IMPAX Asset Management

Impax Core Bond Fund

Quarterly Commentary
All data as of 12/31/2022

Performance summary

- The Impax Core Bond Fund underperformed the Bloomberg Barclays US Aggregate Bond Index (Barcap Index) in the fourth quarter.

Market review

- The fourth quarter was eventful with continued material economic data and major monetary policy news from the Federal Reserve (Fed). Inflation was again front and center with the Consumer Price Index (CPI) providing conflicting results. Early in the quarter CPI hit a fresh 40 year high with services and housing inflation continuing to climb. The higher than estimated results ignited talk of a possible 100 basis point (bps)[1] move by the Fed. However, later in the quarter CPI reversed course and came in less than estimated. This provided some relief for markets.
- Early in the quarter the Fed raised rates by 75 basis points. The commentary was hawkish with Fed Chairman Powell commenting that the Fed still has "some ways to go" on rates and that "it is very premature" to think about pausing rates. Later in the quarter the Fed raised rates by an additional 50 basis points. This step down was viewed as a little less hawkish than previous meeting. Lastly, the Fed released their latest Summary of Economic Projections. This report outlines the Fed's thoughts on GDP, Unemployment and Inflation. They decreased their forecast for real GDP, raised unemployment forecasts and raised inflation forecasts.
- After digesting the new information, treasuries swung between higher rates and lower rates. In the end the 10-year treasury ended essentially flat for the quarter.

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Performance — as of 12/31/2022

	1m	Qtr	YTD	1y	3y	5y	10y	Incep[2]
Investor Class	-0.55	1.47	-13.16	-13.16	-2.98	-0.36	–	0.26
Institutional Class	-0.53	1.54	-12.94	-12.94	-2.74	-0.12	–	0.51
Bloomberg Barclays US Aggregate Index[3]	-0.45	1.87	-13.01	-13.01	-2.71	0.02	–	0.78
Lipper Core Bond Funds Index[4]	-0.60	1.86	-13.39	-13.39	-2.40	0.24	–	1.00

Performance data quoted represent past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For most recent month-end performance information, visit www.impaxam.com.

Figures include reinvested dividends, capital gains distributions, and changes in principal value.

2 The inception date for the Impax Core Bond Fund Institutional Class and Investor Class is December 16, 2016.

As of the 5/1/22 prospectus, total annual Core Bond Fund operating expenses, gross of any fee waivers or reimbursements (excluding Acquired Fund fees and expenses), for Investor Class and Institutional Class shares are 0.71% and 0.46%, respectively.

Contributors

- The portfolio's underweight to US Treasuries was the largest contributor to performance. Treasury prices in general were lower over the quarter. The portfolio managers chose to allocate more resources to credit sensitive sectors versus treasuries.

Detractors

- During the quarter, selection within Government Related securities and allocation and selection in Asset backed Securities (ABS) were negative contributors. While both asset classes provided a positive total return, they did not keep up with index return due to their lower duration. Many of the government related securities are mature within three years which is lower than the benchmarks duration.
- With regards to ABS, the asset class in general lags the tightening of corporate bonds and that lag caused the asset class to underperform. In addition, some of the portfolio's out of index ABS widened more than the higher quality benchmark names.

Outlook

- Inflation, Fed policy and corporate earnings continue to be major drivers of the bond market. As mentioned above the Fed dialed down the size of the interest rate hikes during the period. Expectations are for continued slowdown of hikes and a possible pivot to ending hikes or a rate cut late in the year.
- As the market gets closer to the end of the Fed rate hikes, the portfolio managers have been gradually increasing credit exposure in the portfolio. The portfolio has been defensively positioned and has performed well over the last year. While the portfolio managers are not calling a bottom to markets, they do want to be in position to participate if markets rally. As such, the team has been modestly increasing corporate and agency Mortgage Backed Security (MBS) exposure.

Fund overview

An investment-grade bond strategy focused on the opportunities and risks arising from the transition to a more sustainable economy.

Portfolio management team

Anthony Trzcinka, CFA, Portfolio Manager

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Portfolio characteristics as of 12/31/2022

Effective duration[f]

Fund	Benchmark
5.97%	6.14%

Years to maturity[~]

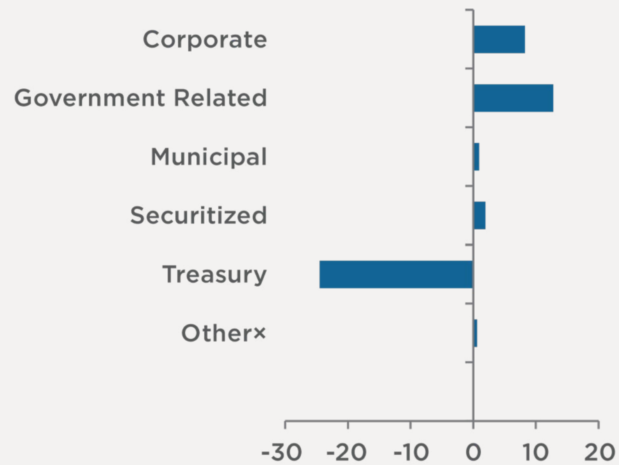
Fund	Benchmark
13.43	13.06

30-Day SEC Yield[°]

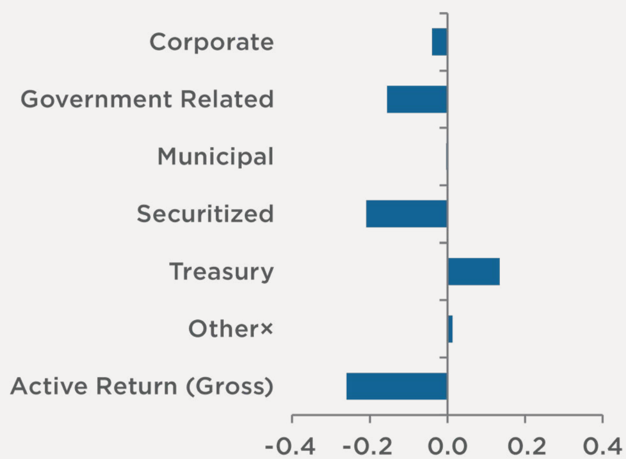
Investor	Institutional
3.75%	4.01%

Performance attribution 9/30/2022 – 12/31/2022

Sector: Average active weights (%)



Total relative contribution (%)



[x] Other: ETFs (for short-term cash mgmt. purposes) and Cash & Equivalents.

Past performance is no guarantee of future results. Short-term performance may not be indicative of long-term results.

Definitions

ƒ Effective Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

˜ Years to Maturity (weighted average) is the number of years until the bond matures and/or expires.

° 30-Day SEC Yield: An annualized yield based on the most recent 30-day period.

Top 10 holdings as of 12/31/2022

United States Treasury Note, 4.0% 11/15/42: 4.4%; United States Treasury Note, 3.875% 11/30/27: 3.5%; United States Treasury Note, 4.0% 11/15/52: 2.7%; United States Treasury Note, 4.125% 11/15/32: 1.2%; European Investment Bank, 3.25%, 1/29/24: 1.0%; International Bank For Reconstruction & Development, 1.625%, 1/15/25: 1.0%; European Investment Bank, 2.5%, 3/15/23: 0.6%; Kfw Bankengruppe, 2.625%, 2/28/24: 0.6%; United States Treasury Note, 0.125%, 7/15/24: 0.6%; and United States Treasury Note, 0.375%, 7/15/27: 0.6%. Holdings are subject to change.

Disclosures

1 Basis points, otherwise known as bps, is a unit of measure to describe the percentage change in the value of financial instruments or the rate change in an index or other benchmark. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

3 The Bloomberg Barclays US Aggregate Bond Index is a broad base index, maintained by Bloomberg L.P. often used to represent investment grade bonds being traded in the United States.

4 Lipper Core Bond Index tracks the results of the 30 largest mutual funds in the Lipper Core Bond Index Funds Average. The Lipper Core Bond Index Funds Average is a total return performance average of mutual funds tracked by Lipper, Inc. that invest at least 85% in domestic investment-grade debt issues (rated in the top four grades) with any remaining investment in non-benchmark sectors such as high-yield, global and emerging market debt. These funds maintain dollar-weighted average maturities of five to ten years.

One cannot invest directly in an index.

RISK: Yield and share price will vary with changes in interest rates and market conditions. Investors should note that if interest rates rise significantly from current levels, bond fund total returns will decline and may even turn negative in the short term. Mortgage related securities tend to become more sensitive to interest rate changes as interest rates rise, increasing their volatility. There is also a chance that some of the fund's holdings may have their credit rating downgraded or may default. The Fund is actively managed. The investment techniques and decisions of the investment adviser and the Fund's portfolio manager(s), including the investment adviser's assessment of a company's ESG (Environmental, Social and Governance) profile when selecting investments for the Fund, may not produce the desired results and may adversely impact the Fund's performance, including relative to other Funds that do not consider ESG factors or come to different conclusions regarding such factors.

Environmental, social, and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

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The statements and opinions expressed are those of the author as of the date of this report. All information is historical and not indicative of future results and subject to change. This information is not a recommendation to buy or sell any security. Past performance does not guarantee future results. An investment in Impax Funds involves risk, including loss of principal.

You should consider a fund's investment objectives, risks, and charges and expenses carefully before investing. For this and other important information, please obtain a fund prospectus by calling 800.767.1729 or visiting www.impaxam.com. Please read it carefully before investing.

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