

Impax Global Opportunities 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.

Key performance drivers (absolute basis)

- Market sentiment turned more cautious over the quarter as tariffs and geopolitical tensions dampened investor confidence. The portfolio fell in absolute terms, modestly underperforming its benchmark, the MSCI ACWI. The portfolio’s overweight position in Europe was beneficial as US exceptionalism waned and market breadth improved. However, stock selection across the region hampered relative performance. The portfolio’s inherent focus on companies with higher levels of predictability of returns benefited performance during the period. The overweight positions in defensive Materials holdings, such as industrial gases and nutritional ingredients companies, combined with the underweight position to the Consumer Discretionary sector, were positive drivers of relative performance and partially offset drags from the portfolio’s zero exposure to Energy.
- Style factors acted as a headwind. In particular, within Industrials, the aerospace and defence sectors, where the portfolio has no exposure were strong. Conversely, energy management holdings such as Schneider Electric and Hubbell came under pressure amid a broader sell-off involving companies providing AI infrastructure. Information Technology holdings were weak in absolute terms, particularly semiconductors, but were only a modest drag on relative performance as holdings are diversified across different end markets, including enterprise software and industrial applications.

Performance (%)	Total return			Average annual return			
	1M	3M	YTD	1Y	3Y	5Y	SI ¹
Insitutional Class	-4.64	-2.14	-2.14	-1.52	3.08	11.89	8.81
Investor Class	-4.62	-2.15	-2.15	-1.76	2.85	11.62	8.57
MSCI ACWI	-3.95	-1.32	-1.32	7.15	6.91	15.18	9.42

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 Opportunities Fund Institutional Class is 06/27/2018 and Investor Class is 06/27/2018. As of 05/01/2024 prospectus, total annual Impax Global Opportunities Fund operating expenses, gross of any fee waivers or reimbursements (excluding Acquired Fund fees and expenses), for Institutional Class and Investor Class shares are 1.08%, 1.33% respectively.

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Contributors (absolute basis)

- Boston Scientific (Health Care Equipment, US) delivered continued strong performance, driven by its new product used to treat irregular heartbeats. The company upgraded the market growth rate and the company is seeking to outgrow the market. In addition, competitor Johnson & Johnson temporarily halted use of its product Varipulse in the US, which helps Boston's Farapulse entrench its leading position.
- Marsh & McLennan (Insurance Brokers, US) saw its share price hit an all-time high, helped by strong FY24 earnings demonstrating strong organic growth. The share price has also benefited from its perceived defensiveness to tariffs, particularly as it benefits from inflation through pricing power, and from the weak US dollar, given its relatively high proportion of overseas earnings.
- Linde (Industrial Gases, US) rose in the quarter after global economic uncertainty drove investor interest in the industrial gas sector, which is typically resilient to economic volatility. Linde shares also benefited from quarterly results that demonstrated continued margin improvement and a resilient order backlog which demonstrated the company's defensive characteristics.

Detractors (absolute basis)

- NVIDIA (Semiconductors, US) – after a period of strong performance, the company's shares pulled back after the release of DeepSeek V1 model, an AI reasoning model with record efficiency. The investment team believes the market misunderstood the implications of improving efficiency in AI as higher efficiency will likely increase demand for AI rather than reduce it.
- Oracle (Systems Software, US) was weaker over the quarter after the company indicated its revenue growth in cloud computing was slower than expected due to industry-wide supply constraints. However, management indicated that this scenario is likely to be resolved quickly. The company also indicated that demand remains strong with good visibility on forward-looking revenue growth.
- Hubbell (Electrical Components & Equipment, US) posted mixed results driven by de-stocking issues and telecommunications volatility. Sentiment toward the stock has been mixed as demand is partially driven by infrastructure investments, which may come under pressure. The longer-term need for investment in electricity grid resilient remains intact, particularly in the US where infrastructure is aging and becoming less reliable.

Outlook

- The portfolio maintains an inherent focus on quality, investing in companies with durable business models and higher predictability of returns. These companies are not easily derailed by external factors such as tariffs. In addition, as a result of disruptions during Covid, companies generally have become more nimble in managing supply chains.
- The portfolio also has little exposure to the parts of the market that may be most negatively impacted if uncertainty persists. Exposure to consumer discretionary spending is minimal; the portfolio is materially underweight the Consumer Discretionary sector and valuation discipline provides some insulation from expensive 'hyper-growth' stocks that are typically least resilient to economic uncertainty. Performance of the portfolio in previous periods of heightened volatility demonstrates its quality and defensive characteristics.
- An inherent leaning towards defensive exposures such as Health Care and defensive Materials companies, such as industrial gases and nutritional ingredients, should benefit the portfolio during periods of volatility.
- The majority of the portfolio's Financial sector holdings have limited exposure to tariffs; this includes reinsurance companies, insurance brokerages, payment processors and index data providers. The latter group may be a particular beneficiary of heightened volatility.
- The portfolio is also positioned to capture some opportunities related to geopolitical tensions, such as re-shoring of manufacturing, which should be supportive of equipment rental companies and factory automation over the longer term. Energy security and optimisation supports our holdings that provide energy management and grid infrastructure.
- With regards to the AI theme, the portfolio is more focused on the beneficiaries real-world AI implementation, such as ServiceNow, rather than the AI enablers that have dominated market performance over much of the past 18 months.
- Over the last quarter, the team has added to more defensive positions, particularly where valuation opportunities emerged following the extreme market dominance of 'growth' technology companies in 2024. In the face of an escalating trade war, the exposure to wafer equipment manufacturing exposure was trimmed and, at the same time, emerging market financial exposure was reduced in favour of developed market holdings.

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Fund overview

Impax Global Opportunities Fund is a long-only all-cap global equities strategy that invests in high quality companies with sustainability tailwinds..

Portfolio managers

Kirsteen Morrison, David Winborne

Portfolio characteristics

As of 03/31/2025

Market cap (weighted average)^f

Fund	Benchmark
US\$341BN	US\$599BN

Forward price earnings[~]

Fund	Benchmark
20.1x	17.0x

ROE^o

Fund	Benchmark
18.5%	20.9%

Beta[∞]

Fund	Benchmark
0.98	-

Number of securities

Fund	Benchmark
42	2,558

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.

Performance attribution as of 03/31/2025

Sector: Average active weights (%)

Communication Services	-6.82
Consumer Discretionary	-9.75
Consumer Staples	-0.89
Energy	-3.89
Financials	6.40
Health Care	8.85
Industrials	3.73
Information Technology	1.31
Materials	4.51
Real Estate	-2.04
Utilities	-2.51
Cash	1.10

Total relative contribution (%)

Communication Services	0.05
Consumer Discretionary	0.66
Consumer Staples	0.00
Energy	-0.42
Financials	0.06
Health Care	0.12
Industrials	-1.07
Information Technology	-0.33
Materials	0.25
Real Estate	-0.10
Utilities	-0.21
Cash	0.03
Total	-0.97

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

Stocks	Weighting (%)
MICROSOFT CORP	4.6%
BOSTON SCIENTIFIC CORP	4.4%
MASTERCARD INC - A	4.3%
LINDE PLC	4.0%
MARSH & MCLENNAN COS	3.7%
ORACLE CORP	3.7%
ALCON INC	3.4%
NVIDIA CORP	3.2%
THERMO FISHER SCIENTIFIC INC	3.2%
HALEON PLC	3.0%

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.

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.



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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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