

Impax International Sustainable Economy Fund

Quarterly Commentary
All data as of 3/31/2024

Performance

- In the first quarter, the Impax International Sustainable Economy Fund underperformed the MSCI EAFE Index (EAFE Index).

Market review

- Global equity markets had a solid quarter, supported by resilient economic data out of the US and a relatively strong earnings season. While there is uncertainty over the timing, it is widely expected the US Federal Reserve will cut interest rates several times in 2024. Nonetheless, persistent inflation has resulted in bond yields rising, which has put pressure on bond market returns. Equity market breadth has improved compared to last year, which was dominated by the ‘Magnificent Seven’, with more mixed performance by these mega-cap technology stocks. While Nvidia has continued to post gains, others such as Tesla have been weaker. Emerging Markets rebounded from lows, as China announced further government measures to support the market and economy.

- Within sustainable equities, there has been pressure on some parts of the market, for example the independent power producers, due to a rise in energy prices, and rising bond yields. On the other hand, there were further signs of inventory destocking in life science tools & services and nutritional ingredients industries and companies in areas such as industrial gases, waste management, and rental companies benefitted from strong demand and pricing power. Earnings growth guidance for the year ahead remains relatively muted though, as political uncertainty, trade friction, tariffs threats and a tight labour market are weighing on corporate sentiment. In addition, while global Purchasing Managers’ Indices (PMIs) are improving, manufacturing PMIs outside the US remain in contractionary territory.
- The Impax investment team continues to look for opportunities and is constructing portfolios that should benefit from earnings growth in 2024. This includes companies recovering from destocking, such as natural ingredients companies, and businesses with strong

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| Performance | as of 3/31/2024 | | | | | | | |
|------------------------------------|-----------------|------|------|-------|------|------|------|--------------------|
| | 1m | Qtr | YTD | 1y | 3y | 5y | 10y | Incep ¹ |
| Investor Class | 2.67 | 4.98 | 4.98 | 14.80 | 3.52 | 7.14 | 4.31 | 4.31 |
| Institutional Class | 2.63 | 4.89 | 4.89 | 14.97 | 3.76 | 7.41 | 4.56 | 5.43 |
| MSCI EAFE (Net) Index ² | 3.29 | 5.79 | 5.79 | 15.31 | 4.78 | 7.32 | 4.79 | 5.36 |

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.

¹ 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 5/1/2023 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 review continued

pricing power and inflation resilience. 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 remain compelling. Over the long run, we believe these companies can benefit from rising demand for their products and services and deliver strong earnings growth.

Contributors

- **Tokyo Electron (Information Technology, Japan)** jumped after the semiconductor company boosted its full-year earnings guidance.
- **Tokio Marine Holdings (Financials, Japan)** climbed alongside the local market after the insurer posted strong year-on-year profit growth.
- **ASML (Information Technology, Netherlands)** rallied after the chipmaker reported quarterly earnings that exceeded market expectations.

Detractors

- **AIA Group (Life & Health Insurance, Hong Kong)** faced sentiment headwinds, with the market pricing in a slowdown in sales due to weaker economic growth in China. However, the company reported good results against a tough economic backdrop as a result of its premium franchise and Pan-Asia presence.
- **Verbund (Utilities, Austria)** tumbled after the electricity provider issued a full-year profit warning amid declining wholesale prices.
- **Sonova (Health Care, Switzerland)** slid after analysts at UBS cut their rating for the hearing care conglomerate to “sell” from “neutral,” citing increased competition in the space.

Sustainability tools

- The portfolio’s Sustainability Lens profile added to performance in the quarter. The portfolio’s structural overweight to High Opportunity was muted, while its structural underweight to Low Opportunity stocks was a key contributor, as this group underperformed the market. The portfolio saw notable weakness from active exposure to Diversified Banks and from its avoidance of weapon companies in Aerospace & Defense. The portfolio’s avoidance of High Risk / Low Opportunity sub-industries was a positive contributor, as those stocks underperformed the market in the period. The portfolio’s tilt towards securities with higher ESG scores added during the quarter. The portfolio’s energy efficiency reinvestment process was modestly favorable.

GICS sector attribution³

- Sector positioning is an outcome of the portfolio construction process rather than an active portfolio decision. During the quarter, the portfolio’s relative underweight to Consumer Discretionary proved costly. Selections within Industrials and Communication Services were also detractive. Conversely, a combination of stock selection and relative underweights to Consumer Staples and Materials contributed positively to returns, as did stock selection within Information Technology.

Fund overview

A systematic core strategy that seeks to integrate the risks and opportunities arising from the transition to a more sustainable economy

Portfolio management team

Scott LaBreche, Portfolio Manager
Christine Cappabianca, Portfolio Manager

Portfolio characteristics as of 3/31/2024

| Market cap (weighted avg.) ^f | Fund | Benchmark |
|---|-----------|------------|
| | \$89,036M | \$103,145M |

| Forward price earnings [~] | Fund | Benchmark |
|-------------------------------------|-------|-----------|
| | 14.27 | 14.22 |

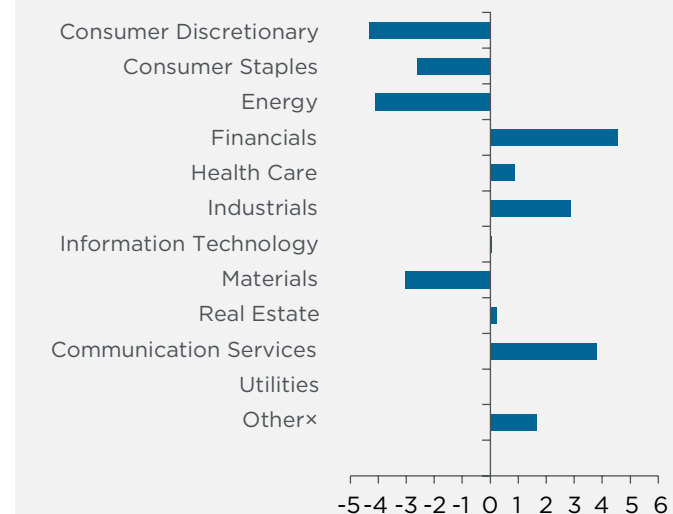
| ROE ^o | Fund | Benchmark |
|------------------|--------|-----------|
| | 19.32% | 18.40% |

| Beta ^o | Fund | Benchmark |
|-------------------|------|-----------|
| | 0.98 | 1.00 |

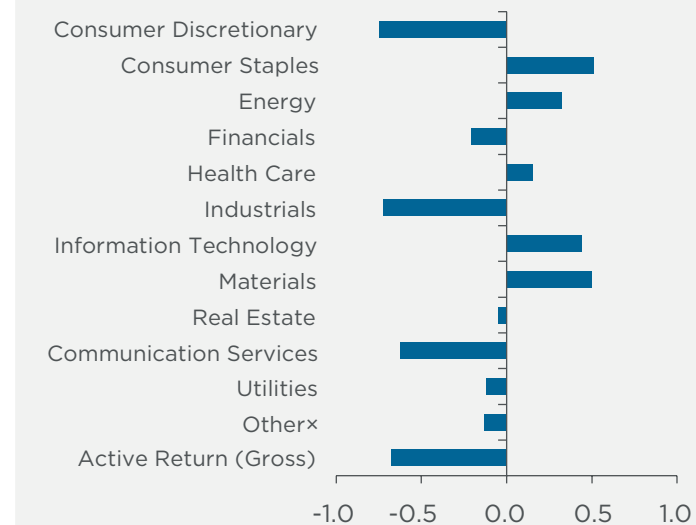
| Number of securities | Fund | Benchmark |
|----------------------|------|-----------|
| | 141 | 768 |

Performance attribution 12/31/2023 – 3/31/2024

Sector: Average active weights (%)



Total relative contribution (%)



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.
- ^o 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.

^x 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 3/31/2024

Novo Nordisk A/S Class B 3.0%, ASML Holding NV 2.9%, Novartis AG 2.4%, AstraZeneca PLC 2.3%, HSBC Holdings Plc 2.2%, Schneider Electric SE 2.1%, Tokyo Electron Ltd. 2.1%, Hitachi, Ltd. 1.9%, BNP Paribas SA Class A 1.8% and Tokio Marine Holdings, Inc. 1.8%. Holdings are subject to change.

Disclosures

- 2 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.
- 3 The Global Industry Classification Standard (GICS) is a widely recognized industry standard for assigning a public company to the economic sector and industry group that best defines its business. It was developed jointly by MSCI and Standard & Poor’s and is used by the MSCI indexes.

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.



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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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