IMPAX Environmental Markets plc

Half-yearly Financial Report 2024

Contents

*Unaudited

IEM at a Glance

IEM Overview

Impax Environmental Markets plc ("IEM" or the "Company") is founded on the belief that, with insatiable demand for higher living standards on a finite planet, companies enabling the cleaner and more efficient delivery of basic needs – such as power, water and food – or mitigating environmental risks like pollution and climate change, will grow earnings faster than the global economy over the long-term.

IEM provides its shareholders with exposure to this exciting growth story. The Company invests in a well-researched and diversified portfolio of fast-growing, globally-listed companies providing innovative solutions to environmental challenges or improving resource efficiency. IEM's investment opportunity set is also likely to expand rapidly as regulation, technological innovation, and consumer preferences accelerate demand for sustainable solutions. The Board believes this approach can deliver superior risk-adjusted returns over the long-term.

IEM has recently experienced a period of weaker performance as a result of sharply rising interest rates and economic uncertainty. However, the underlying earnings of IEM's portfolio companies remain robust with excellent prospects for growth. As the shift to a more sustainable economy accelerates, IEM should benefit from many positive trends, including requirements for countries to improve energy security, the drive by thousands of companies to achieve "net zero" targets, and regulations such as the US Inflation Reduction Act, which support US domestic manufacturing in emerging industries.

The Manager

The Manager of IEM, Impax Asset Management (AIFM) Limited (the "Manager", or "Impax"), uses a proprietary classification system to define these higher growth markets. This approach has been in place since IEM was founded in 2002 and is curated by a dedicated Impax team.

As of today, the system identifies six sectors: Energy, Clean and Efficient transport, Water, Circular economy, Smart environment and Sustainable food. The range of activities included has naturally grown as technologies advance and more industries look to address material environmental challenges.

To qualify for IEM's investable universe, a company must derive at least 50% of its revenues from these Environmental Markets. As a result, IEM's investments are predominantly in small and medium-sized companies, which tend to focus their business models on fewer activities.

The Manager then follows a rigorous, performance-focused process based on bottom-up research to invest in proven and profitable companies. The breadth of the Environmental Markets opportunity set enables Impax to create a diversified portfolio spanning traditional sector boundaries. Once a company is purchased, its share price is continually monitored within the context of a live 'valuation range' which incorporates worst- and best-case assumptions.

The Manager also maintains an active dialogue with executive management. Doing so is an important part of the investment process and helps promote greater transparency around ESG and sustainability issues. Engagement outcomes, company valuations, as well as portfolio risk metrics and the macro-outlook, all inform buy and sell decisions.

The Portfolio

The IEM portfolio is built with a focus on financial returns, and its long-term thesis remains compelling.

Reflecting this, the investment managers are personally invested in the Company. Two of IEM's three co-portfolio managers – Bruce Jenkyn-Jones and Jon Forster – have worked together since its launch in 2002, while Fotis Chatzimichalakis has worked on IEM since 2015. IEM also benefits from competitive fees and a committed Board, which in 2023 authorised the Manager to increase gearing to reflect the high conviction and low valuations across the portfolio. Since IEM's shares began to trade at a discount in 2022, the Board has bought back shares at a steady rate. All buybacks were accretive to the Company.

Additionally, by focusing on Environmental Markets, the portfolio generates outcomes beyond financial returns. Annually, for each £1m invested, enough clean, renewable energy is generated to power 70 homes and the equivalent of 422 households' water consumption while 17 tonnes of domestic waste are saved. In addition, whilst the Manager does not target them in the investment process, 84% of revenues generated by portfolio companies were covered by United Nations Sustainable Development Goals in 2023.

Investment Objective

The investment objective of Impax Environmental Markets plc is to enable investors to benefit from growth in the markets for cleaner or more efficient delivery of basic services of energy, water and waste.

Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology–based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control and waste technology and resource management (which includes sustainable food, agriculture and forestry).

Financial Information

At 30 June 2024 and 31 December 2023

429.3p

Net asset value ("NAV") per ordinary share with debt at bookcost

(2023: 434.9p)

429.4p

NAV per ordinary share with debt at fair value[1]

(2023: 434.3p)

9.6%

Ordinary share price discount to NAV[1,2]

(2023: 7.9%)

388.0p

Ordinary share price

(2023: 400.0p)

£1,113m

Net assets

(2023: £1,221m)

Performance Summary[3]

For the six months ended 30 June 2024

% change

-0.5%

NAV total return per ordinary share[1,2]

-2.3%

Share price total return per ordinary share[1]

Comparator Benchmarks

12.2%

MSCI AC World index[4]

7.4%

FTSE ET100 index[4]

Alternative performance measures ("APMs")

The disclosures as indicated in footnote 1 are considered to represent the Company's APMs. Definitions of these APMs and other performance measures used by the Company, together with how these measures have been calculated, can be found on page 31.

1 These are alternative performance measures.
2 With debt at fair value.
3 Total returns in sterling for the 6 months to 30 June 2024.
4 Source: Bloomberg and FactSet.

Chairman's Statement

Glen Suarez
Chairman

"I have great confidence that the hypothesis underpinning the Company's investment strategy – that sustainability pressures create opportunities for companies providing environmental solutions – remains well positioned to deliver financial outperformance over the long-term."

The first half of 2024 (the "Period") for Impax Environmental Markets (the "Company", or "IEM") has been marked by material volatility. Following our full year report, there have been continued challenges and upheavals in the macroeconomic environment which have continued the headwinds for the small- and mid-cap companies in which IEM invests. Consequently, while the Company's investment thesis remains strong, and valuations have become increasingly attractive, the portfolio fell slightly in value.

Short-term underperformance is not unusual given the nature of IEM's investment philosophy and approach, particularly in periods of interest rate uncertainty. This is discussed further in the Manager's Report on pages 7 to 11.

It is also true to say that the investment trust sector at large has experienced challenges in the returns experienced by shareholders. Discounts on share prices to NAVs have widened, although IEM's at 9.6%[1] has been actively managed by the Board, causing it to fare better than the market average of 14.6% and the Company's AIC sector average of c.25%. However, history shows that, in the long-term what matters most for shareholder returns is growth in earnings of the portfolio's companies – and given the nature of portfolio companies' profitability and expected revenue growth, the Manager strongly believes that there is significant potential for the Company to generate very attractive returns for shareholders in the future.

It is worth re-stating the investment hypothesis that underpins the Company. There is a clear need for solutions to pressing environmental challenges, to promote resource efficiency and for infrastructure that enables basic needs to be more efficiently and cleanly met. We believe that investing globally in pure-play companies that provide these solutions across a diverse range of end-markets will generate long-term investment outperformance. The current combination of a strong underlying investment hypothesis and a de-rating of the portfolio compared with wider equity markets creates a compelling long-term valuation case.

Performance

During the Period, the share price total return of the Company was -2.3% and the NAV per share total return was -0.5%. The MSCI All Country World Index ("MSCI ACWI"), the Company's global equities comparator index, meanwhile generated a total return of 12.2%, with the FTSE Environmental Technology 100 Index ("FTSE ET100") rising 7.4% over the Period.

Challenging macroeconomic conditions have impacted the Company's performance over the past two and half years, regrettably pulling the longer-term returns down. The Company has nevertheless delivered strong absolute returns over the longer-term, but it is fair to say that returns have fallen short of those of the wider market. Over five years to 30 June 2024, the annualised performance of the share price and NAV are 5.6% and 8.0% respectively, compared to 10.9% for MSCI ACWI and 19.5% for the FTSE ET100. Over ten years, the annualised returns are 10.7% for the share price and 10.6% for the NAV versus 11.8% for MSCI ACWI and 14.4% for the FTSE ET100.

1 With debt at fair value.

Although the MSCI ACWI shows the returns available across global equity markets generally, the FTSE ET100's purpose and coverage has changed over the years since the Manager first designed it. This was done via the Manager's environmental market taxonomy and approach to investing, in conjunction with FTSE. Since then, ownership and design has passed entirely to FTSE and the index has moved in a direction different to that of the strategy that IEM focusses on, including very large companies and technology companies which may not necessarily be providing environmental solutions to the proportion of their revenues we demand.

Notwithstanding the above and the disappointing comparison we see, we retain our belief in the long term potential of investing in environmental solutions and the Manager's ability to identify companies that are well-positioned to generate value from environmental opportunities.

Dividend

The Company's net revenue return for the Period was £8.6 million, compared with £9.1 million earned in the same period last year.

The second interim dividend for the 2023 financial year, of 2.9 pence per ordinary share, was declared on 2 February 2024 and paid on 15 March 2024. The aggregate dividend for 2023 was 4.6 pence, an increase of 15% from 4.0 pence for the previous year. It remains the Board's intention to pay out substantially all earnings by way of dividends, the quantum of which is affected both by the level of dividends received by the Company and by the number of shares in issue at the relevant record date.

On 6 August 2024, the Board announced a first interim dividend for this financial year of 1.8 pence per ordinary share (2023: 1.7p), payable on 5 September 2024 to shareholders who appear on the register at 16 August 2024, with an ex-dividend date of 15 August 2024.

Gearing

The Board and Manager believe that gearing, or the ability to borrow capital to invest, is an attractive feature of investment trusts and can enhance long-term performance.

The Company has used gearing for a number of years and in 2023 the Board, in consultation with the Manager, put in place a combination of fixed and floating rate debt with a mix of maturity dates and interest rates.

At the Period end the aggregate of Company's borrowings was £85.2 million, giving net gearing of 7.5% (31 December 2023: £87.1 million and 6.2% respectively). A breakdown of the Company's borrowings at 30 June 2024 follows.

The Company has €60 million of privately placed notes ("Notes"), as set out in the table below.

Loan amount € million	Loan amount £'million	Maturity 30 September	Interest rate
20	16.9	2030	Floating: 6m EURIBOR +1.35%
30	25.3	2033	Fixed: 4.48%
10	8.4	2035	Fixed: 4.63%

The Company also has a two-year £80 million multicurrency revolving credit facility which has a floating interest rate priced at reference rate +1.6%. An amount of €40.9 million (equivalent to £34.5 million) was drawn down at the Period end.

At the period end, the weighted maturity of the Company's borrowings was 5.6% and the mix of fixed to floating was 40%:60% (31 December 2023: 6.4% and 40%:60%, respectively).

Discount Control

The discount at which the shares trade to the underlying net asset value ("NAV") is actively monitored by the Board and the Company's brokers. As referred to earlier, discounts have widened for investment companies and the Company's ordinary shares traded a discount to NAV of 9.6% on 30 June 2024 - slightly wider than the discount of 7.9% on 31 December 2023.

This is a disappointing result given the Company has bought back 21,774,810 shares in the Period, equivalent to 7.7% of the Company's issued share capital at the start of the year. A positive side effect of a wider discount is the greater accretion to NAV from share buybacks. So far this year buybacks have enhanced NAV by 0.7%

In the first half of 2024 the investment trust sector trailed behind the broader equity markets, experiencing diminished returns and more pronounced discounts. This trend has coincided with a wave of buybacks, tender offers and redemptions.

There were 281.1 million ordinary shares in circulation at the start of the year, falling to 259.3 million by the end of the Period, reflecting the 21.8 million shares bought back, of which 46,283,310 shares were held in treasury at 30 June 2024. The Board will continue to exercise its authority to buy back or issue shares depending on the circumstances and when in the interests of shareholders.

Change of Broker

The Board undertakes reviews of all of its service providers on a regular basis. As part of this the Board undertook a review of its broker. This included written submissions, presentation of proposals, and follow up questions. Consequently, the Company appointed Winterflood Securities Limited as its sole corporate broker on 28 May 2024. The Board, and I personally, take this opportunity to thank Investec for its much-valued services over the years.

Sustainability Disclosure Regulations and Sustainability Label

At the end of 2023, the Financial and Conduct Authority (the "FCA") announced the finalised rules and introduction of new Sustainability labels under the new Sustainability Disclosure Regulations. These labels became available to use with effect from 31 July 2024. The Board is actively working with the Manager to assess the appropriateness of any label for the Company and will in due course announce its plans. The regulations also incorporate a new set of "anti-greenwashing" rules, which seek to ensure consumers receive accurate information about unit trusts, open-ended investment companies and investment trusts which claim to offer access to sustainable and related investment themes. The Company and the Manager met all greenwashing requirements and will continue to do so.

Outlook

Political momentum for decarbonisation is gaining traction globally, with several key regions embracing ambitious climate goals. In the US, UK and EU, policies are increasingly aligned with green initiatives, reflecting a strong commitment to reducing carbon emissions. Notably, China's third plenum has, for the first time, pledged to pursue decarbonisation, signalling a significant policy shift for the world's largest emitter.[1] Meanwhile, Australia is making strides in renewable energy investment and policy frameworks.

With ongoing cost reductions and favourable policies, renewable energy's economic appeal is growing, accelerating the shift to sustainable energy. Recent examples include Indian energy production offering ongoing (rather than intermittent) solar power at lower rates, reflecting the sector's increasing cost-competitiveness, while in the U.S., Texas stands out for having the largest renewable market share without state subsidies, highlighting the sector's market viability. The cost reductions in renewables are driven by economies of scale, improved supply chains and technological advancements.

It is encouraging to learn that according to Bloomberg NEF, the world may have hit a pivotal milestone by reaching peak carbon emissions last year. This suggests that emissions from energy and industry in particular have likely topped out, setting a precedent for a downward trend. This peak is a significant marker in the fight against climate change, indicating a shift towards greener energy sources and more sustainable practices. It reflects the cumulative impact of worldwide efforts in renewable energy adoption, energy efficiency improvements and stringent environmental policies.

With worldwide elections, changing trade policies, continuing conflicts and the current trend of investor demand pushing investment trusts to discounts, the second half of 2024 will continue to present challenges and opportunities. I have great confidence that the hypothesis underpinning the Company's investment strategy - that sustainability pressures create opportunities for companies providing environmental solutions - remains well positioned to deliver financial outperformance over the long-term. I am also confident in the skills and experience of the Manager in identifying strong companies with attractive valuations that are well-positioned to generate value from those opportunities. To echo the 2023 Annual Report, as Chairman, I will maintain a relentless focus on that performance, and challenge the Manager to ensure we generate positive investment returns for our shareholders over the long-term.

Glen Suarez, Chairman

9 August 2024

1 Five Trends in Decarbonisation That Are Shaping Global Politics - Carnegie Endowment for International Peace.

Manager's Report

Jon Forster

Fotis Chatzimichalakis

Bruce Jenkyn-Jones

Performance Summary

In the first half of 2024, IEM's NAV fell 0.5%. By contrast, global equities as measured by the MSCI All Country World Index ("MSCI ACWI") rose 12.2%.

Despite robust global equity returns, the underlying dynamics were more complex. Resilient economic data and company earnings vied with softer US employment data and weaker consumer spending. As a result, markets readjusted fitfully to "higher-for-longer" interest rates. Geopolitical tensions have created an additional layer of volatility.

Against this backdrop, IEM's market cap bias proved a headwind. IEM invests in companies which generate at least 50% of their revenues from Environmental Markets. These tend to be mid and small-caps that are less accessible to IEM's shareholders and in which the Manager believes it has an information advantage. However small and mid cap companies have suffered disproportionately from the "higher and for longer" interest rate environment, underperforming their large cap counterparts by over 8% over the Period.[1]

This is reflected in IEM's relative valuation, which derated over the six months to 30 June 2024. At the end of last year, the portfolio traded on price to next twelve-month earnings ("PE") multiple of 20.7x, a 26% premium to the MSCI ACWI. That multiple has seen little change, but the premium has fallen to c.16%, as MSCI ACWI PE has risen faster. While the market has become more expensive, the Company's portfolio has not, even as its forward-looking earnings growth data remain higher.

The effect is exacerbated by the market's willingness to pay up for a handful of mega-cap technology names outside of IEM's investable universe. Weakness from Tesla has reduced returns from the wider 'Magnificent Seven' group. Despite this, not holding AI chip-designer Nvidia, along with Apple, Microsoft, Amazon, Meta and Alphabet, accounts for a -5.7% drag on relative performance. Performance of the FTSE ET100, which we also consider against portfolio returns, was similarly dominated by names such as Schneider Electric, Tokyo Electron and TSMC, all of which are many times larger than IEM's biggest holdings.

Yet performance within the portfolio has been encouraging. Earnings growth has been above that of the broader market, with notable positives from natural ingredients companies which weakened performance last year. At the same time, areas of the portfolio which have delivered consistently strong returns – such as US construction, digital infrastructure and electrical grids – continued to do so.

IEM is also starting to see the benefits of M&A as market participants acknowledge the disconnect between holdings' long-term growth prospects and their low valuations. **Stericycle** and **Terna Energy** have both been subject to takeover bids at double digit premiums during the period.

Pockets of weakness continue to be driven by temporary headwinds such as inventory destocking in solar, bioprocessing and some select industrial stocks. At the time of writing, Independent Power Producers ("IPPs") are demonstrating how swiftly these can reverse. With purchasing manager indices ("PMIs") now in expansion territory, and industrial companies' managements increasingly confident of improving demand, there are reasons for cautious optimism across the portfolio.

Key Developments and Drivers of Environmental Markets

The US Presidential Election

The US presidential election will undoubtedly affect global trends in Environmental Markets. The composition of Congress will also be paramount, with the next President presiding over a potentially divided or united House. Given the unreliable nature of polling this far in advance, Impax is modelling for all four of these potential scenarios.

The fate of the US Inflation Reduction Act ("IRA") is a key question for investors. Impax maintains the view that the chances of an outright repeal are extremely low, even under full Republican control. This is because many measures have Republican support. The Rocky Mountain Institute estimates that Republican-leaning states will receive over US$600bn in IRA investments between now and 2030, roughly double the amount for Democrat states.[2]

However, there are real prospects for some IRA cutbacks regardless of who is in office. Partly this is because the IRA has been more successful than anticipated, with a higher than forecast uptake of tax credits by project developers. The most vulnerable elements relate to tax credits on electric vehicles ("EVs"), clean electricity, and energy efficiency. While eliminating this funding would remove a potential tailwind, IEM's investment managers target companies whose success is determined by their operational advantages, not their ability to collect subsidies.

1 As measured by the MSCI ACWI Mid and Small Cap indices.
2 Climate Power, 2024: The state of the clean energy boom.

It is also important to note that there can be a meaningful gap between what politicians say on the campaign trail and ultimately enact. During Donald Trump's term in office, Environmental Markets performed strongly and pledges to repeal Obamacare went unfulfilled. Furthermore, with many renewables now at cost parity with fossil fuel equivalents,[1] no political party controls the advance of key technologies. These structural growth drivers will continue to underpin Environmental Markets for the next four years and beyond.

Resurgent M&A

There is a long history of mergers and acquisitions ("M&A") in Environmental Markets. Like the investment managers of IEM, large corporates and private equity are drawn to the structural growth potential that these companies offer. Activity typically picks up when a sector is viewed as ripe for consolidation or valuations become particularly attractive.

Notwithstanding the longer-term cyclical trend, there have been fewer takeovers in Environmental Markets over the past decade. Maturing companies have instead focused on consolidating existing business and growing their own franchises. However, in the last six months, with valuations materially lower following higher rates, M&A activity has meaningfully stepped up.

This is most evident in IPPs – where valuations have been compressed by higher rates, supply chain issues and – most recently – weak European power prices. Valuations for listed companies have dislocated from much higher multiples in private assets, with Canadian investment group Brookfield acquiring France's Neoen and private equity group KKR buying Germany's ENCAVIS.

The IEM portfolio is starting to benefit as a result. In June, **Terna Energy** announced that it was being taken private by Masdar, an Abu Dhabi owned renewables developer. At an EV/EBITDA multiple of c.15x 2024 earnings, the takeout price is almost double where the Manager initially started its position four years ago. By comparison **EDPR**, a Portuguese IPP also held in the portfolio, trades at 12.5x EV/EBITDA on 2024 earnings.

The same month also saw Waste Management (not held) announce its intention to acquire long-standing IEM holding **Stericycle** for USD 7.2 billion, a c.38% premium to where shares traded before rumours of the deal emerged. **Stericycle** is the leading medical waste management player in the US with >40% market share.

Battery Technology

Demand for batteries is structurally growing. This is driven by rising EV sales and renewables' increasing proportion of the global energy mix.

EV sales continue to grow strongly despite moderating growth ex-China, increasing from 4% of all global vehicle sales in 2020 to 18% in 2023.[2] Similarly, the International Energy Agency ("IEA") predicts that by 2028, renewables will account for over 42% of global electricity generation.[3] Backing up renewables with storage solves intermittency – by which energies like wind or solar are produced at different times from when required – such that battery attachment is expected to grow from 2% to 9% by 2030.[4]

This combination has incentivised manufacturers to invest in developing ever-more powerful batteries. Lithium iron phosphate ("LFP") has emerged as the dominant technology, with scaled-up manufacturing meaning that a typical LFP battery costs around 85% less than it did a decade ago.[5] Continued investment in raw material supply chains means prices are expected to ease further in 2024, further boosting potential demand.

These structural growth prospects informed IEM's new position in **CATL**, a Chinese battery producer. The company is a global market share leader thanks to a history of technological innovation across battery chemistries and its competitive cost structure. Recently, the company unveiled a battery it claims can deliver 400km of range on a ten-minute charge.[6] At the time of purchase, the shares were overly discounted due to anaemic EV sales growth, China's lacklustre rebound post-Covid and the potential impact of US tariffs. However, with a robust balance sheet, the shares offer significant upside on the basis of sales to Asia and Europe alone.

Absolute Performance Contributors and Detractors

Contributors

A structural increase in grid spending has helped **Prysmian**, a manufacturer of cables and fibre optics, deliver the portfolio's largest positive contribution year to date. A similarly sustained rise in both commercial and residential construction – particularly in the US – means related holdings have also boosted returns. Top contributors with impressive earnings included water infrastructure company **Advanced Drainage**, as well as sustainable decking producer **AZEK** and the Dutch industrial specialist **Aalberts**.

The portfolio's technology holdings also continue to boost returns. While IEM has no direct exposure to AI, **Monolithic Power Systems** is a leading supplier of energy efficient power semiconductors to chip-designer Nvidia, resulting in strong data centre growth. Other positive contributors included **Trimble** – a maker of geolocation software – and **Descartes** – a logistics software company.

Natural ingredients companies, have started to reverse much of last year's losses. The likes of **DSM-Firmenich**, **Borregaard** and **Corbion** have all posted encouraging results. Earnings indicate inventory destocking in key consumer and healthcare markets is easing, with profitability rising as a result.

Lastly, IEM's waste management holdings **Clean Harbors** and **Stericycle** have also made significant positive contributions. In addition to **Stericycle's** previously mentioned takeover bid, **Clean Harbors** has been able to lift prices especially in the core industrial hazardous waste business, driving upgrades to full-year guidance.

1 BNEF Levelised Cost of Electricity, December 2023 – 2H 2023 LCOE Update: An Uneven Recovery | Full Report | BloombergNEF (bnef.com).
2 Electric vehicles – International Energy Agency ("IEA").
3 Executive summary – Renewables 2023 – Analysis – IEA.
4 Bernstein 'Global Energy Storage' – June 2024.
5 2023 Lithium-Ion Battery Price Survey | BloombergNEF (bnef.com).
6 CATL unveils EV battery enabling a 400 km driving range on a 10 minute charge – pv magazine International (pv-magazine.com).

Detractors

EDPR made the largest negative contribution to performance. As mentioned, deferred rate cuts and weaker European power prices provoked a sharp pullback in IPPs (including **Northland Power** and **Ormat**) at the start of the year.

Yet rising M&A is forcing the market to acknowledge mismatched valuations between public assets and those in private hands. The sector is also benefiting from soaring electricity demand from data centres. With **EDPR** also focussing on its higher returning projects, the market's view on temporary headwinds is evolving, demonstrating the appeal of companies supported by long-term trends and robust operational performance.

Performance in the portfolio's solar holdings – another source of weakness in 2023 – was more split. **Xinyi Solar**, a Chinese producer of solar glass, initially boosted returns as input prices became more favourable, but retraced these as volume expectations softened. By contrast **SolarEdge**, the US-listed producer of optimisers and inverters, continues to face inventory destocking challenges. However, at these levels, the investment team is comfortable holding a small position until sales recover.

Destocking also remains a challenge for the portfolio's bioprocessing holdings and some select industrial names. Bioprocessing entails manufacturing chemical compounds from living organisms, typically cells or their components. The long-term efficiency gains which make the sector attractive have been offset by softer near-term demand, with weak results from industry bellwether Sartorius (not held) as well as holdings **Repligen** and **Cryoport**.

Similarly, cautious earnings guidance driven by uncertain end demand saw **LEM**, **NIBE** and **Signify** all detracting from returns. The three companies produce electronic components, specialising in measurement, diversified industrials and lighting respectively. While they are all focusing on operational improvements, a meaningful rally in the shares will require a clear sign that destocking is coming to an end.

Relative Performance Analysis

Performance relative to MSCI ACWI	6 Months Ended 30 June 2024 %
NAV total return	(0.5)
MSCI ACWI total return	12.2
Relative performance	(12.7)
Analysis of relative performance	
Portfolio total return	(0.3)
MSCI ACWI total return	12.2
Portfolio underperformance	(12.5)
Borrowing:	
Gearing effect	(0.1)
Finance costs	(0.2)
Management fee	(0.4)
Other expenses	(0.1)
Trading costs	-
Share transactions:	
Buy-backs	0.7
Tax	(0.1)
Total relative NAV performance	**(12.7)**

Performance relative to FTSE ET100	6 Months Ended 30 June 2024 %
NAV total return	(0.5)
FTSE ET100 total return	7.4
Relative performance	(7.9)
Analysis of relative performance	
Portfolio total return	(0.3)
MSCI ACWI total return	7.4
Portfolio underperformance	(7.7)
Borrowing:	
Gearing effect	(0.1)
Finance costs	(0.2)
Management fee	(0.4)
Other expenses	(0.1)
Trading costs	-
Share transactions:	
Buy-backs	0.7
Tax	(0.1)
Total relative NAV performance	**(7.9)**

Portfolio Positioning and Trades

As of 30 June 2024, the Company held a diversified portfolio of 62 listed companies. These are balanced between cyclicals and defensives, although the Manager has moderately increased cyclical exposure to reflect more attractive valuations. Additional activity has focused on increasing weights where the Manager has most conviction, while exiting positions with less visible upside.

The Manager initiated two positions. **CATL**, as discussed above and **Cognex**, a US-listed company specialising in machine vision systems. These play a critical role in factory automation, improving energy efficiency and reducing waste. Ageing workforces, the repatriation of industrial activity and corporate efficiency provide long-term structural growth drivers. **Cognex** also continues to find new applications for its technology.

The Manager exited its positions in **Indraprastha Gas**, an Indian provider of natural gas, and **Dialight**, a maker of energy efficient lighting for a range of industrial end markets. Regulatory changes are increasingly pushing for electrification of IPG's key transportation end-market, fundamentally changing the investment thesis. Similarly, poor operational performance weakened **Dialight's** investment case, with the Manager reallocating to higher conviction opportunities.

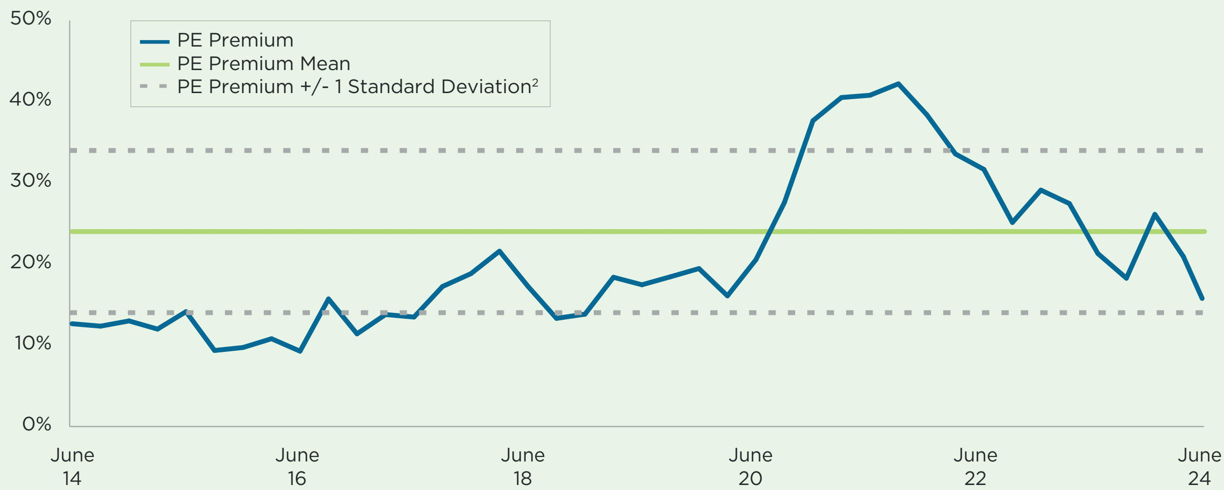
The Manager sold its position in **Eurofins**, an environmental testing company listed in France. Due to a changing business mix, company revenues fell below Impax's 50% environmental markets revenue threshold.

It is IEM's investment thesis that companies operating in Environmental Markets should be able to deliver superior earnings growth over the long-term. Recent performance has called this into question, particularly given the operational challenges in some high conviction sectors such as IPPs (as referenced previously). However, the companies held in the IEM portfolio have delivered earnings growth over 2% p.a. higher than broader global equities as represented by the MSCI All Country World Index, calculated on a bottom-up basis.

The main driver of performance weakness therefore has been a compression in price to earnings ("PE") multiples. In other words, how much the market is willing to pay for a stream of future cash flows. Higher interest rates and the prospect of economic weakness have driven investors to exit both higher growth environmental markets and smaller companies in general, regardless of their underlying fundamentals. Since 2021, the IEM portfolio's PE multiple has contracted far beyond that of the MSCI ACWI.

As a result, IEM's portfolio is now more attractively priced relative to the MSCI ACWI than it was before the pandemic. With expected earnings growth still well above the index, IEM's relative PE premium has fallen to 16%, well below its ten-year average as illustrated in the chart below. At the same time, the broader market has become more expensive. This is despite the longer term growth story for many holdings becoming stronger thanks to technological innovation, regulation and consumer preferences.

IEM Portfolio's Price to Earnings ("PE") Premium Relative to the MSCI ACWI[1]



Source: Bloomberg as at 30 June 2024.

1 PE Premium: using PE for the next twelve months vs MSCI ACWI.
2 Standard Deviation is a statistical term used to express the amount of variation against the average value; "one standard deviation" is generally seen as being a material divergence from the historical average, with the equivalent potential for gain or loss.

Outlook

Equity markets are paying close attention to politics in the second half of 2024. The UK's Labour party has won its first election since 2005. The EU and France are grappling with the consequence of electoral gains by far-right parties. In the US, President Biden has withdrawn his candidacy. While the team is alert to these developments and reviews exposure accordingly, the importance of short-term political events should not be overstated relative to technology, regulation and consumer demand – all long-term drivers which continue to favour Environmental Markets.

In the meantime, the market now expects two US rate cuts by the end of the year, even if long-term rate expectations have in fact risen to reflect a possible Trump victory. Earnings growth within the portfolio remains above that of the broader market. Even in areas like solar and bioprocessing, where destocking headwinds have taken longer than expected to abate, conversations with management are pointing to more positive trends by the end of the year. In short, both the fundamentals and macro backdrop for IEM remains supportive.

Lastly, the portfolio's valuation premium relative to global equity markets has fallen to below its ten-year average. With suppressed valuations in small and mid-caps, the portfolio's forward PE has fallen to 20.3x, while its premium has moved sharply from 22% to 16%. This market divergence is driving up M&A activity within the portfolio and across Environmental Markets more broadly. IEM offers shareholders meaningfully diversified and differentiated exposure to the broader market in a vehicle which continues to trade at a discount to NAV. Given these potential catalysts, the Manager remains optimistic.

Impax Asset Management (AIFM) Limited

9 August 2024

Ten Largest Holdings

As at 30 June 2024 (31 December 2023)

1

3.5%

of net assets
(2023: 2.7%)

STERICYCLE - United States | www.stericycle.com

Stericycle provides regulated medical waste management services, offering waste collection, transportation, treatment, and disposal to healthcare organisations and commercial businesses worldwide. As the US market share leader of Medical Waste, Stericycle operates a strong margin business with stable, recurring revenues in a highly regulated industry, one with high barriers to entry where waste must be disposed of to the greatest technical standards to avoid health and environmental risks. The company is also a meaningful player in the disposal of confidential documents, providing shredding services which ensure high recycling and less incineration.

2

3.2%

of net assets
(2023: 2.6%)

PTC INC - United States | www.ptc.com

PTC is an Information Technology company that offers software products which can be deployed toward leaner manufacturing: computer-aided design modelling and Product Lifecycle Management. Importantly, PTC's industrial connectivity platform enables customers to connect 'smart' devices, analyse associated data, and create internet of things applications. These solutions help to increase resource efficiency and eliminate waste in industrial processes. Operating in a market with high barriers to entry and low customer turnover, PTC is using its established market position to emerge as a leader in increasing numbers of connectivity platforms and is benefiting from high recurring revenues (~80%).

3

3.1%

of net assets
(2023: 2.8%)

PENTAIR - United States | www.pentair.com

Pentair has products which address a range of residential, commercial, industrial, infrastructure and agricultural end-markets. Its sales are focused on providing more energy and water efficient systems including variable speed, intelligent pumps for pools and biological commercial filter equipment for fish farming. Pentair has a history of strong operational margins.

4

3.0%

of net assets
(2023: 2.2%)

DSM FIRMENICH - Netherlands | www.dsm-firmenich.com

DSM Firmenich is a leading producer of specialty chemicals spanning food, beauty, healthcare and animal end markets. The company's products help improve livestock health and efficacy of feed conversion. This lowers input-related waste, mitigates emissions and limits harmful by-products of cultivation, including excessive antibiotics usage. The company also works to reduce methane from animal farming. Its human nutrition activities, mostly utilising naturally-derived ingredients i.e. cultures and enzymes, also contribute to improved Health & Wellbeing.

5

2.7%

of net assets
(2023: 2.6%)

AALBERTS NV - Netherlands | www.aalberts.com

Aalberts is a Dutch manufacturer of industrial products, with a focus on mission-critical products that enhance sustainability. The company develops and sells its various technologies through two business segments: Building Technology – which enhances energy efficiency with hydronic flow control and integrated piping for water or gas management – and Industrial Technology – which delivers mechatronics and fluid regulation technology, as well as surface technologies. These divisions cater to four key end markets: sustainable transportation, semiconductor efficiency, eco-friendly buildings and industrial niches.

6

2.6%

of net assets
(2023: 2.3%)

CLEAN HARBORS INC - United States | www.cleanharbors.com

Clean Harbors provides waste collection, transportation, recycling, treatment, and disposal services. The company also holds dominant positions in incinerators and landfills, where new permits are becoming exceedingly rare. Environmental services such as waste disposal, hazardous waste clean-up, recycling services and emergency clean-up are an important component of environmental solutions for a broad range of industries. Clean Harbors is a market leader in its core business – the US hazardous waste sector – with a strong market position and pricing power in a sector with high barriers to entry.

7

2.6%

of net assets
(2023: 1.7%)

AMERICAN WATER WORKS - United States | www.amwater.com

American Water Works is the largest publicly traded water utility in the US and is based in New Jersey. The company provides water and water-related services in 47 states in the US, as well as in Ontario, Canada. American Water targets solid earnings growth through a healthy capital expenditure budget, operational efficiencies, and cost controls, alongside the backdrop of a supportive regulatory environment. The company has been an active consolidator of smaller water systems which provides synergies, presents ongoing opportunities for growth, and allows for healthy dividend growth.

8

2.5%

of net assets
(2023: 2.1%)

LITTELFUSE - United States | www.littelfuse.com

Littelfuse sells fuses, and other circuit protection devices, for use in the automotive, electronics and general industrial markets. There is significant growth in electrical circuits across the global economy – greater protection, control and sensing within circuits can enhance efficiency. To meet net zero ambitions in the coming three decades, more and more products will have to run off electricity and thus the demand for Littelfuse's circuit protection, sensor and connector goods should increase. It serves a purpose in the strategy due to its high single digit growth prospects and a good acquisition track record, supported by solid margins.

9

2.4%

of net assets
(2023: 2.1%)

RAYONIER - United States | www.rayonier.com

Rayonier is a pure-play timber real estate investment trust and one of the largest private timberland owners in the US. It owns 2.7 million acres of well-managed timberlands in the US and New Zealand. Sustainably managed forests help prevent deforestation, forest degradation and illegal logging, while commercial silviculture techniques help improve tree vigour, making them less susceptible to insects, fire and disease. A sufficient and sustainable supply of timber is essential for more "green" construction, as well as fibre-based packaging. Rayonier also has optionality in its land-base, through renewable energy (solar and wind) and carbon (CCS and credit) projects.

10

2.4%

of net assets
(2023: 1.7%)

PRYSMIAN - Italy | www.prysmian.com

Prysmian is a manufacturer of electrical and fibre optic cables. Prysmian's cables are employed widely across electricity transmission and distribution systems (the grid) as well as in wind turbines, solar farms, and EV charging infrastructure. Ageing grid infrastructure is increasingly at risk of faults and needs replacement – over 70% of the US grid is over 25 years old. At the same time, rapid growth in renewables, as well as sector-wide electrification requires meaningful expansion and hardening of the grid. As a result, Prysmian is a crucial enabler of the energy transition. It also sells more efficient building/infrastructure cables. With substantial market share, particularly in the more operationally demanding High Voltage segment, Prysmian is well-placed to benefit from structural demand growth.

Top Thirty Portfolio Investments

As at 30 June 2024 Company	Sector	Country of main listing	Market value £'000	% of net assets
Stericycle	Resource Efficiency & Waste Management	United States	39,075	3.5
PTC	Digital Infrastructure	United States	35,291	3.2
Pentair	Water Infrastructure & Technologies	United States	34,513	3.1
DSM-Firmenich	Sustainable Food & Agriculture	Netherlands	33,619	3.0
Aalberts	Water Infrastructure & Technologies	Netherlands	29,904	2.7
Clean Harbors	Resource Efficiency & Waste Management	United States	29,320	2.6
American Water Works	Water Infrastructure & Technologies	United States	28,357	2.6
Littelfuse	Energy Management & Efficiency	United States	27,625	2.5
Rayonier Inc	Sustainable Food & Agriculture	United States	27,152	2.4
Prysmian	Energy Management & Efficiency	Italy	26,947	2.4
Top Ten Holdings			**311,803**	**27.9**
Monolithic Power Systems	Digital Infrastructure	United States	25,178	2.3
Dabur India	Resource Efficiency & Waste Management	India	24,155	2.2
STERIS	Resource Efficiency & Waste Management	United States	24,032	2.1
Repligen	Resource Efficiency & Waste Management	United States	23,961	2.1
Brambles	Resource Efficiency & Waste Management	Australia	23,627	2.1
Graphic Packaging Holding	Sustainable Food & Agriculture	United States	23,578	2.1
Ormat Technologies	Alternative Energy	United States	23,468	2.1
Borregaard	Resource Efficiency & Waste Management	Norway	23,447	2.1
Northland Power	Alternative Energy	Canada	23,137	2.1
Spirax-Sarco Engineering	Energy Management & Efficiency	United Kingdom	23,025	2.1
Top Twenty Holdings			**549,411**	**49.3**
EDP Renovaveis	Alternative Energy	Portugal	22,806	2.0
Altair Engineering	Digital Infrastructure	United States	22,413	2.0
Kingspan	Energy Management & Efficiency	Ireland	22,382	2.0
Bucher Industries	Sustainable Food & Agriculture	Switzerland	22,278	2.0
Mondi	Sustainable Food & Agriculture	United Kingdom	21,441	1.9
Croda International	Resource Efficiency & Waste Management	United Kingdom	20,362	1.9
Descartes Systems	Digital Infrastructure	Canada	20,124	1.8
Trimble	Digital Infrastructure	United States	19,633	1.8
Advanced Drainage Systems	Water Infrastructure & Technologies	United States	19,571	1.7
Generac Holdings	Energy Management & Efficiency	United States	19,114	1.7
Top Thirty Holdings			**759,535**	**68.2**
Other quoted holdings			427,968	38.4
Portfolio Total			1,187,503	106.6
Cash			11,054	1.0
Other net liabilities			(85,136)	(7.6)
Net assets			**1,113,421**	**100.0**

All investment is in equity securities unless otherwise stated.

The full portfolio is published each month, quarterly in arrears on the Company's website www.impaxenvironmantalmarkets.co.uk

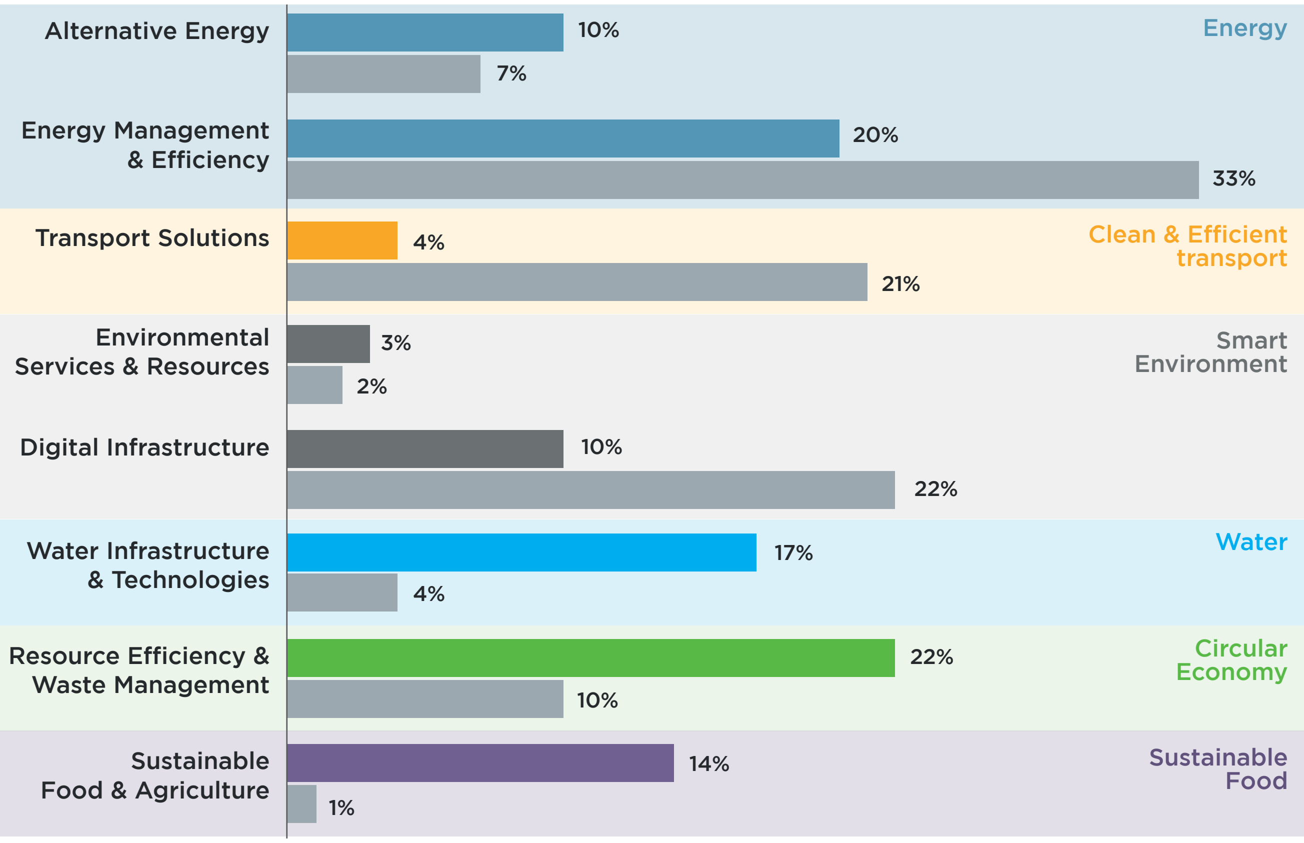
Structure of the Portfolio

As at 30 June 2024

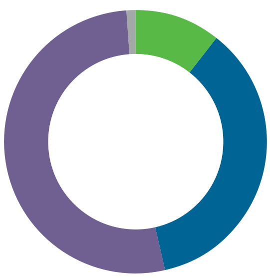
IEM holdings are represented by the top bar throughout the chart.
FTSE ET100 Index is represented by the bottom bar throughout the chart.

Breakdown by environmental sector

IEM Classification[1]

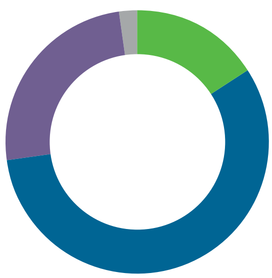


Breakdown by region



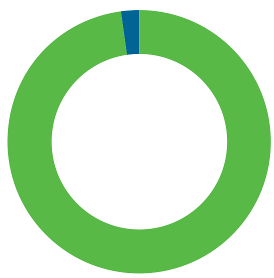
- North America, 54%
- Europe, 34%
- Asia Pacific, 11%
- Rest of World, 1%

Breakdown by market capitalisation



- Large Cap (US$20bn to US$200bn), 16%
- Mid Cap (US$5bn to US$20bn), 57%
- Small Cap (US$0.5bn to US$5bn), 25%
- Micro Cap (less than US$0.5bn), 2%

Breakdown by company profitability



- Profitable, 98%
- Unprofitable, 2%

1 Please see the 2023 Annual Report for further information on the Impax Environmental Markets classification system.

Environmental Markets

IEM Environmental Impact Report

Whilst it is crucial to monitor the environmental impact of IEM's investee companies, there are no impact targets around which the Manager seeks to build the portfolio.

The environmental impacts noted below are the measurable output of IEM's investment objective implemented using Impax's investment process. The focus on companies delivering environmental solutions naturally results in environmental benefits which Impax quantifies at the end of each year on the basis of the most recent portfolio company disclosures available.

Environmental impact of portfolio companies in 2023[1]

Based on £1m invested, companies held in the IEM portfolio contributed to:

	Total	Equivalent annual impact
Renewable electricity generated	253 MWh	70 Households' electricity consumption
Materials recovered/waste treated	17 tonnes	17 Households' waste output
Water provided/saved/treated	54 megalitres	422 Households' water consumption

Typically, Impax gathers Scope 1, 2, and 3 GHG emission data directly from company disclosures and/or via the Climate Disclosure Project ("CDP"). Where sufficient information is not available, companies are contacted to request additional information, which in some cases produces enhanced data. Impax uses third party estimates for missing Scope 1 and 2 GHG emissions. Impax does not use estimates for Scope 3 GHG emissions. Avoided GHG emissions arise from the portfolio companies' products and services. This data is sourced from the company directly or is calculated at the relevant individual company product level using a number of inputs to produce a conservative avoidance of GHG emissions figure. Such inputs may include volumes of products sold, product-level efficiency indicators vs regional baselines and regional grid efficiency factors.

GHG emissions impact of portfolio companies in 2023[1] (tCO_2)

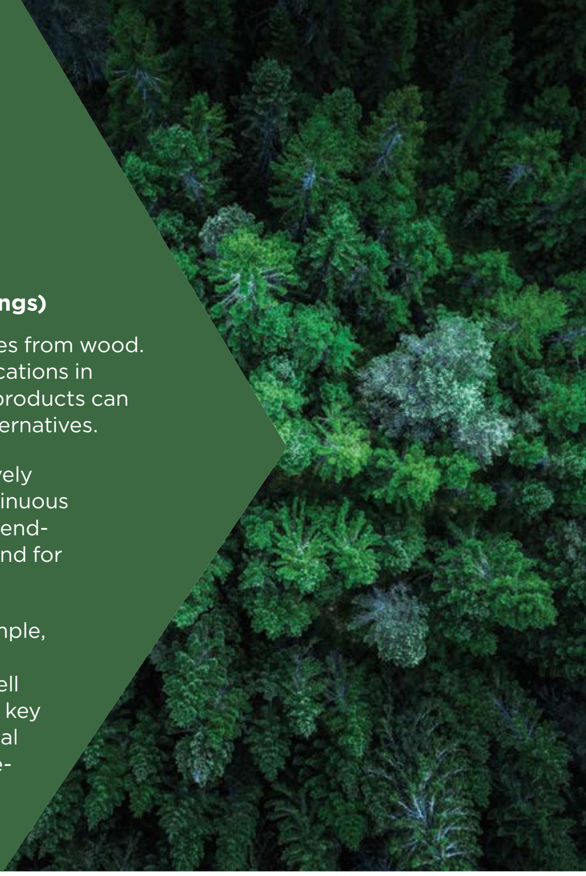
Based on £1m invested, companies held in the IEM portfolio contributed to:

	Total
Total GHG emissions	492 tCO_2
Scope 1 & 2	129 tCO_2
Scope 3	363 tCO_2
Avoided GHG emissions	646 tCO_2

Avoided GHG emissions equivalent to: 461 cars taken off the road

1 Latest year available.

Source: Impax Asset Management. Based on most recently reported annual environmental data for holdings and assets under management as of 31 December 2023.



ENVIRONMENTAL IMPACT - COMPANY EXAMPLE

Borregaard

Resource Efficiency & Waste Management, Norway (2.0% of portfolio holdings)

Borregaard is a leading biochemicals company that extracts value added substances from wood. These include biopolymers, specialty cellulose and bioethanol for a variety of applications in sectors such as agriculture, construction, pharmaceuticals and food. Borregaard's products can offer better performance, cost and environmental credentials than the synthetic alternatives.

Borregaard's diversified product portfolio and global sales network provides relatively stable revenues. At the same time, Borregaard's presence in global niches and continuous specialisation means the company consistently brings new products to a variety of end-markets. As a result, Borregaard is well-positioned to capitalise on increasing demand for bio-based solutions.

The company contributes to a number of Sustainable Development Goals. For example, its products can be used for efficient and sustainable feed (Goal 2 – Zero Hunger), and also replace hazardous chemicals such as solvents (Goal 3 Good Health and Well Being).[1] Borregaard also has robust sustainability disclosures in place, with detailed key performance indicators to track progress. Management is transparent about material environmental and social risks, publishing a detailed TNFD report to address nature-related impacts and dependencies.[2]

IEM Mapped to UN Sustainable Development Goals[3]

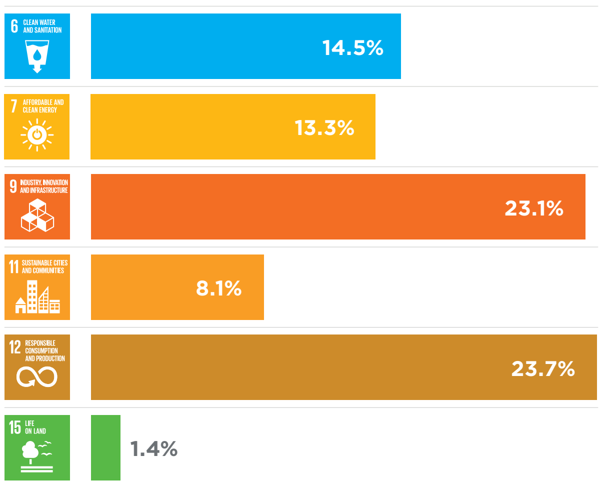
The UN Sustainable Development Goals ("SDGs") encompass 17 sets of targets to be met by the world's economies by 2030. The SDGs have been increasingly adopted by investors as a tool for evaluating impact outcomes.

The nature of Impax's investment philosophy results in meaningful exposure to the SDGs as an intrinsic effect of the investment process. Impax's investment process does not analyse alignment with SDGs as an investment objective or component of portfolio construction. Instead, the SDG framework is used to understand which portfolio companies are involved in activities that contribute towards addressing these critical global challenges, as a mapping and reporting exercise.

Reporting standards for environmental markets are continuously evolving. From 2025 the International Sustainability Standards Board, which is an independent body that develops and approves environmental reporting standards issued its inaugural standards – IFRS SI and IFRS S2 – in 2023. These will facilitate standardising climate-related risk and opportunities disclosures.

The bar chart illustrates the mapping of exposure to SDGs based on revenue exposure to environmental markets. At 31 December 2023, IEM's greatest linkage was to goals 12, 9 and 6.

IEM has 84% revenue exposure to SDGs:



- Goal 12, Responsible Consumption & Production, which relates to holdings in sustainable and efficient agriculture, and recycling and value-added waste processing;
- Goal 9, Industry Innovation & Infrastructure, which relates to holdings in industrial energy efficiency; and
- Goal 6, Clean Water & Sanitation, which relates to holdings in water utilities and infrastructure.

1 Our contribution to UN Sustainable Development Goals - Borregaard.
2 tnfd-report_2022_final-version.pdf (borregaard.com).
3 Source: Impax Asset Management. IEM holdings as at 31 December 2023 and UNSDG classification metrics as at 31 December 2022. Figures are based on Impax internal data. Impax's investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax's investment philosophy results in some meaningful revenue exposure within IEM. Numbers may not sum up due to rounding. For further information, please visit https://www.un.org/sustainabledevelopment/sustainable-development-goals.

Spotlight:

Investing to address biodiversity loss

The scale of exposure to nature-related risks means investors must urgently understand the drivers of biodiversity loss and invest in ways to reduce them.

Biodiversity loss is an urgent issue. The Living Planet Index, a measure of biodiversity based on population trends among species on land and in water, recorded an average 69% decline among animal populations between 1970 and 2018.[1]

The biodiversity crisis the world faces is a consequence of economic and technological development in which polluters and others who disrupt natural processes generally don't have to pay for the impacts of these externalities. It is also a result of the fact that there are over 8 billion people on Earth today with rising consumption.

Until now, we have been able to rely on ecosystem services – the varied benefits provided by the natural world to human wellbeing, either directly or indirectly – for free. Yet sustained biodiversity loss carries systemic risks: the World Economic Forum has estimated that half of global GDP is highly or moderately dependent on biodiversity.[2]

It follows that investment portfolios carry significant exposure to risks related to biodiversity loss. A 2023 study estimated that about 75% of the total market capitalisation of the FTSE 100 index of large UK-listed companies is dependent on ecosystem services.[3]

Despite rising awareness of the worlds collective dependency on nature, there is limited understanding of where and how this affects individual companies. However, this should not deter anyone from starting to address biodiversity-related risks, and seeking out solutions to challenges. One step is to begin allocating capital towards companies whose products and services reduce the drivers of biodiversity loss.

Investing to reduce the drivers of biodiversity loss

According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, there are five direct drivers of biodiversity loss: changing land and sea use, overexploitation of organisms, climate change, pollution and invasive species.

Products and services already exist that can – to differing extents – address, or at least alleviate, the pressures on ecosystems from each of these five drivers. Given the global social and economic importance of mitigating biodiversity, and the corresponding demand potential for products and services which do so, the Manager believes that the space holds many long-term opportunities for investors.

Understanding our investee companies' solutions

Understanding how companies are exposed to drivers of biodiversity loss is an important step of the IEM investment process. Doing so not only helps channel capital towards solutions, but also advances the Manager's understanding of the issue.

The Manager systematically evaluates biodiversity-related risks both in top-down sector analysis and bottom-up company sustainability analysis. Nature is also one of four thematic areas of company engagement, through which the Manager looks to manage investment-related risks and improve outcomes.

The Manager is mindful that there are times when the solution to the problem is not immaculate. For example, shifting to plant-based diets still may involve conversion of natural ecosystems to agricultural monocultures. Many providers of climate solutions are industrial companies – the fourth most carbon-intensive sector.[4] It is important to note all the biodiversity impacts of the Manager's investments on behalf of IEM, positive and negative.

Better data and disclosure are critical steps that can shine a light on these issues, enabling an accurate assessment — and valuation — of the risks and opportunities associated with biodiversity loss and its mitigation. Encouragingly, many companies, alongside the scientific community, are contributing to a rapid expansion of the data landscape. Only once the information gap has been bridged will capital flows begin to move the needle on biodiversity loss.

1 World Wide Fund for Nature and the Zoological Society of London.
2 World Economic Forum, in collaboration with PwC, 2020: Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy.
3 Layman, H. et al., September 2023: Short term solutions to biodiversity conservation in portfolio construction: forward looking disclosure and classification-based metrics. *Business Strategy and the Environment*.
4 Based on Scope 1 and 2 emissions.

The IEM portfolio holds examples relating to each driver across a range of sectors and geographies:

Changing land and sea use

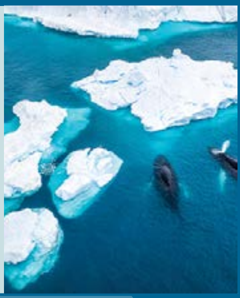
Precision agriculture technologies can help farmers grow more food on existing agricultural land with a smaller environmental footprint. Machines and systems supplied by Swiss-listed **Bucher Industries** for instance, can reduce the need for intensive soil tilling and repeat tractor coverage. This limits soil disturbance, retains moisture content and promotes increased soil biodiversity.[1]

Over-exploitation of organisms

Plant-based proteins can be substitutes for resource-intensive animal protein in human and animal diets. The Dutch-listed company **DSM-Firmenich** for instance, supplies more sustainable proteins sourced from the canola (rapeseed) plant for meat and dairy alternatives. Through a joint venture, DSM-Firmenich also produces a plant-based and renewable alternative to fish/krill oil, which is added to the feedstocks of farmed salmon. Making this switch prevents both the overfishing of smaller wild fish, as well as destruction of the sea floor through bottom trawling.

Climate change

Solutions that mitigate greenhouse gas emissions like renewable energy should contribute to the protection of ecosystems that are vulnerable to the effects of climate change. Portuguese-listed **EDP Renovaveis** is one of the largest pure-play developers of onshore renewables globally. In 2023, the company generated 34.6 TWh of renewable energy, avoiding the emissions of 20.4 million tons of CO_2.[2]



Pollution

Circular packaging solutions can substitute for single-use plastics, helping to avoid plastic pollution. US-listed **Graphic Packaging** is a leading producer of fibre-based and recyclable packaging for food and consumer goods. Its products helped divert 1.1mn metric tons of waste from landfill in 2022.[3]

Invasive species

Bilge-water treatment can help the global shipping industry avoid introducing invasive non-native species to new regions. **Clean Harbors**, a US-listed waste management company provides a broad range of maritime services, including extensive cleaning and maintenance of vessels.

1 Continuing the journey of conservation agriculture - Bucher Industries.
2 EDP Renovaveis, 2023: Annual Report p.106.
3 Graphic Packaging, 2023: ESG Report 2022.

Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Directors consider that the Chairman's Statement on pages 4 to 6 and the Manager's Report on pages 7 to 11 of this Half-yearly Financial Report, provide details of the important events which have occurred during the six months ended 30 June 2024 ("Period") and their impact on the financial statements. The statement on related party transactions and the Directors' Statement of Responsibility (below), the Chairman's Statement and the Manager's Report together constitute the Interim Management Report of the Company for the Period. The outlook for the Company for the remaining six months of the year ending 31 December 2024 is discussed in the Chairman's Statement and the Manager's Report.

Details of the largest ten investments held at the Period end are provided on pages 12 to 13 and the structure of the portfolio at the Period end is analysed on page 15.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are summarised below:

(i) economic and market risks - price movements of the Company's investments are highly correlated to market movements and general economic conditions. This is even more so for investee companies with small market capitalisation;

(ii) environmental markets - the Company invests in companies operating in environmental markets. There is a risk in such markets that change to governmental support, technology costs or customer demand may have an adverse effect;

(iii) share price trades at excessive discount to net asset value - returns to shareholders may be affected by the level of discount at which the Company's shares might trade;

(iv) financing risk – the Company may borrow money for investment purposes and should investment markets fall in value, any borrowing will enhance the level of loss. Capacity constraints on the availability of desirable companies for investment may mean the Company is unable to achieve the level of gearing wanted. Higher interest rates will increase the cost of borrowing for the Company and borrowings may not be available of acceptable types, amounts and/or interest rates;

(v) under performance of the investment manager - Consistent long-term underperformance by the investment manager may lead to poor performance of the Company compared to its benchmark comparators and peers, a widening of discount to NAV, a reduction in capital and dissatisfied shareholders;

(vi) failure or breach of information security (IT) - including cyber-security and physical security risks - failure of IT or physical security could potentially lead to breaches of confidentiality, data records being compromised and the inability to make investment decisions. In addition, unauthorized physical access to buildings could lead to damage or lose of equipment; and

(vii) operational risk - the management of the investment portfolio and other key services have been delegated to third party service providers. Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance or prevent the accurate reporting and monitoring of the Company's financial position.

Emerging risks are considered by the Board at its quarterly meetings and by the Audit Committee as part of its risk management and internal control review. Failure to identify emerging risks may cause reactive actions rather than being proactive and the Company could be forced to change its structure, objective or strategy and, in worst case, could cause the Company to become unviable or otherwise fail.

Specifically, the risks posed by global economic conditions including higher inflation and interest rates and disruption to supply chains as a result of the wars in Ukraine and the Middle East continue to be monitored by the Board. The Manager and other key service providers provide periodic reports to the Board on market impact and operational resilience to these events. The Board is satisfied that the key service providers have the ability to continue their operations efficiently in a remote or virtual working environment.

The Company's Annual Report for the year ended 31 December 2023 contains more detail on the Company's principal risks and uncertainties, including the Board's ongoing process to identify, and where possible mitigate, emerging risks (pages 42 to 46). Detail is also provided on other risks that, whilst not being identified as principal risks after mitigation controls are applied, are relevant risks to the Company. The Annual Report can be found on the Company's website at www.impaxenvironmentalmarkets.co.uk.

In the view of the board the principal risks and uncertainties facing the business are broadly the same as those in the published annual report and financial statements for the year ended 31 December 2023 and these risks and uncertainties remain applicable to the remaining six months of the year.

Related party transactions

Details of the investment management arrangements are provided in the Annual Report. There have been no changes to the related party transactions described in the Annual Report that could have a material effect on the financial position or performance of the Company.

Going concern

This Half–yearly Financial Report has been prepared on a going concern basis. The Directors consider this the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this report. In reaching this conclusion, the Directors considered the liquidity of the Company's portfolio of investments, as well as its cash position, income and expense flows. The Company's net assets as at 30 June 2024 were £1,113.4 million, of which £1,187.5 million was in quoted investments and cash totalled £11.1 million. The main liability of the Company is its borrowings of £85.2 million which is covered 13 times by the adjusted assets, well in excess of the level of cover required by the borrowing covenants of four times. The total expenses (excluding finance costs and taxation) for the six months ended 30 June 2024 were £5.7 million, while income was £12.7 million.

The Directors have considered the potential effect of continuing geopolitical tensions and economic uncertainties on the Company's portfolio of investments and that any future prolonged and deep market decline would likely lead to falling values in the Company's investments and/or reduced dividend receipts. However, as explained above, the Company has more than sufficient liquidity available to meet its expected future obligations.

Board of Directors

9 August 2024

Directors' Statement of Responsibility

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the Half-yearly Financial Report has been prepared in accordance with FRS 104 Interim Financial Reporting and gives a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.

Glen Suarez, Chairman of the Board of Directors

9 August 2024

Condensed Income Statement

Unaudited

	Notes	Six months ended 30 June 2024 Revenue £'000	Capital £'000	Total £'000	Six months ended 30 June 2023 Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments		–	(20,900)	(20,900)	–	41,677	41,677
Net foreign exchange gains/(losses)		–	1,871	1,871	–	(2,192)	(2,192)
Income	4	12,667	–	12,667	12,569	–	12,569
Investment management fees		(1,233)	(3,699)	(4,932)	(1,197)	(3,592)	(4,789)
Other expenses		(762)	–	(762)	(754)	–	(754)
Return on ordinary activities before finance costs and taxation		**10,672**	**(22,728)**	**(12,056)**	**10,618**	**35,893**	**46,511**
Finance costs	5	(566)	(1,696)	(2,262)	(385)	(1,155)	(1,540)
Return on ordinary activities before taxation		**10,106**	**(24,424)**	**(14,318)**	**10,233**	**34,738**	**44,971**
Taxation	6	(1,461)	(16)	(1,477)	(1,142)	(295)	(1,437)
Return on ordinary activities after taxation		**8,645**	**(24,440)**	**(15,795)**	**9,091**	**34,443**	**43,534**
Return per ordinary share	7	3.20p	(9.05p)	(5.85p)	3.00p	11.36p	14.36p

The total column of the Income Statement is the profit and loss account of the Company.

The supplementary revenue and capital columns are provided for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

Return on ordinary activities after taxation is also the "Total comprehensive income for the period".

The accompanying notes form part of these financial statements.

Condensed Balance Sheet

Unaudited

	Notes	As at 30 June 2024 £'000	As at 31 December 2023* £'000
Fixed assets			
Investments at fair value through profit or loss	3	1,187,503	1,295,847
Current assets			
Dividends receivable		1,195	586
Sales awaiting settlement		7,781	–
Taxation recoverable		64	39
Other debtors		376	166
Cash and cash equivalents		11,054	16,804
		20,470	**17,595**
Creditors: amounts falling due within one year			
Trade and other payables		(3,888)	(3,821)
Purchases awaiting settlement		(5,445)	–
		(9,333)	**(3,821)**
Net current assets		**11,137**	**13,774**
Total assets less current liabilities		**1,198,640**	**1,309,621**
Creditors: amounts falling due after more than one year			
Capital gains tax provision		(56)	(40)
Notes	8	(50,645)	(51,785)
Revolving credit facility	8	(34,518)	(35,312)
Net assets		**1,113,421**	**1,222,484**
Capital and reserves: equity			
Share capital	9	30,562	30,562
Share premium account		423,098	423,098
Capital redemption reserve		9,877	9,877
Share purchase reserve		–	52,557
Capital reserve		634,286	691,454
Revenue reserve		15,598	14,936
Shareholders' funds		**1,113,421**	**1,222,484**
Net assets per ordinary share -debt at bookcost	10	**429.33p**	**434.87p**
Net assets per ordinary share -debt at fair value	10	**429.37p**	**434.34p**

* Audited

Approved by the Board of Directors and authorised for issue on 9 August 2024.

Impax Environmental Market plc incorporated in England with registered number 4348393.

The accompanying notes form part of these financial statements.

Condensed Statement of Changes in Equity

Unaudited

Six months ended 30 June 2024	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening equity as at 1 January 2024		30,562	423,098	9,877	52,557	691,454	14,936	1,222,484
Dividend paid	11	–	–	–	–	–	(7,983)	(7,983)
Cost of share buybacks	9	–	–	–	(52,557)	(32,728)	–	(85,285)
Return for the period		–	–	–	–	(24,440)	8,645	(15,795)
Closing equity as at 30 June 2024		**30,562**	**423,098**	**9,877**	**–**	**634,286**	**15,598**	**1,113,421**

Six months ended 30 June 2023	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening equity as at 1 January 2023		30,562	423,098	9,877	141,872	657,373	13,156	1,275,938
Dividend paid	11	–	–	–	–	–	(7,604)	(7,604)
Cost of share buybacks	9	–	–	–	(20,029)	–	–	(20,029)
Return for the period		–	–	–	–	34,443	9,091	43,534
Closing equity as at 30 June 2023		**30,562**	**423,098**	**9,877**	**121,843**	**691,816**	**14,643**	**1,291,839**

The accompanying notes form part of these financial statements.

Condensed Statement of Cash Flows

Unaudited

	Notes	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000
Operating activities			
(Loss)/return on ordinary activities before finance costs and taxation*		(12,056)	46,511
Less: Tax deducted at source on income from investments		(1,461)	(1,142)
Foreign exchange (gains)/losses		(1,871)	2,192
Adjustment for losses/(gains) on investments		20,900	(41,677)
Special dividends received as capital		1,567	–
Increase in other debtors		(844)	(1,630)
Increase in other creditors		158	923
Net cash flow from operating activities		**6,393**	**5,177**
Investing activities			
Sale of investments		188,291	277,964
Purchase of investments		(104,750)	(265,682)
Net cash flow used in investing		**83,541**	**12,282**
Financing activities			
Equity dividends paid	11	(7,983)	(7,604)
Finance costs paid		(2,416)	(1,526)
Cost of share buybacks	9	(85,285)	(20,029)
Net cash flow used in financing		**(95,684)**	**(29,159)**
Decrease in cash		**(5,750)**	**(11,700)**
Cash and cash equivalents at start of period		**16,804**	**26,327**
Cash and cash equivalents at end of period		**11,054**	**14,627**

* Cash inflow includes dividend income received during the six months to 30 June 2024 of £19,285,000 (30 June 2023: £10,467,000) and bank interest of £272,000 (six months to 30 June 2023: £369,000).

Changes in net debt

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000
Net debt at start of year	(70,293)	(25,279)
Decrease in cash and cash equivalents	(5,750)	(11,700)
Foreign exchange movements	1,934	1,296
Net debt at end of period	**(74,109)**	**(35,683)**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

The Half-yearly Condensed Financial Statements have been prepared in accordance with FRS 104 Interim Financial Reporting issued by the Financial Reporting Council ('FRC') and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies in July 2022.

This Half-yearly Financial Report is unaudited and does not include all of the information required for a full set of annual financial statements. The Half-yearly Financial Report should be read in conjunction with the Annual Report and Accounts of the Company for the year ended 31 December 2023. The Annual Report and Accounts for the year ended 31 December 2023 were prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and received an unqualified audit report. The financial information for the year ended 31 December 2023 in this Half-yearly Financial Report has been extracted from the audited Annual Report and Accounts for the year ended 31 December 2023. The accounting policies in this Half-yearly Financial Report are consistent with those applied in the Annual Report for the year ended 31 December 2023.

2 Going concern

The Directors have adopted the going concern basis in preparing the accounts. Details of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources and took account of continued geopolitical and economic uncertainties, are given on page 21.

3 Investments at fair value through profit or loss

Classification of financial instruments

Securities of companies quoted on regulated stock exchanges and any holdings in unquoted companies are classified as 'at fair value through profit or loss' and are initially recognised on the trade date and measured at fair value in accordance with sections 11 and 12 of FRS 102. Investments are measured at subsequent reporting dates at fair value by reference to their market bid prices. Any unquoted investments are measured at fair value, which is determined by the Directors in accordance with the International Private Equity and Venture Capital guidelines.

Changes in fair value are included in the Condensed Income Statement as a capital item.

The classifications and their descriptions are below:

FRS 102 requires classification of financial instruments within the fair value hierarchy be determined by reference to the source of inputs used to derive the fair value and the lowest level input that is significant to the fair value measurement as a whole. The classifications and their descriptions are below:

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Holdings in companies with no quoted prices. Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

3 Investments at fair value through profit or loss continued

The classification of the Company's investments held at fair value is detailed in the table below:

	30 June 2024				31 December 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit or loss								
– Quoted	1,187,503	–	–	1,187,503	1,295,847	–	–	1,295,847
	1,187,503	**–**	**–**	**1,187,503**	**1,295,847**	**–**	**–**	**1,295,847**

At the period end the Company had no unlisted holding (2023: none).

4 Income

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000
Dividends from UK listed investments	910	889
Dividends from overseas listed investments	11,485	11,311
Bank interest received	272	369
Total Income	**12,667**	**12,569**

Dividends from overseas listed investments includes special dividends classified as revenue of £382,000 (2023: £75,000).

5 Finance costs

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest						
Interest on bank loans and repaid revolving credit facility ("RCF")	–	–	–	383	1,149	1,532
Interest on current RCF	240	749	989	–	–	–
Interest on Notes	309	897	1,206	–	–	–
	549	**1,646**	**2,195**	**383**	**1,149**	**1,532**
Direct finance costs						
Bank loans and repaid RCF	–	–	–	2	6	8
RCF	14	40	54	–	–	–
Notes	3	10	13	–	–	–
	17	**50**	**67**	**2**	**6**	**8**
Total	**566**	**1,696**	**2,262**	**385**	**1,155**	**1,540**

The Notes and revolving credit facility arrangement costs amounted to £252,000 and £217,000 respectively. The direct finance costs are amortised over the life of each of the Notes and the RCF.

6 Taxation

Analysis of charge in the period

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas taxation	1,461	–	1,461	1,142	–	1,142
Increase on CGT Provision	–	16	16	–	295	295
Taxation	**1,461**	**16**	**1,477**	**1,142**	**295**	**1,437**

The capital gains tax provision represents an estimate of the amount of tax provisionally payable by the Company on direct investment in Indian equities. It is calculated based on the long-term or short-term nature of the investments and the unrealised gain thereon at the applicable tax rate at the period end.

Movements on the capital gains tax provision for the period

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000
Provision brought forward	40	169
Increase in provision in period	16	295
Provision carried forward	**56**	**464**

7 Return per share

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000
Revenue return after taxation (£'000)	8,645	9,091
Capital return after taxation (£'000)	(24,440)	34,443
Return after tax (£'000)	**(15,795)**	**43,534**
Weighted average number of ordinary shares	269,884,823	303,095,575

The return per ordinary share is based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

There is no dilution to return per share as the Company has only ordinary shares in issue.

8 Notes and revolving credit facilities

The Company has €60 million of privately placed notes ("Notes").

The Notes consist of three tranches as follows:

- €20m maturing on 1 September 2030 with a floating coupon of Euribor + 1.35%
- €30m maturing on 1 September 2033 with a fixed coupon of 4.48%; and
- €10m maturing on 1 September 2035 with a fixed coupon of 4.63%.

The Company has a two-year £80m multi-currency revolving credit facility ("RCF") with The Bank of Nova Scotia, expiring on 6 September 2025. An amount equivalent to £35m was drawn down in Euro under the RCF with a floating interest rate priced at the relevant reference rate plus a margin of 1.6%. The RCF is secured by a floating charge over the assets of the Company and this floating charge has been extended to the Notes, so that the two lenders rank pari passu.

8 Notes and revolving credit facilities continued

A summary of the Company's borrowings follows.

	Interest rate	30 June 2024 Loan currency amount	30 June 2024 Bookcost £'000	31 December 2023 Loan currency amount	31 December 2023 Bookcost £'000
Notes – Fixed and floating rate					
Series A – Floating 2030	Euribor + 1.35%	€20,000,000	16,884	€20,000,000	17,263
Series B – Fixed 2033	4.48%	€30,000,000	25,321	€30,000,000	25,892
Series C – Fixed 2035	4.63%	€10,000,000	8,440	€10,000,000	8,630
			50,645		**51,785**
RCF- floating rate					
Non-sterling	Six month EURIBOR +1.6%	€40,872,000	34,518	€40,943,000	35,312
			85,163		**87,097**

The maturity profile of the Notes and Revolving Credit Facility as follows:

Payable after more than 1 year	30 June 2024 Bookcost £'000	31 December 2023 Bookcost £'000
Notes payable after more than 1 year	50,645	51,785
RCF payable after more than 1 year	34,518	35,312
	85,163	**87,097**

9 Share capital

	Six months ended 30 June 2024 Number	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 Number	Six months ended 30 June 2023 £'000
Issued and fully paid shares of 10p each				
Brought forward	281,115,039	28,111	304,167,039	30,416
Shares bought back and held in treasury	(21,774,810)	(2,177)	(4,835,000)	(484)
Carried forward	**259,340,229**	**25,934**	**299,332,039**	**29,932**
Treasury shares of 10p each				
Brought forward	24,508,500	2,451	1,456,500	146
Shares bought back and held in treasury	21,774,810	2,177	4,835,000	484
Carried forward	**46,283,310**	**4,628**	**6,291,500**	**630**
Share capital	**305,623,539**	**30,562**	**305,623,539**	**30,562**

During the period, 21,774,810 ordinary shares (30 June 2023: 4,835,000) have been bought back and held in treasury at a total cost of £85,285,000 after purchase costs of £577,000 (30 June 2023: £20,029,000 and £83,000, respectively).

Since the period end and up to 7 August 2024, the latest practicable date before publication of this report, a further 2,022,368 ordinary shares have been bought back and held in treasury at a total cost of £7,892,000 after purchase costs of £47,000.

10 Net asset value per ordinary share

	30 June 2024	31 December 2023
Net asset value ("NAV") (£'000)	1,113,421	1,222,484
Ordinary shares in issue (excluding shares held in treasury)	259,340,229	281,115,039
NAV per ordinary share with debt at bookcost	**429.33p**	**434.87p**

A reconciliation of shareholders' funds using debt at fair value is shown in the Alternative Performance Measures on page 31.

11 Dividends

(a) Dividends paid in the period

	2024		2023	
	RATE	£'000	RATE	£'000
Second interim in lieu of final for the previous year	2.90p	7,983	2.50p	7,604

(b) Dividends payable in respect of the period, which is the basis on which the requirements of s1158-1159 of the Corporation Tax Act 2010 are considered

	2024		2023	
	RATE	£'000	RATE	£'000
First interim for the current year[1]	1.80p	4,632	1.70p	5,032

1 The first interim dividend payable is based upon 257,317,861 ordinary shares, which is the number of shares in issue on the 7 August 2024, being the latest practical date before the publication of this Half-yearly Financial Report.

12 Transactions with the Manager and related party transactions

The Company's transactions with related parties in the period were with the Directors. There have been no material transactions between the Company and its Directors during the half year other than amounts paid to them in respect of expenses and remuneration for which there are no outstanding amounts payable at the half year period end.

Fees payable to the Manager are shown in the Income Statement. At 30 June 2024 the fee outstanding to the Manager was £2,196,000 (31 December 2023: £2,225,000; 30 June 2023: £2,397,000).

13 Status of this report

These financial statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. They are unaudited. The Half-yearly Financial Report will be made available to the public at the registered office of the Company. The report will be available in electronic format on the Manager's website (www.impaxam.com) and the Company's website, (www.impaxenvironmentalmarkets.co.uk).

The information for the year ended 31 December 2023 has been extracted from the last published audited financial statements, unless otherwise stated. The audited financial statement has been delivered to the Registrar of Companies. BDO LLP reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The Half-yearly Financial Report was approved by the Board on 9 August 2024.

Alternative Performance Measures

APMs are often used to describe the performance of investment companies although they are not specifically defined under FRS 102. The Directors assess the Company's performance against a range of criteria which are viewed as relevant to both the Company and its market sector. APM calculations for the Company are shown below.

Discount

The amount, expressed as a percentage, by which the share price is less than the Net Asset Value per ordinary share.

		Page	30 June 2024	31 December 2023
NAV per ordinary share – debt at bookcost (p)	a	3	429.33	434.87
Share price (p)	b	3	388.00	400.00
Discount	(b÷a)-1		**9.6%**	**8.0%**

Gearing

A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.

		Page	30 June 2024	31 December 2023
Total assets less cash/cash equivalents (£'000)	a	n/a	1,196,919	1,296,637
Net assets – debt at fair value (£'000)	b	3	1,113,537	1,220,980
Gearing (net)	(a÷b)-1		**7.5%**	**6.2%**

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into its ordinary shares on the ex-dividend date.

Period ending 30 June 2024		Page	Share price	NAV (Debt at fair value)	NAV (Debt at bookcost)
Opening at 1 January 2024 (p)	a	n/a	400.00	434.34	434.87
Closing at 30 June 2024 (p)	b	3	388.00	429.37	429.34
Dividend/income adjustment factor[1]	c	n/a	1.0072	1.0065	1.0078
Adjusted closing (d = b x c)	d	n/a	390.80	432.17	432.70
Total return	(d÷a)-1		**(2.3)%**	**(0.5)%**	**(0.5)%**

1 The dividend adjustment factor is calculated on the assumption that dividends paid out by the Company are reinvested into the shares of the Company at NAV at the ex-dividend date.

Net asset value - debt at fair value

The net asset value per ordinary share with debt at fair value at the period are shown below. These were calculated using 259,340,229 (31 December 2023: 281,115,039) ordinary shares in issue. Prior to the issuance of the Notes in September 2023, the Company's debt was valued at bookcost which approximated to fair value.

	30 June 2024 Net asset value attributable		31 December 2023 Net asset value attributable	
	£'000	Pence	£'000	Pence
Net asset value - Debt at bookcost	1,113,421	429.33	1,222,484	434.87
Add: Notes and RCF at bookcost value	85,163	32.84	87,097	30.98
Less: Notes and RCF at fair value	(85,047)	(32.80)	(88,601)	(31.51)
Net Asset Value - Debt at fair value	**1,113,537**	**429.37**	**1,220,980**	**434.34**

The fair value of the Notes is derived by aggregating the discounted value of future cashflows, being the contractual interest payments and the repayment of capital at maturity as each falls due. The discount rate for each tranche reflects the yield from the Euro Benchmark curve of similar maturity for each tranche and the spread of similar credit rated loans as observed via the ICE Bank of America Merrill Lynch Fixed Income Index. The fair value of the Notes is calculated daily for the purposes of the daily NAV. The basis of this is set out above.

Directors, Manager and Advisers

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Glen Suarez (Chairman)
Stephanie Eastment (Audit Committee Chairman)
Aine Kelly (Senior Independent Director)
Guy Walker
Elizabeth Surkovic

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