

Impax Large Cap Fund

Quarterly Commentary
All data as of 3/31/2024

Performance

- The Large Cap Fund underperformed its benchmark during 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.

- 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 underperformance versus its primary benchmark, the S&P 500, was a combination of marginal weakness in both sector positioning and stock selection. Exposure to the Impax Systematic ESG Score added value during the period, as stocks with the highest Systematic ESG scores had the best performance and securities with the lowest scores, which the portfolio does not invest in, underperformed the market. Positive contributions from high scoring companies including Walt Disney, Applied Materials, and Oracle were most impactful.

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Performance								as of 3/31/2024
	1m	Qtr	YTD	1y	3y	5y	10y	Incep ¹
Investor Class	3.64	9.82	9.82	24.33	7.99	15.22	-	14.27
Institutional Class	3.62	9.94	9.94	24.62	8.24	15.50	-	14.56
S&P 500 Index ²	3.22	10.56	10.56	29.88	11.49	15.05	-	14.50

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 call 800.767.1729 or visit impaxam.com.

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

¹ The inception date for the Impax Large Cap Fund Institutional Class and the Investor Class is December 16, 2016.

As of 5/1/2023 prospectus, total annual Impax Large Cap Fund operating expenses, gross of any fee waivers or reimbursements (excluding Acquired Fund fees and expenses), for Investor Class and Institutional Class shares are 0.97% and 0.72%, respectively.

Key performance drivers, continued

While the exposure to the Systematic ESG score was a positive contributor, the portfolio's Sustainability Lens profile detracted, as high-risk sub industries which the portfolio is underweight, such as Energy, led the market. While security selection was negative, there was significant dispersion in outcomes at the sector level. Selection was additive in Consumer Staples as all of the portfolio's holdings outperformed the market, with Target, Colgate and McCormick generating the strongest total returns. The portfolio also experienced strong stock selection in Health Care, benefiting from exposure to Merck, Align Technology, and IQVIA. Selection was weak in Financials as the portfolio's non-balance sheet Financial exposure in names like MSCI, CME, and Visa lagged the sector. Materials also saw weak security selection, with Crown Holdings and PPG Industries underperforming during the period.

Contributors

The top contributors outperformed on the back of strong execution.

- **Dell Technologies** (Information Technology) achieved strong results, primarily due to strength in its Infrastructure Solutions Group. The company is seeing extremely strong demand in their AI pipeline, which is driving attractive earnings delivery and increasing their backlog.
- **Walt Disney Company** (Communication Services) also had a strong quarter after delivering an earnings report that surpassed even the most bullish investor expectations. The company continues to pivot from growth to profitability across their verticals, provided guidance for fiscal 2024 that surpassed estimates, and unveiled a plan to buy back \$3 billion worth of shares and raise their dividend.
- **Trane Technologies Inc** (Industrials) delivered another strong earnings report, as bookings, operating margins, and profitability all beat expectations, and the company forecasts strong organic growth and earnings for the current fiscal year.

Detractors

Detractors for the period suffered from changing market sentiment around near-term industry specific risks.

- **Aptiv PLC** (Consumer Discretionary) was weaker after a difficult Q4, and more negative short-term sentiment on EV demand. While its possible 2024 will be a more challenging year for EV adoption, the direction of travel remains in place. The company has seen improving margins in areas of growth like Active Safety and User Experience, which will benefit as they are able to monetize their sizeable backlog.
- **Crown Holdings** (Materials) lagged the market despite quarterly earnings that were in-line as the company expects weaker demand in new can equipment sales in 2024, and guided 2024 earnings to come in below expectations.
- **American Water Works Co** (Utilities) underperformed during the period, driven by higher treasury yields and regulatory uncertainty. Despite share price weakness, the company has a compelling long-term earnings growth outlook and is trading at an attractive multiple. Water infrastructure remains underinvested in the US. This, combined with uplifts from PFAS & lead line replacement initiatives, as well as consolidation opportunities in a highly fragmented industry, continue to be drivers for the company.

Outlook

- Sentiment and expectations are improving, and the market has begun to price in a better outlook for 2024. The investment team continues to look for new investment opportunities, adding quality companies experiencing temporary disruptions such as inventory destocking, while also constructing portfolios that should benefit from a recovery in 2024. They have also looked to take profit where companies have rallied on improved investor sentiment. While the team is cautiously optimistic, they remain alert to the risk of continued volatility and the potential for a delayed impact on consumers and the economy from higher interest rates. They continue to monitor earnings carefully as expectations are high in some sectors. Impax believes the drivers of the transition to a more sustainable economy remain intact, and companies supplying innovative solutions and addressing social and environmental challenges remains compelling. Over the long run, we believe these companies can benefit from rising demand for the products and services to deliver strong earnings growth.

Fund overview

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

Portfolio management team

Barbara Browning, CFA[®], Portfolio Manager
Andrew Braun, Senior Portfolio Manager

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Portfolio characteristics as of 3/31/2024

Market cap (weighted avg.)^f

Fund	Benchmark
\$613,022mn	\$805,232mn

Forward price earnings[~]

Fund	Benchmark
20.54	20.96

ROE[°]

Fund	Benchmark
22.92%	27.41%

Beta[∞]

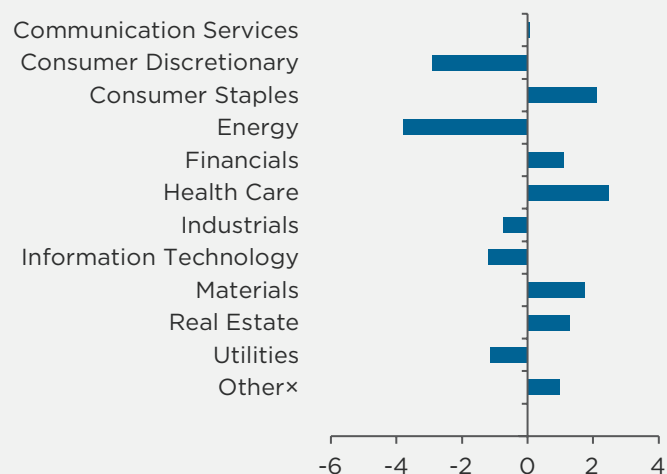
Fund	Benchmark
1.00	1.00

Number of securities

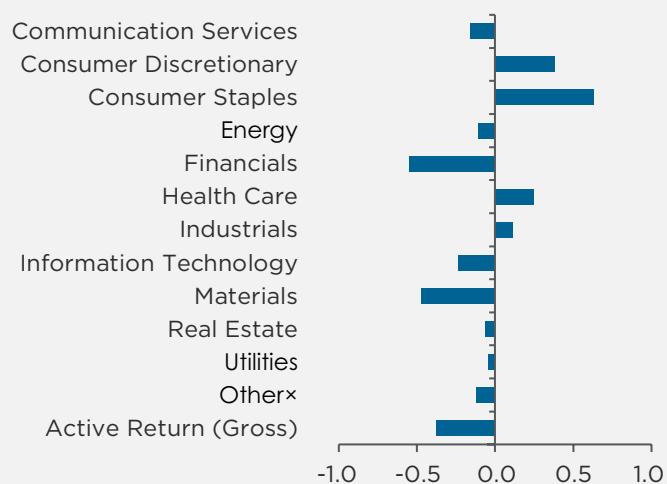
Fund	Benchmark
54	610

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 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.

^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

Microsoft Corp. 7.8%, Alphabet, Inc., Class A 4.4%, Apple, Inc. 3.5%, NVIDIA Corp. 2.8%, Merck & Co., Inc. 2.6%, Walt Disney Co., The 2.4%, McCormick & Co., Inc. 2.4%, JPMorgan Chase & Co. 2.4%, Trane Technologies PLC 2.3% and Visa, Inc., Class A 2.2%. Holdings are subject to change.

Disclosures

2 The S&P 500 Index is an unmanaged index of large capitalization common stocks.

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. 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.



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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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