Performance summary
• The Impax Global Environmental Markets Fund underperformed the MSCI ACWI Index during the third 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.

Performance as of 9/30/2023

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<td>Investor Class</td>
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<td>Class A</td>
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<td>Institutional Class</td>
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<td>-5.82</td>
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<td>MSCI ACWI (Net) Index²</td>
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<td>-4.14</td>
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Performance after sales charge as of 9/30/2023

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<th>Performance after sales charge</th>
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<td>Class A (Load)</td>
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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.

² 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 inventory values and weaker pricing impacting margins in some sectors. Against this backdrop, the investment team 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 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)

• Portfolio returns declined during the quarter, with notable underperformance coming from the portfolio’s Information Technology, Industrials and Utilities exposure, as higher interest rates, inventory corrections, and weaker near-term end market demand impacted share price returns for several portfolio holdings across these sectors. Sentiment was quite poor for businesses with factory automation exposure given slowing order trends which led to underperformance from Industrial Energy Efficiency holdings.

• Despite the short-term volatility, order-books remain extremely healthy, and the Investment team believes that this cyclical slowdown is temporary rather than a structural decline in automation demand. Rising bond yields and negative sentiment around the offshore wind industry led to weakness from the portfolio’s Alternative Energy Exposure.

• Additionally, post COVID-19 inventory adjustments have led to delays in recovery across several sectors, including specialty nutritional ingredients, and environmental testing companies. While these adjustments have taken longer than expected, there are some signs of the inventory correction cycle bottoming, most prominently in the environment testing names. A final notable feature was profit taking from some of the semiconductor capex related names which had performed well earlier in the year.

Key performance drivers (relative basis)

• Relative underperformance during the quarter versus the MSCI ACWI was driven by both negative stock selection and negative asset allocation. The portfolio experienced underperformance from holdings within Utilities, Information Technology and Healthcare.

• Within Utilities, the sector suffered from negative sentiment in the offshore wind industry following the announcement of a large impairment from a leading offshore wind operator. Within Information Technology, challenging near-term inventory backstop as well as concerns around short-term end-market demand led to share price weakness for portfolio holdings with industrial automation and semi-conductor value chain exposure. The portfolio’s Healthcare exposure continues to experience pressure from life science de-stocking and biotech weakness, and more recently from a sharp deceleration in China, driving down the share price for Environmental Testing & Monitoring holdings.

• From an asset allocation perspective, Energy, Communication Services and Financials were the top performing sectors during the quarter. These areas present very few investable opportunities that align with the Environmental Markets Taxonomy and represent structural underweight exposure for the portfolio. No exposure to these sectors, as well as overweight exposure to sectors that underperformed the broader market, (Industrials and Utilities) detracted from relative returns in the quarter.

Contributors (absolute basis)

• Westrock (Food Safety & Packaging, US) rebounded during the quarter, aided by signs of stability in the containerboard industry and strong quarterly results, with cost savings and input cost deflation leading to EBITDA1 and EPS2 coming in above consensus expectations. The share price also rallied on news of a proposed merger with Smurfit Kafka, a European paper packaging company.

• Trane (Buildings Energy Efficiency, US) advanced higher during the quarter. The company delivered solid earnings, with positive commercial Heating, Ventilation, and Air Conditioning (HVAC) trends as well as residential business normalization leading to near record high bookings.

• Waters (Environmental Testing & Monitoring, US) moved higher during the quarter, following a challenging first half of the year with the share price facing pressure from lower end-market demand. The company reported promising Q2 results, with the reduction in FY2023 guidance coming in much better than feared, and tentative signs of stability in certain end markets.

Detectors (absolute basis)

• Orsted (Renewable Energy Developers & IPPs, Denmark) develops, owns, and operates renewable energy generation assets, with a particular focus on offshore wind farms – it is the largest developer globally of projects. Due to rising bond yields, and supply chain – or project cost – inflation, questions have been asked about the shareholder value creation of Orsted’s US projects, due a recent impairment and where management are close to making a final investment decision. These offshore wind sector headwinds are likely to persist for the next 12 – 18 months, but the company is nevertheless well positioned to benefit in next 3 – 5 years from more auctions and substantial growth opportunities.

• Waste Management (General Waste Management, US) sold off during the period, largely due to the negative correlation with the rising 10-year yield but also because of a slowing contribution from growth into 2024 from price increases and volatility in results from highly value accretive investments in renewable natural gas energy projects and automated recycling facilities.

• Cognex (Industrial Energy Efficiency, US) sold off in the quarter, driven by lowered guidance for Q3 revenues reflecting a 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 expect to see continued levels of uncertainty regarding the impact of interest rates on end-market demand. While the dramatic rise in interest rates exerted downward pressure on global stock markets and portfolio returns during the quarter, the forward-looking nature of equity markets have increasingly been pricing-in future uncertainty into valuations. As these risks have continued to price into valuations, the investment managers are finding increasingly attractive opportunities for the medium-to-long term.

• Additionally, they view some of the current individual stock difficulties as largely temporary and continue to focus on companies with solid fundamentals, that are expected to deliver earnings growth over the medium-term. The investment team is closely monitoring the quality of 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. These parts of the market continue to separate policy support, with China announcing further spending on infrastructure and incentives on EVs and spending from the Inflation Reduction Act feeding into the US economy.

• Impax believes that over the longer-term, the environment remains supportive of opportunities across a wide range of sustainable solutions. The portfolio remains well balanced between economically resilient businesses and businesses positioned for cyclical growth 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, demonstrating 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.
Definitions

- 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.
- Return on Equity: The amount of net income returned as a percentage of shareholders’ equity. Return on equity measures a corporation’s 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 9/30/2023

Linde PLC 4.4%, Waste Management, Inc. 3.9%, Republic Services, Inc. 3.8%, Air Liquide SA 3.7%, Agilent Technologies, Inc. 3.4%, Schneider Electric SE 3.1%, Microsoft Corp. 3.0%, Aptiv PLC 3.0%, Veolia Environnement SA 2.9% and United Rentals, Inc. 2.8%. 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.

Past performance is no guarantee of future results.
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.

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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