Performance summary

• The Small Cap Fund outperformed the Russell 2000 Index in 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 corporates. 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

<table>
<thead>
<tr>
<th>Performance</th>
<th>Investor Class</th>
<th>Class A</th>
<th>Institutional Class</th>
<th>Russell 2000 Index</th>
<th>Lipper Small-Cap Core Funds Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1m</td>
<td>-5.99</td>
<td>-6.01</td>
<td>-6.01</td>
<td>-5.89</td>
<td>-5.40</td>
</tr>
<tr>
<td>Qtr</td>
<td>-5.18</td>
<td>-5.20</td>
<td>-5.10</td>
<td>-5.13</td>
<td>-4.00</td>
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<tr>
<td>YTD</td>
<td>2.77</td>
<td>2.78</td>
<td>2.94</td>
<td>2.54</td>
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<tr>
<td>1y</td>
<td>9.47</td>
<td>9.51</td>
<td>9.79</td>
<td>8.93</td>
<td>12.07</td>
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<tr>
<td>3y</td>
<td>9.83</td>
<td>9.83</td>
<td>10.11</td>
<td>7.16</td>
<td>12.22</td>
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<tr>
<td>5y</td>
<td>3.65</td>
<td>3.64</td>
<td>3.90</td>
<td>2.40</td>
<td>4.09</td>
</tr>
<tr>
<td>10y</td>
<td>5.35</td>
<td>5.35</td>
<td>5.62</td>
<td>6.65</td>
<td>7.31</td>
</tr>
<tr>
<td>Incep¹</td>
<td>7.34</td>
<td>7.34</td>
<td>7.61</td>
<td>7.76</td>
<td>8.15</td>
</tr>
</tbody>
</table>

Performance after sales charge as of 9/30/2022

<table>
<thead>
<tr>
<th>Performance</th>
<th>Class A (Load)</th>
</tr>
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<tbody>
<tr>
<td>1m</td>
<td>-11.17</td>
</tr>
<tr>
<td>Qtr</td>
<td>-10.39</td>
</tr>
<tr>
<td>YTD</td>
<td>-2.90</td>
</tr>
<tr>
<td>1y</td>
<td>3.52</td>
</tr>
<tr>
<td>3y</td>
<td>7.78</td>
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<tr>
<td>5y</td>
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<tr>
<td>10y</td>
<td>4.76</td>
</tr>
<tr>
<td>Incep¹</td>
<td>6.95</td>
</tr>
</tbody>
</table>

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 call 800.767.1729 or for more information visit impaxam.com.

Figures include reinvested dividends, capital gains distributions, and changes in principal value.

1 The inception date for the Impax Small Cap Fund Institutional Class and Investor Class is March 27, 2008. The inception date for the Class A shares is May 1, 2013.

As of 5/1/2023 prospectus, total annual Impax Small Cap Fund operating expenses, gross of any fee waivers or reimbursements, for Investor Class, Class A, and Institutional Class shares are 1.16%, 1.16% and 0.91%, respectively.

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 7.73% (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 volumes and weaker pricing impacting margins in some sectors. Against this backdrop, the investment teams 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 environment markets to be better than the broader market. There has also 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.

- The Russell 2000 was down double digits in August and September alone, reinforcing a persistent pattern of small-cap underperformance observed over several years, continuing into 2023. Small cap stocks as measured by the Russell 2000 offered a fraction of the returns to Large and Mega Cap stocks, and the current spread between the Russell 2000 and the Russell 1000 is among the largest one-year spreads this Millenia.

- 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

- In a weak environment for small cap stocks, the Fund’s higher quality lower risk profile delivered strong security selection. Security selection was particularly strong in Health Care, Information Technology, and Industrials where the portfolio’s preference for profitable stocks with measurable earnings growth were able to withstand some of the flight to safety seen in the Small Cap space. The positive stock selection was marginally offset by negative allocation effects, which can be most attributed to owning no energy stocks. In a similar vein, the portfolio’s Sustainability Lens profile also detracted, as High Risk, Low Opportunity industries, which do not offer attractive long run return and risk characteristics in the transition to a more sustainable economy, were the only the cohort to offer positive absolute returns over the period.

- Energy was far and away the best performing sector in the period, and along with Financials, delivered positive returns in a period where other sectors declined. On the other end of the spectrum, Health Care was off materially in the quarter, as investors exited the lower quality speculative growth stocks in Health Care Technology and Life Sciences. Despite broad excitement on AI and the tailwinds from the CHIPS and Science Act, Information Technology also faced significant setbacks. The Fund’s current posture was ill suited for this dynamic as the portfolio’s lack of Energy was the key driver of sector allocation effects, followed by the portfolio’s overweight position Health Care. Not owning Utilities, due to the limited opportunity set of Energy Transition plays, helped in the period but did little to limit the negative effects from Energy and Health Care.

Contributors

The top contributors in the period all benefited from constructive earnings and guidance announcements in the period.

- **Vertiv Holdings (Industrials)** responded favorably to an excellent quarterly report which saw the company announce a material step up in margins and free cash flow, as well as attractive sales growth. The upick in free cash flow guidance coupled with a reduction in net leverage positions the company to deliver on its long-term operating margin targets.

- **Huron Consulting Group (Industrials)** continues to beat expectations, as the company announced better than expected revenue growth with their Health Care and Education franchises leading the way as those markets continue to seek out operational and technological efficiencies.

- **Neurocrine Biosciences Inc (Health Care)** the stock benefited from better than expected quarterly results as both top and bottom line numbers beat consensus estimates. The company has a handful of clinical announcements set for Q4 which could act as catalysts to multiple expansion as the upside associated with positive announcements is not currently implied in the stock price.

Detractors

The bottom contributors faced short term headwinds primarily from macro driven demand challenges.

- **8x8 Inc (Information Technology)** sold off in August after the company reported an earnings beat and top line miss. The price action was compounded by the company lowering revenue guidance and set expectations around lower growth in the short term. The team remain opportunistic buyers and see significant upside from here on successful deleverage and return to mid-single-digit topline growth.
• **Health Care Realty Trust (Real Estate)** hit a 5 year low as the stock as markets digested a difficult quarter in a sector that has been under pressure in a higher longer interest rate environment. Despite these headwinds the dividend remains intact and the long run growth opportunities within outpatient facilities.

• **Health Catalyst (Health Care)** was weaker despite a solid earnings report as investors still see short term challenges in incremental discretionary IT spending across the Health Care space. These headwinds are likely to limit profitability in the short term, but the investment team sees the long-term earnings opportunity intact.

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**Outlook**

- The current economic landscape faces challenges with the potential for higher interest rates amid sticky inflation. The market risks and impact on growth remain concerning. However, the investment team maintains confidence in well-managed consumer businesses. They are anticipating long-term rewards and see potential in undervalued companies aligned with sustainable economic trends. For those companies, the investment managers are expecting multiple expansion alongside increased earnings as markets bottom and believe small cap stocks will be seen more favorably, as we move towards the next period of economic expansion.

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**Fund overview**

A core strategy that fully integrates analysis of ESG risks and opportunities and focuses on high quality companies at reasonable prices.

**Portfolio management team**

- Nathan Moser, CFA, Senior Portfolio Manager
- Diederik Basch, CFA, Portfolio Manager
- Curtis Kim, CFA, Portfolio Manager

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**Portfolio characteristics as of 9/30/2023**

<table>
<thead>
<tr>
<th></th>
<th>Fund</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market cap (weighted avg.)</td>
<td>$4,274mn</td>
<td>$2,857mn</td>
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<tr>
<td>Forward price/earnings</td>
<td>14.73</td>
<td>12.69</td>
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<tr>
<td>ROE*</td>
<td>8.28%</td>
<td>7.55%</td>
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<tr>
<td>Beta*</td>
<td>0.86</td>
<td>1.00</td>
</tr>
<tr>
<td>Number of securities</td>
<td>64</td>
<td>1,985</td>
</tr>
</tbody>
</table>

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**Performance attribution 6/30/2023 – 9/30/2023**

**Sector: Average active weights (%)**

- Communication Services
- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care
- Industrials
- Information Technology
- Materials
- Real Estate
- Utilities
- Other

**Total relative contribution (%)**

- Communication Services
- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care
- Industrials
- Information Technology
- Materials
- Real Estate
- Utilities
- Other

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

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. Funds that emphasize investments in smaller companies generally will experience greater price volatility. 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.

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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