IMPAX Asset Management

Impax Core Bond Fund

Quarterly Commentary
All data as of 3/31/2024

Performance

- Although absolute performance was negative for the period, the Impax Core Bond Fund outperformed its benchmark during the first quarter.

Market review

- The Fed met twice during the period and as expected, kept the Federal Funds target rate steady. Fed statements suggested that the economy continues to expand, job gains remain strong, inflation continues to trend downward, but it would not yet be appropriate to make any adjustments to the target range until the Fed can gain greater confidence that inflation is on a sustainable path to their 2% objective. The Statement of Economic Projections and updated "Dot Plots" reiterated that most Fed governors are still forecasting three cuts in 2024, but that inflation may peak at 2.6% in 2024, 20 basis points higher than in the December 2023 forecast. The market continues to price in a soft landing and has re-embraced a "higher for longer" scenario. Throughout the first quarter, futures markets pared back their bets on cuts and by the end of March were pricing in three for 2024 with the first cut happening in July. This is a sharp reversal from the six cuts for 2024 that were priced in at the beginning of the year. Interest rate volatility (as measured by ICE BofA MOVE Index) continued to trend downward and reached levels not seen since early 2022.
- Over the quarter, 2-year and 10-year US Treasury yields rose, modestly inverting the yield curve further. The 30-year segment of the curve also rose. US Corporate spreads tightened and ended the period 90 basis points over treasuries with a yield to worst of 5.3%.
- The option adjusted spread on the benchmark tightened over the quarter, mostly driven by spread tightening within corporates. All investment grade sectors posted negative total returns during the quarter, however government-related and corporate sectors posted positive excess returns, with corporates leading the way, particularly amongst the longer-dated segment. Within structured products, excess return amongst Commercial Mortgage-Backed Securities

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Performance								as of 3/31/2024
	1m	Qtr	YTD	1y	3y	5y	10y	Incep[2]
Investor Class	0.87	-0.52	-0.52	1.77	-2.56	0.10	–	0.75
Institutional Class	0.89	-0.57	-0.57	2.02	-2.35	0.33	–	0.68
Bloomberg US Aggregate Index[3]	0.92	-0.77	-0.77	1.70	-2.46	0.36	–	0.98

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 Core Bond Fund Institutional Class and Investor Class is December 16, 2016.

As of the 5/1/23 prospectus, total annual Core Bond Fund operating expenses, gross of any fee waivers or reimbursements (excluding Acquired Fund fees and expenses), for Investor Class and Institutional Class shares are 0.71% and 0.46%, respectively.

Market review, continued

(CMBS) and Asset-Backed Securities (ABS) sectors was positive while Agency MBS excess returns were negative during the period as spreads modestly widened.

- New issuance was strong and thanks to a broadly supportive environment for fixed income, and credit in particular, investment grade taxable bonds experienced significant inflows during the quarter. This was mostly driven by inflows into mutual funds.

Contributors

- The overweight allocations securitized products, most notably ABS and non-agency MBS, coupled with an overweight allocation to government-related securities were the largest contributors to performance over the quarter. The underweight allocation to Treasuries also bolstered returns. Security selection within the ABS, government-related securities, capital goods, and consumer cyclical sectors contributed. The strategy's off-benchmark allocation to high yield credits performed well.

Detractors

- Security selection among Treasuries was the largest detractor over the quarter. The underweight to non-agency CMBS coupled with the overweight to corporates weighed on performance as well. Security selection within the REITS and transportation sectors was challenged, albeit to a lesser extent.

Outlook

- Although risk assets have performed well on the back of stronger than expected macroeconomic news, the investment team is cautious about adding risk and will only do so selectively. Rates have backed up over the first quarter and as previously noted, the market's expectations are now more in-line with the Fed's guidance. This convergence has reduced some of the interest rate risk as treasuries now seem closer to fair value. Credit spreads, on the other hand, have narrowed even more from their previously tight levels. These moves have reinforced the team's view on corporates and have resulted in allocations to other asset classes where there are greater relative value opportunities. Among structured products, the team continues to favor ABS and AAA rated agency MBS as spreads in those sectors remain relatively wide and their fundamental and technical backdrops continue to improve. Although corporate labelled bond issuance remains weak, the team is finding opportunities in private placements.

Fund overview

A diversified, multi-sector, investment grade bond strategy that seeks to invest in issuers aligned with the transition to a more sustainable economy.

Portfolio management team

Anthony Trzcinka, CFA, Portfolio Manager

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Portfolio characteristics as of 3/31/2024

Effective duration[f]

Fund	Benchmark
6.07%	6.14%

Years to maturity[~]

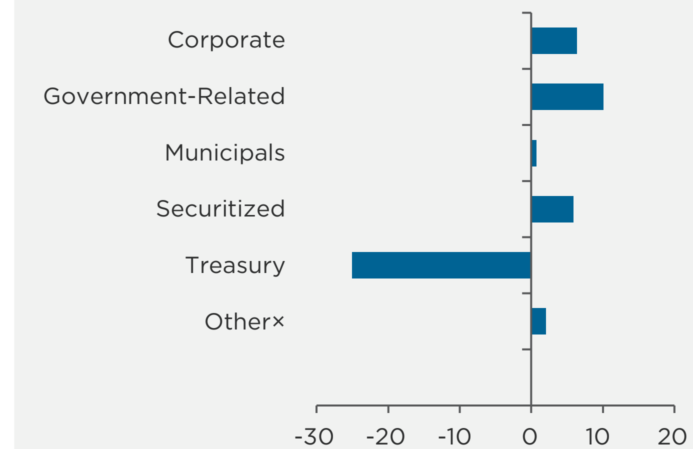
Fund	Benchmark
14.44	12.74

30-Day SEC yield[°]

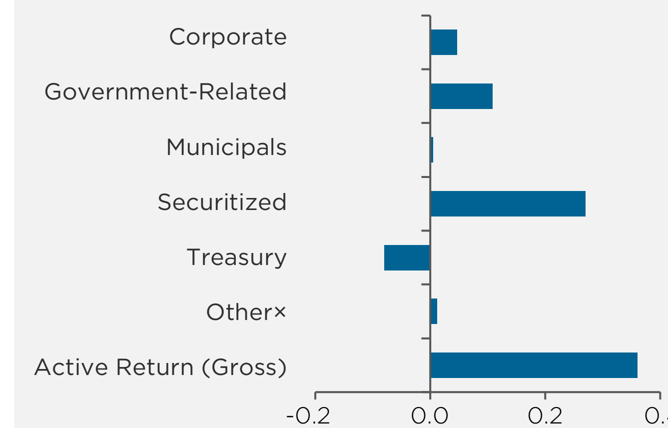
Investor	Institutional
4.06%	4.31%

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

Sector: Average active weights (%)



Total relative contribution (%)



[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.

Definitions

ƒ Effective duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

~ Years to maturity (weighted average) is the number of years until the bond matures and/or expires.

° 30-Day SEC yield: An annualized yield based on the most recent 30-day period.

Top 10 holdings as of 3/31/2024

United States Treasury Note, 4.5% 02/15/44 5.5%, United States Treasury Note, 4.25% 02/15/54 3.3%, United States Treasury Note, 4.875% 10/31/28 3.0%, United States Treasury Note, 4.25% 01/31/26 2.0%, United States Treasury Note, 4.0% 01/31/31 1.2%, International Bank For Reconstruction & Development, 1.625%, 1/15/25 0.9%, International Bank For Reconstruction & Development, 0.625%, 4/22/25 0.6%, Kfw, 0.625%, 1/22/26 0.5%, Ginnie Mae II Pool 2.5% 8/20/52 0.5% and Ginnie Mae II Pool 3.00% 6/20/53 0.5%. Holdings are subject to change.

Disclosures

1 A dot plot visually groups the number of data points in a data set based on the value of each point. The Fed's dot plot signals its expectations of future interest rate changes, where each member of the Fed is represented by a single, anonymous dot.

3 The Bloomberg US Aggregate Bond Index is a broad base index, maintained by Bloomberg L.P. often used to represent investment grade bonds being traded in the United States.

One cannot invest directly in an index.

RISK: Yield and share price will vary with changes in interest rates and market conditions. Investors should note that if interest rates rise significantly from current levels, bond fund total returns will decline and may even turn negative in the short term. Mortgage related securities tend to become more sensitive to interest rate changes as interest rates rise, increasing their volatility. There is also a chance that some of the fund's holdings may have their credit rating downgraded or may default. 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 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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