

Impax US Sustainable Economy Fund

Quarterly Commentary
All data as of 12/31/2023

Performance

- In the fourth quarter, the Impax US Sustainable Economy Fund outperformed the Russell 1000 Index.

Market overview

- 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 is creating uncertainty about growth due to the potential for a lagged impact on consumers and corporates. Recent sentiments survey have shown a deterioration in the services sectors, and while the manufacturing sector is showing signs of stability, it is not yet recovering. In China, weaker economic data and initial disappointed with policy support measures drove the market lower. However, recent economic data in China is improving, suggesting these measures are now tickling into the economy.

CONTINUED ►

| Performance | | | | | | | | as of 12/31/2023 |
|--|------|-------|-------|-------|-------|-------|-------|--------------------|
| | 1m | Qtr | YTD | 1y | 3y | 5y | 10y | Incep ¹ |
| Investor Class | 5.96 | 12.91 | 24.39 | 24.39 | 9.75 | 13.76 | 10.41 | 6.61 |
| Class A | 5.93 | 12.91 | 24.39 | 24.39 | 9.77 | 13.75 | 10.41 | 6.59 |
| Institutional Class | 5.97 | 12.97 | 24.65 | 24.65 | 10.03 | 14.03 | 10.68 | 6.75 |
| Russell 1000 Index ² | 4.94 | 11.96 | 26.53 | 26.53 | 8.97 | 15.52 | 11.80 | – |
| Lipper Multi-Cap Core Funds Index ³ | 5.68 | 11.91 | 24.16 | 24.16 | 7.87 | 14.49 | 10.29 | – |

| Performance after sales charge | | | | | | | | as of 12/31/2023 |
|--------------------------------|------|------|-------|-------|------|-------|------|--------------------|
| | 1m | Qtr | YTD | 1y | 3y | 5y | 10y | Incep ¹ |
| Class A (Load) | 0.11 | 6.70 | 17.56 | 17.56 | 7.72 | 12.48 | 9.79 | 6.37 |

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 US Sustainable Economy Fund Institutional Class is April 2, 2007, the Investor Class inception date is June 11, 1997, and the Class A shares inception date is May 1, 2013.

As of 5/1/2023 prospectus, total annual Impax US Sustainable Economy Fund operating expenses, gross of any fee waivers or reimbursements (excluding Acquired Fund fees and expenses), for Institutional Class, Investor Class and Class A shares are 0.63%, 0.88% and 0.88%, respectively.

The performance information shown for Institutional Class shares represents the performance of the Investor Class shares for the period prior to Institutional Class inception (April 2, 2007). Expenses have not been adjusted to reflect the expenses allocable to Institutional Class shares. If such expenses were reflected, the returns would be higher than those shown. Institutional Class shares average annual return since April 2, 2007, is 9.14% (annualized).

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 11.75% (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 overview, 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. These parts of the market continue to see policy support, such as initiatives by the EU to reduce food waste. 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.

Contributors

- **Allstate (Financials)** climbed amid reports that activist investor Trian Fund Management has built a stake in the insurer.
- **Qualcomm (Information Technology)** rallied after the semiconductor equipment company posted fiscal-Q4 earnings that beat analyst expectations.
- **CBRE (Real Estate)** advanced after the real estate service provider reported stronger than expected quarterly earnings.

Detractors

- **Bristol Myers Squibb (Health Care)** fell after the biopharmaceutical maker reported a decline in third quarter revenue from a year ago.
- **Yara International (Materials)** slid after the fertilizer maker posted weaker-than-expected quarterly earnings and signaled possible cuts to output.
- A lack of exposure to **Amazon (Consumer Discretionary)** was unfavorable. Shares climbed after the online retailer posted a sharp increase in third quarter net income.

Sustainability tools

- The portfolio's Sustainability Lens profile contributed positively to returns, as high-risk, high-opportunity subsectors were the only lens category to deliver negative returns in the quarter. The portfolio's tilt towards securities with higher Systematic ESG⁴ scores was a strong tailwind as stocks with scores in the top quartile led the market. The portfolio's energy efficiency exposure was modestly positive.

Sector attribution

- Sector positioning is an outcome of the portfolio construction process rather than an active portfolio decision.
- Growth and interest rate sensitive sectors led the markets in the period, with Information Technology, Materials, and Real Estate leading the way. Energy was the only sector in negative territory as oil prices reversed gains from the prior period, while Industrials and Consumer Staples lagged the investment universe. The portfolio's sector positioning was a positive contributor as the lack of Energy exposure and overweight to Information Technology added value. Conversely the overweight to Industrials and selections within Consumer Staples were the largest sector detractors over period.

4 The Impax Systematic ESG Rating is a proprietary rating of companies' environmental, social and governance (ESG) performance developed by Impax's Sustainability and ESG Team. The rating is designed to capture material information that may bear on a company's risk and performance potential. The Impax Systematic ESG Rating combines original, in-house research and analysis with multiple sources of third-party ESG and publicly available data to quantify an overall ESG company ranking versus peers.

The Impax Systematic ESG rating calculation includes some elements that could be considered qualitative or subjective, including, customized peer groups on limited occasions that may deviate from standard industry classifications in order to facilitate meaningful quantitative comparisons; selection of relevant ESG issues and indicators; determining weights or scoring of components/indicators; and some manual adjustments on occasions where the Impax Sustainability and ESG team determines that the calculated score based on available indicators does not adequately reflect the materiality or risk/return implications of certain ESG issues for a particular company.

Fund overview

A systematic strategy investing in US large cap companies we believe are positioned to benefit from the transition to a more sustainable economy.

Portfolio management team

Scott LaBreche, Portfolio Manager

Christine Cappabianca, Portfolio Manager

Portfolio characteristics as of 12/31/2023

Market cap (weighted avg.)^f

| <u>Fund</u> | <u>Benchmark</u> |
|-------------|------------------|
| \$492,501mn | \$661,244mn |

Forward price earnings[~]

| <u>Fund</u> | <u>Benchmark</u> |
|-------------|------------------|
| 18.93 | 19.40 |

ROE[°]

| <u>Fund</u> | <u>Benchmark</u> |
|-------------|------------------|
| 25.07% | 22.71% |

Beta[∞]

| <u>Fund</u> | <u>Benchmark</u> |
|-------------|------------------|
| 0.99 | 1.00 |

Number of securities

| <u>Fund</u> | <u>Benchmark</u> |
|-------------|------------------|
| 145 | 1,010 |

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.
- [∞] A historical Beta is used for Funds with greater than 3 years of performance history under the same mandate. Three-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.

Top 10 holdings as of 12/31/2023

Apple, Inc. 5.9%, Microsoft Corp. 5.9%, NVIDIA Corp. 3.7%, Eli Lilly & Co. 2.3%, MasterCard, Inc., Class A 2.3%, Merck & Co., Inc. 2.1%, Johnson & Johnson 1.8%, Verizon Communications, Inc. 1.7%, Texas Instruments, Inc. 1.7% and Zoetis, Inc. 1.6%. Holdings are subject to change.

Disclosures

- 2 The Russell 1000 Index measures the performance of the 1,000 largest US companies, as measured by market capitalization. It is a subset of the Russell 3000 Index, which measures the largest 3,000 companies. The Russell 1000 Index is comprised of over 90% of the total market capitalization of all listed US stocks.
- 3 Lipper Multi-Cap Core Funds Index tracks the results of the 30 largest mutual funds in the Lipper Multi-Cap Core Funds Index Average. The Lipper Multi-Cap Core Funds Index Funds Average is a total return performance average of mutual funds tracked by Lipper, Inc. that invest in a variety of market capitalization ranges without concentrating 75% of their equity assets in any one market capitalization range over an extended period of time. These funds typically have average characteristics compared to the S&P SuperComposite 1500 Index.

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. 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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