

Impax Global Environmental Markets Fund

Quarterly Commentary

All data as of 03/31/2025

Performance

- The fund underperformed the benchmark during the last quarter

Market overview

- Global equities, as measured by the MSCI ACWI, declined in Q1 after early strength turned negative as uncertainty surrounding US tariffs dominated sentiment and news flow.
- The continued broadening of markets drove a change in regional and sector-level leadership with US equities underperforming Chinese and European counterparts, and technology stocks lagging all sectors during the period. Following strong returns in January, incoming US President Donald Trump's spooked markets with threats, retractions, and the eventual implementation of tariffs on key trading partners. Amid the uncertainty, the US Federal Reserve (Fed) held interest rates in both February and March, and projected slower growth and higher core inflation by year end. In the eurozone, interest rates were cut twice during the quarter, while a range of new fiscal commitments – including a EUR500bn infrastructure spending plan from Germany – led markets to outperform the US although still ending the month lower. In China, manufacturing activity expanded at its fastest pace in a year in March, suggesting that the government's stimulus measures were aiding the economic recovery despite the threat of US tariffs raising growth concerns.
- From a sector perspective, Energy was at the forefront of index returns as global oil prices rallied. Utilities and other defensive sectors also showed relative strength during the period. The pullback in technology continued as the sector delivered the weakest returns of the quarter followed by Consumer Discretionary stocks.
- Looking beyond the short-term volatility triggered by Trump's tariffs, we believe global growth remains on track to improve in 2026 after a slowdown in 2025. If the tariff negotiations last for several months, we would expect companies to start guiding for lower earnings due to a potential slowdown in GDP growth. We would also expect the Fed to move to avoid a potential recession by cutting rates more than the two 25-bps reductions currently expected by the market. As long-term investors, we aim to manage portfolios through this challenging period with near-term caution and optimism for the longer term.

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Performance (%)	Total return			Average annual return				
	1M	3M	YTD	1Y	3Y	5Y	10Y	SI ¹
Institutional Class	-4.40	-1.71	-1.71	-3.36	3.16	12.95	7.89	6.72
Investor Class	-4.41	-1.78	-1.78	3.60	2.89	12.66	7.62	6.45
Class A (Load-waived)	-4.37	-1.74	-1.74	-3.60	2.90	12.67	7.62	6.43
MSCI ACWI	-3.95	-1.32	-1.32	7.15	6.91	15.18	8.84	7.03

Performance after sales charge

Performance (%)	Total return			Average annual return				
	1M	3M	YTD	1Y	3Y	5Y	10Y	SI ¹
Class A (max. 5.5% sales charge)	-9.62	-7.15	-7.15	-8.92	0.98	11.40	7.01	6.08

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 distribution, and changes in principal value.

¹First full month since inception. The inception date for Impax Global Environmental Markets Fund Institutional Class is 03/27/2008 and Investor Class is 03/27/2008, and Class A is 05/01/2013. As of 05/01/2024 prospectus, total annual Impax Global Environmental Markets Fund operating expenses, gross of any fee waivers or reimbursements (excluding Acquired Fund fees and expenses), for Institutional Class, Investors Class, and Class A shares are 0.91%, 1.16% and 1.16%, respectively.

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 8.12% (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%.

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Key performance drivers

The Fund's returns declined during the first quarter and slightly underperformed its primary benchmark, the MSCI ACWI. Information Technology was the primary detractor to absolute returns, as the development of an open-source large language model from Chinese AI startup DeepSeek raised concerns of a disruption in AI leadership, and triggered a sharp sell-off in the Information Technology sector. In relative terms, however, holdings held up better than the broader sector. A lack of mega-cap exposure was beneficial during the period as greater economic uncertainty has raised investor concerns around some of the drivers underpinning the extremely narrow market leadership seen in 2023 and 2024. The portfolio's Health Care exposure was a negative driver in absolute and relative terms, as recessionary fears and rising US/China geopolitical tensions weighed on sentiment for Environmental Testing & Monitoring holdings. Despite the share price volatility, the investment team continues to believe the portfolio's health care exposure offers a compelling risk-reward ratio. The portfolio's defensive exposure was a bright spot during the turbulent quarter given increased investor interest in more resilient areas of the market. This led to positive contributions from Materials, Utilities and Industrials. High-quality, operationally defensive businesses with strong market share and pricing power, such as Waste & Recycling and Industrial Gas holdings, generated strong returns.

Contributors (absolute basis)

- Siemens (Industrial Energy Efficiency, Germany) experienced a share price rally during the period due to strong quarterly results underscoring strong execution, particularly within Digital Industries which is benefiting from robust underlying demand. The German fiscal stimulus plan also supported the outlook for the company.
- Waste Management (General Waste Management, US) advanced higher during the period, driven by strong operational results which included record margins from its core collection and disposal business. The company remains well positioned to benefit from further pricing gains, contributions from sustainability investments, and synergies from the 2024 Stericycle acquisition.
- Air Liquide (Industrial Energy Efficiency, France) generated strong returns in the quarter as global economic uncertainty led to increased investor interest in the highly resilient industrial gas sector. Furthermore, Air Liquide is benefiting from encouraging cost initiatives aimed at closing the profitability gap with close peer Linde, while significant European end-market exposure also appears relatively attractive.

Detractors (absolute basis)

- Microsoft (Cloud Computing, US) moved lower during the period, in line with the broader de-rating of mega-cap technology stocks. The market also responded negatively to 'just good enough' earnings results. Microsoft pushed out expectations for when its cloud platform Azure would reaccelerate growth by two quarters, which was the main driver of disappointment.
- Agilent Technologies (Environmental Testing & Monitoring, US) moved lower during the period as recessionary fears and rising US/China geopolitical tensions weighed on sentiment. Agilent remains a very attractively priced business that appears on the precipice of a multi-year upcycle in demand.
- Nvidia (Cloud Computing, US) experienced a share price sell-off during the quarter due to disappointing margin guidance and uncertainty stemming from the announcement of an open-source large language model from Chinese AI startup DeepSeek. Nvidia suffered from investor concerns around the potential for reduced demand for high-end graphics processing units (GPUs) as DeepSeek's efficiency suggests lower computational requirements. Despite the drop in Nvidia's stock, its advanced chips and proprietary coding language, Cuda, remain industry standards, indicating that it still holds a strong position in the AI market. As long as there is demand for inference there will be demand for Nvidia's products.

Outlook

- The investment team believes that over the longer term, the environment remains supportive of opportunities across a wide range of sustainable solutions. While markets entered 2025 with the view that US President Trump's pro-growth policies would provide a tailwind for US equities, investors are now grappling with increased uncertainty and weaker consumer and corporate confidence associated with tariffs and geopolitical tensions. Given elevated levels of market volatility, the investment team continues to maintain exposure to high-quality operationally defensive businesses that provide a ballast for the portfolio, in highly resilient areas like waste & recycling and industrial gas. These companies tend to be oligopolies that benefit from durable demand and attractive pricing power.
 - The portfolio remains positioned for a re-rating in sectors that have suffered from temporary destocking issues where the long-term thesis remains intact, such as Health Care Environmental Testing & Monitoring exposure. The launch of DeepSeek and greater economic uncertainty has led to investor concerns around some of the drivers underpinning the extremely narrow market leadership seen in 2023 and 2024. While a weaker growth outlook will pose challenges in absolute terms, the portfolio's underweight to momentum and mega-cap technology should be helpful in relative terms. Over the long-term, themes like energy efficiency, grid upgrades, policy tailwinds (re-shoring) and AI-related opportunities remain attractive secular growth opportunities for portfolio holdings.
 - Within Environmental Markets, President Trump's historic stance on Environmental and Climate policies is creating sentiment headwinds for renewables stocks. However, while the opportunity set for Leaders is often conflated with this sector, the portfolio currently has zero exposure. The strategy seeks to capitalize on long-term structural growth trends, such as demographic change, technological innovation and greater consumption. These are durable and sustainable, regardless of who is in the White House.
- 2 The focus remains on high quality companies with resilient operational business profiles, demonstrable pricing power and above average earnings growth, underpinned by the secular drivers of environmental markets.

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Fund overview

Impax Global Environmental Markets Fund is a long-only, all-cap global equities strategy investing in Environmental Markets..

Portfolio managers

Hubert Aarts, David Winborne, Siddharth Jha

Portfolio characteristics

As of 03/31/2025

Market cap (weighted average)^f

Fund	Benchmark
US\$300BN	US\$599BN

Forward price earnings[~]

Fund	Benchmark
20.2x	17.0x

ROE^o

Fund	Benchmark
22.8%	20.9%

Beta[∞]

Fund	Benchmark
1.05	-

Number of securities

Fund	Benchmark
43	2,558

Performance attribution as of 03/31/2025

Sector: Average active weights (%)

Energy	-3.89
Financials	-15.25
Health Care	0.09
Industrials	25.78
Information Technology	6.19
Materials	8.59
Real Estate	-2.04
Utilities	1.11
Cash	1.04

Total relative contribution (%)

Energy	-0.42
Financials	-1.39
Health Care	-0.93
Industrials	0.69
Information Technology	-0.41
Materials	0.94
Real Estate	-0.10
Utilities	0.54
Cash	0.02
Total	-0.59

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.
- [∞] The Ex-Ante Beta is calculated using a multi-factor risk model. Beta explains common variations in stock returns due to different stock sensitivities to the market relative to its underlying benchmark for the current period, not historical. A beta for a benchmark is 1.00: A beta greater than 1.00 indicates above average volatility and risk.

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Top 10 holdings as of 03/31/2025 Holdings subject to change.

Stocks	Weighting (%)
MICROSOFT CORP	5.6%
LINDE PLC	4.9%
WASTE MANAGEMENT INC	4.4%
AIR LIQUIDE SA	4.3%
AGILENT TECHNOLOGIES INC	4.2%
VEOLIA ENVIRONNEMENT	2.9%
SCHNEIDER ELECTRIC SE	2.9%
NVIDIA CORP	2.8%
UNION PACIFIC CORP	2.6%
KERRY GROUP PLC-A	2.6%

Definitions and disclosures

The MSCI All Country World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. It covers 23 developed and 24 emerging market country indexes. The index is displayed in USD.

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.

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You should consider a fund's investment objectives, risks, and charges and expenses carefully before investing. For this and other information is in the prospectus, call 800.767.1729 or visit www.impaxam.com for a fund prospectus and read the prospectus carefully before investing.

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