

Impax Small Cap Fund

Quarterly Commentary
All data as of 3/31/2024

Performance

- The Small Cap Fund outperformed the Russell 2000 Index in the first quarter.

Market review

- Equities benefitted from a backdrop of resilient economic data, a good Q4 2023 earnings season, and expectations for rate cuts later this year. Market leadership shifted slightly over the period, with Communication Services leading alongside more

cyclical sectors such as Energy and Materials, which were buoyed by higher oil and rising bond yields. Interest in the artificial intelligence theme remains evident, which drove semiconductor stocks, including Nvidia, higher. However, performance among the Magnificent Seven varied, and market breadth has widened. While there is uncertainty over the timing, it is expected the 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.

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Performance								as of 3/31/2024
	1m	Qtr	YTD	1y	3y	5y	10y	Incep ¹
Investor Class	3.12	5.76	5.76	14.21	1.93	8.06	6.09	8.18
Class A	3.13	5.72	5.72	14.19	1.92	8.06	6.09	8.15
Institutional Class	3.12	5.78	5.78	14.44	2.17	8.31	6.35	8.46
Russell 2000 Index ²	3.58	5.18	5.18	19.71	-0.10	8.10	7.58	8.74

Performance after sales charge								as of 3/31/2024
	1m	Qtr	YTD	1y	3y	5y	10y	Incep ¹
Class A (Load)	-2.55	-0.12	-0.12	7.89	0.01	6.85	5.49	7.77

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 7.82% (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

- The Q4 2023 earnings season proved to be better than expected, with positive surprises outweighing negative surprises. There were also further signs of inventory destocking and strong pricing power in various pockets of the Industrials complex. Earnings growth guidance for the year ahead remains mixed, with political uncertainty, trade friction, tariffs, and a tight labor market weighing on corporate sentiment.

Key performance drivers

- The portfolio's outperformance versus its primary benchmark, the Russell 2000, was driven by security selection, with sector positioning detracting modestly. The portfolio's Sustainability Lens profile detracted as high-risk sub industries such as Energy, which the portfolio is underweight, led the market. Stock selection was strongest in the Financials sector, driven by the portfolio's asset management holdings Victory Capital and BrightSphere Investment Group. Selection was also additive in Industrials as several holdings outpaced strong sector returns including Vertiv Holdings and Azek Co. Selection was weakest in IT driven by 8x8 having a difficult period, and the lack of exposure to Super Micro Computer which has benefited from the AI boom. Real Estate was also challenged, with specialty REITS Health Care Realty Trust and Americold disappointing.

Contributors

The top contributors for the period were driven primarily by attractive guidance and recent execution.

- **Victory Capital Holding** (Financials) had a productive finish to 2023. With notable operating leverage driving higher margins, flows improved but do remain net negative.
- **Shockwave Medical Inc** (Health Care) reported a large upside surprise to earnings with revenue only slightly ahead. The majority of earnings were driven by below-the-line items, notably \$15 million in interest income during the quarter.
- **QuinStreet Inc** (Communication Services) saw positive price action primarily due to the magnitude of their guidance over the next two quarters, show top line growth of 30% in each quarter.

Detractors

The quarterly detractors suffered from disappointing outlooks, while seeing reasonably constructive quarterly results.

- **8x8 Inc** (Information Technology) had a challenging quarter. Despite operating margins coming in above expectations, revenue growth remains elusive and topline results missed estimates. The stock has an attractive free cash flow yield, with earnings delivery expected in late 2024 or early 2025.
- **Health Catalyst Inc** (Health Care) sold off as the company's fourth quarter positive results were weighed by a difficult guide on the top and bottom lines. The deeply discounted valuation does not reflect improving customer demand, revenue acceleration and profitability improvement over the medium term.
- **Workiva Inc** (Information Technology) saw shares trade lower despite good quarterly results as the company guided towards slower bookings and lower growth in the near term. Workiva continues to be a system of record product in a highly regulated space.

Outlook

- The team believes that given market behavior over the last few years, small-cap stocks are well positioned to lead. More appealing valuations versus large cap stocks provide an attractive backdrop, and the domestically focused nature of US small cap businesses should benefit as the US economy continues to reap the benefits of reshoring initiatives, the CHIPS Act, and various infrastructure projects. Finally, sustainability tailwinds provide the types of businesses in the portfolio the opportunity to generate higher earnings growth compared to the broader investment universe throughout the remainder of 2024.

Fund overview

A core equity strategy that invests in US small cap companies with attractive valuations and sustainability tailwinds.

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 3/31/2024

Market cap (weighted avg.)^f

Fund	Benchmark
\$4,988mn	\$4,862mn

Forward price/earnings[~]

Fund	Benchmark
17.31	21.13

ROE[°]

Fund	Benchmark
4.37%	26.52%

Beta[∞]

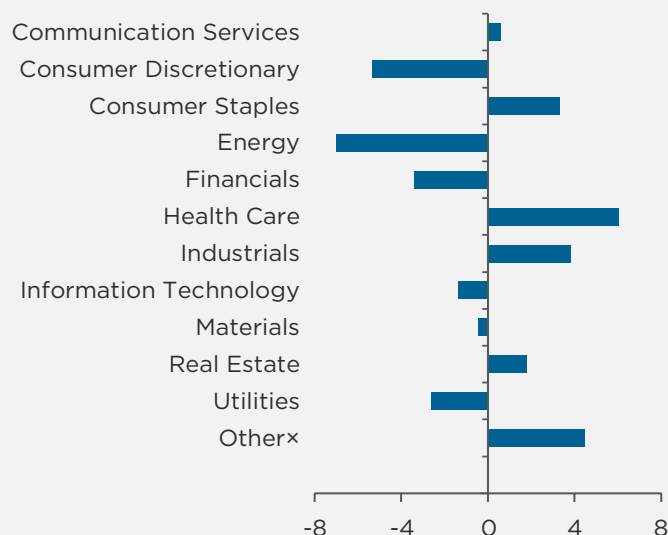
Fund	Benchmark
0.87	1.00

Number of securities

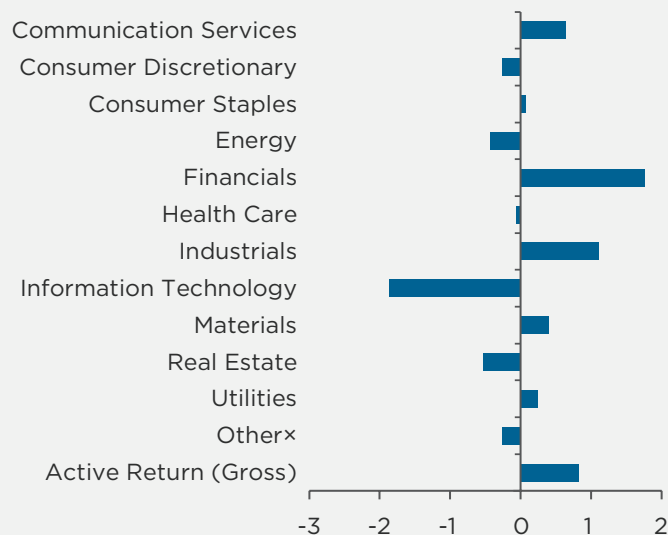
Fund	Benchmark
61	610

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.
- [°] Return on Equity: The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.
- [∞] A historical Beta is used for Funds with greater than 2 years of performance history under the same mandate. Ten-year Beta is used. Beta reflects the sensitivity of a Fund's return to fluctuations in its benchmark; 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.

Top 10 holdings as of 3/31/2024

Victory Capital Holdings, Inc., Class A 4.5%, BrightSphere Investment Group, Inc. 3.4%, Voya Financial, Inc. 3.2%, Onto Innovation, Inc. 2.7%, Ligand Pharmaceuticals, Inc. 2.6%, US Foods Holding Corp. 2.6%, Axonics, Inc. 2.4%, Roivant Sciences Ltd. 2.4%, Health Catalyst, Inc. 2.3% and Graphic Packaging Holding Company 2.2%. Holdings are subject to change.

Disclosures

- 2 The Russell 2000 Index measures the performance of the small-cap segment of the US equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

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. 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.

IMPAX Asset Management

Impax Asset Management
30 Penhallow Street, Suite 100
Portsmouth, NH 03801
800.372.7827

impaxfunds@impaxam.com
www.impaxam.com

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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