

AIFMD Disclosure Document for Impax Environmental Markets plc

Dated: October 2018

Article 23(1) and (2) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (the "AIFMD") requires that AIFMs shall for each of the AIFs that they market in the EEA make available to AIF investors, in accordance with the AIF rules or instruments of incorporation, certain information before they invest in the AIF, as well as any material changes thereto. Article 23 of the AIFMD has been implemented in the United Kingdom through Chapter 3.2 of the Investment Funds sourcebook of the Financial Conduct Authority Handbook ("FUND 3.2").

This document is issued by Impax Asset Management (AIFM) Limited (the "AIFM") solely in order to make available the information required by Article 23(1) and (2) of the AIFMD/FUND 3.2 to be made available to investors in Impax Environmental Markets plc (the "Company") before they invest in the Company. This document either contains that information or cross-refers to the relevant document available to investors that contains such information.

The Company's latest Annual Report and monthly fact sheet can be found on the Company's website www.impaxenvironmentalmarkets.co.uk.

REGULATORY REFERENCE		INFORMATION OR DOCUMENT AND REFERENCE
AIFMD Article 23(1)	FUND 3.2.2	
	(1)	
(a)	(a) a description of the investment strategy and objectives of the AIF;	See Annual Report
(a)	(b) if the AIF is a feeder AIF, information on where the master AIF is established;	Not applicable
(a)	(c) if the AIF is a fund of funds, information on where the underlying funds are established;	Not applicable
(a)	(d) a description of the types of assets in which the AIF may invest;	See Annual Report
(a)	(e) the investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and all associated risks;	See Annual Report
(a)	(f) any applicable investment restrictions;	See Annual Report

(a)	(g) the circumstances in which the AIF may use leverage;	See Annual Report
(a)	(h) the types and sources of leverage permitted and the associated risks;	See Annual Report While the use of borrowings should generally enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Ordinary Shares. Accordingly, the use of borrowings by the Company may increase the volatility of the Net Asset Value of the Ordinary Shares, and the price of the Ordinary Shares.
(a)	(i) any restrictions on the use of leverage and any collateral and asset reuse arrangements; and	See Annual Report There are no collateral and asset reuse arrangements.
(a)	(j) the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF;	The current policy of the Company's board of directors (the " Board ") is to use gearing up to 10 per cent. of net assets. The AIFMD prescribes two methods of measuring and expressing leverage and requires disclosure of the maximum amount of leverage the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to contribute to gearing. The Company has set the following leverage limit: 130 per cent. on both a gross and commitment basis.
(b)	(2) a description of the procedures by which the AIF may change its investment strategy or investment policy, or both;	The investment policy of the Company may be amended from time to time by the Board. No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.
(c)	(3) a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established;	Implications of the contractual relationship entered into for the purpose of investment While investors acquire an interest in the Company on subscribing for the Company's shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, shareholders have no direct legal or beneficial interest in those investments. The liability of shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the shares held by them. Shareholders' rights in respect of their investment in the Company are governed by the Company's Articles of Association and the Companies Act 2006. The Articles of

		<p>Association set out the respective rights and restrictions attaching to the Company's shares. Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its Articles of Association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims; and derivative actions. In the event that a shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such shareholder should consult its own legal advisers.</p> <p>Jurisdiction and applicable law</p> <p>As noted above, shareholders' rights are governed principally by the Articles of Association and the Companies Act 2006. By subscribing for shares, investors agree to be bound by the Articles of Association which is governed by, and construed in accordance with, the laws of England and Wales.</p> <p>Recognition and enforcement of foreign judgments</p> <p>Regulation (EC) 593/2008 ('Rome I') must be applied in all member states of the European Union (other than Denmark). Accordingly, where a matter comes before the courts of a relevant member state, the choice of a governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's courts may apply any rule of that member state's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement. Shareholders should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England. Depending on the nature and jurisdiction of the original judgment, Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, Regulation(EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims, the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters done at Lugano on 30 October 2007, the Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933 may apply. There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside</p>
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		those covered by the instruments listed above, although such judgments might be enforceable at common law.
(d)	(4) the identity of the AIFM, the AIF's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;	<p>Impax Asset Management (AIFM) Limited (the "AIFM") is the Company's AIFM with responsibility for portfolio management and risk management of the Company's investments.</p> <p>BNP Paribas Securities Services, London Branch (the "Depositary") has been appointed to fulfil the function of a depositary in accordance with article 21(1) of AIFMD. The Depositary was appointed as depositary pursuant to a depositary agreement dated 3 July 2014 between the Company, the AIFM and the Depositary (the "Depositary Agreement").</p> <p>The auditors to the Company are Ernst & Young LLP.</p> <p>PaxisIFM Fund Services (UK) Limited is appointed to provide fund administration and secretarial services to the Company (the "Administrator").</p> <p>Capita Asset Services is appointed as the Company's registrar. The registrar is responsible for the keeping the register of shareholders.</p> <p>Absent a direct contractual relationship between a Shareholder and a service provider to the Company, Shareholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a Shareholder may potentially bring a claim against the relevant service provider. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Company by the relevant service provider is, prima facie, the Company itself.</p>
(e)	(5) a description of how the AIFM complies with the requirements referred to in IPRU-INV 11.3.11G (Professional negligence) or GENPRU 2.1.67G (Requirements relevant to collective portfolio management investment firms) relating to professional liability risk;	To cover potential professional liability risks resulting from its activities the AIFM may carry out pursuant to the AIFMD, the AIFM has additional own funds which are appropriate to cover potential liability risks arising from professional negligence in accordance with the applicable rules of the Financial Conduct Authority.
	(6 a description of:)	
(f)	(a) any AIFM management function delegated by the AIFM;	None

(f)	(b) any safe-keeping function delegated by the depositary;	Under the Depositary Agreement, the Depositary may delegate to third parties any of its functions as depositary as set out in the Depositary Agreement, provided that such delegation is in compliance with the Depositary Agreement and applicable law, and save that in respect of its duties as set out in Article 21 of the AIFMD, only its safekeeping functions may be delegated. The Depositary has not delegated its safe-keeping function.
(f)	(c) the identity of each delegate appointed in accordance with FUND 3.10 (Delegation); and	None
(f)	(d) any conflicts of interest that may arise from such delegations;	The AIFM does not consider that any conflicts of interest arise from any safe-keeping function delegated by the Depositary in accordance with the terms of the Depositary Agreement.
(g)	(7) a description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets, in line with FUND 3.9 (Valuation);	<p>The Company's business is investing in financial assets, primarily global equities, with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy.</p> <p>The AIFM is ultimately responsible for the valuation of assets. The Administrator is responsible for the day-to-day preparation of the daily NAV including all security valuations and it is the AIFM's responsibility to validate this NAV. For hard-to-value assets, the Board must appoint a competent party to value the security, namely the AIFM Valuation Committee. The AIFM then instructs the Administrator as to what price the security should be held at. The valuation function is performed independently from the portfolio management function. Upon initial recognition, investments are held at fair value through the profit and loss. Fair value is the listed market value of the relevant exchange. Subsequently the investments are valued at fair value, which are closing bid prices for listed investments quoted on the relevant investment exchange.</p> <p>For hard-to-value investments which are not traded in active markets, unlisted and restricted investments, the AIFM has its own valuation policy, in line with IPEV and EVCA guidelines.</p> <p>In the absence of published official data, the AIFM takes into account the market price of recent, comparable arms' length transactions, earnings multiple analysis and where possible discounted cash flow analysis.</p>

(h)	(8) a description of the AIF's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;	<p>The AIFM has a liquidity management policy in relation to the Company which is intended to ensure that the Company's investment portfolio maintains a level of liquidity which is appropriate to the Company's obligations.</p> <p>The liquidity management policy is intended to ensure that the Company's investment portfolio is sufficiently liquid to meet the Company's ongoing cash requirements for the payment of dividends and operating expenses. This requires the AIFM to identify and monitor its investment in asset classes which are considered to be relatively illiquid. The investment strategy is intended to ensure that there are a sufficient number of investments that are readily realisable and can be sold to meet any funding requirements.</p> <p>The liquidity management policy is reviewed and updated, as required, on at least an annual basis.</p> <p>Shareholders do not have a right for their Ordinary Shares to be redeemed and the Company does not have a fixed winding-up date.</p>
(i)	(9) a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;	<p><i>AIFM</i></p> <p>The AIFM is entitled to remuneration each month which is calculated as follows:</p> <ul style="list-style-type: none"> • in respect of the first £475 million of the Company's net assets, one twelfth of 0.9 per cent. of such net assets; and • in respect of the Company's net assets exceeding £475 million, one twelfth of 0.65 per cent. of such net assets. <p>For these purposes, the net assets will be calculated as at close of business on the last business day of each calendar month.</p> <p><i>Depositary</i></p> <p>The Depositary is entitled to remuneration each month at a rate equivalent to one twelfth of 0.015 per cent on the value of the Company's assets to and including £150 million; plus one twelfth of 0.012 per cent on the value of the Company's assets in excess of £150 million. An annual minimum fee of £30,000 is payable to the Depositary.</p> <p><i>Directors</i></p> <p>Save for the Chairman of the Board and the Chairman of the Audit Committee, the fees are £23,000 for each Director per annum. The Chairman of the Board's fee is £34,500 per</p>

		<p>annum. The Chairman of the Audit Committee's fee is £28,000 per annum.</p> <p>The maximum level of fees payable, in aggregate, to the directors of the Company is currently £150,000 per annum.</p> <p>All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.</p> <p>The Company also incurs annual fees, charges and expenses in connection with administration, promotional activities, auditor's fees, lawyers' fees and depositary charges.</p> <p>The Company's ongoing charges figure is disclosed in the Annual Report. The Company's ongoing charges include the management fee.</p> <p>There is no formal cap on the level of the Company's ongoing charges, although the Board receives monthly management accounts which contain analysis of expenditure and are reviewed at quarterly Board meetings. The Company's Remuneration Committee formally reviews the fees payable to the Company's main service providers on an annual basis.</p>
(j)	(10) a description of how the AIFM ensures a fair treatment of investors;	The AIFM will treat all of the Company's investors fairly and will not allow any investor to obtain preferential treatment, unless such treatment is appropriately disclosed.
	(11) whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:	
(j)	(a) that preferential treatment;	No investor currently obtains preferential treatment or the right to obtain preferential treatment.
(j)	(b) the type of investors who obtain such preferential treatment; and	No investor currently obtains preferential treatment or the right to obtain preferential treatment.
(j)	(c) where relevant, their legal or economic links with the AIF or AIFM;	No investor currently obtains preferential treatment or the right to obtain preferential treatment.
(l)	(12) the procedure and conditions for the issue and sale of units or shares;	<p>The Company's shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange.</p> <p>New shares may be issued at a premium to net asset value, at the Board's discretion and providing relevant shareholder</p>

		issuance authorities are in place. While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company.
(m)	(13) the latest net asset value of the AIF or the latest market price of the unit or share of the AIF, in line with FUND 3.9 (Valuation);	The Company's NAV is published by way of an announcement via a Regulatory Information Service. For internet users, additional data on the Company, including the latest published NAV and the closing price of shares for the previous day of trading on the London Stock Exchange is available on the Company's website: www.impaxenvironmentalmarkets.co.uk
(k)	(14) the latest annual report, in line with FUND 3.3 (Annual report of an AIF);	The latest annual report of the Company will be made available on the Company's website: www.impaxenvironmentalmarkets.co.uk
(n)	(15) where available, the historical performance of the AIF;	The Company's historical performance data, including copies of the Company's previous annual report and accounts, are available on the Company's website: www.impaxenvironmentalmarkets.co.uk
	(16)	
(o)	(a) the identity of the prime brokerage firm;	Not applicable
(o)	(b) a description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed;	Not applicable
(o)	(c) the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets; and	Neither the Depositary nor any delegate appointed by it may re-use the Company's assets without the prior written consent of the AIFM.
(o)	(d) information about any transfer of liability to the prime brokerage firm that may exist; and	Not applicable
(p)	(17) a description of how and when the information required under FUND 3.2.5 R and FUND 3.2.6 R will be disclosed.	Under FUND 3.2.5 R, the AIFM must disclose to investors periodically: (1) the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature;

		<p>(2) any new arrangements for managing the liquidity of the Company; and</p> <p>(3) the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks.</p> <p>The information shall be disclosed as part of the Company's periodic reporting to investors and, at a minimum, at the same time as the Company's annual report is made available.</p> <p>Under FUND 3.2.6 R, the AIFM must disclose on a regular basis:</p> <p>(1) any changes to:</p> <p>(a) the maximum level of leverage that the AIFM may employ on behalf of the Company; and</p> <p>(b) any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and</p> <p>(2) the total amount of leverage employed by the Company.</p> <p>Information on changes to the maximum level of leverage and any right of re-use of collateral or any guarantee under the leveraging arrangements shall be provided without undue delay.</p> <p>Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company's periodic reporting to investors, and at least at the same time as the Company's annual report is made available.</p> <p>Without limitation to the generality of the foregoing, any information required under FUND 3.2.5 R and FUND 3.2.6 R may be disclosed (a) in the Company's annual report, (b) in the Monthly Factsheets that are available on the Company's website at www.impaxenvironmentalmarkets.co.uk, (c) by the Company issuing an announcement via a Regulatory Information Service or (d) by the Company publishing the relevant information on the Company's website.</p>
<p>AIFMD Article 23(2)</p>	<p>FUND 3.2.3</p>	
<p>23(2)</p>	<p>(1) An AIFM must inform investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability, in accordance with regulation 30 of the AIFMD UK Regulation.</p>	<p>Pursuant to the Depositary Agreement and in accordance with applicable law, the Depositary may discharge its liability for loss of financial instruments held in custody.</p> <p>The Depositary Agreement also contains provisions that limit the Depositary's liability in respect of loss of financial instruments held in custody and other loss. Under the</p>

		<p>Depository Agreement, the Depository will also be indemnified by the Company in certain circumstances.</p>
23(2)	<p>(2) The AIFM must also inform investors without delay of any changes with respect to depository liability.</p>	<p>Without limitation, Shareholders may be informed (a) in the Company's annual report, (b) in the Monthly Factsheets that are available on the Company's website at www.impaxenvironmentalmarkets.co.uk, (c) by the Company issuing an announcement via a Regulatory Information Service or (d) by the Company publishing the relevant information on the Company's website.</p>

Disclaimer

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