contingent consideration for the acquisition. Contingent consideration is re-assessed at each reporting date, and any adjustment is reported through IFRS operating profit; the outflows seen at Impax NH have led us to reduce our estimate to nil, leading to a credit of £3.5m.

PROFITS

We consider run-rate adjusted operating profits at the end of the Period as giving the best indication of the current profitability of the Group and these grew to £20.5 million (2018: £18.4 million) in line with business expansion.

Overall, in light of the revenue and cost factors described above, adjusted operating profits for the Period were £18.0 million, ie lower than 2018 (£20.0 million). The contribution from Impax NH to adjusted operating profit of £1.3 million was lower than expected at the time of the acquisition due to outflows from the funds it manages in combination with the market falls.

“These financial results include Impax NH for a full 12 months.”

Fair value gains and other non-operating income offset interest expense and non-operating costs to give adjusted profit before tax of £18.1 million (2018: £19.2 million).

TAX

Tax rates were in line with the prior period.

EARNINGS PER SHARE

Adjusted earnings per share fell to 11.5p (2018: 12.4p) as a result of the reduced adjusted profits and an increase in average shares in issue following the share issuance last year and option exercises.

IFRS earnings per share however benefited from the contingent consideration credit and the absence of acquisition costs in the Period and increased to 12.1p (2018: 8.9p).

¹ Run rate is calculated as the month of September 2019's result extrapolated for 12 months. Adjustments are also made to remove the effects of one off transactions

AUM

£15.1BN

+21%

2018: £12.5BN

Revenue

£73.7M

+12%

2018: £65.7M

Debt

£0.0M

Repaid early in full

2018: £10.0M

Financial Review continued

“Impax has followed a progressive dividend policy since 2008.”

FINANCIAL MANAGEMENT

In order to fund the acquisition of Impax NH, the Company entered into a US\$26 million debt facility with the Royal Bank of Scotland plc. This facility comprised a US\$13 million term loan facility (LIBOR plus 2.9%), repayable annually over a three year term, and a US\$13 million five year term revolving facility (the “RCF”) (LIBOR plus 3.3%). As a result of our strong growth since the acquisition we are pleased to announce that we have repaid all this borrowing and retain US\$13 million under the RCF. At the Period end the Company held £26.2 million of cash resources.

During the Period, the Company redeemed £2 million by exiting its seed investment in the successful UCITS fund based on the Global

Opportunities strategy. The cash raised was largely re-invested into a segregated account investing in our new Global Women’s Select Strategy.

The Company’s subsidiary, Pax Ellevate Management (“PEM”), manages the Pax Global Women’s Leadership fund. In July, the Company acquired the 49% minority stake in PEM that was owned by the third party Ellevate Asset Management, for net consideration of £0.75 million after settlement of amounts due to Impax by the third party (gross £1.8 million), giving the Group full ownership of the future revenues from this fast-growing product.

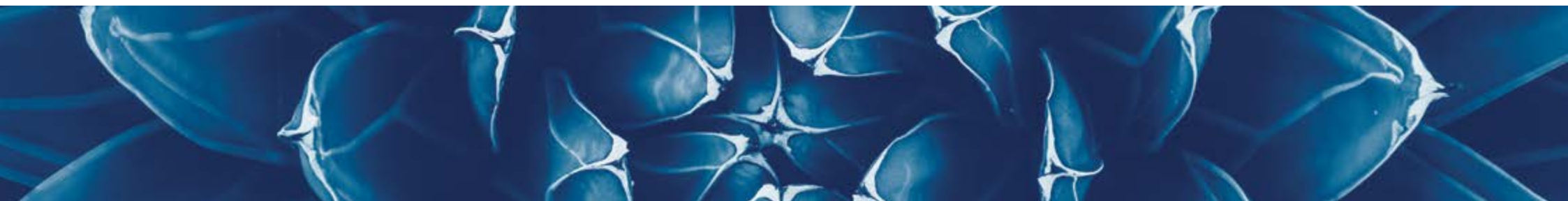
SHARE MANAGEMENT

The Board intends that the Company will continue to purchase its own shares from time to time after due consideration of attractive alternatives for the use of the Company’s cash resources. Shares purchased may be used to satisfy obligations linked to share incentive awards for employees.

Share purchases are usually made by funding the Company’s Employee Benefit Trusts (‘EBTs’) which will then settle option exercises or hold shares for Restricted Share awards until they vest.

During the Period, the EBTs spent £2.5 million buying 1.2 million of the Company’s shares at an average price of 212 pence. At the Period end, the EBTs held a total of 9.0 million shares, 7.2 million of which were held for Restricted Shares leaving up to 1.9 million shares available for option exercises and future share incentive awards. Net options outstanding at the Period end were 4.5 million, of which 2.7 million were exercisable.

The Company did not issue any shares in the Period. Equity issuance may arise in respect of staff option exercises that have not been previously matched by share purchase into the EBTs, and in 2021, conversion into Impax shares of Impax NH management’s remaining 16.7% interest in Impax NH.



DIVIDENDS

We have been following a progressive dividend policy over the ten years since we initiated payment in 2009, and have consistently grown the dividend for each year over this period. We paid an interim dividend of 1.5 pence per share in July 2019. In accordance with this progressive dividend policy, and reflecting the strong performance and prospects for the Company, the Board now recommends payment of a final dividend of 4.0 pence per share. If this is approved by shareholders the aggregate dividend for the year would be 5.5 pence per share, which represents a 34% increase over the dividend for the previous year.

Looking to the future, and in the light of the Company's strong financial position and growth prospects, the Directors now regard it as appropriate to move to a policy of paying, in normal circumstances, an annual dividend within a range of 55% and 80% of adjusted profit after tax. We will use residual cash to strengthen the Firm's capital position, in particular to ensure

the continuing adequacy of regulatory capital and liquidity, to make seed investments and to advance the program of market share purchases.

This dividend proposal will be submitted for formal approval by shareholders at the Annual General Meeting on 19 March 2020. If approved, the dividend will be paid on or around 27 March 2020. The record date for the payment of the proposed dividend will be 21 February 2020 and the ex-dividend date will be 20 February 2020.

The Company operates a dividend reinvestment plan ("DRIP"). The final date for receipt of elections under the DRIP will be 6 March 2020. For further information and to register and elect for this facility, please visit www.signalshares.com and search for information related to the Company.

GOING CONCERN

The Financial Reporting Council requires all companies to perform a rigorous assessment of all the factors affecting the business when deciding to adopt a "going concern" basis for the preparation of the accounts. The Board has

"The Board now recommends payment of a final dividend of 4 pence per share."

reviewed the Group's financial plans, budget and stress testing. Impax has a strong balance sheet and a predictable operating cost profile. After taking these factors into consideration the Directors consider that the adoption of a "going concern" basis, covering a period of at least 12 months from the date of this report, is appropriate.

Charles D Ridge

3 December 2019

Our Investment Strategies

Listed Equities



Bruce Jenkyn-Jones
Executive Director,
co-head of Listed Equities



Hubert Aarts
Executive Director,
co-head of Listed Equities

Q. Could you explain your approach to investing in listed equities?

A. We invest for the long-term in companies that are set to benefit from the transition to a more sustainable global economy. We seek to produce superior investment returns for our clients by consistently applying specialist expertise and taking a long-term perspective. This means we look for sustainable competitive advantages, track records of consistent returns on investment and good governance, and where we believe a company's long-term potential is not reflected in the current share price.

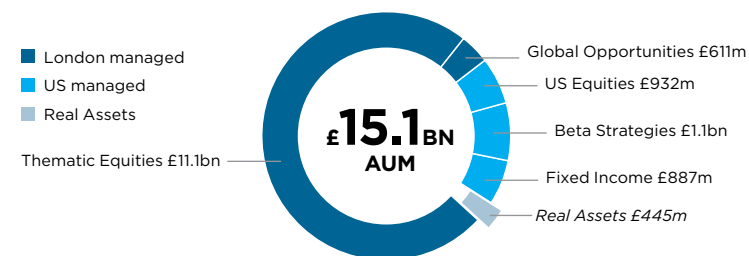
Our investment strategies

EQUITIES	FIXED INCOME	REAL ASSETS
<ul style="list-style-type: none"> • Thematic Equities • Unconstrained Equities • Smart Beta/SmartCarbon™ 	<ul style="list-style-type: none"> • Core Bonds • High Yield Bonds 	<ul style="list-style-type: none"> • Renewable Energy Infrastructure • Property

Q. Could you outline the range of your investment products?

A. We offer a well-rounded suite of investment solutions spanning multiple asset classes as shown in the diagrams below.

Our AUM breakdown by investment strategy¹



¹ As at 30 September 2019

Q. Please describe your investment process?

A. We have developed a rigorous investment process and seek to invest in higher quality companies with strong business models that demonstrate sound management of risk. Our starting point is a clearly defined investment universe for each of our strategies and then our portfolio construction reflects our highest conviction companies with the greatest upside to “fair value”. We use a macro-economic and thematic overlay, as well as undertaking an in-depth integrated review of risk using Environmental, Social and Governance (“ESG”) criteria as part of our stock analysis.

Q. What sort of companies do your thematic equity funds invest in?

A. The thematic equity funds managed by Impax LN invest alternative energy, energy efficiency, water, waste and sustainable food and agriculture markets. To be eligible for our Specialists, small and mid-cap “pure-play” environmental strategy, portfolio companies must derive at least 50% of their profits or revenues from these sectors. In practice this level is much higher, currently at an average of 75%. Many larger industrial companies are active in these markets but their exposure is a smaller part of their overall business. In order to be able to access these high growth opportunities in our larger cap Leaders, Asia Pacific and Water strategies, we have set a 20% revenue or profit level for portfolio companies. The current exposure of the Leaders strategy is 57%.

Q. Which strategies are attracting the most investor interest and from which geographical regions?

A. Over the Period we saw keenest interest in our Leaders and Global Opportunities strategies with inflows of £565 million and £518 million respectively. The largest allocations were from investors in Continental Europe, UK, US and Australia.

Our Investment Strategies continued

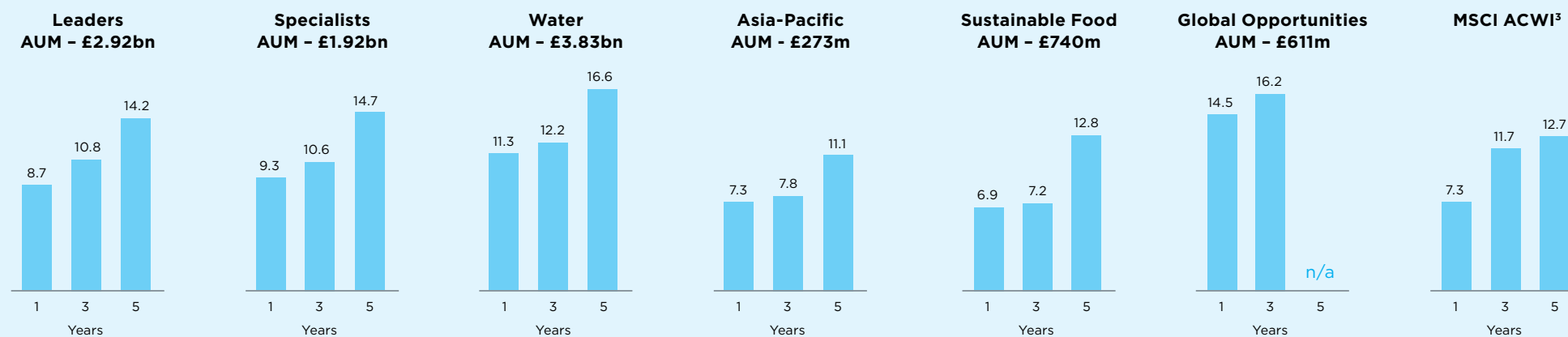
Q. Which have been your strongest performing Impax LN equity strategies this year and why?

A. As long-term investors, we prefer to look at longer time horizons than one year. The chart below shows the annualised performance of the Impax LN listed equity strategies over one, three and five years against the MSCI All Country World Index (“ACWI”), their global benchmark. We also include the AUM of the strategy at Period end for information.

However, the standout performer over the last three years is our Global Opportunities Strategy. This global, all-cap, high-conviction strategy can invest in a broader universe than our thematic environmental strategies. Since inception in 2015, our stock picks in the healthcare, IT and some financial services companies have significantly out-performed global indices and this is reflected in the strategy returns.

We detail our investment strategies' objectives, investment universe and performance on our website <https://impaxam.com/products/>.

Percentage returns for one, three and five years for our thematic equity strategies^{1, 2}



Total AUM excludes two accounts which have significantly different objectives and weightings to enable classification into a specific strategy. The total AUM of these accounts is £1.36 billion, representing a 12% increase on last year.

¹ In line with market standards, the strategy returns are calculated including the dividends reinvested, net of withholding taxes gross of management fee and are represented in sterling

² AUM as at 30 September 2019

³ MSCI indices are total net return (net dividend reinvested)

Impax NH



Joe Keefe

President of Impax Asset Management LLC
(Impax NH)

Q Could you give an overview of the Pax World Funds range?

A Pax World Funds is a family of US mutual funds focused on the risks and opportunities arising from the transition to a more sustainable global economy. We integrate ESG research into the investment process to manage risk effectively, while seeking to deliver long-term investment performance. Our funds include US equity portfolios, both actively managed and smart beta, fixed income portfolios, an international equity fund and three global equity funds including the first gender lens strategy to be offered in the United States.

Q Could you explain what you mean by a “gender lens” strategy?

A Over recent years we have seen a high volume of quality research that clearly demonstrates that where women are better represented in corporate leadership, businesses perform better. When we saw this research, we asked ourselves the obvious question: If companies with more gender diverse leadership teams perform better, should we not identify those companies and invest in them? In 2014, we built the first

index of the highest-rated companies in the world for advancing women onto boards and into executive management. We then invested in those companies by offering the first mutual fund that invests in the highest-rated companies in the world for advancing gender diversity. We continue to be pioneers in gender lens investing and recently developed a second, actively-managed strategy co-managed by our NH and LN teams.

Q The NH team extends the Group’s expertise into fixed income. What opportunities are you seeing in this space?

A We have a history of innovation in fixed income and launched the first high yield bond fund integrating ESG factors in 1999. Today, continued growth and innovation in the sustainable bond markets present new opportunities. For example, our fixed income funds now invest in a range of “impact” instruments including green bonds, community development notes, international development banks and other investments that support climate change mitigation, sustainable infrastructure, affordable housing, education and gender equality.

“Over recent years we have seen a high volume of quality research that clearly demonstrates that where women are better represented in corporate leadership, businesses perform better.”



Our Investment Strategies continued

Private Equity



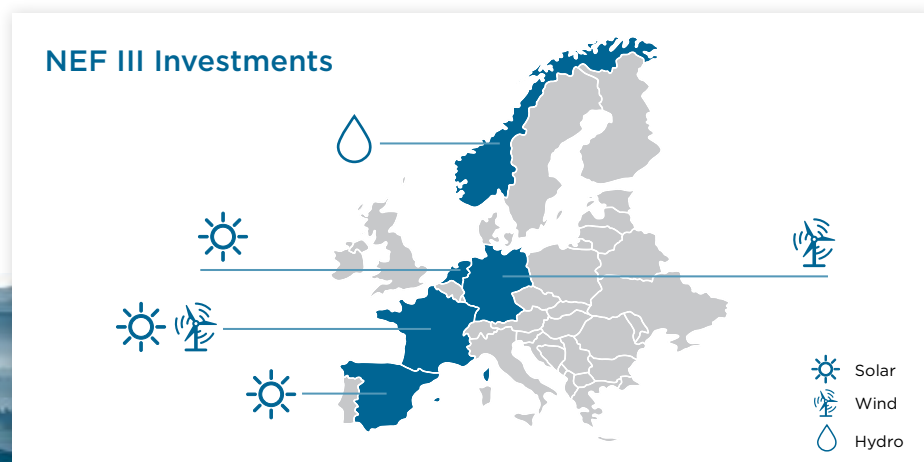
Daniel von Preyss
Executive Director,
Head of Private Equity Infrastructure

Q Are there any assets still held in the second renewable infrastructure fund (NEF II) and, if so, what are the plans and timeline for this fund to be wound up?

A Impax New Energy Investors II (“NEFII”) has produced attractive returns for investors and we have made good progress in selling the remaining assets in the Fund. At the time of writing we are pushing ahead with obtaining the building permit for our last remaining wind asset in Ireland. In parallel, we are reviewing alternatives for our last two exits and have started preparations to wind up the fund later in 2020.

Q What investments has the third fund made to date and how much money is still to be invested?

A Impax New Energy Investors III (“NEFIII”) has made strong progress and already invested, committed, or reserved approximately 75% of its capital within the first three years since the first close of the Fund. The map below shows where we have already invested. These investments include our first hydro projects in Norway, the largest solar PV project in the Netherlands, and we have also purchased or joint ventured with local teams with extensive asset portfolios, including operating wind assets (some of them with a view to re-power) as platforms for a build-out strategy in France and Germany. We are reviewing numerous interesting add-on investment opportunities in the Netherlands and for the platforms established in Germany, France and Norway. We are making good progress with our construction programmes.



Client Service & Business Development



Meg Brown
Executive Director, Marketing
& Business Development



David Richardson
Executive Director, Client Service
& Business Development

Q Where do you sell Impax funds, and who are your distribution partners?

A We have established a successful global distribution network. In the UK and the US we have specialist teams that sell our funds to institutional and intermediary clients. In addition, throughout Europe, Asia and also in the US and Canada, we have successful long-term relationships with a number of distribution partners:

UK/IRELAND

IEM plc
Impax NEF funds
Impax UCITS platform
(Ireland)
St James's Place
Wealth Management

EUROPE

ASN Bank
BNP Paribas Asset
Management
Formuepleje

NORTH AMERICA

Desjardins Global
Asset Management
Impax funds platform
(Delaware)
Mackenzie Investments
NEI
Pax World Funds

ASIA PACIFIC

BNP Paribas Asset
Management in SE
Asia, Japan and
Australia

Q What changes have you observed in investor attitudes over recent years, and how are you capturing these opportunities?

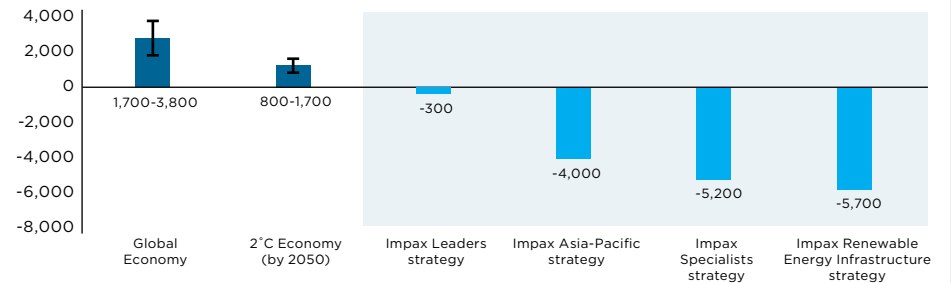
A Over the last five years, we have seen many investors becoming increasingly interested in the outcome of their investment portfolios and seeking to make a positive impact, without sacrificing financial returns. Our strategies are all aligned with the transition to a more sustainable economy and give investors the opportunity to tap into the search for positive impact while avoiding risks from owning fossil fuel stocks.

Q What frameworks do you use to evaluate positive impact?

A We evaluate our major investment strategies under two frameworks; alignment with the Paris Climate Agreement in terms of net CO₂ footprint, and alignment with the UN's Sustainable Development Goals ("SDGs").

The following chart compares the climate impact of our strategies against the current global economy, and an economy consistent with 2°C of warming (the upper limited targeted by the Paris Climate Agreement).

Net CO₂ impact per US\$10 million invested for one year in Impax strategies



We have undertaken a mapping exercise to show how our listed equity strategies align with the UN SDGs. Our classification of the Environmental Markets investment universe enables us to link each sub-sector to the most relevant SDG. We can demonstrate that our Leaders, Specialists and Asia Pacific strategies provide exposure to Goals 6, 9 and 11. Our Water strategy provides strong exposure to Goal 6 and our Sustainable Food strategy provides exposure primarily to Goals 2 and 12.

UN SDGs



ESG and Sustainability



Lisa Beauvilain
Managing Director,
ESG and Sustainability

Q Could you explain your approach to engaging with companies in which you invest?

A Impax invests in companies benefitting from the transition to a more sustainable economy so we have an inherently positive group of companies to work with. We do not need to change their fundamental business models. We believe that engagement allows us to manage risks by proactively identifying and mitigating any issues. Engagement strengthens our investee companies over time, improving quality, processes, transparency and resilience, and most companies welcome dialogue with us on these areas.

We undertake four main types of engagement. These are related to ESG advisory work, company specific monitoring and dialogue, top-down strategic topics and proxy voting.

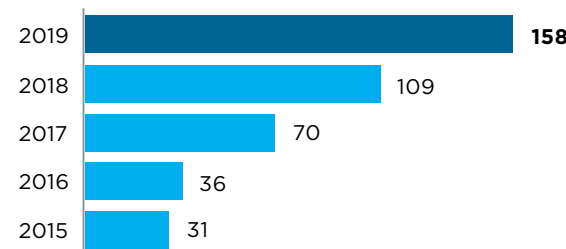
Q What has been the extent of your engagement activities this year, and your focus?

A Over the last year we undertook 158 engagements with 91 companies. Most of these were one-to-one engagements, but we also worked with 13 investor organisations on engagement activities.

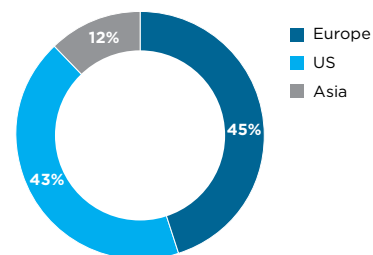
Over the last year 41% of our engagements have been around governance issues which included board oversight, entrenchment and diversity, especially in the US. 32% of our activity was on social issues and 28% around environmental improvements. Our engagements were split almost equally between European and US companies at 45% and 43% respectively, and 12% in Asia.

We have focused on physical climate risks, material ESG processes and transparency, predominantly for smaller and emerging market companies, governance in Asia, and diversity, gender, and pay equity, particularly in the US where corporate transparency on pay is often poor.

Our annual engagement initiatives



Our 2019 engagements by region



Q Can you give examples where your engagement has brought about positive change?

A Changes as a result of engagement can take several years. Last year, approximately one third of our engagements were followed by a tangible positive outcome or improvement in disclosure. In general, we are very

encouraged by good progress especially on material sustainability processes and reporting from smaller US and Asian companies. The case studies below outline three recent examples.

AN INDUSTRIAL ENERGY EFFICIENCY COMPANY, JAPAN



Engagement Completed

DURATION

Multiple engagements over the course of 2018.

ENGAGEMENT ACTIVITY

Encouraged company to improve its corporate governance, particularly board diversity.

OUTCOME

Company appointed its first female director in 2018.

A WATER INFRASTRUCTURE COMPANY, US



Engagement Ongoing

DURATION

Multiple engagements over the course of 2018.

ENGAGEMENT ACTIVITY

Advised on establishing materiality based sustainability policies, processes and disclosures

OUTCOME

Company set up a global sustainability steering group and published its first sustainability report in Q4 2018.

WATER UTILITY HONG KONG



Engagement Ongoing

DURATION

Multiple engagements over the course of 2018.

ENGAGEMENT ACTIVITY

Advised on improving sustainability processes and disclosures. Recommended improving disclosure on climate related risks including disclosing to CDP.

Advised on board structure diversity and effectiveness.

OUTCOME

Company established ESG processes and disclosures; including to CDP in 2018.

You can read our most recent Engagement reports from Impax [LN](#) and Impax [NH](#) here.



Our Executive Team



IAN SIMM
Founder and
Chief Executive

Ian Simm is the Founder and Chief Executive of Impax Asset Management Group plc. He has been responsible for building the company since its launch in 1998.

Prior to Impax, Ian was an engagement manager at McKinsey & Company advising clients on environmental strategy.

Ian is a member of the UK government's Energy Innovation Board. In November 2019 he was appointed to the Board of the Institutional Investors Group on Climate Change.

Between 2013 and 2018 he was a board member of the Natural Environment Research Council (NERC), the UK's leading funding agency for environmental science.

Ian has a first-class honours degree in physics from Cambridge University and a Master's in Public Administration from Harvard University.



BRUCE JENKYN-JONES
Executive Director, co-head
of Listed Equities

Bruce is an Executive Director and Co-Head of Listed Equities along with Hubert Aarts. Together they are responsible for the development of the investment process, research and team. He has an active role in the day to day management of all Impax listed equity portfolios and is on the portfolio construction team for all strategies.

Bruce joined Impax in 1999 where he worked initially on venture capital investments before developing the listed equity business. Before joining Impax, he worked as a utilities analyst at Bankers Trust and as an environmental consultant for Environmental Resources Management (ERM).

Bruce has an MBA from IESE (Barcelona), an MSc in Environmental Technology from Imperial College and a degree in Chemistry from Oxford University.



HUBERT AARTS
Executive Director, co-head
of Listed Equities,

Hubert is an Executive Director and Co-Head of Listed Equities, together with Bruce Jenkyn-Jones. He is also responsible as co-portfolio manager for Impax's Leaders and Water strategies, as well as leading Impax's macro-economic research process.

Hubert joined Impax in 2007 from Cambrian Capital Partners LLP, where he was a partner and portfolio manager of the Curalium fund and Incremental Leveraged hedge funds. Having started his career in the investment industry in 1990, he has extensive experience investing in Pan-European equities as a portfolio manager at MeesPierson and Merrill Lynch Investment Managers/BlackRock, where he chaired the European Sector Strategy Group.

Hubert holds a Master's degree in Economics and Business Administration from Maastricht University.



FIONA ANDERSON
Executive Director, Global
Head of HR

Fiona began her career in 1992 and has considerable experience working in human resources, in areas such as talent development, recruitment, employee relations, business partnerships, compensation and benefits, and diversity and inclusion.

Before joining Impax in April 2019, Fiona was a Managing Director at Oaktree Capital where she led the International HR team and served as a member of the UK Executive Management Team. Before Oaktree she served as the HR Director and member of the Board of Cofunds (the UK's largest fund platform) between 2006 and 2010. Previous roles also include HR managerial roles at International Exchange, Commerzbank and BNY Mellon.

Fiona holds an MBA from Bangor University Wales and an MSc in Applied Positive Psychology from the University of East London.



MEG BROWN
Executive Director, Marketing
& Business Development

Meg heads up marketing across Impax and leads the London-based sales team covering UK, Continental Europe and Asia. Meg also co-heads our impact investing work.

She has extensive experience in sustainable investing and research, having begun her career in 2002. As head of Citi's top ranked Climate and Sustainable Investment Research team she worked with institutional and private clients across Europe on impact and responsible investment.

Meg joined Impax in 2014 following a period as a consultant to private sector and not for profit clients in designing responsible investment strategies, including acting as the UK Liaison for the Global Impact Investing Network.

Meg has a MSc in Environment and Development from the London School of Economics and is a non-executive director on the board of the Carbon Tracker Initiative.



JOSEPH KEEFE
President of Impax Asset Management LLC

Joe is President of Impax Asset Management LLC and heads the Portsmouth office. He is responsible for Pax World Funds and its underlying strategies.

Prior to joining Pax in May 2005, Joe was President of NewCircle Communications, a strategic consulting and communications firm specialising in corporate social responsibility and public policy-oriented communications. He served as Senior Advisor for Strategic Social Policy at Calvert Group from 2003-2005 and as Executive Vice President and General Counsel of Citizens Advisers from 1997-2000. He is a former member of the Board of Directors (2000-2006) of US SIF, the trade association representing asset managers and investors engaged in sustainable investing throughout the United States. Before entering the investment management industry, Joe worked in private law practice for 16 years.

Joe holds a Bachelor of Arts in Philosophy from the College of the Holy Cross, and a Juris Doctor degree from the University of Virginia School of Law.



DAVID RICHARDSON
Executive Director, Client Service & Business Development

David is an Executive Director, leading Client Service and Consultant Relations across Impax, as well as managing the Institutional Sales team in North America. David joined Impax in August 2012 from Global Energy Investors where he was a Managing Partner.

He previously co-founded and served for 22 years as Managing Director of Business Development at Dwight Asset Management Company (now part of Goldman Sachs Asset Management). Prior to Dwight, David headed Project Development at Mark Technologies Corporation and successfully led the financing and development of a number of large scale wind energy projects in the US.

David received his BS in Mechanical Engineering from the University of California, is licensed as a Civil Engineer, and is a CFA® charterholder. David is a member of the Global Leadership Council and the Sustainable Investment Advisory Council of the World Resources Institute. He is also a member of the President's Council for CERES.



CHARLIE RIDGE
Executive Director, Chief Financial Officer

Charlie began his career in 1987 and has considerable technical and management experience with blue chip investment banks.

Before joining Impax he was a Managing Director within the Finance Division of Deutsche Bank, most recently serving as UK Asset and Wealth Management CFO, and previously holding various financial and market risk related roles for the Global Markets Division. Before working at Deutsche, Charlie worked at SG Warburg and qualified as a chartered accountant at Ernst & Young.

Charlie has a degree in Engineering Science from Durham University.



DANIEL VON PREYSS
Executive Director, Head of Private Equity Infrastructure (Europe),

Daniel joined Impax in 2009 and has primary responsibility for our renewable infrastructure private equity investments in Europe.

He is both involved in investments and is Head of Asset Management.

Daniel has significant business and senior transactional experience with blue chip companies within the energy and utility sectors. Before joining Impax he was responsible for Babcock & Brown's Northern European infrastructure activities where he focused on regulated utilities, gas storage and broader power generation.

Prior to this, Daniel was Director of Corporate Finance for the European Energy and Utilities team at Deutsche Bank with a strong focus on M&A activity in Europe and a member of Citigroup's Utilities team.



ZACK WILSON
Executive Director, Group General Counsel

Zack serves as Group General Counsel for Impax Asset Management Group plc and is also Company Secretary. Prior to joining Impax in 2011, Zack was Director & General Counsel for the investment management and corporate finance advisory group Development Capital Management.

Previously he was Corporate Counsel for Telewest Global Inc (renamed Virgin Media Inc), where he played a leading role in managing the successful execution of high profile transactions including the Group's \$10bn financial restructuring.

Zack qualified as a solicitor at the global law firm Norton Rose, specialising in Corporate Finance. He holds a Master of Arts in Jurisprudence from Oxford University.

Our People

The people who work for Impax make it what it is. We recognise the value of our colleagues' skills, experience and dedication. We have a strong business culture that exemplifies our key values.

OUR VALUES



Be the solution

Our core focus and motivation is to offer solutions. It defines the investment approach we offer our clients, the contribution we make to the broader global community and the attitude we bring to work each day.



A passion for excellence

We are passionate about our mission and our work. We strive for excellence in everything we do. We hold ourselves to high standards and trust each other to share these aspirations and contribute to the results.



All voices valued

We make better decisions if we are diverse and inclusive. All voices are welcomed and all voices are heard. We aspire to a dynamic culture that embraces change and inspires the evolution of new ideas.



Doing better together

We believe we can do far more, far better, working together as a team. True collaboration means treating others as we want to be treated. We value and respect our colleagues, clients and partners, their families and the wider community. We are all interconnected and cannot hope to succeed alone.



Building a common future

We have a responsibility to promote prosperity while protecting the planet. We are committed to sustainable development, and to stewarding our environmental and societal impact for the benefit of current and future generations.

We seek to create a collegial environment where our senior managers set direction while empowering their teams to work independently. We prioritise our investment in relationship development and recognise that this is a long-term, dynamic process.

We look to identify the need to recruit additional skills to drive business success and we dedicate considerable time to our hiring processes and promotion decisions. We have developed effective hiring and on-boarding processes and endeavour to ensure that new staff are given all the resources they need to become engaged employees who can look forward to successful and lasting careers with the Company.

In previous years we have outlined the work of the People Development Working Group. The majority of the work streams initiated by this group have now been successfully completed or reached an advanced stage where it is appropriate to reassign the work to other areas of the business including HR, for further development.

Diversity and Inclusion

We firmly believe that a diverse, gender balanced workforce and inclusive culture enhances creativity, problem solving and the quality of risk management and decision making.

Our investment and research teams have extensive experience of Diversity and Inclusion (“D&I”) issues and we are applying this knowledge to our thinking as we continue to invest in our staff and Human Resources infrastructure. We have embarked on the next stage of an ambitious development programme for our D&I agenda, turning our attention to how we can create a

global perspective and enhance practices in a way that best supports our Values in this area. We aim to improve our working practices further and create more opportunity for engagement.

Meanwhile, we continue to progress our existing activities and are considering how we might participate in the Investment20/20 Pre-

entry programmes. Investment20/20 is an important initiative, managed by the Investment Management Association, with a mission to bring more diverse talent into all aspects of investment management.

Figure 4: Staff numbers¹

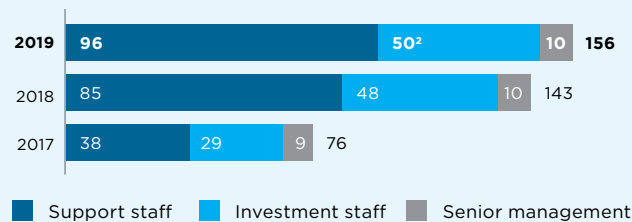
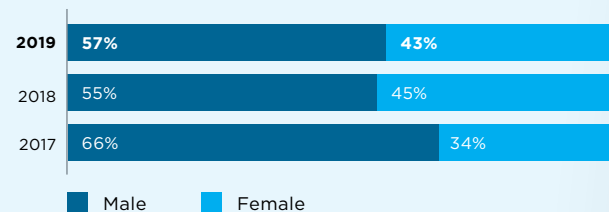


Figure 5: Gender diversity



¹ Full time equivalent

² Five of the Senior Management are also Investment Staff. If included, the Investment staff total is 55



Diversity and Inclusion continued

Gender Pay Gap

A strong team is fundamental to our long-term success; we believe improving the gender balance at Impax will benefit everyone.

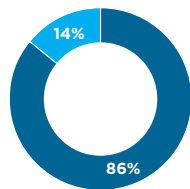
We aim to attract and retain talented staff, regardless of gender and we have always been committed to rewarding talent and hard work appropriately and fairly. We have always monitored our pay structure, but this is the first year that we have made a full disclosure for all Impax LN staff, in line with the UK Government's Gender Pay Gap regulation. Gender Pay Gap ("GPG") analysis is a somewhat blunt statistical tool, however it is useful for monitoring the balance of staff across the seniority spectrum. This data was compiled with the help of an independent expert.

By calculating and publishing our GPG data we seek to demonstrate to our staff and stakeholders that we are committed to improving the gender balance of Impax.

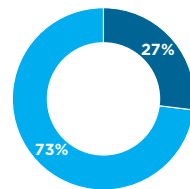
To reduce the gap we have a number of initiatives in place and are developing more. For instance, how we expand our talent pool and attract new people to join our team and the support that we offer staff, such as training and career development, along with flexible working for those who are parents and carers.

The proportion of male and female full-time employees by 'quartile' pay band

Senior positions



Junior, lower paid roles



■ Men
■ Women

Staff Engagement

95% of our staff said they were proud to work for Impax.

This year we commissioned the same external specialist employee research company that conducted our 2017 staff engagement survey to conduct a follow-on project amongst all our staff. The content of the survey was similar and designed to measure levels of engagement. We achieved a high response rate globally of 92% (2017: 87%) with nearly double the number of employees invited to respond (as the survey included Impax NH). The employee engagement score was 90%, with almost all engagement drivers increasing since 2017, and scoring significantly above our benchmark¹. However, there were some areas where we need to improve, including personal development and training and we also need to address the issue of work life balance and wellbeing.

We are delighted that we ranked in the top 15% of results for companies of a similar size and were awarded the status of "5 Star Employer".

Work Buzz

¹ An external group of ten similar sized organisations in financial and professional services



Building a Common Future – our commitment to responsible citizenship

Impax is committed to the highest standards of responsible business practice and this is embedded in our Values.

“We have a responsibility to promote prosperity while protecting the planet. We are committed to sustainable development, and to stewarding our environmental and societal impact for the benefit of current and future generations.”

OUR ROLE IN THE COMMUNITY

We encourage staff to play an active role in the community for the benefit of both our business and society. We give all UK staff at least one working day a year to participate in an environment-related volunteering activity organised by the Company. Impax NH employees also receive paid time off to undertake volunteer

work for an established non-profit, or community service organization of their choice. In support of this programme, Impax NH regularly participates in the United Way’s group volunteer opportunities in the seacoast community of New Hampshire. In 2018, Impax NH staff volunteered a total of 440 hours to 28 organisations.



SUPPORTING ORGANISATIONS THAT ARE CLOSELY ALIGNED WITH OUR VALUES

Charitable Giving

In the UK, Impax promotes tax efficient payroll giving for staff through the Charities Aid Foundation Give as You Earn scheme. In 2019, more than 20% of staff participated in the scheme, donating to a range of charities on a regular basis. However, we would like to increase this level further and recently held a “Dragon’s Den”

style charity pitch event to encourage further staff giving. The Company pledges to match all staff charitable donations up to £500/US\$500 a year). Impax NH has partnered with the New Hampshire Charitable Foundation to establish the Impax Asset Management LLC Charitable Fund to administer corporate donations and sponsorships

to 46 charities and organisations. In addition, Impax NH manages a Global Citizen Program to enable shareholders in Pax World funds to earmark portions of their dividends and/or capital gains as a contribution to Mercy Corps, that works to alleviate poverty and promote sustainable development around the globe.

Building a Common Future – our commitment to responsible citizenship continued

Our Charity Partnerships

This year we continued our charitable support of Ashden and ClientEarth. We believe that we have strong synergies with both these charities and our financial support, which we have increased year on year, not only contributes to the work of these two outstanding organisations, but also helps to build on both our thought leadership work and staff development and engagement.



Ashden champions practical, local energy solutions that cut greenhouse gas emissions, protect the environment, reduce poverty and improve people's lives.

We are now embarking on our eighth year of support for Ashden through our sponsorship of the Impax Energy Innovation Award. The main objective of the award is to celebrate UK businesses developing innovative products or services, that deliver sustainable energy and result in significant CO₂ savings. These include organisations involved in decarbonising heat, reducing energy consumption or increasing renewable energy generation. Several of our staff are closely involved in evaluation of the submission, as well as longer-term mentoring and support work with previous award winners. Ian Simm also sits on the Ashden judging panel for all the Ashden UK awards.

The quality of the applications is always high and Ashden received a strong set of submissions for the 2019 Award, which was awarded to Highview

Power. This company has developed a cryogenic energy storage system, the CryoBattery, that stores energy by compressing and cooling air until it becomes liquid. Energy is stored in insulated tanks and electricity is generated by heating up the liquid air to drive a turbo-generator. The judges were impressed by Highview Power's ground-breaking technology which enables large-scale energy storage to be built more cheaply and with less environmental impact than lithium batteries.

CryoBatteries have the potential to help keep the grid stable as the share of renewable energy increases and can also store excess solar and wind energy for later use, smoothing out variable renewable energy supply. They are also long-lasting with a 30 – 40 year lifetime, and are relatively easy to make and install.

“Thanks to the generous support of Impax Asset Management, we have been able to create real impact through our Energy Innovation Award over the last year.

We are delighted that Impax has agreed to renew their valuable support for an additional three years and look forward to working with you closely to deliver high-level networking and communications opportunities.”

Harriet Lamb CEO, Ashden

We have committed to renew our partnership with Ashden for a further three years and look forward to continuing our strong relationship with the charity.



Photo: © Highview Power

At Highview Power's storage plants, cryogenic air is stored at low pressure in low-cost tanks that can be sited anywhere.



Since 2016, Impax has supported ClientEarth, a charity that uses the power of the law to protect the planet and the people who live on it. ClientEarth is a group of lawyers and environmental experts who are fighting against climate change and to protect nature and the environment. This year their focus was on clean air and targeting the worst coal-burning generators

that significantly exceed their legal emission limits. In July, Impax partnered with the firm to co-host a networking event during the inaugural London Climate Week where advocates from the across the climate movement came together to discuss future regulation and how best to maintain momentum in this area.

The climate crisis needs fundamental change in the board room. Client Earth uses the law to drive it.



Building a Common Future – our commitment to responsible citizenship continued

OUR ENVIRONMENTAL IMPACT

We acknowledge and measure our environmental impacts, recognise our responsibilities and take action to improve wherever possible.

Impax was proud to be one of the first signatories to the Task Force on Climate-Related Financial Disclosures (“TCFD”). The TCFD’s mission is to develop voluntary, consistent, climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.

As an office-based business, our direct environmental impact is relatively limited. The main impact of our operations is energy consumption, water use, travel and materials use. Our London office was chosen for its outstanding environmental credentials and is rated “Excellent” by BREEAM, and managed by an ISO 14001 aligned BMS. Impax has reported its CO₂ emissions to the Carbon Disclosure Project since 2009.

This is the first year we have extended our environmental metrics to include all three of our

“We are committed to reducing our consumption across our working practices through a culture of energy and resource efficiency.”

Vince O’Brien Non-Executive Director and Board observer of the Environment Committee

largest sites, in London, Portsmouth NH and Hong Kong, representing over 90% of our staff. Unfortunately, at present it is not possible to obtain this data for our offices in Connecticut and Oregon as we share facilities at these sites.

Over the Period, Impax generated total Greenhouse Gas emissions of 353 tonnes of CO₂^{1,2}. This comprises Scope 2 emissions (electricity consumption at the offices) and air travel (Scope 3).

¹ This total includes Scope 2 emissions following the market-based accounting methodology. Following a location-based approach, and disregarding the positive impact of renewable electricity procurement, total is 402 tonnes CO₂e

² Sources of emission factors applied to calculate emissions from electricity consumption: DEFRA (2019) UK electricity grid mix emission factor; AIB (2017) RE-DISS GB residual electricity mix emission factor; IEA (2018) Hong Kong China electricity grid mix emission factor; eGRID (2016) NEWWE NPCC New England subregion electricity mix emission rate; Green-e (2019) NEWWE NPCC New England subregion residual electricity mix emission rate. Sources of emission factors applied to calculate emissions from business air travel: EEA, DEFRA and a development of ICAO methodology (calculations based on route, carrier, travel type and travel class)



This is a 9% increase on 2018 in absolute terms, reflecting the expanded company footprint following the acquisition of Impax NH. However, emissions intensity for the Period was 2,240 kg CO₂ per employee, and 23.5 kg CO₂ per £m AUM. This represents a 35% and 31% reduction respectively from 2018.

On a like for like basis (i.e. excluding the effect of the Impax NH acquisition) emissions increased slightly, by 3%, due to increased air travel. This represents a 2% reduction per employee and, more significantly, a 35% reduction per £m AUM.

Our Environment Committee has responsibility for coordinating and reporting all our environmental initiatives. Over the Period, the Environment Committee pursued four key initiatives leading to specific medium-term targets for our Scope 2 and Scope 3 emissions.

Scope 2 target

To source 100% renewable energy across all Impax offices. This currently stands at around 70% across the Company; our London office only purchases 100% certified renewable electricity, while our Portsmouth, NH office plans to switch entirely to renewably sourced energy in the short term. This objective is harder to achieve in Hong Kong and may take longer.

Scope 3 targets

To update our Company travel policies and to highlight the use of technology such as Skype and video-conferencing to avoid air travel related carbon emissions wherever possible.

To finalise policies for the use of alternatives to air travel for shorter distances. For example, within England and Wales, to and within Continental European cities and between US east coast cities. The aim is to reduce our air travel emissions intensity over the next three years versus both number of staff³ and AUM.

To review our caterers and food suppliers with a view to procure more sustainable catering. This covers the supply of sustainable proteins, which are predominantly vegetarian, and packaging and transport for all our catering and hospitality requirements.

³ Full Time Equivalent

Risk Management and Control

Impax has adopted a risk management framework which takes into account the key principles of risk identification, risk measurement, risk mitigation, risk monitoring and reporting. The Board strives to achieve a balance between appropriate levels of risk and return and to ensure that the risks taken by the firm are appropriately managed.

Although the Board sets the overall business risk strategy and appetite, all staff are responsible for identifying, monitoring and reviewing risks across their team and the Group.

The Chief Risk Officer (CRO) is responsible for maintaining a framework within which the business can consistently manage its risks. The CRO also reviews and challenges the adequacy of first line risk management and the effectiveness of its key controls. This oversight

includes reporting to the Group's Audit and Risk Committee on a quarterly basis.

The principal risks that the Group faces are described in this section. Further information on financial risk is given in [note 31](#) to the financial statements.

HOW WE MANAGE RISK

FIRST LINE: BUSINESS UNITS

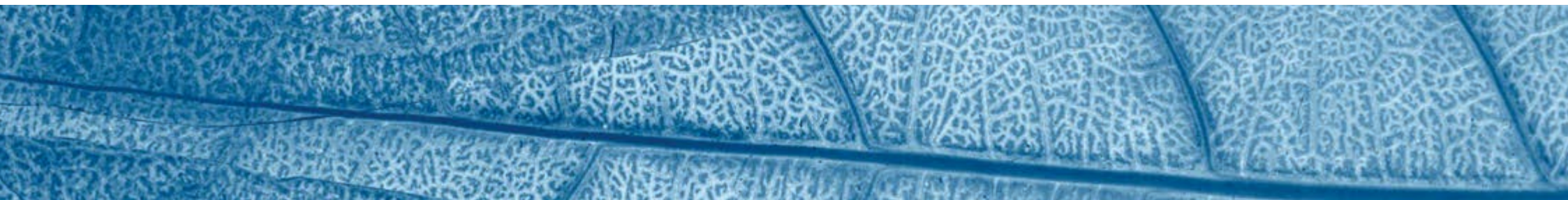
- Own day-to-day risk management
- Adhere to risk processes
- Apply internal controls and risk responses

SECOND LINE: RISK AND COMPLIANCE

- Oversee and challenge first line risk management
- Provide guidance and direction
- Develop risk management framework

THIRD LINE: AUDIT

- Review first and second lines
- Provide an independent perspective and challenge the process
- Offer objective assurance



Principal Risks and Uncertainties

RISK	DESCRIPTION	HOW WE MITIGATE THE RISK
Reputational risk	Reputational risk can arise from any of the key risks described below and relates to the Impax brand and relationships with our stakeholders.	Integrity and appropriate conduct are an integral part of the Impax culture and values, and all our business dealings. In addition, the controls below help to mitigate the risk of incidents that may have a reputational impact.
Market risk	<p>The Group's Listed Equity business charges management fees based on AUM and accordingly its revenue is exposed to market risk.</p> <p>The Group seeds investments in its own Listed Equity funds in order to build a track record to market those funds more effectively. It is therefore directly exposed to the market performance of the funds.</p> <p>The Group also invests in its own Private Equity funds and is therefore exposed to the performance of these funds.</p>	<p>The Group operates a number of different strategies which themselves are diversified by geography and industry.</p> <p>The Group's investments teams have to follow defined investment processes. All investments are overseen by The Group's Investment Committees. The Group attempts to mitigate this risk through the use of hedging instruments where appropriate and intends to divest from these investments when commercial and market conditions allow.</p>
Currency risk	<p>For the London-centred Impax LN business a significant percentage of its income is based on assets denominated in foreign currencies whilst the majority of costs are in sterling.</p> <p>For the New Hampshire, USA-based Impax NH business the majority of income is based on assets denominated in US dollars and all costs are in US dollars.</p> <p>Goodwill and intangible assets arising on the Impax LLC acquisition are held in US dollars.</p>	For the year ended 30 September 2019, and on an on-going basis, the Group's strategy for the Impax LN business has been to put in place hedges, in the form of forward rate contracts, where there is sufficient predictability over the income to allow for an effective and cost-efficient hedge. Otherwise foreign currency income is converted to sterling as soon as practically possible after receipt.
Business expansion	The acquisition in Q1 2018 of Impax Asset Management LLC (Impax NH), has resulted in the firm taking on the inherent risks of this US business, and the introduction of new integration risks.	The existing management and internal control frameworks have remained in place following the acquisition and have been incorporated into Group-wide governance structures.
Liquidity risk	<p>Liquidity risk in relation to client portfolios is the risk that funds cannot be generated to meet redemptions or other obligations as they arise. Liquidity issues can arise as a result of market conditions or through holdings of illiquid investments.</p> <p>Liquidity risk also applies to the Group's own financial obligations, in the event that cash resources are insufficient to meet liabilities as they fall due.</p>	<p>We actively monitor the liquidity of individual stocks and will adjust fund holdings where necessary to ensure that we are able to meet fund redemptions.</p> <p>The Group's approach to managing its own liquidity risk is to ensure that it has sufficient cash on hand to meet liabilities when due under both normal and stressed conditions, and to satisfy regulatory requirements. The Group produces cash flow forecasts covering a 12 month period. The Group's management and Board review these forecasts. As shown in note 22 to the financial statements the Group has adequate cash reserves.</p>

Principal Risk and Uncertainties *continued*

RISK	DESCRIPTION	HOW WE MITIGATE THE RISK
Credit risk	The Group is exposed to the risk of counterparty default. Our counterparties include banks and other institutions holding the Group's cash reserves.	The Group seeks to manage this risk by only depositing cash with institutions with high credit ratings and by allocating its cash holdings to at least four institutions at any time.
Regulatory risk	The Group's operations are subject to financial services legislation and regulations, including minimum capital requirements and compliance procedures, in each of the jurisdictions in which it operates.	The Group seeks to manage these risks by ensuring close monitoring of compliance with the regulations, and by tracking proposed changes and reacting immediately when changes are required. The Group has a permanent and independent compliance function. Notwithstanding the continuing political uncertainty regarding Brexit, Impax has established a new regulated entity in Ireland to mitigate potential disruption to our business model and clients.
People risk	The success of the Group depends on the support and experience of its key employees, and in particular the most senior managers. The loss of key employees could have a material adverse effect on its result or operations.	The Group seeks to manage this risk by offering competitive remuneration packages, including share schemes and carried interest in Private Equity funds, and by creating a supportive and enjoyable working environment. We also seek to put in place sustainable succession and development plans. The UK senior investment team has been stable since the Company's inception.
Operational risk	Operational risk arises in our investment management activities, distribution activities and in the operation of our corporate infrastructure.	The Group has established control frameworks so that the risk of financial loss to the Group through operational failure is minimised. As part of this the Group obtains annual ISAE 3402 assurance for key controls in its UK Listed Equity business. Impax also maintains plans to manage operational business risks in the case of an emergency. These involve specific responses to enable business contingency and recovery procedures. The Group has insurance cover which is reviewed each year prior to policy renewal.
Cyber risk	Cyber attacks against financial services firms are growing in number and sophistication and would result in business disruption and/or data loss.	The Group has put in place measures to minimise and manage possible technology risks and to ensure the safety of data and General Data Protection Regulation compliance. Information and cyber security is enforced throughout the business. This ensures hardware such as laptops and mobile devices are fully protected. All staff globally receive regular cyber awareness training. In addition, external and internal penetration tests are carried out globally on an annual basis. We also carry out company-wide phishing tests, and have global security certifications.

Auditor's Statement

The auditor's report on the financial statements and the auditors' statement under section 496 of the Companies Act on whether the information given in the Strategic Report and Directors' report

for the financial year ended 30 September 2019 is consistent with the Group financial statements were both unqualified and can be found on pages 17 to 22 of the Governance and Financial Report.

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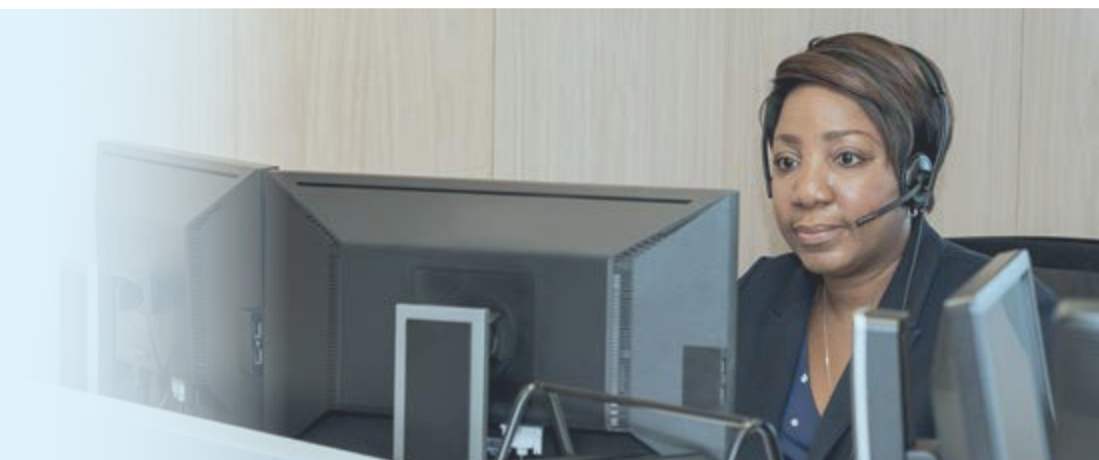
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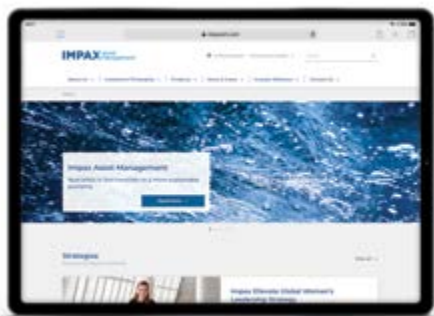
Peel Hunt LLP
Moor House
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London
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Timeline

2019	AUM passes £15bn Four prestigious awards including AIM Company of the Year
2018	Impax acquired Pax World Management LLC (Impax NH) AUM surpassed £10bn milestone Final close of third private equity infrastructure fund, Impax New Energy Investors Fund III Winner: Investment Week's "Best Place To Work In Investment 2018" Award
2016	Impax surpassed £5bn AUM, <i>SmartCarbon™</i> research published
2015	Impact methodology launched
2014	Portland, Oregon, office established Impax received a Queen's Award for Enterprise: Sustainable Development
2013	Impax named Sustainable Investor of the Year at FT/IFC Sustainable Finance Awards
2012	New York office established
2010	Launch of second private equity infrastructure fund, Impax New Energy Investors Fund II
2008	SEC registration and launch of first fund for US investors
2007	BNP Paribas Asset Management Holding became a shareholder; Hong Kong team established
2005	Launch of first private equity infrastructure fund, Impax New Energy Investors Fund I
2002	First own-label listed equity fund launched: Impax Environmental Markets plc
2001	Listed on the London Stock Exchange's Alternative Investment Market (AIM) subsequently renamed Impax Asset Management Group plc
1999	First listed equity strategy launched with advisory contract for Alm. Brand Invest in Denmark
1998	Impax Asset Management founded with mandate from the International Finance Corporation (IFC)







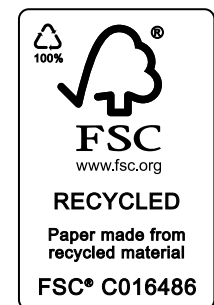
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Impax Asset Management Group plc

**Specialists in the
transition to a
more sustainable
economy**

Impax is an established global brand and a pioneer in investing in the transition to a more sustainable global economy.

Our Mission

To generate superior, risk-adjusted investment returns from opportunities arising from the transition to a more sustainable economy for clients with a medium to long-term horizon.

To make a contribution to the development of a sustainable society, particularly by supporting or undertaking relevant research and engaging or collaborating with others.

To provide a stimulating, collaborative and supportive work-place for our staff.

Our Values



Be the solution



A passion for excellence



All voices valued



Doing better together



Building a common future

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Governance and Financial Report

This report contains details of members of the Board of Directors and the Senior Management team, reports on the Group's Corporate Governance and Remuneration and presents the full financial statements including the independent auditor's report.

Our separate Strategic Report contains information about Impax, how we make money and how we run the business. It includes an overview of our main markets, our strategy, business model, key performance indicators and main areas of risk, as well as our progress during the 2019 financial year. A copy of the Strategic Report can be downloaded from www.impaxam.com. This report also describes our approach to organisation and culture, governance and sustainability, and includes a summary of our financial strategy.

Naming of companies in this document

For simplicity we use the following short forms in the place of the legal company entity names in this document and Strategic Report.

Impax Asset Management Group plc is referred to throughout as "Impax" or the "Company".

In January 2018, Pax World Management LLC was acquired by Impax and has been re-named Impax Asset Management LLC. This company is based in Portsmouth, New Hampshire and we refer to it as "Impax NH". Impax NH is the manager of Pax World Funds.

Impax Asset Management Ltd and Impax Asset Management (AIFM) Ltd manage or advise listed equity funds and accounts, and the Real Assets division. The majority of this business is based in London so we refer to it as "Impax LN".

“I am pleased to report on another year of strong growth and the achievement of many important milestones.”



J Keith R Falconer Chairman

STRONG PROGRESS

I am pleased to report on another year of strong growth and the achievement of important milestones for Impax Asset Management Group plc (“Impax” or the “Company”). During the 12 months to 30 September 2019 (the “Period”), Impax’s assets under management and advice (“AUM”) rose by 21% to £15.1 billion, and we continue to receive strong net inflows of new client money. Our major investment strategies maintained their record of out-performing global equity markets, and we see growing interest from investors in our products across all asset classes. It is also pleasing to report on the success of the integration of Impax NH, and the positive feedback on our progress that we have received from our staff, clients, distribution partners and shareholders.

Throughout the Period we have experienced rising global geopolitical uncertainty, giving rise to more volatile financial markets and this looks set to continue over the longer-term. We have also witnessed unprecedented levels of concern from the public on environmental issues and climate change. However, regulators have taken some significant positive steps to address the most obvious climate risks, while many asset owners are recognising both the risks that they need to manage, and the higher growth opportunities which they can access. We have seen new guidelines from the Financial Reporting Council (“FRC”) that require companies to think beyond financial returns and consider a range

of risks that include, for the first time, climate change. The Department for Work and Pensions in the UK published principles on material environmental, social and governance (“ESG”) risks including Climate Change, and in 2020 is scheduled to publish an implementation report on those principles.

The transition to a more sustainable economy is gathering momentum at an unprecedented rate, validating Impax’s investment proposition. The Company’s share price has strengthened in the last 12 months, from an average of 182 pence in financial year 2017/18 to 233 pence in financial year 2018/19. As a fast growing company on the AIM market, Impax is attracting significant attention among private investors. A few weeks ago, we received the “AIM Company of the Year Award” from Shares magazine, based on the votes of readers and users of the AJ Bell investment platform.

Impax’s visibility to investors interested in the transition to a more sustainable global economy received a further boost this year when we became one of just 75 companies to receive the new Green Economy Mark from the London Stock Exchange (“LSE”); the Mark recognises LSE-listed businesses that derive a majority of their revenues from the green economy.

Impax awarded “AIM Company of the Year” from Shares magazine



“This year the Board’s governance focus was on enhancing our environmental management and human capital.”

DIVIDEND

I am delighted that on the back of the strong results, my Board has recommended for the dividend to increase by 34% for the year to a total of 5.5p and that we are to move to a policy of paying between 55% and 80% of adjusted profit after tax. Further details are provided in the Financial Review on [page 18](#) of the Strategic Report.

OUR CULTURE AND VALUES

Impax has a strong mission and business culture. As explained further on [page 26](#) of the Our People section of the Strategic Report, we have recently updated and extended our Values statements. These amendments reflect how the business has grown and developed in recent years, with a significantly increased headcount following the acquisition of Impax NH, and investment in teams that will help facilitate the next stage of our growth.

On behalf of the Board I would like to thank all our staff around the world for their dedication, expertise and innovation they bring to the Company. Our success is directly attributable to their outstanding commitment. I am particularly pleased that our 2019 staff survey returned very favourable results, with a high response rate, significantly increased levels of engagement since the last survey in 2017, and many improved scores. More detail on these results is given in the Our People section of the Strategic Report on [page 26](#).

BOARD STRUCTURE, COMPOSITION AND PROGRAMME

During the Period, the Board comprised myself as Non-Executive Chairman, the Chief Executive and four other Non-Executive directors supported by the Group Company Secretary. Our Non-Executive Directors bring a diverse mix of highly relevant skills and experience including global sales, marketing, environmental markets, US institutional investment management, pension fund management and private equity, gained through their many years in senior positions across the global financial services sector.

The Board is assisted by two committees, Remuneration and Audit and Risk, which have clearly defined terms of reference. Further details on the membership and role of these committees are provided on [page 6](#). Other tasks, such as nominations, succession planning, environmental performance and the review of wider governance issues, are addressed during regular Board meetings.

The Board held eight formal meetings during the Period, with significant time devoted to strategic discussion. The Non-Executive Directors also attended an annual strategy day with the Executive Team; this year the agenda was principally to review progress against the business plan, discuss HR strategy including results from the Group staff engagement survey, consider integration matters and product positioning, and reflect on shaping and responding to societal trends including initiatives relating to diversity, the environment and policy advocacy.

OUR GOVERNANCE FOCUS

As Chairman, I am responsible for leading the Board and ensuring that the Company has in place the strategy, people, governance structure and culture to deliver value to shareholders and other stakeholders of the Group over the medium to long-term.

The Board has chosen to follow The Quoted Company Alliance ("QCA") Code, which was developed by the QCA in consultation with a number of significant institutional investors focused on smaller companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer-term". To see how Impax addresses the key governance principles defined in the QCA Code, please refer to the detailed table on our website. In the few instances where our practices depart from the expectations of the QCA Code, we have clearly highlighted these and given an explanation.

"This year we became one of just 75 companies to receive the new Green Economy Mark from the London Stock Exchange"

Impax strives for strong governance and stewardship best practice across the business. We aim to demonstrate the same levels of commitment and disclosure here as we look for in the companies in which we invest.

This year the Board's governance focus was on enhancing our environmental management and human capital. For example, we have reviewed and updated our environmental policy, strengthening our analysis and setting performance targets (pages 32 and 33 of the Strategic Report). Another important advance during the Period was the publication of our first Gender Pay Gap Report and it is pleasing to note the very positive feedback from our biennial staff engagement survey, which included Impax NH staff for the first time, (pages 28 of the Strategic Report).

This year we submitted a combined Impax LN and Impax NH report for the first time to the United Nations Principles for Responsible Investment ("UNPRI"). This rating reflects the quality of our commitment to responsible investment, and we were once again awarded the highest A+ rating, together with an A+ for Environmental, Social and Governance ("ESG") activities, Engagement and Private Equity. In the UK we retain our highest Tier I ranking under the UK Stewardship Code Statement.

As a Board, we make decisions for the long-term success of the Company, and our aim is to uphold the highest standards of conduct. We recognise our duty to promote the success of Impax for all our stakeholders. Engagement and full and transparent disclosure are fundamental to our beliefs and the way we conduct business. In doing so we must have regard for the interests of our colleagues, for the success of our relationships with staff, clients, partners, suppliers, the impact of our operations on the community, as well as our shareholders, and of the desirability of maintaining a reputation for the highest standards of business conduct. Our Directors are engaged in the oversight of the integration of responsible business practices throughout our operations.

For example, Vince O'Brien is the Director responsible for our environmental impact and policies and regularly attends the management team's quarterly Environmental Committee meetings as an observer. We are expanding our activities to strengthen further engagement with our stakeholders and our Strategic Report provides an overview of some of the ways in which we do this. Further details on our commitments to human capital, inclusivity and diversity, and environmental activities are outlined on pages 27 and 33 respectively of the Strategic Report.

SHAREHOLDER COMMUNICATIONS AND OUR AGM

We have always welcomed open communications and dialogue with all shareholders. We see all our largest shareholders who wish to meet with senior management on a regular basis and, over the last couple of years, we have also expanded our activities that are tailored specifically for private investors with evening seminars and presentations with the Chief Executive and Chief Financial Officer in London and around the country. The liquidity of our shares has improved, and our shareholder register has diversified.

Once again, our AGM will be held at our offices at 7th Floor, 30 Panton Street, London SW1Y 4AJ on 19 March 2020. I encourage shareholders to attend. In addition to the formal part of the meeting, the Chief Executive will give a brief update on recent progress and there will be the opportunity to meet the Directors and many of the senior managers. Details of the AGM, and the proposed resolutions, are contained in the separate Notice of Meeting.

J Keith R Falconer

3 December 2019

“As a Board, we make decisions for the long-term success of the Company, and our aim is to uphold the highest standards of conduct.”

Board of Directors



KEITH FALCONER
Chairman

Joined the board
2004

**Previous roles
and experience**

Keith joined Martin Currie, the independent Edinburgh-based investment firm in 1979. The first part of his career was spent managing portfolios on behalf of institutional clients. Subsequently, he became the managing director of sales and marketing. Keith retired from Martin Currie in 2003.



IAN SIMM
Chief Executive

Joined the board
2001

Ian has been responsible for building the Company since its launch in 1998. Prior to joining Impax Ian was an engagement manager at McKinsey & Company advising clients on resource efficiency issues.



**LINDSEY BRACE
MARTINEZ**
Non-Executive Director

Joined the board
2015

Lindsey served as a member of the Executive Team and was a Managing Director at Cambridge Associates. She held multiple roles during her 15-year tenure including, Global Head of Consulting Services and External Relations.

Prior to this, Lindsey was a portfolio analyst and manager for the Hancock Natural Resource Group and a senior consultant at Booz Allen.

**External
appointments**

Director of Baillie Gifford Japan Trust and the Adelphi Distillery.

Member of the UK government's Energy Innovation Board.

In November 2019 Ian was appointed to the board of the Institutional Investors Group on Climate Change ("IIGCC").

Between 2013 and 2018 he was a board member of the Natural Environment Research Council (NERC), the UK's leading funding agency for environmental science.

Founder and CEO, StarPoint Advisors, LLC. Member of the Advisory Board for the Yale Center for Business and the Environment. Member of the Investment Committee for the National Geographic Society. Chair of the Board, Novatus Energy, LLC. Trustee of Pax World Funds Series Trust I and III, Board member of Seven Islands Land Company.

**Qualifications
and experience**

Qualified as a chartered accountant in 1979. Portfolio management and institutional sales and marketing.

First class honours degree in physics from Cambridge University and a Master's in Public Administration from Harvard University.

MBA and Master of Environmental Studies from Yale University. Over 25 years' experience in investment advisory, natural resources portfolio management, institutional marketing and sales, and management consulting.



SALLY BRIDGELAND
Non-Executive Director

Joined the board
2015

Sally qualified as a Fellow of the Institute of Actuaries with consultants Bacon & Woodrow (now Aon Hewitt) and was CEO of the BP Pension Fund from 2007 to 2014. She has served as Chair of the Management Board of the Institute and Faculty of Actuaries.

Non-executive director of Royal London and the Local Pensions Partnership. Trustee of Lloyds Bank's Pension Schemes, and the Nuclear Liabilities Fund. Honorary Group Captain with 601 Squadron of the Royal Auxiliary Air Force and a trustee of RAF Central Fund. Strategic adviser to Darwin Property. Investment Consultant with Avida International.

Fellow of the Institute of Actuaries.
30 years' experience in the UK pensions and actuarial sector.



ARNAUD DE SERVIGNY
Non-Executive Director

Joined the board
2018

Arnaud was previously a Managing Director at Deutsche Bank Asset and Wealth Management, where he was the CIO for the Multi Asset Group. Prior to this he was a Managing Director at Barclays Wealth, heading the Global Investment Committee and before that at Standard & Poor's where he ran the global quantitative group.

Non-executive directorships of BNP Paribas Asset Management France, Bramham Gardens sarl and Bramham Gardens Investments Limited.

Arnaud has been a Visiting and then Adjunct Professor at Imperial Business School since 2005. He has written five books on monetary policy, credit, structured finance and money management.



VINCE O'BRIEN
Non-Executive Director

Joined the board
2009

Vince served as a director of Montagu Private Equity for over 23 years. He was part of the core team which led the buyout of Montagu from HSBC in 2003.
Prior to that he worked in audit and corporate finance for Coopers & Lybrand, now PWC.
He is a past chairman of the British Venture Capital Association.

Chair of Quest Fund Placement LLP.
Board advisory positions with the private equity firms Core Capital and Montana Capital Partners and the London branch of a leading Swiss private bank.

Chartered accountant, former chairman of the British Venture Capital Association.
Over 30 years' experience in the private equity industry.



ZACK WILSON
Group General Counsel and Company Secretary

Assumed roles
2011

Prior to joining Impax in 2011, Zack was Director & General Counsel for the investment management group Development Capital Management. Previously he was Corporate Counsel for Telewest Global Inc (renamed Virgin Media Inc), where he played a leading role in managing the successful execution of a number of high profile transactions.
Zack is a Non-Executive director of Impax Funds (Ireland) plc.

Member of the Advisory Board of Prime Advocates Limited.

Qualified as a solicitor in 2000 at the global law firm Norton Rose.
Master of Arts in Jurisprudence from Oxford University.

COMPLIANCE WITH QUOTED COMPANIES ALLIANCE CODE

The Directors recognise the importance of good corporate governance and have chosen to apply the QCA Code.

The correct application of the QCA code requires the Company to apply its ten principles and also to publish certain related disclosures either on our website or in this Annual Report or a combination of both. We have chosen to use a combination of both. Our website includes disclosure considering each principle in turn and references where the appropriate disclosure is given.

THE BOARD OF DIRECTORS

The Board deals with all aspects of the Company's affairs including setting and monitoring strategy, reviewing performance, ensuring adequate financial resources are in place and reporting to shareholders. The Board reserves these and other specific matters for its own decision. Operational decisions are delegated to the Chief Executive and senior management.

Board composition

The Board consists of a Non-Executive Chairman, four Non-Executive Directors and the Chief Executive. Details of the current Board members are given on [pages 4 and 5](#) of this report. Throughout the year the position of Chairman and Chief Executive were held by separate individuals. There is a clear division of responsibilities between the Chairman and Chief Executive.

The Board has appointed one of the Non-Executive Directors (Vince O'Brien) to act as the Senior Independent Director. The Board considers that three of the Non-Executive Directors (Vince O'Brien, Sally Bridgeland, Lindsey Brace Martinez) are independent as envisaged by the QCA Code. Arnaud de Servigny is not considered to be independent as he represents a significant shareholder. The Chairman is also not considered to be independent by nature of his significant shareholding and past service to the Group. The Non-Executive Directors and Chairman all have or have had senior executive experience and offer insightful judgement on Board matters. The Non-Executive Directors do not participate in any bonus schemes or share ownership schemes and their appointments are non-pensionable.

The Company anticipates a time commitment from the Non-Executive Directors of twenty days per annum. This includes attendance at regular Board meetings, service on the Audit and Risk and Remuneration Committees and a number of regular meetings to review and discuss progress with the executive team. The Chief Executive works full time in the business and has no other significant outside business commitments.

Board Committees

The Board has two standing Committees; the Audit and Risk Committee and the Remuneration Committee. The Board may appoint other Committees from time to time to consider specific matters.

The Audit and Risk Committee is responsible for overseeing financial reporting, risk management and internal controls and external audit. Sally Bridgeland chairs this committee. The Committee's report is provided on [page 12](#).

The purpose of the Remuneration Committee is to ensure that the Chief Executive and other senior employees are fairly rewarded for their individual contribution to the overall performance of the Group and that remuneration packages provided do not promote undue risk taking. Vince O'Brien chairs this Committee. The Committee's report is provided on [page 14](#).

The Board considers the skills and knowledge of individual members of each committee upon appointment and periodically, to ensure that each committee includes members with appropriate expertise and who are able to offer an independent outlook.

These committees report to the Board on a regular basis. They have clearly defined Terms of Reference which are published on the Company's website.

Meetings

The Board has a formal agenda of items for consideration at each meeting but also convenes at additional times when required.

All Directors receive detailed Board papers and reports sufficiently in advance of meetings to enable a proper review and have unlimited access to the advice and services of senior management should further information be required. There is provision for Board members to solicit professional advice on Board matters at the Company's expense.

Details of the number of meetings of the Board (and any committees) during the year, together with the attendance record of each Director, are shown in the table below.

Meeting Attendance	Board	Audit & Risk Committee	Remuneration Committee
Total Number of meetings	8	4	3
Keith Falconer	7		
Ian Simm	7		
Vince O'Brien	7	4	3
Sally Bridgeland	6	4	3
Lindsey Brace Martinez	6	4	3
Arnaud de Servigny	6	4	2

Appointment of new Directors

There is a rigorous procedure to appoint new Directors to the Board which is led by the Chairman. At appropriate times the Board considers the balance of skills, experience, independence and knowledge of the Group on the Board and its diversity, how the Board works as a unit and other factors relevant to its effectiveness.

Where new Board appointments are considered, the search for candidates will be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Board also considers succession planning.

All Directors are subject to reappointment by shareholders at the first opportunity after their appointment and thereafter at intervals of no more than three years.

Performance evaluation

The Board carries out an evaluation of its performance annually.

Formal evaluations are carried out to assess the performance of the Board and the individual Directors which is led by the Chairman. The Board also completes an evaluation of the Chairman's performance which is led by the Senior Independent Director.

For the process this year the Company updated the evaluation questionnaires to take account of feedback from an external consultant and made the submission and review process available to Directors through our digital Board portal. This platform enabled more detailed analysis of the feedback enabling the Chairman to address specific matters in the one to one follow-up meetings.

The steps in the process this year followed the same format as the prior year. Directors completed questionnaires which were followed up with one to one meetings and a summary report of overall findings from the Chairman. The evaluations confirmed a high rating for performance.

Areas of focus for the one to one conversations included:

- verifying the Board's understanding of the competitive landscape including the rise of passive mandates;
- appropriate use of historical data at Board meetings and using it to focus on discussion regarding the future direction of the Company;
- whether or not the Board have correctly identified the challenges and opportunities faced by the Company and how the Board can assist the Executive to address them; and
- whether or not individual Board members consider that they provide sufficient challenge when appropriate.

Progress on last year's recommendations was notable, with diversification of the Group's client base continuing and integration initiatives with Impax NH progressing in key areas such as risk management and compliance, middle office and finance. In September 2019, the Board visited the Group's office in New Hampshire to meet with senior management and also the Pax World Fund Board.

The Board will continue to monitor its approach to the evaluation of effectiveness including the use from time to time of external facilitation.

Board members maintain their skillsets through practice in day-to-day roles, enhanced with attending specific training where required. The training consists of a combination of in-house company arranged briefings and external training.

The Company Secretary and UK Head of Compliance support the Chairman in addressing the training and development needs of Directors.

Resources

The Board uses external advisors where necessary to enhance knowledge or to gain access to particular skills or capabilities. Accountants and lawyers are used for diligence work on acquisitions. Specialist advisors have also been used by the Board to ensure compliance in specific areas such as internal audit and regulatory compliance.

Indemnity

As permitted by the Company's Articles of Association, the Company has maintained qualifying third-party indemnity provisions (as defined under relevant legislation) for the benefit of the Company's Directors throughout the period.

INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal controls including financial, operational, compliance and risk management controls.

The Group's fund management activities are regulated by the Financial Conduct Authority (the "FCA"), the US Securities and Exchange Commission ("SEC") and in respect of its Hong Kong activities, the Securities and Futures Commission. The Board has adopted procedures and controls designed to ensure its obligations are met.

Details of the key risks facing the Group and internal controls acting to control or mitigate the risks are set out on [pages 34 to 36](#) of the Strategic Report.

DIALOGUE WITH SHAREHOLDERS

The Company reports formally to shareholders at the half-year and year end. At the Annual General Meeting of the Company, a presentation is given and Directors are available to take questions, both formally during the meeting, and informally after the meeting. The Chief Executive and Senior Independent Director are available for dialogue with major shareholders on the Company's plans and objectives and meet with them at appropriate times.

CULTURE

Integrity and appropriate conduct are an integral part of the Impax culture and values, and all our business dealings. The Company undertakes regular review and monitoring of its policies in specific areas such as anti-bribery and corruption, anti-money laundering, Code of Ethics compliance, conflicts of interest, whistleblowing and information security.

We enjoy a strong collegial culture which we continue to evolve. We value meritocracy, openness, fairness and transparency. The Company's Culture and Values Committee, which has a rotating membership open to all staff, meets regularly to assess progress and advance new initiatives. Culture and values are also considered as part of staff appraisals.

In 2019 the Group carried out a comprehensive staff engagement survey, the results of which are considered in the Strategic Report.

DIVIDENDS

The Directors propose a final dividend of 4.0 pence per share (2018: 3.0 pence) which together with the interim dividend of 1.5 pence per share (2018: 1.1 pence) gives a total for the year ended 30 September 2019 of 5.5 pence per share (2018: 4.1 pence, 6.7 pence including the special dividend). The dividend will be submitted for formal approval at the Annual General Meeting. These financial statements do not reflect the final dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 September 2020.

The final dividend for the year ended 30 September 2018 was paid on 15 March 2019, being 3.0 pence per share. The trustees of the Impax Employee Benefit Trusts waived their rights to part of these dividends, leading to a total dividend payment of £3,863,544. The interim dividend of 1.5 pence for the year ended 30 September 2019 was paid on 19 July 2019 and totalled £1,928,772 after the EBT waiver. These payments are reflected in the statements of changes in equity.

SHARES

The Impax Asset Management Group plc Employee Benefit Trust 2012 and the Impax Group plc Employee Benefit Trust 2004 (together the "EBTs") made market purchases of 1,181,390 of the Company's shares during the year, satisfied option exercises in respect of 250,000 shares and allocated 478,250 of shares it held to cover Restricted Share Awards made. The Directors continue to plan that future options exercises will primarily be satisfied by the EBTs.

DIRECTORS AND THEIR INTERESTS IN SHARES

The Directors of the Company during the year and at the date of this report are set out below. The Directors' interests and those of their connected persons in the Ordinary Shares of the Company, all of which are beneficial, at 30 September 2019 and 30 September 2018 were:

	30 September 2019	30 September 2018
Keith Falconer ¹	6,637,775	6,637,775
Ian Simm ¹	9,575,880	9,545,919
Vince O'Brien	110,000	110,000
Sally Bridgeland	-	-
Lindsey Brace Martinez	-	-
Arnaud de Servigny	-	-

¹ Includes vested shares within sub-funds of the Impax Group Employee Benefit Trust 2004 ("EBT 2004") from which the individual and their families may benefit and Restricted Shares held in the Impax Group Employee Benefit Trust 2012

There have been no changes to the above holdings since 30 September 2019.

Ian Simm has a 5.88% interest in the capital of Impax Carried Interest Partner LP, a 5% interest in the capital of Impax Carried Interest Partner II LP, and a 4% interest in the capital of INEI III CIP LP entities in which the Company holds an investment.

Ian Simm has been granted options over the Company's Ordinary Shares which have not yet been exercised as shown in the table below.

Year granted	Options held	Exercise price	Earliest to exercise date	Latest to exercise date
2013	100,000	47.9p	01/01/17	31/12/19
2014	100,000	56.9p	01/01/18	31/12/20

Ian Simm has been granted 60,000 Restricted Share Awards which vest in three equal tranches between December 2020 and 2022 and a further 30,000 which vest in three equal tranches between February 2022 and February 2024.

SUBSTANTIAL SHARE INTERESTS

The following interests in 3% or more of the issued Ordinary Share capital have been notified to the Company as at 3 December 2019:

	Number	Percentage
BNP Paribas Asset Management Holding	31,920,000	24.5
Ian R Simm ¹	9,575,880	7.3
Impax Asset Management Group plc Employee Benefit Trust 2012	8,110,493	6.2
Hargreave Hale Limited	7,302,500	5.6
Blackrock Investment Management	7,031,271	5.4
J Keith R Falconer ¹	6,637,775	5.1
Hargreaves Lansdown Asset Management	5,199,133	4.0
Rathbone Investment Managers	5,129,149	3.9
Bruce Jenkyn-Jones ²	4,906,864	3.8

¹ Includes vested shares within sub-funds of the EBT 2004 from which the individual and their families may benefit

² Includes vested shares within sub-funds of the EBT 2004 from which the individual and their families may benefit and vested but unexercised options

In addition the EBT 2004 has a legal interest in a further 13,950,080 shares which have transferred to sub-funds from which individuals and their families may benefit and holds 815,273 shares directly.

RISK

A description of the key risks facing the Group and policies and procedures in place to monitor or mitigate the risk is provided on [pages 34 to 36](#) of the Group's Strategic Report.

PEOPLE

Through our robust people management policies we aim to attract and develop the best people. Our performance management processes comprise a twice yearly performance appraisal against agreed objectives and our core values. Output from this performance process is used to inform decisions on remuneration, career development and progression.

As part of creating a high-performance organisation, we encourage all of our employees to fulfil their potential. We provide our employees with access to a range of training and development opportunities that are relevant to our business.

CREDITOR PAYMENT POLICY

The Group seeks to maintain good terms with its trading partners. It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers and, provided the supplier has complied with its obligations, to abide by the terms of payment agreed. Trade creditor days of the Group for the year ended 30 September 2019 were 24 (2018: 29).

CHARITABLE DONATIONS

During the year the Group has made donations to charities totalling £155,933 (2018: £63,993).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Governance Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU") and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of

their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRS as adopted by the EU;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

Each person who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Director has taken all the steps that he or she ought to have taken as Director in order to make himself aware of any relevant information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

By order of the Board

Zack Wilson

Company Secretary
3 December 2019

Registered office:

7th floor, 30 Panton St
London SW1Y 4AJ



Chairman

**SALLY
BRIDGELAND**

FOCUS FOR THE YEAR

- Oversaw enhancements to the Group's risk management process
- Conducted an audit tender
- Reviewed the controls in place over vendor management
- Financial reporting for the Impax NH acquisition

MEETINGS HELD

4

COMMITTEE MEMBERS

The Audit and Risk Committee is comprised of the following Non-Executive Directors: Sally Bridgeland (Chairman), Vince O'Brien, Lindsey Brace-Martinez and Arnaud de Servigny. The qualifications of these members are shown on [pages 4 and 5](#).

MEETINGS

During the year the Committee met four times. Details of attendance at the meeting are shown on [page 7](#).

ROLE AND RESPONSIBILITIES

The Committee's responsibilities include:

Financial reporting

- monitoring the integrity of the financial statements and formal announcements relating to the Company's and Group's financial performance;
- the implementation of new accounting standards and policies;

Risk management and internal control

- reviewing the Group's risk management processes and risk reports;
- monitoring of the internal financial control procedures;
- reviewing and recommending for approval to the Board the Company's Internal Capital Adequacy Process ("ICAAP");
- engagement and oversight of internal audit;

External auditor

- considering appointment, re-appointment and removal of the external auditor and approving the remuneration of the external auditor;

- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process; and
- ensuring the objectivity and independence of the external auditor by acting as their primary contact meeting them without the presence of management where considered necessary and receiving all their reports directly.

FINANCIAL REPORTING

The Committee has reviewed the Group's Interim Report and the Annual Report and accounts and recommended them to the Board for approval. The Committee has considered whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements when preparing the financial statements.

The Committee received reports from the external auditor, KPMG on the audit scope and strategy and their independent assessment of management's conclusions on key areas of judgements and estimates. KPMG attended the Committee meetings following the half and full year ends and met privately with the Committee.

The key accounting estimates and judgements considered by the Committee during the period were in relation to the impairment of intangible assets and goodwill. The Company was required to consider if intangible assets acquired as part of the acquisition of Impax NH and goodwill arising on this acquisition were impaired. The Committee considered reports from the Finance function which described the assumptions used in determining whether impairment was required and was satisfied that it was not.



Audit and Risk Committee members

**LINDSEY BRACE
MARTINEZ**

**ARNAUD DE
SERVIGNY**

**VINCE
O'BRIEN**

RISK MANAGEMENT AND INTERNAL CONTROL

The Company's risk management process and the risks which are considered to be the key risks facing the Group are described on [pages 34 to 36](#). The Committee has received and considered a report from the Chief Risk Officer at each of its meetings and reviewed the Group risk assessment. The Committee also received a specific presentation from management on vendor management and reviewed and approved the Group's ICAAP.

EXTERNAL AUDITOR

KPMG LLP has acted as the auditor of the Group since 2010 when it was appointed following a competitive tender. Jatin Patel is the current audit partner and this is the second year that he has signed the audit report. Ethical standards would require him to rotate off following the audit of the year ended 30 September 2022. The Committee considered the auditor's effectiveness during the Period prior to re-appointing them and concluded it was satisfactory. This process consisted of a review of their performance against set criteria and consideration of the reports prepared by the FRC's Audit Quality Review Team on KPMG along with KPMG's plans to implement the recommended improvements.

The Committee has also undertaken a competitive audit tender for the audit of the year ended 30 September 2020. Four firms, including KPMG, were invited to tender and following a detailed evaluation process KPMG was reappointed. The Committee would now expect to tender the audit every ten years and to limit an auditor's tenure to 20 years.

Details of fees paid to the Company's auditor are shown in [note 7](#) to the financial statements. The Committee considered and agreed the audit fee during the Period. Total fees paid for non-audit services were £87,000. Other non-audit work included tax advice and non-audit fees as a percentage of total fees paid were 30%. In the opinion of the Board, none of the non-audit services provided caused any concern as to the auditor's independence or objectivity. The Committee also considered if there were any other factors impacting the auditors independence and objectivity and concluded that there were none. As part of this assessment the Committee received and considered a report from KPMG which confirmed that in their view they were independent.

INTERNAL AUDIT

The Group uses Grant Thornton to provide Internal Audit Services suggested by management and approved by the Committee.

Sally Bridgeland

Chairman of the Audit and Risk Committee

3 December 2019



FOCUS FOR THE YEAR

- Enhancement of processes and procedures around remuneration decisions

MEETINGS HELD

3

Chairman

VINCE
O'BRIEN

COMMITTEE MEMBERS

The Remuneration Committee is comprised of the following Non-Executive Directors: Vince O'Brien (Chairman), Sally Bridgeland and Arnaud de Servigny.

REMUNERATION ACTIVITIES DURING THE YEAR

During the past year, the Committee met three times to undertake the following:

- review and recommend the remuneration and terms and conditions of service of the Directors and senior employees;
- approve the overall remuneration policy to ensure that this is designed to be in line with the business strategy, objectives and long-term interests of the wider Group;
- approve all share-based awards; and
- ensure that the Company's policies and practices are compliant with the FCA Remuneration Code and associated remuneration related regulations.

POLICY ON DIRECTOR AND SENIOR EMPLOYEES REMUNERATION

The remuneration and terms and conditions of service of the Directors and senior employees are determined by the Board, based on recommendations made by the Remuneration Committee. The Committee recognise the importance of providing a remuneration package that will, without promoting undue risk, attract, retain and incentivise as well as encourage increased shareholder value in the short and longer term.

For the year ended 30 September 2019 there are potentially four main elements of the remuneration packages for the Chief Executive and senior employees.

(i) Basic salary and benefits

Basic salaries are recommended to the Board by the Remuneration Committee taking into account the performance of the individual and the rate for similar positions in comparable companies. Benefits include income protection, critical illness insurance, life assurance and private medical insurance.

(ii) Variable remuneration

Variable remuneration consists of a cash bonus and share-based awards. For Impax LN variable remuneration will typically be capped at 45% of relevant operating earnings before variable remuneration, interest and taxes. Impax NH employees receive a cash bonus or commissions.

(A) Cash bonus

For Impax LN the cash bonus is determined based on the profitability of the relevant area where the employee works and on the individual's personal performance. For Impax NH the cash bonus is based solely on the individual's performance.

(B) Share-based awards

The Group has approved the award of 75,000 restricted shares to Impax LN employees under the Group Restricted Share Scheme ('RSS') and 650,000 options under the Group's Employee Share Ownership Plan ("ESOP") in respect of services during the Period. The award of these shares and options will be communicated to the relevant employees following announcement of the Group's results for the year ended 30 September 2019.



Remuneration Committee members

**LINDSEY BRACE
MARTINEZ**

**ARNAUD DE
SERVIGNY**

**SALLY
BRIDGELAND**

Under the RSS shares awarded to employees are initially held by a nominee and the employee only gains unfettered access to the shares after three, four and five year periods (one third at each stage) subject to continued employment. During the Period that the shares are held by the nominee, the employee will receive dividends and be able to vote on the shares but will not be able to sell them.

Options awarded under the ESOP have a 100p exercise price and vest after five years subject to continuous employment and are then subject to a holding Period of a further five years.

The Chief Executive and other Impax LN employees continue to benefit from share-based payment awards made under the previous share-based incentive plans (the LTIP, ESOP 2011-18 and RSS 2014-2015, 2017, 2018) as more fully described in [note 9](#) to the financial statements. Impax NH senior employees benefit from the award of Restricted Share Units that were made at the time of the acquisition. Certain senior managers hold shares in Impax NH. These shares were originally acquired using loans from Impax NH which in part remain outstanding and the

shares remain subject to employment restrictions (see [note 27](#) of the financial statements for further information).

In addition, the Chief Executive and certain senior employees have been awarded interests in the partnerships, Impax Carried Interest Partner LP, Impax Carried Interest Partner II LP and INEI III CIP LP. These partnerships will receive payments from the Group's private equity funds depending on the fund's performance.

(iii) Pensions

The Group pays a defined contribution to the pension schemes of employees (excluding Directors). The individual pension schemes are private and their assets are held separately from those of the Group.

Pension contribution rates for Executive Directors are aligned with those available to the wider workforce, in accordance with the Group Remuneration Policy.

DIRECTORS' REMUNERATION DURING THE YEAR

Details of each Director's remuneration are shown below:

	Fees/ salary £	Benefits in kind £	Bonus £	2019 Total £	2018 Total £
Keith Falconer	70,000	-	-	70,000	70,000
Ian Simm	262,929	7,898	820,000	1,090,827	953,604
Arnaud de Sevigny	30,000	-	-	30,000	10,000
Vince O'Brien	40,000	-	-	40,000	40,000
Sally Bridgeland	40,000	-	-	40,000	40,000
Lindsey Brace Martinez	39,164	-	-	39,164	37,276
	482,093	7,898	820,000	1,309,991	1,171,688

For the year ended 30 September 2019

The Company paid £76,750 to Lindsey Brace Martinez in 2018 for consultancy services provided (2019: £nil). Lindsey Brace Martinez is also a Director of Board of Pax World Funds acting as the Group's representative on this Board. The Company paid her £47,443 for this service (2018, £36,237).

Ian Simm exercised options over a total of 100,000 shares during the Period generating a profit of £194,410.

Ian Simm received a distribution of €61,479 from Impax Carried Interest Partner II LP during the Period being his share of the carried interest paid by the Group's second private equity fund.

Ian Simm was granted 30,000 Restricted Share Awards in February 2019, which vest in three annual tranches between February 2022 and February 2024.

SERVICE CONTRACTS

The Chief Executive is employed under a contract requiring one year's notice from either party. The Chairman and Non-Executive Directors each receive payments under appointment letters which are terminable by up to six months' notice from either party.

POLICY ON NON-EXECUTIVE DIRECTORS' REMUNERATION

The Chairman and the Non-Executive Directors each receive a fee for their services. The fee is approved by the Board, mindful of the individual's time commitment and responsibilities and of current market rates for comparable organisations and appointments. The Non-Executive Directors and the Chairman are reimbursed for their travelling and other minor expenses incurred.

Vince O'Brien

Chairman, Remuneration Committee

3 December 2019

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Impax Asset Management Group plc ("the Company") for the year ended 30 September 2019 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and Company statement of financial position, consolidated and Company statement of changes in equity, consolidated and Company cash flow statements and the related notes, including the accounting policies in [note 34](#).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality:	£762k (2018: £731k)	
Group financial statements as a whole	5% (2018: 5%) of normalised group profit before tax	
Coverage	100 % (2018: 100%) of normalised group profit before tax	
Risks of material misstatements:		vs 2018
New Group risks	Impairment of intangible asset	▲
	Impairment of goodwill	▲
Recurring Parent Company risks	Investment in subsidiary undertakings	◀▶

Our audit continues to be impacted by the acquisition of Impax LLC in 2018. However, the key audit matters identified in the prior year: the fair value of intangibles asset and contingent consideration and IFRS 2 charges have not been identified as significant in the current year. Therefore, they have not been separately identified in our report this year.

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
<p>Impairment of intangible asset</p> <p>(£24.4 million, 2018: £25.5 million)</p> <p>Refer to page 12 (Audit and Risk Committee Report), page 58 (accounting policy) and page 27 and page 41 (financial disclosures).</p>	<p>Forecast-based valuation</p> <p>The Group's acquisition of Impax Asset Management LLC in the prior year resulted in the recognition of an intangible asset relating to investment management contracts acquired. There is a risk of impairment to the carrying value of this intangible assets.</p> <p>The valuation of an intangible asset's recoverable amount is subjective and requires the use of assumptions relating to future cash flows and the use of a valuation model. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.</p> <p>As part of our risk assessment, we determined that the recoverable amount of these assets has a high degree of estimation uncertainty, with a potential range of outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements Note 3 disclose the sensitivity estimated by the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> – Assessing methodology: We assessed the principles and integrity of the value-in-use discounted cash flow; – Benchmarking assumptions: Where indicators of impairment were identified, we challenged the key assumptions made by management in calculating the recoverable amounts of the intangible asset. In particular, these included forecast net flows and operating margin. Our challenge was based on historical experience, sector experience and market comparable data obtained publicly or through management's and KPMG's internally derived data; – Sensitivity analysis: We considered the sensitivity of reasonable changes in key assumptions to evaluate the impact on the carrying value of the intangible asset; – Assessing transparency: We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of the recoverable amount.

	The risk	Our response
<p>Impairment of goodwill</p> <p>(£11.2 million; 2018: £10.5 million)</p> <p>Refer to page 12 (Audit and Risk Committee Report), page 58 (accounting policy) and page 27 and page 40 (financial disclosures).</p>	<p>Forecast-based valuation</p> <p>The Group's acquisition of Impax LLC in the prior year resulted in the recognition of goodwill. The estimated recoverable amount of goodwill is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.</p> <p>As part of our risk assessment, we determined that the recoverable amount of goodwill has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount.</p> <p>The financial statements Note 3 disclose the sensitivity estimated by the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> – Assessing methodology: We assessed the principles and integrity of the value-in-use discounted cash flow; – Benchmarking assumptions: We challenged Group's key assumptions used. In particular, these included forecast net flows and operating margin. Our challenge was based on historical experience, sector experience and market comparable data obtained publicly or through internally derived data; – Sensitivity Analysis: We considered the sensitivity of reasonable changes in key assumptions to evaluate the impact on the value of goodwill; – Assessing Transparency: We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.
<p>Recoverability of parent company's investment in subsidiaries:</p> <p>(£34.6 million; 2018: £34.4 million)</p> <p>Refer to page 65 (accounting policy) and page 65 and page 66 (financial disclosures).</p>	<p>Low risk, high value</p> <p>The carrying amount of the parent company's investments in subsidiaries represents 51% (2018: 48%) of the Company's total assets. The recoverability is not considered to contain a high risk of significant misstatement or be subject to significant judgement. However, given the size of the balance in the context of the parent company financial statements this is considered to be the area that had the greatest effect on our overall parent company audit.</p>	<ul style="list-style-type: none"> – Test of detail: We compared the carrying amount of 100% of the investment balances to net assets in the respective subsidiary to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and inspected that the subsidiaries had historically been profit making.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

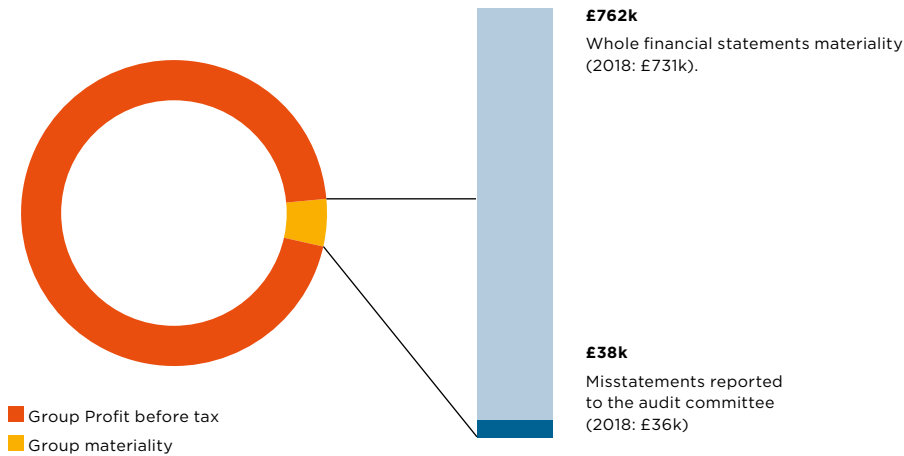
Materiality for the Group financial statements as a whole was set at £762k (2018: £731k), determined with reference to a benchmark of Group profit before taxation, normalised to exclude the one - off amounts in relation to the release of contingent consideration as disclosed in [note 27](#) of which it represents 5% (2018: 5%). The group team performed procedures on the items excluded from normalised profit before tax.

Materiality for the parent company financial statements as a whole was set at £723k (2018: £701k), determined with reference to a benchmark of Total Assets (of which it represents 1%) (2018: 1% of Total Assets).

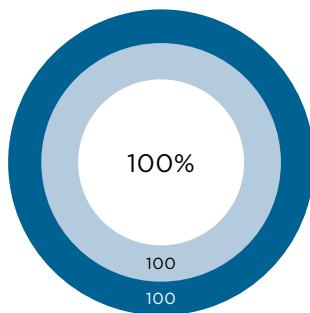
We agreed to report to the Audit and Risk Committee any corrected and uncorrected identified misstatements exceeding £38k (2018: £36k) in addition to other identified misstatements that warranted reporting on qualitative grounds. The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above.

Normalised Group Profit before tax
£15.2m (2018: £14.6m)

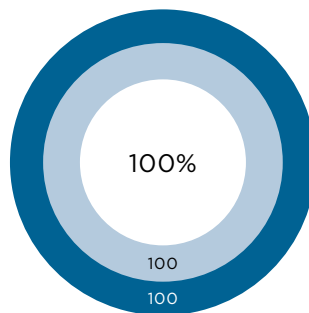
Group Materiality
£762k (2018: £731k)



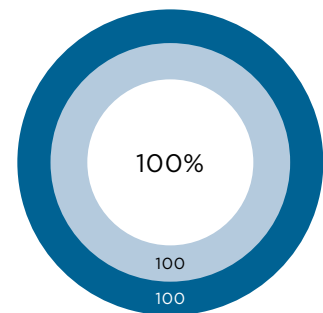
Group revenue



Group profit before tax



Group total assets



■ Full scope for Group audit purposes 2019
■ Full scope for Group audit purposes 2018

4. WE HAVE NOTHING TO REPORT ON GOING CONCERN

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- The impact of changes in flows of assets under management;
- The impact of market movements on assets under management.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. We have nothing to report in these respects.

7. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on [pages 10 and 11](#), the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditors-responsibilities.

8. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor Chartered Accountants

15 Canada Square, London

3 December 2019

Consolidated Income Statement

For the year ended 30 September 2019

	Notes	2019 £000	2018 £000
Revenue	<u>6</u>	73,695	65,683
Operating costs	<u>7</u>	(54,883)	(50,200)
Fair value gains/(losses) on investments and other financial income/(expense)	<u>10</u>	842	(337)
Interest expense	<u>11</u>	(912)	(670)
Non-controlling interest	<u>28</u>	156	184
Change in third-party interests in consolidated funds	<u>12</u>	-	(40)
Profit before taxation		18,898	14,620
Taxation	<u>13</u>	(3,028)	(3,219)
Profit after taxation		15,870	11,401
Earnings per share			
Basic	<u>14</u>	12.2p	9.0p
Diluted	<u>14</u>	12.1p	8.9p
Dividends per share			
Special dividend paid	<u>15</u>	-	2.6p
Interim dividend paid and final dividend declared for the year	<u>15</u>	5.5p	4.1p

Adjusted results are provided in [Note 4](#)

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2019

	2019 £000	2018 £000
Profit for the year	15,870	11,401
Change in value of cash flow hedges	(12)	(74)
Tax on change in value of cash flow hedges	2	14
Exchange differences on translation of foreign operations	922	1,212
Total other comprehensive income	912	1,152
Total comprehensive income for the year attributable to equity holders of the parent	16,782	12,553

All amounts in other comprehensive income may be reclassified to income in the future.

The statements have been prepared on the basis that all operations are continuing operations.

The notes on [pages 27 to 60](#) form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 September 2019

	Notes	2019		2018	
		£000	£000	£000	£000
Assets					
Goodwill	<u>16</u>	12,804		12,171	
Intangible assets	<u>17</u>	24,518		25,565	
Property, plant and equipment	<u>18</u>	1,779		1,836	
Deferred tax assets	<u>13</u>	3,757		4,450	
Total non-current assets			42,858		44,022
Trade and other receivables	<u>19</u>	16,740		15,858	
Investments	<u>20</u>	4,626		4,349	
Current tax asset		239		890	
Cash invested in money market funds and long-term deposit accounts	<u>22</u>	15,235		11,211	
Cash and cash equivalents	<u>22</u>	11,939		15,529	
Total current assets			48,779		47,837
Total assets			91,637		91,859
Equity and liabilities					
Ordinary shares	<u>25</u>	1,304		1,304	
Share premium		9,291		9,291	
Exchange translation reserve		1,936		1,014	
Hedging reserve		(54)		(44)	
Retained earnings		50,751		41,054	
Equity attributable to owners of the Company			63,228		52,619
Non-controlling interests	<u>28</u>		-		898
Total equity			63,228		53,517
Trade and other payables	<u>23</u>	23,581		24,755	
Loans	<u>24</u>	-		3,326	
Third-party interest in consolidated funds		-		87	
Current tax liability		124		130	
Total current liabilities			23,705		28,298
Trade and other payables		704		228	
Loans	<u>24</u>	-		6,652	
Deferred tax liability	<u>13</u>	4,000		3,164	
Total non-current liabilities			4,704		10,044
Total equity and liabilities			91,637		91,859

Authorised for issue and approved by the Board on 3 December 2019. The notes on [pages 27 to 60](#) form part of these financial statements.

Ian R Simm

Chief Executive

Consolidated Statement of Changes In Equity

For the year ended 30 September 2019

	Note	Share capital £000	Share premium £000	Exchange translation reserve £000	Hedging reserve £000	Retained earnings £000	Total Equity £000
Balance at 1 October 2017		1,277	4,093	(198)	16	30,456	35,644
<i>Transactions with owners of the Company:</i>							
Shares issued		27	5,198	-	-	-	5,225
Dividends paid	<u>15</u>	-	-	-	-	(7,386)	(7,386)
Acquisition of own shares	<u>26</u>	-	-	-	-	(2,534)	(2,534)
Cash received on option exercises		-	-	-	-	4,477	4,477
Impax NH management equity scheme - value assigned to pre-acquisition service	<u>27</u>	-	-	-	-	1,917	1,917
Tax credit on long-term incentive schemes	<u>13</u>	-	-	-	-	2,352	2,352
Fair value of put option over non-controlling interest		-	-	-	-	(1,451)	(1,451)
Share based payment charges	<u>9</u>	-	-	-	-	1,822	1,822
Total transactions with owners of the Company		27	5,198	-	-	(803)	4,422
Profit for the year		-	-	-	-	11,401	11,401
<i>Other comprehensive income:</i>							
Change in value of cashflow hedges		-	-	-	(74)	-	(74)
Tax on change in value of cashflow hedges		-	-	-	14	-	14
Exchange differences on translation of foreign operations		-	-	1,212	-	-	1,212
Total other comprehensive Income		-	-	1,212	(60)	-	1,152
Balance at 30 September 2018		1,304	9,291	1,014	(44)	41,054	52,619
<i>Transactions with owners of the Company:</i>							
Dividends paid	<u>15</u>	-	-	-	-	(5,792)	(5,792)
Acquisition of own shares	<u>26</u>	-	-	-	-	(2,505)	(2,505)
Cash received on option exercises		-	-	-	-	111	111
Tax credit on long-term incentive schemes	<u>13</u>	-	-	-	-	251	251
Share based payment charges	<u>9</u>	-	-	-	-	1,160	1,160
Fair value of put option over non-controlling interest		-	-	-	-	(328)	(328)
Acquisition of NCI without a change in control	<u>28</u>	-	-	-	-	930	930
Total transactions with owners of the Company		-	-	-	-	(6,173)	(6,173)
Profit for the year		-	-	-	-	15,870	15,870
<i>Other comprehensive income:</i>							
Change in value of cash flow hedge		-	-	-	(12)	-	(12)
Tax on change in value of cashflow hedges		-	-	-	2	-	2
Exchange differences on translation of foreign operations		-	-	922	-	-	922
Total other comprehensive Income		-	-	922	(10)	-	912
Balance at 30 September 2019		1,304	9,291	1,936	(54)	50,751	63,228

The notes on [pages 27 to 60](#) form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 September 2019

	Note	2019 £000	2018 £000
Operating activities			
Cash generated from operations	<u>30</u>	20,848	23,436
Corporation tax (payment)/refund		(580)	1,583
Net cash generated from operating activities		20,268	25,019
Investing activities			
Acquisition of subsidiary (Impax NH), net of cash acquired		-	(23,893)
Deconsolidation of investment fund		(67)	(255)
Net acquisition of property plant & equipment and intangible assets		(402)	(1,690)
Net (investments into)/redemptions from unconsolidated Impax funds		(485)	3,938
Net investment disposals from consolidated Impax funds*		-	932
Settlement of investment related hedges		258	(987)
Investment income received		236	279
Increase in cash held in money market funds and long-term deposit accounts		(4,024)	(3,431)
Net cash used by investing activities		(4,484)	(25,107)
Financing activities			
Acquisition of non-controlling interest		(201)	-
Proceeds from bank borrowings		-	17,616
Repayment of bank borrowings	<u>24</u>	(10,371)	(8,779)
Interest paid on bank borrowings		(670)	(464)
Acquisition of own shares		(2,505)	(2,534)
Cash received on exercise of Impax staff share options		111	4,477
Investments made by third-party investors into consolidated funds*		-	17
Dividends paid		(5,792)	(7,386)
Net cash used in financing activities		(19,428)	2,947
Net (decrease)/increase in cash and cash equivalents		(3,644)	2,859
Cash and cash equivalents at beginning of year		15,529	12,932
Effect of foreign exchange rate changes		54	(262)
Cash and cash equivalents at end of year	<u>22</u>	11,939	15,529

* The Group consolidates certain funds which it manages and includes the funds cash flows in the above statement

Cash and cash equivalents under IFRS does not include deposits in money market funds and cash held in deposits with more than an original maturity of three months. The Group however considers its total cash reserves to include these amounts. Cash held by consolidated funds or in RPAs are not included in cash reserves (see [note 22](#))

Movements on cash reserves are shown in the table below:

	At the beginning of the year £000	Cashflow £000	Foreign exchange £000	At the end of the year £000
Cash and cash equivalents	15,529	(3,644)	54	11,939
Cash invested in money market funds and long-term deposit accounts	11,211	4,024	-	15,235
Cash in RPAs	(2,074)	1,106	-	(968)
Cash held by consolidated funds	(67)	67	-	-
Total Group cash reserves	24,599	1,553	54	26,206

The notes on [pages 27 to 60](#) form part of these financial statements.

1 REPORTING ENTITY

Impax Asset Management Group plc (the “Company”) is incorporated and domiciled in the UK and is listed on the Alternative Investment Market (“AIM”). These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). The Company’s separate financial statements are shown on [pages 61 to 70](#).

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) adopted for use by the European Union. At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements of the Group.

The financial statements have been prepared under the historical cost convention, with the exception of the revaluation of certain investments and derivatives being measured at fair value.

Details of the significant accounting policies adopted by the Group are shown in [note 34](#). The Group has applied IFRS 15 and 9 for the first time in these Financial Statements, see [note 33](#) for details.

The financial statements are presented in Sterling. All amounts have been rounded to the nearest thousand unless otherwise indicated.

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements management has made estimates that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates. Revisions to estimates are recognised prospectively. The significant estimates are described below.

- *Intangible assets impairment testing (see [note 17](#))*

The intangible assets acquired on acquisition of Impax NH represents investment management contracts. These are amortised over an 11 year life which is considered reasonable given the nature of the investors into these Funds. If there are any indications of impairment are tested for impairment at each reporting date. The fair value at the date of acquisition was calculated using the discounted cash flow methodology and represented the valuation of the profits expected to be earned from the management contracts in place at the date of acquisition. The impairment test completed this year showed no impairment was required and used the following key assumptions – future subscription of new assets of US\$0.34bn per annum on average (2018: USD\$0.22bn), future equity fund performance of 5% (2018: 5%), an average operating margin of 23% (2018: 20%) and a discounted cost of capital of 13.5% (2018: 13.5%). The increase in the inflows assumption reflect an improvement in performance and marketability of certain funds.

Changes in the assumptions would reduce the fair value of the intangible asset as follows: a consistent ten per cent decrease in inflows – reduction of £4.1 million; a 100 basis point annual reduction in performance each year – reduction of £4.8 million; a one per cent annual reduction in operating margin – reduction of £2.1 million.

- *Goodwill impairment testing (see [note 16](#))*

As detailed in [note 16](#) Goodwill arose on the acquisition of Impax NH in 2018. An impairment test on this goodwill is completed each year. In performing the impairment test, a calculation of the recoverable amount of the goodwill is prepared, using the value in use approach, and compared to the carrying value. The recoverable amount was based on the net present value of future earnings. Key assumptions used were long-term equity AUM growth rates of 5% an average operating margin of 23% and a discount rate of 12.5%. The recoverable value of Goodwill is in excess of the carrying value. Management do not believe there is a reasonable possibility of an impairment over the next 12 months and do not expect goodwill to be a significant estimate in future periods.

Notes to the Financial Statements continued

For the year ended 30 September 2019

4 ADJUSTED PROFITS AND EARNINGS

The reported operating earnings, profit before tax and earnings per share are substantially affected by non-recurring acquisition costs, business combination effects and other items. The Directors have therefore decided to report an Adjusted operating profit, Adjusted profit before tax and Adjusted earnings per share which exclude these items in order to enable comparison with peers and provide consistent measures of performance over time. A reconciliation of the adjusted amounts to the IFRS reported amounts is shown below.

	Year ended 30 September 2019			
	Reported -IFRS £000	Adjustments		Adjusted £000
		Business combination effects £000	Other £000	
Income statement				
Revenue	73,695			73,695
Operating costs	(54,883)			(55,717)
Amortisation of intangibles arising on acquisition (see Note 27)		2,528		
Credit from contingent consideration adjustment		(3,543)		
Acquisition equity incentive scheme charges (see Note 27)		(21)		
Mark to market charge on equity awards*			202	
Operating Profit	18,812	(1,036)	202	17,978
Fair value gains/(losses) on investments and other financial income/(expense)	842	209	(154)	897
Interest Payable	(912)			(912)
Non controlling interest	156			156
Change in third-party consolidated funds	-			-
Profit before taxation	18,898	(827)	48	18,119
Taxation	(3,028)			(3,037)
Tax credit on adjustments			(9)	
Profit after taxation	15,870	(827)	39	15,082
Diluted earnings per share	12.1p	(0.6p)	0.0p	11.5p

* The charge is offset by £251,000 of tax credits shown in the statement of changes in equity

Year ended 30 September 2018

	Adjustments				Adjusted £000
	Reported – IFRS £000	Non-recurring acquisition costs £000	Business combination effects £000	Other £000	
Income statement					
Revenue	65,683				65,683
Operating costs	(50,200)				(45,696)
Acquisition costs		866			
Amortisation of intangibles arising on acquisition (see Note 27)			1,676		
Credit from contingent consideration adjustment			(170)		
Acquisition equity incentive scheme charges (see Note 27)			236		
Mark to market charge on equity awards				1,896	
Operating Profit	15,483	866	1,742	1,896	19,987
Fair value (losses)/gains on investments and other financial (expense)/income	(337)		254	(170)	(253)
Interest Payable	(670)				(670)
Non controlling interest	184				184
Change in third-party consolidated funds	(40)				(40)
Profit before taxation	14,620	866	1,996	1,726	19,208
Taxation	(3,219)				(3,667)
Tax credit on adjustments		(120)		(328)	
Profit after taxation	11,401	746	1,996	1,398	15,541
Diluted earnings per share	8.9p	0.6p	1.7p	1.2p	12.4p

The adjusted diluted earnings per share is calculated using the adjusted profit after taxation shown above including the IFRS adjustment for profit attributable to owners of restricted shares of £867,000 (2018: £733,000) (see [Note 14](#)). The diluted number of shares is the same as used for the IFRS calculation of earnings per share (see [Note 14](#)).

Mark to market charge on equity incentive awards

The group has awarded employees in prior years and the current period options over the Group's shares, some of which are either unvested or unexercised at the balance sheet date. The Group has also made awards of restricted shares ("RSS awards") the majority of which have not vested at the balance sheet date. Employers National Insurance Contributions ("NIC") are payable on the option awards when they are exercised and on the RSS awards when they vest, based on the valuation of the underlying shares at that point. The Group does however receive a corporation tax credit equal to the value of the awards at the date they are exercised (options) or vest (RSS awards). A charge is accrued for the NIC within IFRS operating profit based on the share price at the balance sheet date. Similarly a credit for the corporation tax is accrued within IFRS other comprehensive income.

An additional retention payment is made to holders of legacy LTIP awards ("LTIP") when they are exercised, all of which are fully vested at the balance sheet date. The payment will be equal to the corporation tax benefit the Group receives on the exercise of the options minus the amount of NIC payable on exercise. This charge is accrued based on the share price at the balance sheet date.

These two charges vary based on the Group's share price (together referred to as mark to market charge on equity incentive schemes) and are not linked to the operating performance of the Group. They are therefore eliminated when reporting adjusted profit.

Notes to the Financial Statements continued

For the year ended 30 September 2019

4 ADJUSTED PROFITS AND EARNINGS CONTINUED

Contingent consideration

We are required to review and adjust our estimate of the contingent consideration payable in respect of the Impax NH acquisition (see [note 27](#)). Any adjustment is recorded through income but is excluded from adjusted profit.

Amortisation of intangibles

Intangible management contracts were acquired as part of the Impax NH acquisition (see [note 27](#)) and are amortised over their 11 year life. This is not reflective of the operating performance of the Impax NH business and is therefore eliminated from operating costs.

Fair value losses/gains on investments and other financial income/expense

The adjustments represent the removal of charges in respect of unwinding the discount of the contingent consideration payable (see above) and of legacy royalty income

5 SEGMENTAL REPORTING

(a) Operating segments

In January 2018, Pax World Management LLC was acquired by Impax and has been re-named Impax Asset Management LLC. This company is based in Portsmouth, New Hampshire and we refer to it as "Impax NH". Impax NH is the manager of the Pax World Funds. Impax Asset Management Ltd and Impax Asset Management (AIFM) Ltd manage or advise listed equity funds and accounts, and the Real Assets division. The majority of this business is based in London so we refer to it as "Impax LN". Impax LN itself has two operating segments: "Listed Equity" and "Private Equity". The results of these segments have been aggregated into a single reportable segment for the purposes of these financial statements because they have characteristics so similar that they can be expected to have essentially the same future prospects. These segments have common investors, operate under the same regulatory regimes and their distribution channels are substantially the same. Additionally management allocates the resources of Impax LN as though there is one operating unit.

Segment information is presented on the same basis as that provided for internal reporting purposes to the Group's chief operating decision maker, the Chief Executive.

Year ended 30 September 2019

	Impax LN £000	Impax NH £000	Adjustments £000	Total £000
Revenue				
External customers	50,030	23,665	-	73,695
Inter-segment	2,349	-	(2,349)	-
Total revenue	52,379	23,665	(2,349)	73,695
Segment profit - adjusted operating profit	16,630	1,348	-	17,978

Year ended 30 September 2018

	Impax LN £000	Impax NH £000	Adjustments £000	Total £000
Revenue				
External customers	48,262	17,421	-	65,683
Inter-segment	1,459	-	(1,459)	-
Total revenue	49,721	17,421	(1,459)	65,683
Segment profit - adjusted operating profit	17,716	2,271	-	19,987

For the year ended 30 September 2018 Impax NH was only an operating segment for a eight and half months from the date of acquisition.

(b) Geographical analysis

An analysis of revenue by the location of client is presented below

	Revenue	
	2019 £000	2018 £000
UK	13,221	18,781
North America	30,007	22,638
France	8,523	7,436
Luxembourg	14,580	11,104
Netherlands	3,087	2,752
Ireland	2,478	2,045
Other	1,799	927
	73,695	65,683

The Group's non-current assets (property plant and equipment, goodwill, intangible assets) are located in the following countries

	Non-current assets	
	2019 £000	2018 £000
UK	3,368	3,397
United States	35,705	36,153
Hong Kong	28	22
	39,101	39,572

(c) Non-cash items

Operating expenses include the following non-cash items.

Year ended 30 September 2019

	Impax LN £000	Impax NH £000	Total £000
Share based payments	1,222	(62)	1,160
Depreciation and amortisation	371	2,581	2,952
	1,593	2,519	4,112

Year ended 30 September 2018

	Impax LN £000	Impax NH £000	Total £000
Share based payments	1,546	276	1,822
Depreciation and amortisation	270	1,727	1,997
	1,816	2,003	3,819

Notes to the Financial Statements continued

For the year ended 30 September 2019

6 REVENUE

See accounting policy at [note 34 \(D\)](#)

The Group's main source of revenue is investment management and advisory fees. The Group may also earn carried interest from its Private Equity funds. Management and advisory fees are generally based on an agreed percentage of the valuation of assets under management ("AUM") for Listed Equity funds. For Private Equity funds they are generally based on an agreed percentage of commitments made to the fund by investors during the fund's investment period and thereafter on the cost price of investments made and not exited. Carried interest may be earned from Private Equity funds if the cash returned to investors exceeds an agreed return.

The Group consider the investment management and advisory fees to be a single revenue stream as they are all determined through a consistent performance obligation. Should AUM reduce as result of equity market downturns or allocation of capital away from equity markets then the revenue would reduce.

None of the Group's Funds individually represented more than 10% of Group revenue in the current or prior year.

Revenue includes £73,120,049 (2018: £65,512,903) from related parties.

7 OPERATING COSTS

The Group's largest operating cost is staff costs. Other significant costs include direct fund expenses, premises costs (rent payable on office building leases, rates and service charge), amortisation of intangible assets, mark-to-market charges on share awards and acquisition costs.

See accounting policy at [note 34 \(E\)](#) for leases and [note 34 \(F\)](#) for placement fees.

	2019 £000	2018 £000
Staff costs (note 8)	36,657	31,543
Direct fund expenses	5,488	4,024
Premises costs	2,496	2,002
Research costs	322	259
Professional fees	2,596	2,242
IT and communications	3,458	2,513
Depreciation and amortisation	2,952	1,997
Acquisition costs	-	526
Mark to market charges on share awards	202	2,137
Other costs	4,255	2,957
Sub-total	58,426	50,200
Contingent consideration (see note 29)	(3,543)	-
Total	54,883	50,200

Operating costs includes £791,000 (2018: £312,000) in respect of placing agent fees paid to affiliates of BNP Paribas Asset Management Holdings, a related party.

Other costs includes £284,000 (2018: £284,000) paid to the Group's auditors which is analysed below:

	2019 £000	2018 £000
Audit of the Group's Parent Company and consolidated financial statements	69	91
Audit of subsidiary undertakings	128	107
Tax compliance	23	22
Other non-audit services	64	64
	284	284

8 STAFF COSTS AND EMPLOYEES

	2019 £000	2018 £000
Salaries and variable bonuses	29,290	23,672
Social security costs	1,661	2,443
Pensions	834	633
Share-based payment charge (see note 9)	1,160	1,822
Other staff costs	3,712	2,973
	36,657	31,543

Staff costs include salaries, a variable bonus, social security cost (principally UK Employers' National Insurance on salary, bonus and share awards), the cost of contributions made to employees' pension schemes and share-based payment charges. Further details of the Group's remuneration policies, including how the total variable bonus pool is determined, are provided in the Remuneration Report. Share-based payment charges are offset against the total cash bonus pool paid to employees. National Insurance charges on share-based payments are accrued based on the share price at the balance sheet date.

See *accounting policy for pensions in [note 34 \(G\)](#)*.

The Group contributes to private pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to these funds. Contributions totalling £48,000 (2018:£12,137) were payable to the funds at the year end and are included in trade and other payables.

Other staff costs include the cost of providing health and other insurances for staff, Non-Executive Directors' fees, contractor fees, recruitment fees and redundancy costs.

Directors and key management personnel

Details related to emoluments paid to Directors and Directors' rights to share awards are included in the Remuneration Report under the "Directors' Remuneration During The Year" heading on [page 15](#).

Key management personnel are related parties and are defined as members of the Board and/or the Executive Committee. The remuneration of key management personnel during the year was £6,692,904 with £577,724 of share-based payments (2018: £6,886,184 plus £580,387 of share-based payments).

Employees

The average number of persons (excluding Non-Executive Directors and including temporary staff), employed during the year was 151 (2018: 137).

	2019 No.	2018 No.
Listed Equity	55	51
Private Equity	11	12
Client Service and Business Development	43	36
Group	42	38
	151	137

Notes to the Financial Statements continued

For the year ended 30 September 2019

9 SHARE-BASED PAYMENT CHARGES

See accounting policy at [note 34 \(H\)](#)

The total expense recognised for the year arising from share-based payment transactions was £1,160,259 (2018: £1,822,000). The charges arose in respect of the Group's Restricted Share Scheme ("RSS"), the Group's Employee Share Option Plan ("ESOP") and the Group's Restricted Stock Units scheme ("RSU") which are described below. Share based payment charges also arose in respect of the Put and Call arrangement made with Impax NH Management to acquire their shares in Impax NH. These are described in [note 27](#). Options are also outstanding in respect of the Group's Long-Term Incentive Plan ("LTIP") which fully vested on 30 September 2012. Details of all outstanding options are provided at the end of this [note](#). The charges for each scheme are:

	2019 £000	2018 £000
RSS	1,099	1,333
ESOP	123	213
RSU	(41)	41
Put and Call	(21)	235
	1,160	1,822

Restricted Share Scheme

Restricted shares have been granted to employees in prior years under the 2014, 2015, 2017 and 2018 plans. Post year end the Board approved the grant of a further 75,000 restricted shares under the 2019 plan. Details of the awards granted along with their valuation and the inputs used in the valuation are described in the table below. The valuation was determined using the Black-Scholes-Merton model with an adjustment to reflect that dividends are received during the vesting period. Following grant, the shares are held by a nominee for employees - who are then immediately entitled to receive dividends. After a period of three years continuous employment the employees will receive unfettered access to one third of the shares, after four years a further third and after five years the final third. The employees are not required to make any payment for the shares on grant or when the restrictions lapse.

The expected volatility was determined by reviewing the historical volatility of the Company and that of comparator companies. The expected dividend rate is determined using the Company share price and most recent full year dividend.

	2014 RSS	2015 RSS	2017 RSS	2018 RSS	2019 RSS
Awards originally granted	1,250,000	3,140,000/ 1,000,000	2,550,000/ 500,000/ 675,000	478,250	75,000
In respect of services provided for period from	1 Oct 2013	1 Oct 2014/ 9 Feb 2016	14 Dec 2016/ 11 May 2017/ 1 Oct 2016	1 Oct 2017	1 Oct 2018
Option award value	49.9p	42.1p/41.5p	52.2p/87.7p/161.6p	201.3p	236.8p
Weighted average share price on grant	52.5p	41.4p	77.4p	202.8p	239.0p
Expected volatility	32%	32%/31%	29%/29%/29%	30%	31%
Weighted average option life on grant	5.3yrs	4.9yrs	4.3yrs	5.3yrs	5.3yrs
Expected dividend rate	3%	3%	4%/2%/2%	1%	2%
Risk free interest rate	1.2%	1.2%/0.8%	0.6%/0.6%/0.7%	1.2%	0.3%

Restricted shares outstanding	2019
Outstanding at 1 October 2018	8,364,749
Granted during the year	478,250
Vested during the year	(1,629,770)
Forfeited during the year	(27,750)
Outstanding at 30 September 2019	7,185,479

Employee share option plan

Options granted between 2012 and 2017

The strike price of these options was set at a 10% premium to the average market price of the Company's shares for the 30 business days (2015 and 2017 ESOP: five days) following the announcement of the results for each of the respective preceding financial years. The 2012 - 2015 ESOP options have vested. The 2017 options do not have performance conditions but do have a time vesting condition such that they vest subject to continued employment on 31 December 2020.

The valuation was determined using the Black-Scholes-Merton model.

Options granted in 2018 and 2019

In December 2018 500,000 options were granted under the 2018 plan. The strike price of these options was set at £1. The options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment five years following grant. Vested shares are restricted from being sold for a further 5 year period (other than to settle any resulting tax liability).

Post year end the Board approved the grant of 650,000 options under the 2019 plan with the same conditions as the 2018 plan.

The valuation was determined using the binomial model.

Options outstanding

An analysis of the outstanding options arising from Company's ESOP and LTIP plans is provided below:

	Number	Weighted average exercise price p
Options outstanding at 1 October 2018	4,275,500	69.6
Options granted	500,000	100.0
Options exercised	(250,000)	42.8
Options outstanding at 30 September 2019	4,525,500	74.4
Options exercisable at 30 September 2019	2,725,500	19.3

Exercise prices for the options outstanding at the end of the period were 1p for the LTIPs, 47.9p for the ESOP 2013, 56.9p for the ESOP 2014, 45.4p for the ESOP 2015, 180.2p for the ESOP 2017 and 100.0p for the ESOP 2018. The weighted average remaining contractual life was 2.96 years.

The Group purchases Shares to cover the exercise of LTIP, ESOP and the granting of RSS awards. See [note 26](#) for a breakdown of own shares held.

For the year ended 30 September 2019

9 SHARE-BASED PAYMENT CHARGES CONTINUED

Restricted stock units

The Group awarded RSUs to Impax NH staff and management on 18 January 2018. The RSUs entitle holders to receive Impax shares with a total value equal to 10% of the Contingent Consideration paid for the Impax NH acquisition (see [note 27](#)). The number of shares that each individual will receive under the RSUs is determined on 15 January 2021 after the amount of Contingent Consideration payable is finalised using the average Impax share price for the 20 consecutive trading days ending 15 January 2021. There is a further two-year restriction on the holders' ability to sell the shares. The shares are forfeited if the individual leaves at any time before the restricted period ends.

The charge to the income statement for these awards is determined each year by estimating the total value of shares that will be awarded (using the estimate of Contingent consideration – see [note 27](#)) and spreading this over the five year period until the restrictions cease. The estimates are updated each year and the charge adjusted accordingly.

Based on the current estimate of contingent consideration no shares will be issued.

Impax NH put and call arrangement

As detailed in [note 27](#) the schemes put in place whereby Impax NH management acquired their holding in Impax NH and the put and call options which will require Impax to purchase those stakes using Impax shares represent a share based payment. The charge is spread over a three year period from the date of acquisition.

10 FAIR VALUE GAINS/(LOSSES) ON INVESTMENTS AND OTHER FINANCIAL INCOME/(EXPENSE)

	2019 £000	2018 £000
Fair value gains/(losses)	103	(233)
Interest income	82	109
Other investment income	154	170
Unwinding of discount on contingent consideration	(213)	(254)
Foreign exchange gains/(losses)	716	(129)
	842	(337)

Fair value losses represent those arising on the revaluation of listed and unlisted investments held by the Group including those held by the Group's consolidated funds (see [note 20](#)) and any gains or losses arising on related hedge instruments held by the Group.

The fair value gain comprises realised losses of £149,000 and unrealised gains of £252,000 (2018:£576,000 of unrealised gains and £809,000 of unrealised losses).

11 INTEREST EXPENSE

Interest is payable on the loans from RBS which were used to fund the acquisition of Impax NH (see [note 24](#)).

See *accounting policy at [note 34 \(J\)](#)*

12 THIRD-PARTY INVESTOR'S SHARE OF CONSOLIDATED FUNDS

See *accounting policy regarding consolidation at [note 34 \(A\)](#)*

This charge removes the fair value gains or losses, other operating costs and investment income recorded in the Group's consolidated funds which are attributable to third-party investors in the funds.

13 TAXATION

See accounting policy at [note 34 \(K\)](#)

The Group is subject to taxation in the countries in which it operates (the UK, the US and Hong Kong) at the rates applicable in those countries. The total tax charge includes taxes payable for the reporting period (current tax) and also charges relating to taxes that will be payable in future years due to income or expenses being recognised in different periods for tax and accounting periods (deferred tax).

(a) Analysis of charge for the year

	2019 £000	2018 £000
Current tax expense:		
UK corporation tax	831	-
Foreign taxes	227	325
Adjustment in respect of prior years	185	(116)
Total current tax	1,243	209
Deferred tax expense/(credit):		
Charge for the year	2,165	2,792
Adjustment in respect of prior years	(380)	218
Total deferred tax	1,785	3,010
Total income tax expense	3,028	3,219

A tax credit of £251,000 (2018: £2,352,000) is also recorded in equity in relation to tax deductions on share awards arising due to the share price increase.

(b) Factors affecting the tax charge for the year

The UK tax rate for the year is 19%. The tax assessment for the period is lower than this rate (2018: higher). The differences are explained below:

	2019 £000	2018 £000
Profit before tax	18,898	14,620
Tax charge at 19% (2018: 19%)	3,591	2,778
Effects of:		
Increase in tax deductions re share awards from share price increases	-	-
Non-taxable income	(863)	(24)
Non-deductible expenses and charges	20	248
Adjustment in respect of historical tax charges	(195)	98
Effect of higher tax rates in foreign jurisdictions	95	240
Tax deductibility of goodwill	-	(66)
Tax losses not recognised	380	-
Utilisation of tax losses brought forward and not recognised	-	(55)
Total income tax expense	3,028	3,219

For the year ended 30 September 2019

13 TAXATION CONTINUED**(c) Deferred tax**

The deferred tax asset/(liability) included in the consolidated statement of financial position is as follows:

	Share-based payment scheme £000	Other assets £000	Total assets £000	Income not yet taxable £000	Other liabilities £000	Total liabilities £000
As at 1 October 2017	3,587	641	4,228	(1,660)	(621)	(2,281)
Credit/charge to equity	2,352	8	2,360	-	-	-
Exchange differences on consolidation	-	-	-	(12)	-	(12)
Credit/(charge) to the income statement	(2,326)	188	(2,138)	(1,179)	308	(871)
As at 30 September 2018	3,613	837	4,450	(2,851)	(313)	(3,164)
Credit to equity	251	2	253	-	-	-
Exchange differences on consolidation	-	2	2	1	-	1
Credit/(charge) to the income statement	(345)	(603)	(948)	(983)	146	(837)
As at 30 September 2019	3,519	238	3,757	(3,833)	(167)	(4,000)

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The deferred tax liability at 30 September 2019 has been calculated using these rates.

14 EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year, less the weighted average number of own shares held. Own shares are held in Employee Benefit Trusts ("EBTs").

Diluted EPS includes an adjustment to reflect the dilutive impact of option awards.

The number of share to be issued under the Restricted Share Units is based on the Impax NH assets under management at the vesting date. Assets under management are currently below the threshold for shares to be issued so the RSUs are currently not dilutive. The put and call arrangement to acquire Impax NH management shares (see [note 27](#)) is also currently not dilutive.

	Earnings for the year £000	Shares 000s	Earnings per share
2019			
Basic	15,003	122,887	12.2p
Diluted	15,003	124,056	12.1p
2018			
Basic	10,663	118,758	9.0p
Diluted	10,663	119,581	8.9p

Earnings are reduced by £867,000 for the year ended 30 September 2019 (2018: £738,000) to reflect that holders of restricted shares receive dividends during the vesting period, see [note 9](#).

The weighted average number of shares is calculated as shown in the table below:

	2019 000s	2018 000s
Weighted average issued share capital	130,415	129,612
Less own shares held not allocated to vested LTIP options	(7,528)	(10,854)
Weighted average number of ordinary shares used in the calculation of basic EPS	122,887	118,758
Additional dilutive shares regarding share schemes	2,800	2,550
Adjustment to reflect option exercise proceeds and future service from employees receiving awards	(1,631)	(1,728)
Weighted average number of ordinary shares used in the calculation of diluted EPS	124,056	119,580

The basic and diluted EPS includes vested LTIP option shares on the basis that these have an inconsequential exercise price (1p or 0p).

15 DIVIDENDS

Dividends are recognised as a reduction in equity in the period in which they are paid or in the case of final dividends when they are approved by shareholders. The reduction in equity in the year therefore comprises the prior year final dividend and the current year interim and special dividend.

Dividends declared/proposed in respect of the year

	2019 pence	2018 pence
Interim dividend declared per share	1.5	1.1
Special dividend	-	2.6
Final dividend proposed per share	4.0	3.0
Total	5.5	6.7

The proposed final dividend of 4.0p will be submitted for formal approval at the Annual General Meeting to be held on 19 March 2020. Based on the number of shares in issue at the date of this report and excluding own shares held the total amount payable for the final dividend would be £5,142,000.

Dividends paid in the year

	2019 £000	2018 £000
Prior year final dividend - 3.0p, 2.2p	3,864	2,752
Special dividend - 0p, 2.6p	-	3,256
Interim dividend - 1.5p, 1.1p	1,928	1,378
	5,792	7,386

Notes to the Financial Statements continued

For the year ended 30 September 2019

16 GOODWILL

See accounting policy at [note 34 \(L\)](#)

	Goodwill £000
Cost	
At 1 October 2017	1,681
Acquisition of Impax NH	9,931
Impairment	(52)
Foreign exchange	611
At 30 September 2018	12,171
Foreign exchange	633
At 30 September 2019	12,804

The goodwill balance within the Group at 30 September 2019 arose from the acquisition of Impax Capital Limited on 18 June 2001 (Listed Equity and Private Equity operating segment) and the acquisition of Impax NH in January 2018.

Impax NH consists of only one cash-generating unit (“CGU”). Goodwill is allocated between CGUs at 30 September 2019 as follows - £11,175,000 to Impax NH and £1,629,000 to the combined Listed Equity and Private Equity CGUs.

The Group has determined the recoverable amount of its CGUs by calculating their value in use using a discounted cash flow model. The cash flow forecasts were derived from the Group budget for the year ended 30 September 2020, which was approved by the Directors in September 2019. The key assumptions used to calculate the cash flows in the budget were expected fund flows for each CGU (based on an aggregation of flows by product) and a discount rate of 12.5 per cent. The discount rate was derived from the Group’s weighted average cost of capital adjusted to reflect the specific risks associated with US cashflows which we consider is reflective of a market participant’s discount rate. See [note 3](#) for sensitivities of assumptions.

There has been no impairment of goodwill related to the Listed Equity and Private Equity segment to date and there is significant headroom before an impairment would be required. As an indication, if the discount rate was increased by 3% there would be no impairment charge.

17 INTANGIBLE ASSETS

See accounting policy at [note 34 \(M\)](#)

Intangible assets mainly represents the management contracts acquired as part of the acquisition of Impax NH (see [note 29](#)).

	Management contracts £000	Software £000	Total £000
Cost			
As at 1 October 2017	112	342	454
Addition through Impax NH acquisition (see note 27)	25,669	0	25,669
Additions	-	76	76
Foreign exchange	1,600	-	1,600
As at 30 September 2018	27,381	418	27,799
Additions	-	97	97
Foreign exchange	1,635	-	1,635
As at 30 September 2019	29,016	515	29,531
Accumulated amortisation			
As at 1 October 2017	112	325	437
Charge for the year	1,722	19	1,741
Foreign exchange	56	-	56
As at 30 September 2018	1,890	344	2,234
Charge for the year	2,528	48	2,576
Foreign exchange	203	-	203
As at 30 September 2019	4,621	392	5,013
Net book value			
As at 30 September 2019	24,395	123	24,518
As at 30 September 2018	25,491	74	25,565
As at 30 September 2017	-	17	17

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For the year ended 30 September 2019

18 PROPERTY, PLANT AND EQUIPMENT

See accounting policy at [note 34 \(N\)](#)

Property plant and equipment mainly represents the costs of fitting out the Group's leased London office (leasehold improvements) and office furniture and computers (fixtures, fitting and equipment).

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost			
As at 1 October 2017	904	904	1,808
Addition through Impax NH acquisition (see note 28)	5	62	67
Additions	1,150	462	1,612
Disposals	-	(46)	(46)
Foreign exchange	-	5	5
As at 30 September 2018	2,059	1,387	3,446
Additions	11	294	305
Disposals	-	-	-
Foreign exchange	1	20	21
As at 30 September 2019	2,071	1,701	3,772
Accumulated depreciation			
As at 1 October 2017	712	635	1,347
Charge for the year	115	168	283
Disposals	-	(19)	(19)
Foreign exchange	-	(1)	(1)
As at 30 September 2018	827	783	1,610
Charge for the year	143	231	374
Disposals	-	-	-
Foreign exchange	-	9	9
As at 30 September 2019	970	1,023	1,993
Net book value			
As at 30 September 2019	1,101	678	1,779
As at 30 September 2018	1,232	604	1,836
As at 30 September 2017	192	269	461

19 TRADE AND OTHER RECEIVABLES

See accounting policy at [note 34 \(O\)](#)

	2019 £000	2018 £000
Trade receivables	2,412	3,432
Other receivables	1,479	1,799
Prepayments and accrued income	12,849	10,627
	16,740	15,858

Accrued income relates to accrued management fees and arises where bills are raised in arrears.

An analysis of the ageing of Group trade receivables is provided below:

	2019 £000	2018 £000
0-30 days	2,170	2,576
Past due but not impaired:		
31-60 days	241	363
61-90 days	1	493
	2,412	3,432

At the date of this report, all of the trade receivables above have been received. There were no amounts that were impaired at the reporting date.

£13,100,852 of trade and other receivables and accrued income were due from related parties (2018: £12,200,789). £nil included in other receivables was due from non-consolidated sub funds of the EBT 2004 (2018: £407,000).

20 CURRENT ASSET INVESTMENTS

See accounting policy at [note 34 \(P\)](#)

The Group makes seed investments into its own Listed Equity funds and also invests in its Private Equity funds. Where the funds are consolidated the underlying investments are shown in the table below as part of Listed Investments. Investments made in unconsolidated funds are also included. Further details of when funds are consolidated are described in [note 34 \(A\)](#).

	Total £000
At 1 October 2017	13,013
Additions	2,336
Fair value movements	806
IEL Deconsolidation	(4,600)
Repayments/disposals	(7,206)
At 30 September 2018	4,349
Additions	2,522
Fair value movements	(155)
IGEO Deconsolidation	(53)
Repayments/disposals	(2,037)
At 30 September 2019	4,626

Pax Global Opportunities Fund (not consolidated)

On 27 June 2018 the Group launched the Pax Global Opportunities Fund (“Pax GO”) and invested US\$2,000,000 from its own resources into the fund. Pax GO invests in listed equities using the Group’s Global Equity Strategy. The level of the Group’s investment has meant that consolidation is not required.

Global Women’s Select Strategy

On 31 May 2019 the Group launched a segregated account for a new strategy; the Global Women’s Select Strategy and invested US\$2,000,000 of its own resources. The segregated account is traded from the Group’s balance sheet and the equities held are included in the table above. There are currently no external investors into this strategy.

For the year ended 30 September 2019

20 CURRENT ASSET INVESTMENTS CONTINUED

Private equity funds (not consolidated)

The Group has invested in its private equity funds, Impax New Energy Investors LP, Impax New Energy Investors II LP and Impax New Energy Investors III LP (“INEI”, “INEI II” and “INEI III”). The investments represent 3.76%, 1.14% and 1.12% respectively of these funds. The valuation of these level 3 investments is based on the value of the underlying investments in the Funds. The valuation technique used for the material investments is the price of recent transaction. Further details of the Group’s commitments to these partnerships are disclosed in [note 29](#).

Impax Global Equity Opportunities Fund (not consolidated)

On 23 December 2014 the Group launched the Impax Global Equity Opportunities Fund (“IGEO”) and invested from its own resources £2,000,000 in the fund. IGEO invests in listed equities using the Group’s Global Equity Strategy. During the prior Period the Group redeemed £930,000 of its investment. During March 2019 the Group redeemed its remaining investment for £2,034,000. The Group’s investment was not consolidated as it represented less than 50 per cent of IGEO’s Net Asset Value (“NAV”) throughout the current financial year until redemption. The investment was consolidated in previous periods when the investment represented more than 50% of the Fund’s NAV.

The unlisted investments include £747,000 in related parties of the Group (2018: £97,582).

Hierarchical classification of investments

The hierarchical classification of the investments as considered by IFRS 13 Financial Instruments: Disclosures is shown below:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 1 October 2018	2,183	1,619	547	4,349
Additions	1,672	-	850	2,522
Fair value movements	(77)	216	(294)	(155)
Deconsolidation	(2,184)	2,131	-	(53)
Repayments/disposals	-	(1,981)	(56)	(2,037)
At 30 September 2019	1,594	1,985	1,047	4,626

There were no movements between any of the levels in the Period.

Market risk and investment hedges

See accounting policy for derivatives at [note 34 \(Q\)](#)

The investment in the Pax GO fund and Global Women’s Select Strategy at 30 September 2019 are subject to market risk. The Group has attempted to hedge against the risk of market falls by the use of derivative contracts. The derivative contracts consist of short positions against a global equity index and are arranged through BNP Paribas, a related party. Any outstanding amounts on the short positions are settled daily.

21 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

See accounting policy at [note 34 \(A\)](#) and [note 34 \(X\)](#)

The Group's interest in structured entities is reflected in the Group's AUM. The Group is exposed to movements in AUM of structured entities through potential loss of fee income as a result of client withdrawals or market falls. Outflows from funds are dependent on market sentiment, asset performance and investor considerations. Further information on these risks can be found in the strategic review. Considering the potential for changes in AUM of structured entities, management has determined that the Group's unconsolidated structured entities include segregated mandates and pooled funds vehicles. Disclosure of the Group's exposure to unconsolidated structured entities has been made on this basis.

At 30 September 2019 AUM managed within unconsolidated structured entities was £15.05 billion (2018: £12.51 billion) and within consolidated structured entities was nil (2018: £2.21 million).

£73,695,258 (2018: £65,286,420) in revenue was earned from unconsolidated structured entities.

The total exposure to unconsolidated structured entities in the statement of financial position is shown in the table below:

	2019 £000	2018 £000
Management fees receivable (including accrued income)	10,549	8,680
Investments	4,626	2,166
	15,175	10,846

The main risk the Group faces from its interest in unconsolidated structured entities are decreases in the value of seed capital investments. Details on this are provided in [note 31](#).

22 CASH AND CASH EQUIVALENTS, CASH INVESTED IN MONEY MARKET FUNDS AND LONG-TERM DEPOSITS

See accounting policy for cash at [note 34 \(R\)](#)

Cash and cash equivalents under IFRS does not include deposits in money market funds or cash held in deposits with an original maturity of more than three months. However the Group considers its total cash reserves to include these amounts. Cash held by consolidated funds is not considered to be available to the Group so it is not included in cash reserves. Cash held in Research Payment Accounts ("RPAs") is collected from funds managed by the Group and can only be used towards the cost of researching stocks. A liability of an equal amount is included in trade and other payables. This cash is also excluded from cash reserves. A reconciliation is shown below:

	2019 £000	2018 £000
Cash and cash equivalents	11,939	15,529
Cash invested in money market funds and long-term deposit accounts	15,235	11,211
Less: cash and cash equivalents held by consolidated funds	-	(67)
: cash held in RPAs	(968)	(2,074)
Cash reserves	26,206	24,599

The Group is exposed to interest rate risk on the above balances as interest income fluctuates according to the prevailing interest rates. The average interest rate on the cash balances during the year was 0.3% (2018: 0.5%). A 0.5% increase in interest rates would have increased Group profit after tax by £101,000 (2018: £139,000). An equal change in the opposite direction would have decreased profit after tax by £82,000 (2018: £139,000).

The credit risk regarding cash balances of the operating entities of the Group is spread by holding parts of the balance with RBS, Lloyds, Citizens and the Bank of New Hampshire (with Standard & Poor's credit rating A-2, A-1 and A-2 respectively) and the remainder in money market funds managed by BlackRock and Goldman Sachs (both with a Standard & Poor's credit rating of AAA).

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For the year ended 30 September 2019

23 TRADE AND OTHER PAYABLES

See accounting policy at [note 34 \(S\)](#)

	2019 £000	2018 £000
Trade payables	2,231	914
Taxation and other social security	2,454	2,404
Other payables	4,050	7,063
Accruals and deferred income	14,846	14,374
	23,581	24,755

The most significant accrual at the year end relates to staff bonuses. Other payables included estimated amounts payable for contingent consideration in 2018 which is estimated as nil for the current period (see [Note 27](#)). This is measured at fair value and is classified as Level 3 for the hierarchical classification purposes of IFRS 13.

24 LOANS

See accounting policy at [note 34 \(T\)](#)

To part fund the acquisition of Impax NH the Group signed a debt facility with RBS. The facility consisted of a US\$13 million term loan repayable annually over a 3 year term and a US\$13 million revolving credit facility (“RCF”) with a 5 year tenor. The term loan incurs interest at US LIBOR plus 2.9% and the revolving credit facility at US LIBOR plus 3.3%. On completion of the acquisition the Group drew down the term loan in full and US\$12 million of the revolving credit facility. During 2018 the RCF was repaid in full and during the Period the term loan was repaid in full.

	2019 £000	2018 £000
Amounts due within one year	-	3,326
Amounts due after more than one year	-	6,652
	-	9,978

A reconciliation of the movement on the loan is provided below:

	2019 £000	2018 £000
At 1 October	9,978	-
Proceeds from bank borrowing	-	18,080
Repayments of bank borrowing	(10,371)	(8,779)
Foreign exchange	393	677
At 30 September	-	9,978

25 ORDINARY SHARES

See accounting policy at [note 34 \(U\)](#)

Issued and fully paid	2019 No of shares/000s	2018 No of shares/000s	2019 £000	2018 £000
At 1 October	130,415	127,749	1,304	1,277
Shares issued/1p	-	2,666	-	27
At 30 September	130,415	130,415	1,304	1,304

26 OWN SHARES

See accounting policy at [note 34 \(V\)](#)

	No of shares/000s	£000
At 1 October 2017	19,009,332	6,633
Satisfaction of option exercises and RSS vesting	(10,739,251)	(3,747)
EBT 2012 purchases	1,454,065	2,534
At 30 September 2018	9,724,146	5,420
Satisfaction of option exercises and RSS vesting	(1,879,770)	(1,047)
EBT 2012 purchases	1,181,390	2,505
At 30 September 2019	9,025,766	6,878

Included within own shares are 7,185,479 shares held in a nominee account in respect of the Restricted Share Scheme as described in [note 9](#).

27 ACQUISITION OF PAX WORLD MANAGEMENT LLC

On 18 January 2018, the Group completed the acquisition of Pax World Management LLC (“Pax”). Pax is a recognised leader in the field of sustainable investing in the United States. Based in Portsmouth, New Hampshire, Pax manages eleven mutual funds and at the date of acquisition had assets under management of US\$3.5 billion. This business combination created scale for the Group’s operations in North America and broadened the range of investment strategies the Group offers clients, including fixed income and passive equity.

Following completion of the acquisition Pax was renamed Impax Asset Management LLC (“Impax NH”).

The Group has initially acquired an ca. 83.3% interest of Impax NH’s share capital from the selling shareholders (the “Selling Shareholders”) in exchange for the initial cash payable on the acquisition date of \$36.2 million, 2,665,989 Impax shares and up to \$31.3m of contingent payments (“Contingent Consideration”). Impax NH’s management and staff shareholders (the “Management Shareholders”), representing the remaining ca.16.7% of Impax NH’s issued share capital will retain their shareholding until 2021 when if either Impax or the Management Shareholders exercise a put and call option arrangement, the Group would acquire their entire holding for US\$8.3 million and up to \$6.3 million of Contingent Consideration. This would be paid in 2021 in Impax equity and/or cash, as the Group elects.

The cash payable on acquisition was determined as US\$38.1 million less US\$1.9 million of balance sheet adjustments for working capital.

The number of Group shares issued to the Selling Shareholders was determined using an agreed value of US\$6.1 million, the 20 day average of the Group’s share price to 12 January 2018 being 170.19 pence and a US\$/GBP exchange rate of 0.7403. The fair value of these shares used to determine the total consideration in the table below was determined to be 196 pence, using the Group’s mid-market closing share price on 17 January 2018.

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27 ACQUISITION OF PAX WORLD MANAGEMENT LLC CONTINUED

The contingent consideration will be determined based on Impax NH's average AUM as at 30 June 2020, 30 September 2020 and 31 December 2020 and will rise linearly from zero, if Impax NH's average AUM is not more than US\$5.5 billion, to US\$37.5 million for the entire share capital of Impax NH, if Impax NH's average AUM is \$8 billion or above. The fair value of the Contingent Consideration payable to the Selling Shareholders was estimated as \$4.2 million at the acquisition date. As with the initial consideration, settlement of any Contingent Consideration payable to Impax NH's Management Shareholders is expected to be made in 2021 in the Group's ordinary shares at the share price prevailing at the time and or/cash as the Group elects.

The Groups estimate of the contingent consideration payable has been revised to nil based on the latest estimate of Impax NH's AUM.

Prior to the acquisition, Management Shareholders acquired their stake in Impax NH using loans provided by Impax NH with the distributions made by Impax NH being used to repay the loan and interest. The shares were subject to certain restriction linked to the employment of the individual. On acquisition the Group agreed to extend the period of these loans until 2021 in line with the put and call arrangements over the shares and have retained certain of the employment restrictions on the shares. The original arrangement is considered to be a share based payment for the individuals which has been replaced by a new share based payment in the Group's shares. The fair value of this equity scheme assigned to pre-acquisition service was included as part of the consideration on acquisition and a charge for new share based payment award is included in the income statement over the period from acquisition to 31 December 2021, when the employment restriction over the shares ends.

An analysis of the consideration paid, the recognised amounts of asset acquired and liabilities assumed and the resulting goodwill is provided below:

Consideration	£000
Cash and cash equivalents	26,209
Group shares - 2,665,989 shares	5,225
Contingent Consideration	3,039
Value assigned to Management equity scheme	1,806
	36,279
Recognised amounts of identifiable assets acquired and liabilities assumed	£000
Assets	
Property, plant and equipment	67
Intangible assets - management contracts	25,669
Cash	2,316
Trade receivables	3,041
Total assets	31,093
Liabilities	
Trade and other payables	(3,763)
Total identifiable net assets at fair value	27,330
Non-controlling interest	(982)
Goodwill arising on acquisition	9,931
Total	36,279

Goodwill and intangible assets

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Impax NH with those of the Group. Impax NH consists of only one cash generating unit so no allocation of goodwill between CGUs was required.

The intangible assets acquired on acquisition represent investment management contracts. These are amortised over an 11 year life.

The acquired intangible assets and goodwill are deductible for US tax purposes.

Non controlling interest

At the time of acquisition Impax NH owned 51% of Pax Ellevate Management LLC with the remaining shares being held by Ellevate Asset Management LLC (“EAM”). EAM had a put right to sell its Pax Ellevate units to Impax NH at any time. At the time of acquisition a liability was recorded for the value of this put within Trade and other payables with a corresponding charge to equity. The 49% non controlling interest was determined based on the fair value of the Pax Ellevate Management net assets (including intangible assets).

During the period the Put was exercised and the Group acquired the remaining 49% of shares, see [note 28](#).

Transaction Costs

Transaction costs were expensed in the income statement and are part of operating cash flows.

Pre-existing relationships

Impax LN sub managed Impax NH’s Pax Global Environmental Markets Fund prior to the acquisition and continues to carry out this activity. The contract was and continues to be at fair value and accordingly no adjustment was made to the acquisition accounting.

Analysis of cash flows on acquisition:	£000
Net cash acquired with the subsidiary	2,316
Cash paid	(26,209)
Net cash flow on acquisition	(23,893)

28 NON-CONTROLLING INTERESTS

During the year a Put option was exercised by the non-controlling interest (“NCI”) holder of the Group’s subsidiary Pax Ellevate Management. As a result the Group acquired the 49% stake owned by the third party for consideration of £1.81 million (£0.75 million after settlement of amounts due to Impax by Ellevate).

In the prior year a liability was recorded within payables for the cost of acquiring the non-controlling interest and changes in the liability were recorded in equity. On acquisition the carrying amount of the NCI acquired has been recognised as an increase in equity attributable to owners of the Company.

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28 NON-CONTROLLING INTERESTS CONTINUED

	2019 £000	2018 £000
NCI percentage	0%	49%
Non-current assets	-	2,087
Current assets	-	138
Non-current liabilities	-	-
Current liabilities	-	(392)
Net assets	-	1,833
Net assets attributable to NCI	-	898
Revenue	1,175	729
Profit/(Loss)	(319)	(376)
Total comprehensive income	(319)	(376)
Profit/(Loss) allocated to NCI	(156)	(184)
Cash flows from operating activities	(38)	(45)
Cash flows from investment activities	-	-
Cash flows from financing activities (dividends to NCI: nil)	-	-
Net increase (decrease) in cash and cash equivalents	(38)	(45)

29 FINANCIAL COMMITMENTS

At 30 September 2019 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €203,000 (2018: €203,000) into INEI I; this amount could be called on in the period to 31 December 2019;
- €113,000 (2018: €672,000) into INEI II; this amount could be called on in the period to 22 March 2020; and
- €2,994,000 into INEI III (2018: €3,981,000); this amount could be called on in the period to 31 December 2026.

At 30 September the Group had commitments under non-cancellable operating leases as follows:

	Offices		Other	
	2019 £000	2018 £000	2019 £000	2018 £000
Within one year	1,694	1,110	16	16
Between one and five years	6,674	6,496	-	16
Later than five years	6,655	8,295	-	-
	15,023	15,901	16	32

The material operating leases for 2019 are for office space at 7th Floor, 30 Panton Street, London and for office space in Portsmouth, New Hampshire, USA. The London lease is for ten years expiring 30 June 2027. The New Hampshire lease is for 12.5 years expiring 31 March 2031.

30 RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES

This note should be read in conjunction with the Consolidated cashflow statement. It provides a reconciliation to show how profit before tax, which is based on accounting rules, translates to cashflows.

	2019 £000	2018 £000
Profit before taxation	18,898	14,620
<i>Adjustments for income statement non-cash charges/income</i>		
Depreciation of property plant and equipment and amortisation of intangible assets	2,952	2,051
Fair value gains/(losses) and other financial income/(expense)	(606)	616
Share-based payment charges	1,160	1,822
Non controlling interest	(156)	(184)
Contingent Consideration credit	(3,543)	(170)
<i>Adjustments for which the cash effects are investing or financing activities</i>		
Investment income	(236)	(279)
Interest payable	912	670
Changes in third party interests in consolidated funds	-	40
<i>Adjustment for statement of financial position movements</i>		
Increase in trade and other receivables	(1,135)	(2,011)
Increase in trade and other payables	2,602	6,261
	20,848	23,436

31 FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of the Group. There are systems of controls in place to create an acceptable balance between the potential cost should such risks occur and the cost of managing those risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. This section provides details of the Group's exposure to financial risks and describes the methods used by management to control such risk.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle their financial and contractual obligations to the Group, as and when they fall due. The Group's maximum exposure to credit risk is represented by the carrying value of its financial assets.

The Group's primary exposure to credit risk relates to its cash and cash equivalents and cash in money market funds and long-term deposits that are placed with regulated financial institutions (see [note 22](#)). The Group is also exposed to credit risk on trade receivables, representing investment management fees due. An analysis of the ageing of these is provided in [note 19](#).

The Group makes no provision for credit loss as all receivable counterparties are Funds managed by the Group. All Funds have sufficient resource to satisfy their position.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. For Impax LN a significant amount of the Group's income is denominated in Euros and US dollars whilst the majority of expenses are in foreign currency. For Impax NH all income and all expenditure is in US dollars. Impax NH's assets along with the goodwill and intangible assets arising on its acquisition are denominated in US dollars. Cash generated by Impax NH was used to pay off the Debt used to finance the acquisition which was denominated in US dollars.

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31 FINANCIAL RISK MANAGEMENT CONTINUED

Foreign exchange risk continued

The strategy for Impax LN for the year ended 30 September 2019 has been to convert earned income back to Sterling and to use hedges where there is sufficient predictability over inflows to allow for an effective and efficient hedge. At the year end the Group had outstanding forward rate foreign currency contracts to sell Euro and buy Sterling. These have been designated as cash flow hedges against Euro income and will be recognised in profit in October 2019, and January, April, July and October 2020. The fair value of these instruments at 30 September 2019 was £(66,000) which is recognised in equity. £13,000 was reclassified from equity to the income statement during the year on maturity of the hedges.

The Group's exposure to foreign exchange rate risk, including that arising from consolidated funds, at 30 September 2019 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	777	3,847	-
Trade and other receivables	437	23,980	397
Cash and cash equivalents	107	3,309	704
	1,321	31,136	1,101
Liabilities			
Trade and other payables	5,192	8,325	213
Loans	-	-	-
Third-party interest in consolidated funds	-	-	-
	5,192	8,325	213
Net exposure	(3,871)	22,811	888

The Group's exposure to foreign exchange rate risk at 30 September 2018 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	115	2,067	-
Trade and other receivables	1,247	16,975	52
Cash and cash equivalents	11	3,482	2,744
	1,373	22,524	2,796
Liabilities			
Trade and other payables	3,096	23,729	594
Loans	-	9,978	-
Third-party interest in consolidated funds	17	45	15
	3,113	33,752	609
Net exposure	(1,740)	(11,228)	2,187

The following table demonstrates the estimated impact on Group post-tax profit and net assets caused by a 5% variance in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. Post-tax profit will either increase or (decrease) as shown.

	Post-tax profit	
	2019 £000	2018 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 5%	1,057	452
GBP weakens against the USD, down 5%	(1,057)	(452)
GBP strengthens against the EUR, up 5%	197	70
GBP weakens against the EUR, down 5%	(197)	(70)

Liquidity risk and regulatory capital requirements

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at a cost. The Group monitors its liquidity risk using cash flow forecasts taking into account the commitments made to its private equity funds (see [note 29](#)) and the cash required to meet the Group's investment plans and its regulatory capital requirements.

The Group considers its share capital, share premium and retained earnings to constitute its total capital. These are shown in the Statement Of Changes In Equity. Certain companies of the Group are regulated and must maintain capital or liquid capital resources to comply with the capital requirements of the Financial Conduct Authority (the "FCA"). As a result of the acquisition of Impax NH the Group moved into a capital deficit position and agreed a waiver under which the Group is required to build capital to a surplus position over a 4 year period. The Group is well on track to achieve this.

At 30 September 2019, the Group had cash and cash equivalents and cash in money market funds and long-term deposit accounts of £27,174,000. This is £3,593,000 in excess of trade and other payables. The Group in addition had other current assets of £21,605,000. The Group has access to a revolving credit facility it can draw on to finance any shortfalls in cash, see [note 24](#).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its loans and interest-bearing assets, specifically cash balances that earn interest at a floating rate.

Market risk

The significant holdings that are exposed to equity market price risk is the Group's investments in its managed funds. See [note 20](#) for further information.

Fair value of financial assets and liabilities

The Directors consider there to be no difference between the carrying value of the Group's financial assets and liabilities and their fair value.

For the year ended 30 September 2019

31 FINANCIAL RISK MANAGEMENT CONTINUED**Financial assets and liabilities by category**

30 September 2019	Financial assets measured at fair value £000	Financial assets/liabilities measured at amortised cost £000
Financial assets		
Cash and cash equivalents	-	11,939
Cash held in money market funds and long-term deposits	15,235	-
Trade and other receivables	-	3,891
Investments	4,626	-
Total financial assets	19,861	15,830
Financial liabilities		
Trade and other payables	-	6,281
Total financial liabilities	-	6,281
30 September 2018	Financial assets/liabilities measured at fair value £000	Financial assets/liabilities measured at amortised cost £000
Financial assets		
Cash and cash equivalents	-	15,529
Cash held in money market funds and long-term deposits	11,211	-
Trade and other receivables	-	5,231
Investments	4,349	-
Total financial assets	15,560	20,760
Financial liabilities		
Trade and other payables	3,313	4,664
Loans	-	9,978
Third-party interest in consolidated funds	87	-
Total financial liabilities	3,400	14,642

32 RELATED PARTY TRANSACTIONS

Private Equity Funds managed by the Group, entities controlled by these funds and the Impax Global Resource Optimization Fund LP are related parties of the Group by virtue of subsidiaries being the General Partners to these funds. The Group earns management fees from these entities.

BNP Paribas Asset Management Holdings is a related party of the Group by virtue of owning a 24.5% equity holding. The Group sub-manages certain funds for BNP for which it earns fees and BNP acts as a placing agent for the Group.

Other funds managed by subsidiaries of the Group are also related parties by virtue of its management contracts.

Fees earned from the above related parties have been disclosed in [note 6](#) and amounts receivable are disclosed in [note 19](#). The Group also invests in certain funds that it manages which is disclosed in [note 20](#).

The transactions with the EBT 2004 described in [note 19](#) are also considered to be related party transactions.

During the year loan facilities were provided to two executives for the sole purpose of investment in a fund managed by the Group. The loans are provided at an interest rate of LIBOR plus 2% per annum on amounts drawn, calculated on a daily basis. The balance on the loans to the two executives is €100,000 each at the reporting date.

33 NEW ACCOUNTING STANDARDS

New standards, interpretations and amendments adopted during the year

IFRS 9 Financial Instruments

IFRS 9 replaces the classification and measurement requirements previously contained in IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables and available-for-sale. In accordance with IFRS 9, the Group's financial assets and liabilities included in Loans and receivables have been reclassified into amortised cost. Financial assets previously classified as fair value through profit or loss ("FVTPL") remain as FVTPL (see [note 31](#)).

The Group holds non-controlling interests in unconsolidated funds at fair value, designated at FVTPL. Under the new standard, this designation has not changed. Contingent Consideration is designated as FVTPL consistent with previous classification. Trade and other payables principally comprise short-term settlement accounts, none of which are held for trading or meet the definition of items that could be carried at fair value. Such instruments have remained at amortised cost.

IFRS 9 requires hedge accounting relationships to be aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. Under the new standard the assessment of effective hedges and the accounting policy has not changed.

The adoption of IFRS 9 has not had a significant impact on the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

In considering the requirements of IFRS 15, the Group has reviewed its customer contracts to determine the performance obligations and the associated timing of income recognition in accordance with IFRS 15. In doing so, the Group has determined that the requirements of IFRS 15 in respect of these revenue sources are consistent with the Group's accounting policies under IAS 18, such that the adoption of IFRS 15 has not resulted in any significant impact to the Group.

34 ACCOUNTING POLICIES

(A) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. All intra-Group transactions and balances are eliminated in full on consolidation.

Subsidiaries are those entities, including investment funds, over which the Group has control. The Group is deemed to have control if it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through its power over the entity.

The entities included in the consolidation may vary year on year due to restructuring of the Group (including acquisition and disposals) and the level of investments made in investment funds (see below).

Subsidiaries are accounted for using the acquisition method of accounting whereby the Group's results include the results of the acquired business from the date of acquisition until the date of disposal.

The Company includes certain assets and liabilities of the EBT 2004 and EBT 2012 (together the "EBTs") within its statement of financial position. In the event of the winding up of the Company, neither the shareholders nor the creditors would be entitled to the assets of the EBTs.

For the year ended 30 September 2019

34 ACCOUNTING POLICIES CONTINUED

Investment funds and structured entities

The Group acts as a fund manager to investment funds that are considered to be structured entities under IFRS. Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding which party has control: for example, when any voting rights relate to administrative tasks only and the relevant activities of the entity are directed by means of contractual arrangements. The Group has interests in structured entities as a result of the management of these investment funds.

Investment funds and structured entities continued

Where the Group holds a direct interest in an investment fund it manages, the interest is accounted for either as a consolidated structured entity or as a financial asset, depending on whether the Group has control over the fund or not. Control is determined in accordance with IFRS 10, based on an assessment of the level of power and aggregate economic interest that the Group has over the fund, relative to third-party investors. Power is normally conveyed to the Group through the existence of an investment management agreement and/or other contractual arrangements. Aggregate economic interest is a measure of the Group's exposure to variable returns in the fund through a combination of direct interest, carried interest and expected management fees (including performance fees).

The Group concludes that it acts as a principal when the power it has over the fund is deemed to be exercised for self-benefit, considering the level of aggregate economic exposure in the fund and the assessed strength of third-party investors' kick-out rights. The Group concludes that it acts as an agent when the power it has over the fund is deemed to be exercised for the benefit of third-party investors. The Group concludes that it has control and, therefore, will consolidate a fund as if it were a subsidiary where the Group acts as a principal. If the Group concludes that it does not have control over the fund, the Group accounts for its interest in the fund as a financial asset.

In cases where investment funds are consolidated, the third-party interest is recorded as a financial liability. The consolidation has no net effect on the income statement. The treatment continues until the Group loses control as defined by IFRS.

Details of funds that are recorded as a financial asset are provided in [note 20](#).

(B) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

In instances where the non-controlling interests holds an option enabling it to require the Group to purchase its interests the Group uses the present access method. A liability is recognised for the estimated cost of acquiring the non-controlling interest and charged to equity. Subsequent changes in the value of the liability are recognised through equity.

(C) Foreign currency

(i) Functional and presentational currency

The financial information of each of the Group's entities are initially recorded in the currency of the primary economic environment in which the entity operates (the "functional currency"). This is mainly Sterling but for some entities it is the Euro and the US dollar. The consolidated financial statements are presented in Sterling which is both the Company's functional and presentational currency as well as the currency in which the majority of the Group's revenue streams, assets and liabilities are recorded.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Foreign currency gains or losses resulting from the settlement of such transactions and their translation at year end rates are recorded in the income statement.

(iii) Consolidation

On consolidation, the results and financial position of all Group entities that have a functional currency different from Sterling (the "presentational currency") are translated into Sterling as follows:

- assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- income and expenses are translated at the date of the transaction or at average exchange rate for the year; and
- any resulting exchange differences are recognised as a separate component of the statement of comprehensive income.

(D) Revenue

Management fee revenue is recognised as the service is provided and it is probable that the fee will be received. Where fees are calculated and billed in arrears amounts are accrued and estimated based on the statement of financial position date.

Revenue also includes transaction based fees. These fees are recorded as income as the service is provided and the receipt of income is almost certain.

Performance fees arising upon the achievement of the specified targets are recognised when the fees are confirmed as receivable.

(E) Leases

Rental payments on operating leases are charged to the income statement on a straight-line basis over the lease term. The Group has no finance leases.

(F) Placement fees

Placement fees incurred that are directly attributable to securing an investment management contract are deferred and amortised over the investment period of the related fund. Such charges are included in other costs in [note 7](#) - Operating costs.

(G) Pensions

Pension contributions made to defined contribution schemes by the Group are charged to the consolidated income statement as they become payable.

(H) Share-based payments

The fair value of employee services received in exchange for the grant of restricted shares or share options is recognised as an expense. The fair value of the shares and share options awarded is determined at the date the employee is deemed to be fully aware of their potential entitlement and all conditions of vesting (termed the "grant date"). The expense is charged over the period starting when the employee commenced the relevant services (termed the "service commencement date") to the vesting date. In instances where the grant date occurs after the date of signing these financial statements the fair value is initially estimated by assuming that the grant date is the reporting date.

34 ACCOUNTING POLICIES CONTINUED

(I) Investment income

Interest income is accrued on a time basis by reference to the principal outstanding and the interest rate applicable. Other investment income is recognised when the right to receive payment is established.

(J) Interest expense

Interest expense is recognised using the effective interest method

(K) Taxation

Current tax is based on taxable profits for the year after all potential reliefs available have been utilised. Taxable profits may differ from “profit before tax” as reported in the income statement due to timing differences of when expenditure or income are included or due to disallowing certain expenditure or income. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date. In the United Kingdom tax deductions are available in respect of the award of the Company’s shares. In instances where the tax deduction is greater than the associated share-based payment charge due to differences in the Company’s share price that amount, tax effected, is recognised in equity.

Deferred tax is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are not recognised to the extent that their recoverability is uncertain.

The carrying amounts of deferred tax assets are reviewed at each statement of financial position date and regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability or the asset is realised.

(L) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and is tested for impairment annually, or on such occasions that events or changes in circumstances indicate that its value might be impaired.

Where the cost of acquisition includes contingent consideration this is initially estimated and discounted. Any changes to this estimate within on year of acquisition are recorded in goodwill. Changes after one year are recorded through the income statement. The unwinding of the discount is recorded through other financial expense in the income statement.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(M) Intangible assets

Intangible assets are stated at cost (fair value for assets acquired via a business combination) less accumulated depreciation and any accumulated impairment losses.

Amortisation is provided on a straight-line basis over the estimated useful lives shown below:

Management contracts	11 years
Other items	four years

(N) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis over the estimated useful lives shown below:

Leasehold improvements	life of the lease
Fixtures, fittings and equipment	three years

(O) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for estimated credit losses. The Group has not had credit losses in the past, any estimated credit losses would take into account the nature of any dispute and the financial resources of the client.

(P) Current asset investments

Current asset investments are categorised as financial assets at fair value through profit or loss. All gains or losses together with transaction costs are recognised in the income statement. The fair value of the listed investments which are traded in active markets are based on quoted market prices at the statement of financial position date. The appropriate quoted price for investments held is the current bid price.

The fair value of interests in unlisted funds whose net asset values are referenced to the fair values of the listed or exchange traded securities held by those funds are deemed to be to be level 2.

The fair value of the unlisted investments (deemed to be Level 3) which are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. When determining the inputs into the valuation techniques used, priority is given to publicly available prices from independent sources when available, but overall the source of pricing is chosen with the objective of arriving at a fair value measurement that reflects the price at which an orderly transaction would take place between market participants on the measurement date.

(Q) Derivatives

The Group uses foreign exchange contracts as a hedge against foreign exchange risk on future income denominated in foreign currencies. At the statement of financial position date these derivative contracts are recorded at their fair value (disclosed as derivative asset or liability) on the statement of financial position. In instances where the hedge accounting criteria is met, changes in the fair value are recorded in other comprehensive income. The amounts recognised in other comprehensive income are reclassified to income when the hedged item (such as the relevant foreign exchange income) is recorded.

The Group also uses forward derivative contracts to hedge the market risk on seed investments made. These are also recorded at their fair value in the statement of financial position with any changes recorded in the income statement as part of fair value gains and losses.

(R) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity period of three months or less.

(S) Trade and other payables

Trade and other payables are initially recognised at cost and subsequently remeasured at amortised cost using the effective interest rate method. Accruals are based on the latest information and therefore require a degree of estimation.

(T) Loans

Loans are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost.

(U) Ordinary shares

Ordinary shares issued by the Group are recorded at the proceeds received, net of direct issue costs.

(V) Own shares

Company shares held by the Group's Employee Benefit Trusts are deducted from shareholder's funds and classified as Own shares.

For the year ended 30 September 2019

(W) Impairment of assets

At the statement of financial position date, the Group reviews the carrying amount of assets to determine whether there is any indication that those assets have suffered an impairment loss or if events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the impairment loss is recognised as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss treated as a revaluation increase. Impairment losses relating to goodwill are not reversed.

(X) Interests in unconsolidated structured entities

The Group classifies the following investment funds as unconsolidated structured entities:

- Segregated mandates and pooled funds managed where the Group does not hold any direct interest. In this case, the Group considers that its aggregate economic exposure is insignificant, and, in relation to segregated mandates and certain pooled funds, the third-party investor has the practical ability to remove the Group from acting as fund manager, without cause. As a result the Group concludes that it acts as an agent for third-party investors.
- Pooled funds managed by the Group where the Group holds a direct interest, for example seed capital investments, and the Group's aggregate economic exposure in the fund relative to third-party investors is less than 20% (i.e. the threshold established by the Group for determining agent versus principal classification). Here, the Group concludes that it is an agent for third-party investors and therefore accounts for its beneficial interest in the fund as a financial asset. The disclosure of the AUM in respect of consolidated and unconsolidated structured entities is provided in [note 21](#).

35 NEW ACCOUNTING STANDARDS

New standards not yet adopted

The following new standards issued have not been early adopted. The Group is currently assessing their impact on its consolidated financial statements.

Standard	Topic	Effective for annual periods beginning on/after
IFRS 16	Leases	1 January 2019

- IFRS 16 Leases will become applicable from 1 October 2019 and the first annual report published in accordance with IFRS 16 will be the 30 September 2020 report. The Group plans to adopt the modified retrospective approach from 1 October 2019 and comparative information will not be restated. The cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 October 2019.

Based on a review of operating leases in place on 1 October 2019, the Group has estimated that approximately £10,693,000 will be recognised as a right-of-use asset and with a corresponding lease liability of £11,991,000 under IFRS 16. The accrual of £1,051,000 at 30 September 2019 to reflect the straightlining of operating lease expense under the existing lease standard will no longer be required. The impact represent 12% of consolidated total asset and 38% of consolidated total liabilities. Group will recognise a depreciation charge for the right of use assets and interest expenses on lease liabilities. Currently the Group recognises operating lease expense on a straight line basis over the term of the lease.

No other standards or interpretations issued and not yet effective are expected to have an impact on the Group's consolidated financial statements.

Company Statement of Financial Position

As at 30 September 2019

Company No: 03262305

	Notes	2019		2018	
		£000	£000	£000	£000
Assets					
Property, plant and equipment	<u>37</u>	1,504		1,695	
Investments	<u>38</u>	34,583		34,375	
Deferred tax assets	<u>42</u>	242		183	
Total non-current assets			36,329		36,253
Trade and other receivables	<u>39</u>	21,877		25,974	
Investments	<u>40</u>	4,351		1,714	
Cash invested in money market funds and long term deposit accounts		4,573		233	
Cash and cash equivalents		1,341		6,917	
Total current assets			32,142		34,838
Total assets			68,471		71,091
Equity and Liabilities					
Ordinary shares	<u>25</u>	1,304		1,304	
Share premium		9,291		9,291	
Retained earnings		28,081		31,967	
Total equity			38,676		42,562
Trade and other payables	<u>41</u>	29,795		18,551	
Loans	<u>24</u>	-		3,326	
Total current liabilities			29,795		21,877
Loans	<u>24</u>	-		6,652	
Total non-current liabilities			-		6,652
Total equity and liabilities			68,471		71,091

Authorised for issue and approved by the Board on 3 December 2019. The notes on [pages 64 to 70](#) form part of these financial statements.

Ian R Simm
Chief Executive

Company Statement of Changes in Equity

For the year ended 30 September 2019

	Note	Share capital £000	Share premium £000	Retained earnings £000	Total £000
As at 1 October 2017		1,277	4,093	14,160	19,530
Profit for the year		-	-	18,967	18,967
<i>Transactions with owners</i>					
Shares issued		27	5,198	-	5,225
Dividends paid	<u>15</u>	-	-	(7,386)	(7,386)
Acquisition of own shares		-	-	(2,534)	(2,534)
Management equity scheme - value assigned to pre-acquisition service				1,917	1,917
Tax credit on long-term incentive schemes		-	-	544	544
Cash received on option exercises		-	-	4,477	4,477
Long-term incentive scheme charge		-	-	1,822	1,822
Total transactions with owners		27	5,198	(1,160)	4,065
As at 30 September 2018		1,304	9,291	31,967	42,562
Profit for the year		-	-	3,127	3,127
<i>Transactions with owners</i>					
Dividends paid	<u>15</u>	-	-	(5,792)	(5,792)
Acquisition of own shares		-	-	(2,505)	(2,505)
Tax credit on long-term incentive schemes		-	-	13	13
Cash received on option exercises		-	-	111	111
Long-term incentive scheme charge		-	-	1,160	1,160
Total transactions with owners		-	-	(7,014)	(7,014)
As at 30 September 2019		1,304	9,291	28,081	38,676

The notes on [pages 64 to 70](#) form part of these financial statements.

Company Statement of Cash Flows

For the year ended 30 September 2019

	2019 £000	2018 £000
Operating activities:		
Profit before taxation	3,194	20,094
<i>Adjustments for:</i>		
Investment income (Dividends received)	-	(13,000)
Depreciation of property, plant & equipment	300	242
Fair value losses other financial expenses	(649)	(3)
Interest payable	912	670
Share-based payment	(23)	229
Operating cash flows before movement in working capital	3,734	8,232
Decrease/(increase) in receivables	3,856	(4,147)
Increase in margin account	(2)	(144)
Increase in payables	11,131	4,200
Cash used generated from operations	18,719	8,141
Corporation tax	-	-
Net cash generated from operating activities	18,719	8,141
Investing activities:		
Dividend received	-	13,000
Investments in new subsidiaries	(392)	(8,095)
Loans to new subsidiaries	-	(19,232)
Repayments from on sale of investments	2,090	6,011
Investments made into Impax managed funds	(2,523)	(1,526)
Settlement of investment related hedges	206	(987)
Decrease in cash held in money market funds	(4,340)	-
Purchase of property, plant & equipment	(109)	(1,492)
Net cash used by investing activities	(5,068)	(12,321)
Financing activities:		
Proceeds from bank borrowings	-	17,616
Repayment of bank borrowings	(10,371)	(8,779)
Interest paid on bank borrowings	(671)	(464)
Dividends paid	(5,791)	(7,386)
Acquisition of own shares	(2,505)	(2,534)
Cash received on exercise of Impax share options	111	4,477
Net cash (used)/generated by financing activities	(19,227)	2,930
Net decrease in cash and cash equivalents	(5,576)	(1,250)
Cash and cash equivalents at beginning of year	6,917	8,429
Effect of foreign exchange rate changes	-	(262)
Cash and cash equivalents at end of year	1,341	6,917

The notes on [pages 64 to 70](#) form part of these financial statements.

Notes to the Company Financial Statements

For the year ended 30 September 2019

36 SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006. The principal accounting policies adopted are the same as those set out in the Group's financial statements disclosures. In addition [note 38](#) sets out the accounting policy in respect of investments in subsidiary undertakings.

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company's net profit for the year amounted to £3,127,000, (2018: £18,967,000).

37 PROPERTY PLANT AND EQUIPMENT

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost			
As at 1 October 2017	898	856	1,754
Additions	1,131	387	1,518
Disposals	-	(46)	(46)
As at 30 September 2018	2,029	1,197	3,226
Additions	9	100	109
Disposals	-	-	-
As at 30 September 2019	2,038	1,297	3,335
Depreciation			
As at 1 October 2017	706	603	1,309
Charge for the year	113	129	242
Disposals	-	(20)	(20)
As at 30 September 2018	819	712	1,531
Charge for the year	135	165	300
Disposals	-	-	-
As at 30 September 2019	954	877	1,831
Net book value			
As at 30 September 2019	1,084	420	1,504
As at 30 September 2018	1,210	485	1,695
As at 30 September 2017	192	253	445

38 NON-CURRENT INVESTMENTS

Investments held by the Company in subsidiary undertakings are held at cost less any provision for impairment.

	Other investments £000	Subsidiary undertakings £000	Total £000
At 1 October 2017	3	21,178	21,181
Additions	-	15,237	15,237
Capital contribution	-	1,593	1,593
Transfer to current asset investments	-	(3,000)	(3,000)
Disposals/repayment of invested capital	(3)	(633)	(636)
At 30 September 2018	-	34,375	34,375
Additions	-	392	392
Capital contribution	-	1,183	1,183
Transfer to current asset investments	-	(1,367)	(1,367)
At 30 September 2019	-	34,583	34,583

The subsidiary undertakings are:

	Country of incorporation	Proportion of ordinary capital held	Nature of business
Impax Asset Management Limited*	UK	100%	Fund management
Impax Asset Management (AIFM) Limited*	UK	100%	Fund management
Impax Asset Management LLC***	USA	83.3%	Fund management
Pax Ellevate Management LLC***	USA	100%	Fund management
INEI I GP (UK) LLP	UK	100%	General partner to private equity fund
INEI II GP (UK) LLP	UK	100%	General partner to private equity fund
INEI III GP (UK) LLP	UK	100%	General partner to private equity fund
Climate Property (GP) Limited	UK	100%	General partner to property fund
Impax Carried Interest Partner (GP) Limited	UK	100%	General partner to private equity fund
Impax Carried Interest Partner II (GP) Limited	UK	100%	General partner to private equity fund
Impax Global Resource Optimization (GP) Limited	UK	100%	General partner to listed equity fund
Impax US Holdings Limited	UK	100%	Holding company
Impax New Energy Investors (GP) Limited	UK	100%	Holding company
Impax New Energy Investors II (GP) Limited	UK	100%	Holding company
Impax Capital Limited	UK	100%	Dormant
Impax New Energy Investors Management SARL	Luxembourg	100%	General partner to private equity fund
Kern USA Inc	USA	100%	Holding company for US assets
Impax Asset Management (Hong Kong) Ltd**	Hong Kong	100%	Fund management
Impax Asset Management (US) LLC	USA	100%	Fund management
IAM US Holdco, Inc.	USA	100%	Holding company
Impax Asset Management Ireland Limited****	Ireland	100%	Fund management
INEI III Team Co-Investment LP	UK	80%	Investment Partnership

* FCA and SEC regulated

** Hong Kong SFC regulated

*** SEC regulated

**** CBI regulated

For the year ended 30 September 2019

38 NON-CURRENT INVESTMENTS CONTINUED

Companies incorporated in the UK are registered at 7th Floor, 30 Panton Street, London. The entity incorporated in Hong Kong is registered at United Centre, 95 Queensway, Hong Kong. The entity incorporated in Luxembourg has the address 15 Boulevard F. W. Raiffeisen - L-2411 Luxembourg, BP 2501, L-1025 Luxembourg. Impax Asset Management LLC and Pax Ellevate Management LLC have the address 30 Penhallow St, Suite 400, Portsmouth, NH 03801. Impax Asset Management (US) LLC has the registered address 1209 Orange Street, Delaware, USA and IAM US Holdco, Inc. has the registered address 251 Little Falls Drive, New Castle County, Delaware, USA. Impax Asset Management Ireland Limited has the registered office Riverside One, Sir John Rogerson's Quay, Dublin 2.

Charges relating to options or other share awards over the Company's shares granted to employees of subsidiary undertakings are accounted for in the subsidiary undertaking. In the Company financial statements the capital contribution in respect of this charge has been recognised as an increase in the investment in subsidiaries.

Investments in subsidiary undertakings are divided between interest in shares and capital contributions as follows:

	2019 £000	2018 £000
Interest in shares	20,010	20,985
Capital contribution	14,573	13,390
	34,583	34,375

39 TRADE AND OTHER RECEIVABLES

	2019 £000	2018 £000
Due within one year:		
Amounts owed by Group undertakings	19,748	23,924
Taxation and other social security	751	855
Other receivables	449	521
Prepayments and accrued income	929	674
	21,877	25,974

40 CURRENT ASSET INVESTMENTS

	Investments £000
At 1 October 2017	629
Additions	1,526
Transfer from non-current investments	3,000
Fair value movements	1,933
Repayments/disposals	(5,374)
At 30 September 2018	1,714
Additions	2,523
Transfer from non-current investments	1,367
Fair value movements	837
Repayments/disposals	(2,090)
At 30 September 2019	4,351

41 TRADE AND OTHER PAYABLES

	2019 £000	2018 £000
Trade payables	-	-
Amounts owed to Group undertakings	24,411	14,416
Taxation and other social security	252	239
Other payables	940	214
Accruals and deferred income	4,192	3,682
	29,795	18,551

42 DEFERRED TAX

The deferred tax asset included in the Company statement of financial position is as follows:

	Accelerated capital allowances £000	Other temporary differences £000	Share-based payments £000	Total £000
As at 30 September 2018	(41)	(182)	406	183
Credit/(charge) to the income statement	(6)	114	(49)	59
As at 30 September 2019	(47)	(68)	357	242

Reductions in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly. The deferred tax charge at 30 September 2019 has been calculated based on these rates.

43 FINANCIAL COMMITMENTS

At 30 September 2019 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €203,000 (2018: €203,000) into INEI; this amount could be called on in the period to 31 December 2019;
- €113,000 (2018: €672,000) into INEI II; this amount could be called on in the period to 22 March 2020; and
- €2,994,000 into INEI III (2018: €3,981,000); this amount could be called on in the period to 31 December 2026.

At 30 September the Company had commitments under non-cancellable operating leases as follows:

	Offices		Other	
	2019 £000	2018 £000	2019 £000	2018 £000
Within one year	1,059	606	16	16
Between one and five years	4,235	4,235	31	31
Later than five years	2,647	3,971	-	-
	7,941	8,812	47	47

The material operating lease for 2019 and 2018 is for office space at 7th Floor, 30 Panton Street, London. The lease is for ten years expiring 30 June 2027.

For the year ended 30 September 2019

44 FINANCIAL RISK MANAGEMENT

The risk management processes of the Company are aligned to those of the Group as a whole. The Company's specific risk exposures are explained below.

Credit risk

The Company's primary exposure to credit risk relates to cash and deposits that are placed with regulated financial institutions and amounts due from subsidiaries.

At the statement of financial position date, the credit risk regarding cash and cash equivalent balances of the business was spread by holding part of the balance with RBS (Standard & Poor's credit rating A-2) and the remainder in a money market funds managed by BlackRock and Goldman Sachs which both have a Standard & Poor's credit rating of AAA. The risk of default is considered minimal.

Foreign exchange risk

The amount of the Company's expenses denominated in foreign currencies is minimal.

The Company activities are principally conducted in Sterling, Euro, and US dollars. Foreign exchange risk arises from income received in these currencies together with a limited amount of exposure to costs payable and from assets and liabilities denominated in Euros and US dollars.

The Company's exposure to foreign exchange rate risk at 30 September 2019 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	777	3,574	-
Trade and other receivables	45	18,740	-
Cash and cash equivalents	-	2,038	-
	822	24,352	-
Liabilities			
Trade and other payables	626	7,535	6
	626	7,535	6
Net exposure	196	16,817	(6)

The Company's exposure to foreign currency exchange rate risk at 30 September 2018 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	98	-	-
Trade and other receivables	-	19,715	-
Cash and cash equivalents	-	270	-
	98	19,985	-
Liabilities			
Trade and other payables	286	779	-
Loans	-	9,978	-
	286	10,757	-
Net exposure	(188)	9,228	-

The following table demonstrates the estimated impact on Group post-tax profit and net assets and Company post-tax profit and net assets caused by a 5% movement in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. Post-tax profit either increases or (decreases).

	Post-tax profit	
	2019 £000	2018 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 5%	(677)	(369)
GBP weakens against the USD, down 5%	677	369
GBP strengthens against the EUR, up 5%	8	8
GBP weakens against the EUR, down 5%	(8)	(8)

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at cost. The Company can request to borrow cash through intra-Group loans to maintain sufficient liquidity.

Interest rate risk

At the reporting date the Company's cash and cash equivalents, including bank overdrafts and cash held in money market deposits balance of £5,914,000 (2018: £7,150,000) were its only financial instruments subject to variable interest rate risk. The impact of 0.5% increase or decrease in interest rate on the post-tax profit is not material to the Company.

Market pricing risk

The Company has made investments in its own managed funds and the value of these investments are subject to equity market risk.

Fair values of financial assets and liabilities

The Directors consider there to be no difference between the carrying value of the Group's financial assets and liabilities and their fair value.

The hierarchical classification of current investments measured at fair value are as follows:

	Level 1 £000	Level 2 £000	Level 3 £000
At 1 October 2018	-	1,616	98
Additions	1,672	-	851
Transfer from non-current asset investment	1,367	-	-
Fair value	738	215	(116)
Disposals	(2,034)	-	(56)
At 30 September 2019	1,743	1,831	777

There were no movements between any of the levels in the year (2018: £nil).

The Company had no financial liabilities measured at fair value for 2019 (2018: £nil).

For the year ended 30 September 2019

44 FINANCIAL RISK MANAGEMENT CONTINUED

Fair values of financial assets and liabilities continued

Financial assets and liabilities by category:

	Financial assets/ liabilities/ measured at fair value £000	Financial assets/ liabilities/ measured at amortised cost £000
30 September 2019		
Financial assets		
Cash and cash equivalents		1,341
Cash held in money market funds	4,573	
Trade and other receivables		20,197
Investments	4,351	
Total financial assets	8,924	21,538
Financial liabilities		
Trade and other payables	-	25,351
Total financial liabilities	-	25,351
	Financial assets/ liabilities/ measured at fair value £000	Financial assets/ liabilities/ measured at amortised cost £000
30 September 2018		
Financial assets		
Cash and cash equivalents	-	6,917
Cash held in money market funds	233	-
Trade and other receivables	-	24,445
Investments	1,615	-
Total financial assets	1,848	31,362
Financial liabilities		
Trade and other payables	-	14,630
Loans	-	9,978
Total financial liabilities	-	24,608

* FVPTL = Fair value through profit and loss

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Impax Asset Management Group plc (the “Company”) will be held at the offices of the Company, 7th floor, 30 Panton Street, London SW1Y 4AJ at 3pm on 19 March 2020 for the following purposes:

AS ORDINARY BUSINESS

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the Company’s annual accounts for the financial year ended 30 September 2019 together with the Directors’ report and the auditor’s report on those accounts.
2. To re-elect J Keith R Falconer as a Director.
3. To re-elect Ian R Simm as a Director.
4. To reappoint KPMG LLP as auditor of the Company.
5. To authorise the Directors to fix the remuneration of the auditor.
6. To declare a final dividend in respect of the financial year ended 30 September 2019 of 4.0 pence per Ordinary Share payable to the holders of Ordinary Shares on the register of members at the close of business on 21 February 2020.

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, resolution 7 of which will be proposed as an ordinary resolution and resolutions 8, 9 and 10 of which will be proposed as special resolutions:

7. THAT, in substitution for any subsisting authorities to the extent unused, the Directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
 - (a) up to an aggregate nominal amount of £434,716.95 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (b) below in excess of £434,716.95) and
 - (b) comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £869,433.91 (such amount to be reduced by the nominal amount of any shares allotted or rights granted pursuant to the authority in paragraph (a) above) in connection with an offer by way of a rights issue:
 - (i) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to Treasury Shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange,

provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company’s next Annual General Meeting (or, if earlier, close of business on 19 June 2021) except that the Company may at any time before such expiry make any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

8. THAT, subject to the passing of resolution 7 above dealing with the authority to allot pursuant to section 551 of the Companies Act 2006 (the “Act”), the Directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by resolution 7 above or by way of a sale of Treasury Shares, as if section 561 of the Act did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to:
- (a) the allotment or sale of equity securities, either in connection with an issue or offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of equity securities, subject only to such exclusions or other arrangements as the Directors of the Company may consider necessary or expedient to deal with any Treasury Shares, fractional entitlements or legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange in any territory; and
 - (b) the allotment or sale (otherwise than pursuant to resolution 8(a)) of equity securities or sale of Treasury Shares up to an aggregate nominal value of £65,207.54,

the power conferred by this resolution shall expire at the conclusion of the Company’s next Annual General Meeting (or, if earlier, at the close of business on 19 June 2021), except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted (and Treasury Shares to be sold) after such expiry and the Directors of the Company may allot equity securities (and sell Treasury Shares) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

9. THAT, subject to the passing of resolution 7 above, the Directors of the Company be and are hereby empowered in addition to any authority granted under resolution 8(b) to allot equity securities (within the meaning of section 560 of the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as Treasury Shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:
- (a) limited to the allotment of equity securities or sale of Treasury Shares up to a nominal amount of £65,207.54; and
 - (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

the power conferred by this resolution shall expire at the conclusion of the Company’s next Annual General Meeting (or, if earlier, at the close of business on 19 June 2021), except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted (and Treasury Shares to be sold) after such expiry and the Directors of the Company may allot equity securities (and sell Treasury Shares) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

10. THAT the Company be and is generally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of 1 pence each provided that:
- (a) the maximum aggregate number of Ordinary Shares that may be purchased is 13,041,508;
 - (b) the minimum price which may be paid for each Ordinary Share is 1 pence;
 - (c) the maximum price which may be paid for each Ordinary Share is not more than 105 per cent of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange for the five business days immediately preceding the day of purchase; and
 - (d) unless previously renewed, varied or revoked, the authority conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting save that the Company may make a contract or contracts to purchase Ordinary Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board

Zack Wilson

Company Secretary

16 December 2019

Notes:

- 1 Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his or her stead. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company. A form of proxy is enclosed for use of members. Completion and return of a form of proxy or CREST Proxy Instruction (as described in note 4) will not preclude a member from attending and voting in person at the meeting should he or she so decide. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. If you appoint a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- 2 To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power of authority) must be deposited at the offices of Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 3.00 pm on 17 March 2020. To change your proxy instructions simply submit a new proxy appointment using the methods set out above and in the notes to the form of proxy. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
- 3 To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered in the Register of Members at close of business on 17 March 2020 (or, in the event of any adjournment, close of business on the date which is two days before the time of the adjourned meeting).
- 4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Asset Services (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.
- 5 As at 3 December 2019 (being the last practicable date prior to the publication of this notice) the total number of Ordinary Shares in the Company in issue was 130,415,087 and the Company held no Shares in treasury. The total number of voting rights on that date was therefore 130,415,087.
- 6 Members have a right under section 319A of the Companies Act 2006 to require the Company to answer any question raised by a member at the annual general meeting, which relates to the business being dealt with at the meeting, although no answer need be given: (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.
- 7 A copy of this notice of annual general meeting and other information required by section 311A of the Companies Act 2006, can be found at www.impaxam.com.

DIRECTORS

J Keith R Falconer (Chairman)
Ian R Simm (Chief Executive)
Arnaud de Servigny (Non-Executive)
Vincent O'Brien (Non-Executive)
Sally Bridgeland (Non-Executive)
Lindsey Brace Martinez (Non-Executive)

SECRETARY

Zack Wilson

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E14 5GL

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London
EC2R 8BP

REGISTRARS

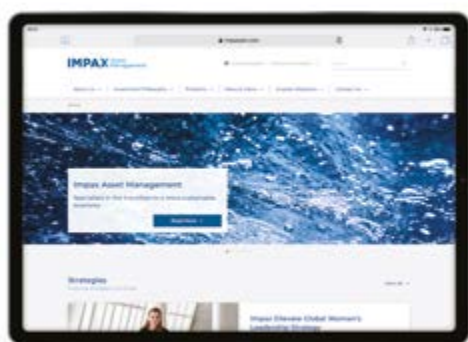
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The Registry
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