IMPAX Asset Management

Impax International Sustainable Economy Fund

Quarterly Commentary
All data as of 12/31/2022

Performance summary

- The Impax International Sustainable Economy Fund (the Fund) outperformed the MSCI EAFE Index (EAFE Index) in the fourth quarter.

Investment strategy

- The strategy integrates the Impax Sustainability Lens, a proprietary tool that helps the adviser systematically overweight the portfolio toward sub-industries we identify as high opportunity in the context of the transition to a more sustainable economy while removing exposure to sub-industries classified as low opportunity and high risk. The portfolio is also constructed to provide higher exposure to companies with favorable environmental, social and governance (ESG) ratings relative to their sector and industry peers, as determined by MSCI.[1] Lastly, the portfolio is fossil fuel free, and replaces traditional Energy sector holdings with energy efficiency stocks. The Fund's optimization process applies appropriate constraints at the sector, region, country and security levels to create a diversified portfolio of 200–250 stocks.

Market overview

- Global equity markets improved over the quarter on expectations that the Federal Reserve (Fed) would reduce the pace and amount of monetary tightening after US inflation numbers were weaker than expected. The Fed raised interest rates in December by a smaller increment than the recent trend, however Fed Chair, Jerome Powell, also signaled that rates were likely to stay higher for longer as inflation remains elevated. Economic data has generally been weaker, with Purchasing Managers' Indices (PMIs) in the US signaling contraction, and European PMIs remaining in negative territory. The US dollar weakened against the backdrop of a softer economy and a less aggressive rate hike cycle. While US 10-year bond yields were little changed over the quarter, the yield curve has inverted, signaling the bond market anticipates a recession. In December, the inverted yield curve provided support for quality and defensive stocks after the more economically sensitive sectors outperformed earlier in the quarter.

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Performance as of 12/31/2022

	1m	Qtr	YTD	1y	3y	5y	10y	Incep[2]
Investor Class	-1.75	17.85	-18.00	-18.00	0.16	1.39	4.36	3.65
Institutional Class	-1.77	17.98	-17.80	-17.80	0.42	1.64	4.63	3.92
MSCI EAFE (Net) Index[3]	0.08	17.34	-14.45	-14.45	0.87	1.54	4.67	3.86
MSCI EAFE ESG Leaders (Net) Index[4]	-0.02	17.46	-16.99	-16.99	0.67	1.82	5.03	4.33
Lipper International Large-Cap Core Funds Index[5]	-2.10	16.69	-13.45	-13.45	0.65	0.78	4.06	3.36

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.
2 The inception date for the Impax International Sustainable Economy Fund Institutional Class is January 27, 2011, and the Investor Class inception date is March 31, 2014.
As of 5/1/2022 prospectus, total annual Impax International Sustainable Economy Fund operating expenses, gross of any fee waivers or reimbursements (excluding Acquired Fund fees and expenses), for Institutional Class and Investor Class are 0.47% and 0.72%, respectively.

Market overview, continued

- Corporate results have been mixed over the period with revenues remaining compelling, but a mixed picture on earnings has emerged, as higher costs impact margins. Impax continues to see supportive polices broadly related to sustainability gaining traction globally, and we believe that higher energy prices and a renewed focus on energy security are supportive of opportunities across a wide range of sustainable solutions.
- A weaker US Dollar and the expectations of slower rate hikes saw the EAFE Index outperform US markets (in USD terms). Cyclical areas of the international markets performed well; Financials, Materials, Energy and Industrials outperformed, while Communication Services, Consumer Staples, and Real Estate underperformed.

Impax Sustainability Lens

- After rebounding in the third quarter, the Impax Sustainability Lens detracted from performance in the fourth quarter. The portfolio's underweight to High Risk subindustries drove most of the negative effects, High Risk/Low Opportunity sub-industries were among the best performers in the universe, and the portfolio is materially underweight in these subindustries by design, given the limited long-term prospects of these securities in a transition to a more sustainable economy. The portfolio's lack of exposure to Integrated Oil and Gas, as well as Apparel-related securities, were most impactful.

ESG ratings

- The portfolio's exposure to ESG scoring was the most significant driver of excess return in the period, as stocks with the highest ESG scores, where most of the portfolio is positioned, significantly outperformed ESG laggards, where the portfolio has no exposure.

GICS sector[6]

- Sector positioning, an outcome of the portfolio construction process rather than an active decision, added value in the fourth quarter. The portfolio's underweight in Consumer Staples added the most value, followed by the overweight to Financials. The portfolio's overweight in Communication Services was the largest detractor, driven primarily by exposure in Wireless Telecommunications which was among the worst performing industry groups in the EAFE Index for the period.

6 The Global Industry Classification Standard (GICS) is a standardized classification system for equities developed jointly by Morgan Stanley Capital International (MSCI) and Standard & Poor's. The GICS methodology is used by the MSCI indexes, which include domestic and international stocks, as well as by a large portion of the professional investment management community.

Fund overview

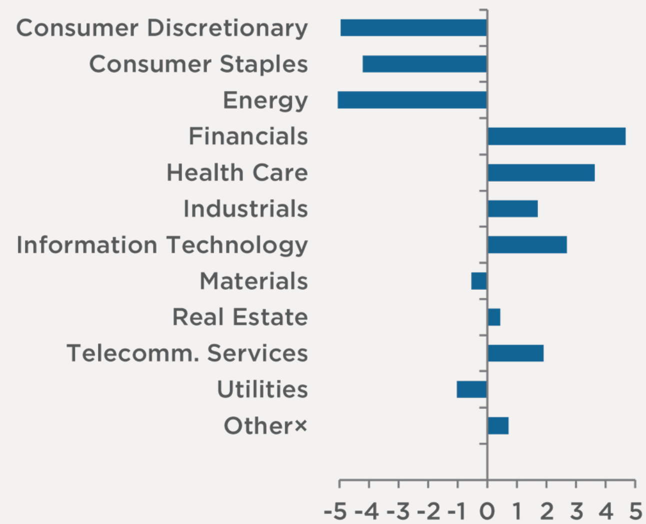
A systematic strategy investing in non-US developed market companies we believe are positioned to benefit from the transition to a more sustainable economy.

Portfolio management team

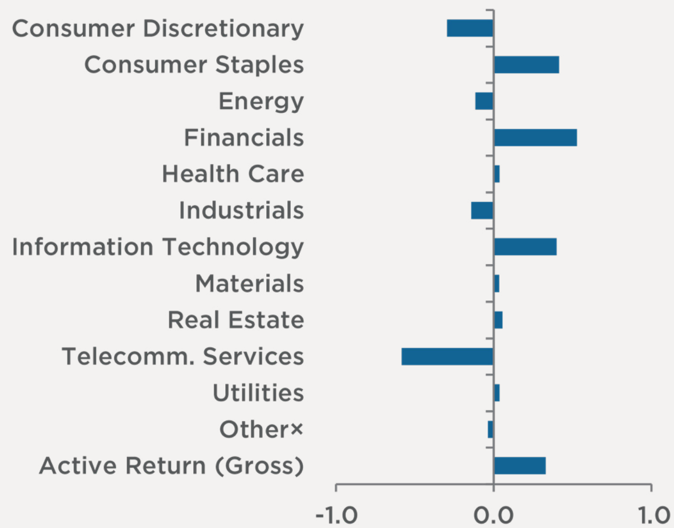
Scott LaBreche, Portfolio Manager
Christine Cappabianca, Portfolio Manager

Performance attribution 9/30/2022 – 12/31/2022

Sector: Average active weights (%)



Total relative contribution (%)



Portfolio characteristics as of 12/31/2022

	Fund	Benchmark
Market cap (weighted avg.)[ƒ]	$67,898M	$76,776M
Forward price earnings[~]	13.33	11.81
ROE[°]	18.73%	18.16%
Beta[∞]	1.01	1.00
Number of securities	226	795

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 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.

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

Past performance is no guarantee of future results. Short-term performance may not be indicative of long-term results.

Top 10 holdings as of 12/31/2022

AstraZeneca PLC 2.9%, Novo Nordisk A/S Class B 2.8%, Roche Holding, Ltd. 2.8%, ASML Holding NV 2.8%, AIA Group, Ltd. 2.4%, HSBC Holdings Plc 2.3%, SAP SE 2.2%, Allianz SE 1.9%, BNP Paribas SA Class A 1.8% and Australia & New Zealand Banking Group Ltd TEMP 1.8%. Holdings are subject to change.

Disclosures

1 MSCI ESG Ratings uses a rules-based methodology designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. Leveraging Artificial Intelligence (AI), machine learning and natural language processing augmented with our 200+ strong team of analysts, MSCI researches and rate companies on a 'AAA' to 'CCC' scale according to their exposure to industry-material ESG risks and their ability to manage those risks relative to peers.

3 The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US and Canada. The MSCI EAFE Index consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. Performance for the MSCI EAFE Index is shown "net", which includes dividend reinvestments after deduction of foreign withholding tax.

4 The MSCI EAFE ESG Leaders Index is designed to measure the performance of equity securities of issuers of developed countries around the world excluding the US and Canada that have high Environmental, Social and Governance (ESG) ratings relative to their sector and industry peers, as rated by MSCI ESG Research annually.

Effective March 31, 2021 the MSCI EAFE (Net) Index replaced the MSCI EAFE ESG Leaders (Net) Index as the primary benchmark for the International Sustainable Economy Fund because the Adviser believes the MSCI EAFE (Net) Index is a more appropriate broad-based securities market index representing the universe of securities in which the Fund may invest.

5 The Lipper International Large-Cap Core Funds Index tracks the results of funds that, by portfolio practice, invest at least 75% of their equity assets in companies strictly outside of the US with market capitalizations (on a three-year weighted basis) above Lipper's international large-cap floor. International large-cap core funds typically have an average price-to-cash flow ratio, price-to-book ratio, and three-year sales-per-share growth value compared to their large-cap specific subset of the S&P/Citigroup World ex-US BMI. This classification includes both ETFs and active retail mutual funds.

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 markets 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 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.

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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