

Impax Global Environmental Markets Fund

Quarterly Commentary

All data as of 12/31/2023

Performance

- The Impax Global Environmental Markets Fund outperformed the MSCI ACWI Index during the fourth quarter.

Market review

- Equity markets finished lower over the quarter, as expectations of a soft economic landing began to fade and the “higher for longer” interest rates scenario prevailed. Central banks continued to raise interest rates,

with the Federal Reserve indicating there may yet be another rate hike this year. Rising bond yields and a surge in the oil price (driven by production curtailments) has resulted in more value and cyclical parts of the market such as energy, financials and commodities, outperforming. Higher rates and persistent inflation are creating uncertainty about growth due to the potential for a lagged impact on consumers and corporations. Recent sentiment surveys have shown a deterioration in the services sectors, and while the manufacturing sector is showing signs of stability, it is not yet recovering.

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Performance		as of 12/31/2023						
	1m	Qtr	YTD	1y	3y	5y	10y	Incep ¹
Investor Class	8.08	14.00	16.55	16.55	3.22	12.05	7.33	6.76
Class A	8.09	14.02	16.58	16.58	3.24	12.06	7.33	6.76
Institutional Class	8.15	14.07	16.85	16.85	3.49	12.35	7.60	7.03
MSCI ACWI (Net) Index ²	4.80	11.03	22.20	22.20	5.75	11.72	7.93	6.57

Performance after sales charge		as of 12/31/2023						
	1m	Qtr	YTD	1y	3y	5y	10y	Incep ¹
Class A (Load)	2.14	7.73	10.16	10.16	1.30	10.80	6.73	6.38

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.

¹ The inception date for the Impax Global Environmental Markets Fund Institutional Class and the Investor Class is March 27, 2008. The Class A shares inception date is May 1, 2013.

Total annual Global Environmental Markets Fund operating expenses, gross of any fee waivers or reimbursements, for Institutional Class, Investor Class and Class A shares are 0.91%, 1.16%, and 1.16%, respectively, as of 5/1/2023 prospectus.

The performance information shown for Class A represents the performance of the Investor Class shares for the period prior to Class A inception. Expenses have not been adjusted to reflect the expenses allocable to Class A shares. Class A inception date return since May 1, 2013 is 8.81% (annualized). A 1.00% CDSC (contingent deferred sales charge) may be charged on any shares sold within 18 months of purchase over \$1 million. POP (public offering price) reflects the maximum sales load for the Fund's Class A Shares of 5.50%.

Market review, continued

- Corporate earnings were generally better than expected, albeit after negative revisions earlier in the year. Destocking of some inventory channels has been a feature, with lower volumes and weaker pricing impacting margins in some sectors. Against this backdrop, the investment teams are closely monitoring the quality of the earnings to affirm that the long-term drivers remain intact, but overall expect earnings growth of sustainable and environmental markets to be better than the broader market. There has also been support for sustainable investment coming out of Climate Week with California stepping up climate disclosures and policymakers in both the US and Europe addressing some of the bottlenecks in the wind industry. In addition, the current rise in energy prices should act as a tailwind for companies providing energy and resource efficiency solutions.
- While the effects of higher interest rates on consumer and corporate activity remain uncertain, these worries are increasingly being priced into valuations. The investment team views some of the current individual disruptions such as inventory destocking as largely temporary. They are taking opportunities in the market to add to quality companies while constructing portfolios that should benefit from a recovery in 2024 and beyond.

Key performance drivers (absolute basis)

- Returns were strong during the fourth quarter, with notable gains coming from the portfolio's Industrial and Information Technology exposure. Energy Management & Efficiency as well as Alternative Energy exposure delivered reassuring earnings results with resilient end market demand, leading to improved sentiment and share price appreciation for industrial and building energy efficiency, smart & efficient grid, and wind power generation equipment holdings. Falling treasury yields, ongoing interest in artificial intelligence themes, and expectations of a better outlook led to strong gains from software, semi-conductor, and cloud computing holdings. Exposure to defensive models also positively contributed to absolute returns during the period, as waste management & recycling holdings delivering improved free cash flow growth and margin expansion moved higher. Environmental testing and specialty nutritional ingredient holdings, which have underperformed throughout most of the calendar year due to post COVID-19 inventory adjustments, experienced a rebound during the quarter given tentative signs of an inventory correction cycle bottoming.

Key performance drivers (relative basis)

- Relative outperformance during the quarter vs. the MSCI ACWI was a function of positive security selection and asset allocation. From a security selection perspective, the portfolio experienced outperformance within Industrials and Health Care. The portfolio's Industrial exposure positively contributed to relative returns in Q4, as robust earnings results with strong top line growth, profitability, and free cash flow generation boosted share prices for Industrial and Building Energy Efficiency, Waste Management, and Construction Rental Equipment holdings. Within Health Care, holdings with life sciences exposure rebounded during the period, with guidance suggesting material signs of a recovery from a temporary but challenging inventory adjustment cycle. As oil prices retracted from highs during the quarter, the portfolio benefitted from no exposure to Energy, the worst performing sector. The portfolio also benefitted from overweight exposure to Industrials as expectations for a soft economic landing supported sector gains.

Contributors (absolute basis)

- **Agilent (Environmental Testing & Monitoring, US)** outperformed in the fourth quarter. Destocking headwinds, concerns around weaker end-market demand, and a challenging macroeconomic environment in China has weighed on share price returns throughout 2023. Sentiment improved during the period following the Q4 earnings release with results exceeding expectations and 2024 guidance that was meaningfully better than the market feared. Importantly, results indicated material signs of improvement in order trends and more constructive commentary around stabilization from Chinese end-market exposure.
- **United Rentals (Resource Circularity & Efficiency, US)** outperformed during the period, supported by solid Q3 results as well as positive tailwinds related to megaproject and infrastructure opportunities. These policy-related opportunities from legislation such as the US Inflation Reduction Act or the CHIPS & Science Act have the potential to be economically insensitive and provide a cushion for growth in the event of a construction downturn. With superior scale and purchasing power, the company was able to generate above average industry returns and disproportionately benefit from secular shift of ownership to renting of construction equipment.

Contributors (absolute basis), continued

- **Vestas (Wind Power Generation Equipment, Denmark)** rebounded strongly during the period. Promising quarterly results provided indications of greater pricing discipline, order book growth, operating margin improvement, and positive momentum in the offshore wind industry.

Detractors (absolute basis)

- **Aptiv (Advanced Road Vehicles & Devices, US)** declined due to the company reporting lower than expected excess growth versus the automotive end markets driven by some manufacturers reigning in spending on future Electric Vehicle capacity, coupled with adverse impact from the industry strike action in the US. Despite short term issues, the company has a promising outlook for continued margin improvement driven by content growth and declining cost headwinds. Additionally, the uniqueness and attractiveness of their product proposition should support continued end-market demand growth.
- **Trimble (Efficient IT, US)** declined in the period, as a cyclical downturn in their hardware business resulted in a disappointing earnings release. Although Trimble experienced strong performance from their software business, the company reported a decline in construction/civil engineering hardware sales due to a weaker residential construction environment in Europe and China.
- **Cognex (Industrial Energy Efficiency, US)** sold off in the quarter, driven by lowered guidance for Q3 revenues reflecting a near-term challenging end market for a shorter cycle business that is sensitive to economic conditions. The near-term earnings forecast does not reflect true earnings power potential through the cycle.

Outlook

- As the Investment team looks ahead, they believe over the longer term, the environment remains supportive of opportunities across a wide range of sustainable solutions. With a change in market expectations of softer monetary policy, the team is cautiously optimistic that lower yields should feed through to slightly lower interest rates and financing costs. In turn, this should support industrial and consumer spending, helping expected earnings growth remain positive for 2024. However, the team also remains alert to the risk of continued volatility and a delayed impact in some parts of the economy from higher interest costs. During the recent quarter, encouraging results in certain sectors that have suffered from temporary destocking headwinds and inventory corrections, such as health care testing and natural ingredients, provided tentative signs of a recovery for cyclically depressed businesses. Policy Tailwinds continue to accelerate opportunities within Environmental Markets, including the US Inflation Reduction act, the European Green Deal, the CHIPS and Science Act, and the Infrastructure Investment & Jobs Act. The portfolio remains well balanced between economically resilient businesses and businesses positioned for cyclical growth in order to safely navigate the different phases of the macroeconomic cycle, including the opportunity to pass-on inflationary pressures. The Focus remains on high quality companies with resilient operational business profiles, demonstrable pricing power and above average earnings growth for a potentially lower growth-higher cost of capital era, underpinned by the secular drivers of environmental markets.

Fund overview

A global thematic strategy investing in companies that are developing innovative solutions to resource challenges in environmental markets.

Portfolio management team

Hubert Aarts, Deputy CIO, Listed Equities, Executive Director

David Winborne, Senior Portfolio Manager

Siddharth Jha, Portfolio Manager

Portfolio characteristics as of 12/31/2023

Market cap (weighted avg.)^f

Fund	Benchmark
\$163,679mn	\$469,292mn

Forward price/earnings[~]

Fund	Benchmark
22.06	16.35

ROE^o

Fund	Benchmark
20.61%	21.10%

Beta^o

Fund	Benchmark
1.13	1.00

Number of securities

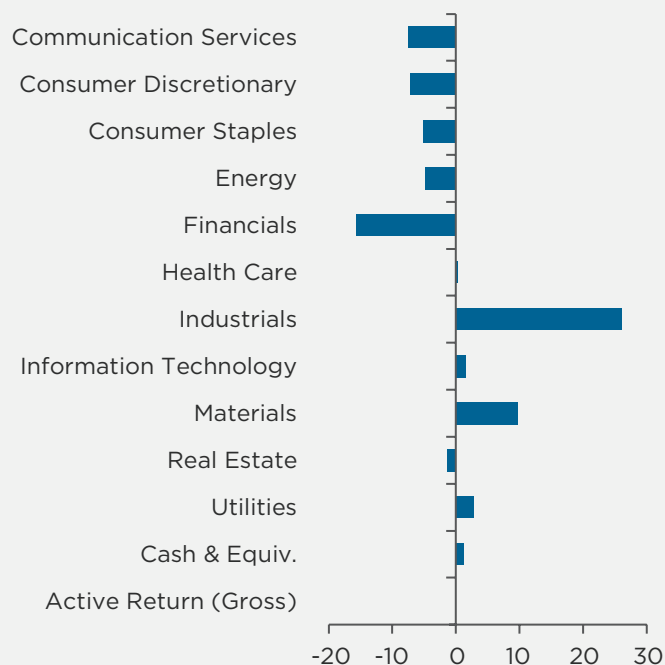
Fund	Benchmark
45	2,920

Performance attribution

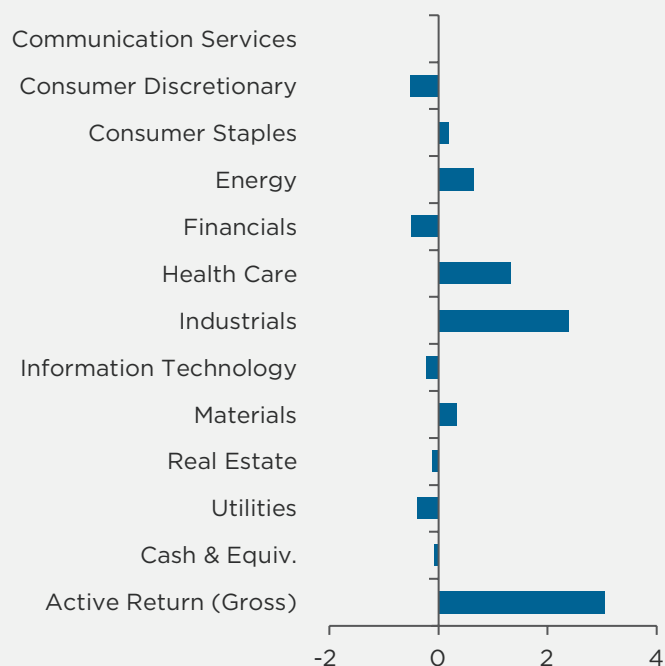
Global Industry Classification Standard[†]

9/30/2023 – 12/31/2023

Sectors: Average active weights (%)



Total relative contribution (%)



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

[†] The Global Industry Classification Standard (GICS) is a standardized classification system for equities developed jointly by Morgan Stanley Capital International (MSCI) and Standard & Poor's. The GICS methodology is used by the MSCI indexes, which include domestic and international stocks, as well as by a large portion of the professional investment management community.

Past performance is no guarantee of future results.

Definitions

- ^f Weighted Average is an average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on the average.
- [~] Forward Price-Earnings Ratio or P/E FY1 ratio is a ratio for valuing a company that measures its current share price relative to its per-share earnings over the next 12 months.
- ^o Return on Equity: The amount of net income returned as a percentage of shareholders' equity. Return on equity measures a corporations' profitability by revealing how much profit a company generates with the money shareholders have invested.
- [∞] A historical Beta is used for Funds with greater than two years of performance history under the same mandate. Five year Beta is used. Beta reflects the sensitivity of a Fund's return to fluctuations in its benchmark; A beta for a benchmark is 1.00: A beta greater than 1.00 indicates above-average volatility and risk.

Top 10 holdings as of 12/31/2023

Linde PLC 3.9%, Microsoft Corp. 3.8%, Republic Services, Inc. 3.6%, Agilent Technologies, Inc. 3.6%, Waste Management, Inc. 3.6%, Air Liquide SA 3.5%, Schneider Electric SE 3.5%, Texas Instruments, Inc. 2.9%, United Rentals, Inc. 2.7% and Waters Corp 2.7%. Holdings are subject to change.

Disclosures

- 2 The MSCI ACWI (Net) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 50 country indexes comprising 23 developed and 27 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom and United States. The emerging market country indexes included are: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. Performance for the MSCI ACWI Index is shown "net," which includes dividend reinvestments after deduction of foreign withholding tax.
- 3 EBITDA, or earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income.
- 4 Earnings Per Share (EPS) is a financial ratio, which divides net earnings available to common shareholders by the average outstanding shares over a certain period of time.

One cannot invest directly in an index.

RISK: Equity investments are subject to market fluctuations, the fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings. Emerging market and international investments involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, economic or political instability in other nations or increased volatility and lower trading volume. 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.

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.



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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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