IMPAX Asset Management

Impax Global Opportunities Fund

Quarterly Commentary
All data as of 12/31/2023

Performance

- Over the period, the portfolio rose in absolute terms but marginally underperformed the MSCI ACWI Index.

Market review

- The quarter finished with a strong rally, with both bonds and equities posting gains. The US Federal Reserve held rates steady again in December and investors are more confident that the monetary tightening cycle has peaked, and that interest rate cuts are likely in 2024. This view has been fuelled by cooler inflation as lower energy and material costs feed into data. While labour markets remain relatively tight, wage pressure is moderating. Economic data has been mixed, but overall has been resilient enough to fuel expectations of a soft landing. Earnings have also been more supportive, with positive surprises outweighing negative surprises. Geopolitics remains a risk, but Sino-US tensions eased somewhat after a relatively positive summit between US President Biden and Chinese President Xi Jinping. The rally was broad, led by more interest rate and economic sensitive parts of the market. Energy was a notable laggard as oil prices pulled back as supply was increased.
- Sentiment is improving, and the market has begun to price in a better outlook for 2024. While a clear turning point is not yet evident in the data, global manufacturing sentiment indicators are becoming less negative and service sentiment indicators remain in expansionary territory. The investment team continues to look for opportunities and has added to quality companies experiencing temporary disruptions such as inventory destocking, while also constructing portfolios that should benefit from an earnings recovery in 2024. The recent rally in equities has mostly been driven by a re-rating in stock valuations, therefore the team has looked to take profit where companies have rallied hard on improved investor sentiment.
- The team is cautiously optimistic as 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

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Performance — as of 12/31/2023

	1m	Qtr	YTD	1y	3y	5y	10y	Incep[1]
Investor Class	5.07	10.54	15.15	15.15	3.59	12.74	–	9.78
Institutional Class	5.11	10.62	15.50	15.50	3.84	13.01	–	10.02
MSCI ACWI (Net) Index[2]	4.80	11.03	22.20	22.20	5.74	11.72	–	8.85
Lipper Global Multi-Cap Growth Funds Index[3]	6.36	12.83	22.35	22.35	-0.46	11.65	–	8.28

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 Opportunities Fund Institutional Class and the Investor Class is June 27, 2018.

Total annual Global Opportunities Fund operating expenses, gross of any fee waivers or reimbursements, for Institutional Class and Investor Class are 1.08% and 1.33%, respectively, as of 5/1/2023 prospectus. Total annual Global Opportunities Fund operating expenses, net of any fee waivers, reimbursements and acquired fund fees and expenses, for Institutional Class and Investor Class, shares were 0.98% and 1.23%, contractual through May 1, 2024.

Market review, continued

growth remain positive for 2024. However, the team also remain alert to the risk of continued volatility and a delayed impact in some parts of the economy from higher interest costs. They continue to monitor earnings carefully as margins may still be under pressure. Impax believes the drivers of the transition to a more sustainable economy remain intact and companies providing innovative solutions and addressing social and environmental challenges remains compelling. Over the long run, we believe these companies can benefit from rising demand for the products and services to deliver strong earnings growth.

Key performance drivers (absolute basis)

- Markets were buoyed by expectations of a peak in interest rates and expectations of a soft landing, which drove a rally in interest rate and economically sensitive parts of the market. Positive absolute performance came from companies with strong secular drivers. For example, in Industrials, companies enabling the circular and sharing economy through rental models, and businesses providing resource efficiency solutions have both performed well. In Information Technology, the portfolio is capturing increasing digitalisation trends through companies providing semiconductor manufacturing equipment, software design tools and cloud computing, and these companies also had a strong quarter.

Key performance drivers (relative basis)

- Relative to the MSCI ACWI the portfolio marginally underperformed. Sector allocation was a small negative, as the positive effect of holding no Energy was offset by the overweight to Health Care, which lagged a strong market. Stock selection was a detractor, with strong performance in Industrials offset by weaker performance across several sectors including Consumer Staples, Consumer Discretionary and Financials. While there were some stock specific issues, style factors were also factor. The portfolio has a tilt towards more defensive growth characteristics and is underweight interest rates sensitive financials and smaller companies, both of which performed strongly over the quarter. As a result, while the portfolio rose in absolute terms it did not fully participate in the market rally.

Contributors (absolute basis)

- Contributors tended to be backed by positive earnings delivery and displayed good inflation resilience.
- **Cintas (Diversified Support Services, US)**, is a leader in the North American uniform rental and facilities services market and an example of a high-quality sharing economy business model. The firm delivered sales and earnings above expectations with organic growth accelerating from 8% in prior quarters to 9% and the company also raised full year guidance. Margins have continued to trend higher, and the company is benefiting from growth in multiple end market as well as cost synergies from cross-selling of products.
- **Microsoft (Systems Software, US)** continues to be a favoured beneficiary of interest in the artificial intelligence (AI) theme. The move higher has been supported by strong results, with both revenues and profits above consensus. The Azure cloud platform continues to be an engine of growth with revenues rising 29%, driven by a strong product offering and early adoption of their AI offerings.
- **Schneider (Components & Equipment, US)** has experienced strong investor interest as it is well aligned to secular growth in digital industries through its exposure to data centres and rising demand for electrification and improved building energy efficiency. The company announced sold earnings and mid term growth targets which include expectations of margin expansion.

Detractors (absolute basis)

- Earnings announcements have tended to be a factor for a number of detractors.
- **Lonza (Life Science & Tools, Switzerland)**, a contract manufacturer of pharmaceuticals, fell after announcing cuts to mid-term growth rates and lowering margin expectations. Sentiment towards the stock was impacted by several factors including uncertainty over the CEO replacement. In addition, when the company revealed the cancellation of a number of high-profile projects, it also disclosed the organic growth rate was lower, and the risk profile higher, than they had previously indicated.

Detractors (absolute basis) continued

Aptiv (Auto Parts & Equipment, US) delivered solid earnings but declined due to lower-than-expected excess growth versus the automotive end markets as some manufacturers are reigning in spending on future electric vehicle capacity. The company was also temporarily adversely affected by the auto workers strike in the US. While growth in electric vehicles (EVs) may moderate, the investment team believes Aptiv is well placed to benefit from the trends of increasing electrification of vehicles, autonomous driving and a focus on safety features.

- **Becton (Health Care Equipment, US)**
  Underperformance was driven by the company's Q4 earnings report and FY24 guidance. Guidance was only modestly below expectations, but the market reacted negatively to the company indicating the first quarter might be weaker, with growth tilted towards a second half acceleration.

Outlook

- Heading into 2024 the investment team continues to look for opportunities to add quality companies with strong secular growth drivers from the transition to a more sustainable economy. Market optimism has increased on the back of expectations of a peak in the monetary tightening cycle, however the investment team believes there may still be a delayed effect from higher interest rates which could impact some parts of the economy. As such they remain focused on companies demonstrating consistent growth, strong pricing and lower debt levels, as these companies may be better equipped to navigate through a period of more challenging growth and volatility. They also continue to see opportunities from onshoring and near-shoring investment, which is improving prospect across industrial and technology companies. Alpha generation is also expected from life science and nutritional ingredient companies which have experienced temporary disruptions from COVID-19 related inventory destocking, but where longer term opportunities remain intact. Areas of interest for the Fund also include beneficiaries of increased spending on drug discovery and testing, the accelerating digital transformation of enterprises, companies providing access to finance and businesses enabling the rise of the sharing and circular economy.

Fund overview

A global equity strategy that invests in companies positioned to benefit from the transition to a more sustainable global economy.

Portfolio management team

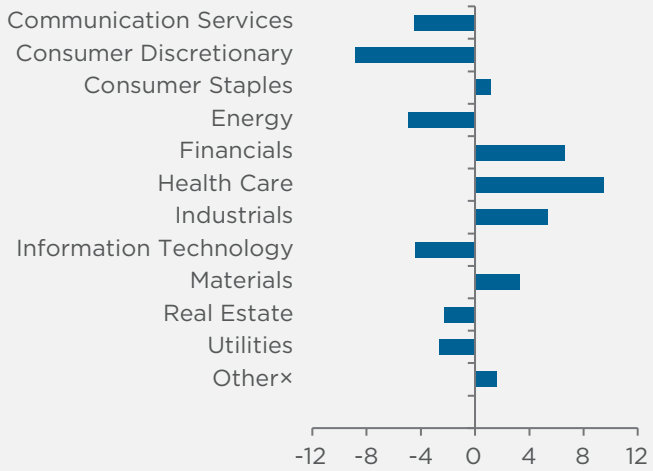
David Winborne, Portfolio Manager
Kirsteen Morrison, Portfolio Manager

Portfolio characteristics — as of 12/31/2023

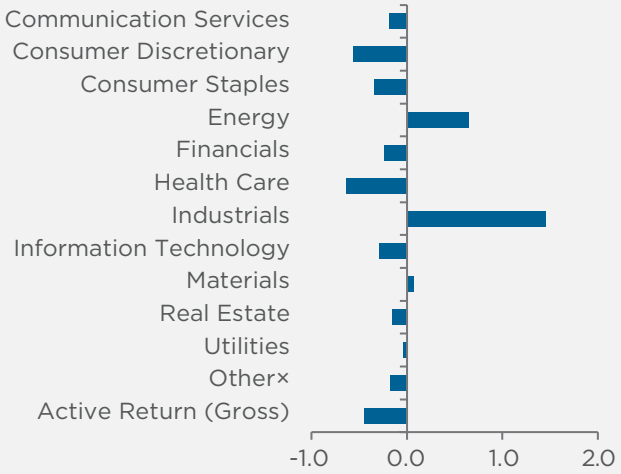
	Fund	Benchmark
Market cap (weighted avg.)[f]	$242,053M	$469,292M
Forward price/earnings~	21.58	16.35
ROE°	20.92%	21.10%
Beta∞	0.96	1.00
Number of securities	38	2,920

Performance attribution 9/30/2023 – 12/31/2023

Sectors: Average active weights (%)



Sectors: Total relative contribution (%)



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

Past performance is no guarantee of future results.

Definitions

ƒ 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.

∞ An Ex-Ante Beta is used for Funds with less than two years of performance history under its new mandate. 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.

Top 10 holdings as of 12/31/2023

Microsoft Corp. 4.9%, Linde PLC 4.7%, MasterCard, Inc., Class A 4.4%, Cintas Corporation 4.2%, Schneider Electric SE 3.8%, Hannover Rueck SE 3.7%, Alcon AG 3.6%, Wolters Kluwer NV 3.6%, Thermo Fisher Scientific, Inc. 3.4% and HDFC Bank, Ltd. 3.3%. 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 The Lipper Global Multi-Cap Growth Funds Index tracks the results of funds that invest in a variety of market capitalization ranges without concentrating 75% of their equity assets in any one market capitalization range over an extended period of time. Multi-cap funds typically have 25% to 75% of their assets invested in companies both inside and outside of the US with market capitalizations (on a three-year weighted basis) above 400% of the 75th market capitalization percentile of the S&P/Citigroup World Broad Market Index. Multi-cap growth funds typically have an above-average price-to-cash flow ratio, price-to-book ratio, and three-year sales-per-share growth value compared to the S&P/Citigroup BMI. The Lipper Global Multi-Cap Growth Funds Index is not what is typically considered to be an "index" because it tracks the performance of other mutual funds rather than changes in the value of a group of securities, a securities index or some other traditional economic indicator.

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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