

Impax Global Social Leaders Fund

Quarterly Commentary
All data as of 03/31/2025



Performance

- The fund outperformed 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
Insitutional Class	-3.55	0.00	0.00	5.67				10.87
Investor Class	-3.56	0.00	0.00	5.41				14.37
MSCI ACWI	-3.95	-1.32	-1.32	7.15				15.73

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.
¹ First full month since inception. The Impax Global Social Leaders Fund launched on December 1, 2023. As the Fund was launched less than one year ago, its performance history is not long enough to be meaningful.
The Global Social Leaders Fund’s investment adviser has contractually agreed to reimburse expenses (other than interest, commissions, taxes, extraordinary expenses and Acquired Fund Fees and Expenses, if any) allocable to Institutional Class and Investor Class shares of the Fund to the extent such expenses exceed 0.98% and 1.23% of the average daily net assets of Institutional Class and Investor Class shares, respectively. This reimbursement arrangement may not be amended or terminated without the approval of the Fund’s Board of Trustees before May 1, 2027. Gross expense ratio: Institutional Class is 25.64% and Investor Class is 25.89%.

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Key performance drivers (absolute basis)

- Equity markets were weaker over the quarter, and while the portfolio fell in absolute terms, the inherent focus on quality and secular growth led to outperformance versus the MSCI ACWI.
- The portfolio also benefited from greater breadth in the market. This was particularly true in Financials, where undervalued holdings delivered solid earnings and positive guidance was rewarded by investors. Despite the overweight to the Consumer Discretionary sector, which was weaker over the period, stock selection was boosted by companies servicing consumer needs, such as trading platform MercadoLibre and early education provider, Bright Horizons. Strong market niches and declines in the bond yield also supported REIT (Real Estate Investment Trust) holdings such as senior housing name, Ventas.
- The portfolio's underweight position in Industrials, and style factors within the sector acted as a headwind. Within the sector, aerospace and defence, where the portfolio has no exposure, were strong, while holdings such as Recruit came under pressure amid a broader sell-off in Technology. Health Care holdings were also weaker over the period. Although the Life Science & Tools companies have good longer-term opportunities, there continues to be volatility in the shares due to tariff concerns and uncertainty over the regulatory environment given leadership changes at the US Food & Drug Administration which may cause delays to new drug launches.

Contributors (absolute basis)

- Banco Bilbao Vizcaya Argentaria (Financial Security & Inclusion, Spain) has had a strong start to the year, helped by strong FY24 earnings and better-than-expected FY25 guidance, coupled with a re-rating of European banks.
- Prudential (Financial Security & Inclusion, UK) after disappointing share price performance in 2024, Prudential has started to recover, helped by strong FY24 earnings, more shareholder friendly capital returns and guidance for double-digit sales, new business profit and earnings growth in FY25.
- eBay (Evolving Marketplaces, US) is positively exposed to continued global growth of ecommerce as a leading digital platform. The new management team has focused initiatives to drive growth in gross merchandise volume and this has shown positive results. The company has been exceptional in generating free cash flow and returning it to shareholders in the form of buybacks and dividends.

Detractors (absolute basis)

- ServiceNow (Employment, US) – the company's underperformance was primarily driven by its quarterly earnings results as full-year guidance for growth was behind elevated expectations. Sentiment towards the stock has remained weak due to uncertainty created by tariffs and government spending. However, ServiceNow continues to hold a strong position when it comes to helping enterprises achieve efficiencies within its technology systems, and new AI-driven products are likely to attract attention.
- Recruit Holdings (Employment, Japan) has been weaker this year after announcing results that were in-line but disappointed the market as management repeatedly raised guidance at results last year. Valuations on the stock further compressed despite the announcement of share buybacks due to worries about slower growth in the US, which accounts for 60% of its recruitment platform, Indeed.
- NVIDIA (Equitable Connectivity, US) shares pulled back in Q1 as a result of the release of DeepSeek's AI reasoning model with record efficiency. The market believed that higher efficiency could drive weaker demand for GPUs. The investment team believe the market misunderstood the real implications of improving efficiency in AI. In our view, higher efficiency is likely to increase demand for AI rather than reduce it.

Outlook

- The macro environment remains complex with announcements on tariffs stoking concerns around higher inflation and potential consumer weakness and business uncertainty. The investment team is actively monitoring the portfolio, considering both the direct and indirect impacts, such as supply chain dislocations. While the portfolio has an overweight to the Consumer Discretionary sector, holdings are typically more exposed to secular growth, rather than cyclical growth. The portfolio is also overweight innovative Health Care companies and less exposed to traditionally economic sensitive sectors such as Industrials and Materials. The inherent focus on quality companies with stronger pricing power and competitive advantages should provide some resilience to external shocks.
- There are multiple attractive opportunities in the portfolio that should benefit from long-term secular trends such as ageing populations, the rising middle class in emerging markets, increased incidence of chronic disease, growing urbanisation, and financial inclusivity. In addition, markets typically underestimate the benefits of investing in companies with strong workplace practices that demonstrate inclusiveness, innovative, and equitable cultures. The investment process has been built to exploit these market inefficiencies, which arise predominantly due to the short-term thinking of most market participants. The team prioritises companies with long-term secular growth, which display these qualities, while maintaining a strong focus on valuations.

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Fund overview

Impax Global Social Leaders Fund is a diversified, global strategy that seeks to invest in companies that offer strong corporate cultures and that provide products or services benefitting society.

Portfolio managers

Amber Fairbanks, CFA® and Charles French

CFA® is a trademark owned by CFA Institute.

Portfolio characteristics

As of 03/31/2025

Market cap (weighted average)^f

<u>Fund</u>	<u>Benchmark</u>
US\$228BN	US\$599BN

Forward price earnings[~]

<u>Fund</u>	<u>Benchmark</u>
19.4x	17.0x

ROE^o

<u>Fund</u>	<u>Benchmark</u>
20.2%	20.9%

Beta[∞]

<u>Fund</u>	<u>Benchmark</u>
1.00	-

Number of securities

<u>Fund</u>	<u>Benchmark</u>
42	2,558

Performance attribution as of 03/31/2025

Sector: Average active weights (%)

Access to Finance	26.48
Community Infrastructure	6.39
Education & Jobs	11.94
Equitable Connectivity	16.31
Essential Services	0.25
Health Innovation	13.40
Nutrition	3.01
Wellbeing	18.30
Cash	-96.08

Total relative contribution (%)

Access to Finance	0.46
Community Infrastructure	0.05
Education & Jobs	0.25
Equitable Connectivity	0.03
Essential Services	-0.05
Health Innovation	0.14
Nutrition	0.11
Wellbeing	0.25
Cash	-0.03
Total	-0.21

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 (%)
NVIDIA CORP	5.0%
EBAY INC	4.9%
MASTERCARD INC - A	4.0%
HALMA PLC	3.9%
INTUIT INC	3.8%
EXPERIAN PLC	3.5%
LEGAL & GENERAL GROUP PLC	3.1%
DANONE	3.1%
ALCON INC	2.8%
SERVICENOW INC	2.8%

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. Non-US securities may have less liquidity and more volatile prices than domestic securities, which can make it difficult for the Fund to sell such securities at desired times or prices. Non-US markets may differ from US markets in material and adverse ways. For example, securities transaction expenses generally are higher, transaction settlement may be slower, recourse in the event of default may be more limited and taxes and currency exchange controls may limit amounts available for distribution to shareholders. Non-US investments are also subject to the effects of local political, social, diplomatic or economic events. 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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