

Impax International Sustainable Economy Fund

Quarterly Commentary

All data as of 12/31/2023

Performance

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

Market overview

- The quarter finished with a strong rally, with both bonds and equities posting gains. The US Federal Reserve held rates steady again in December and investors are more confident that the monetary tightening cycle has peaked, and that interest rate cuts are likely in 2024. This view has been fueled by cooler inflation as lower energy and material costs feed into data. While labor markets remain relatively tight, wage pressure is moderating. Economic data has been mixed, but overall has been resilient enough to fuel expectations of a soft landing. Earnings have also been more supportive, with positive surprises outweighing negative surprises. Geopolitics remains a risk, but Sino-US tensions eased somewhat after a relatively positive summit between

US President Biden and Chinese President Xi Jinping. The rally was broad, led by more interest rate and economic sensitive parts of the market. Energy was a notable laggard as oil prices pulled back as supply was increased.

- Sentiment is improving, and the market has begun to price in a better outlook for 2024. While a clear turning point is not yet evident in the data, global manufacturing sentiment indicators are becoming less negative and service sentiment indicators remain in expansionary territory.

Contributors

- Sonova (Health Care)** outperformed after the hearing care solutions provider reported stronger-than-expected full-year earnings estimates.
- Tokyo Electron (Information Technology)** jumped after the semiconductor equipment maker raised its full-year earnings guidance.

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Performance	as of 12/31/2023							
	1m	Qtr	YTD	1y	3y	5y	10y	Incep ¹
Investor Class	5.64	11.83	18.92	18.92	2.64	8.00	3.87	3.91
Institutional Class	5.80	12.02	19.30	19.30	2.92	8.24	4.15	5.03
MSCI EAFE (Net) Index ²	5.31	10.42	18.24	18.24	4.02	8.16	4.28	4.91
MSCI EAFE ESG Leaders (Net) Index ³	5.52	11.00	18.82	18.82	3.16	8.48	4.56	5.39
Lipper International Large-Cap Core Funds Index ⁴	5.22	10.26	16.82	16.82	4.28	7.51	3.72	4.34

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.

Detractors

- **Astellas Pharma (Health Care)** fell after the pharmaceutical company posted a notable decline in first-half profit.
- **Merck KGaA (Health Care)** slid after the drugmaker's multiple sclerosis drug failed in late stage trials.
- **Koninklijke Ahold (Consumer Staples)** retreated after the retail store operator reported a drop in Q3 profit.

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 ESG scores, as determined by MSCI, was a strong tailwind as stocks with scores in the top quartile led the market. The portfolio's energy efficiency exposure was also favorable.

Sector attribution

- Sector positioning is an outcome of the portfolio construction process rather than an active portfolio decision.
- During the quarter, Industrials and Communication Services outperformed the broad market, supported by reports of upcoming US interest rate cuts and a rebound in companies with cyclical characteristics.
- Energy was the only sector in negative territory as oil prices reversed gains from the prior period, while Materials lagged the investment universe.
- The portfolio's sector positioning was a positive contributor as the lack of Energy exposure and overweight to Industrials added value. Conversely the overweight in Financials and underweight to Materials were the largest sector detractors over period.

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 12/31/2023

Market cap (weighted avg.)^f

Fund	Benchmark
\$80,217M	\$91,812M

Forward price earnings[~]

Fund	Benchmark
13.29	13.12

ROE^o

Fund	Benchmark
19.65%	18.83%

Beta[∞]

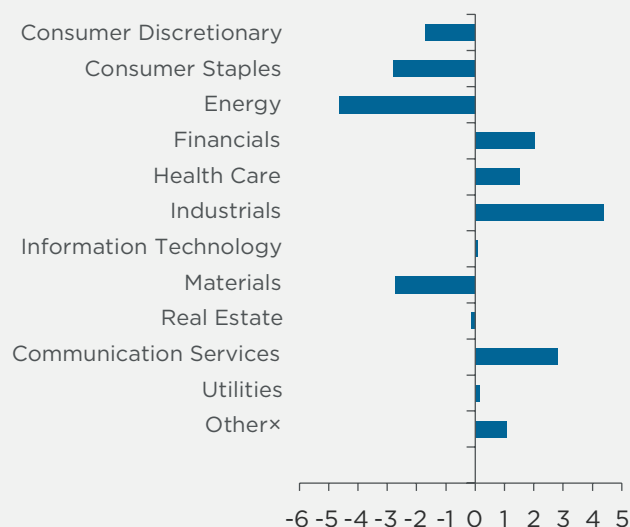
Fund	Benchmark
0.99	1.00

Number of securities

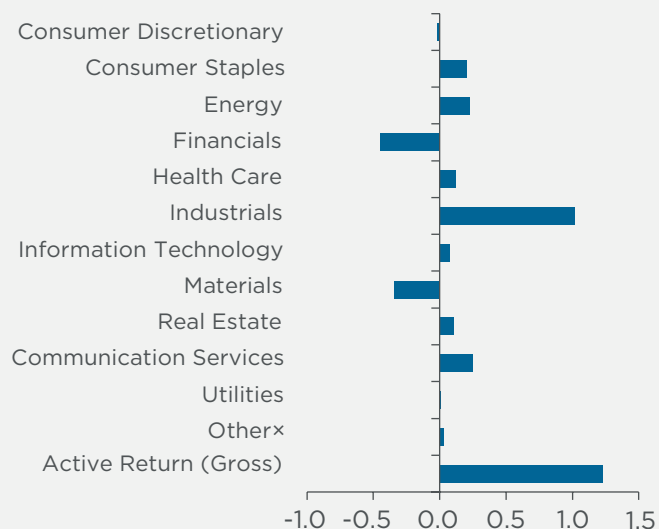
Fund	Benchmark
147	783

Performance attribution 9/30/2023 - 12/31/2023

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.
- [∞] 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 12/31/2023

ASML Holding NV 3.1%, Novartis AG 2.5%, Novo Nordisk A/S Class B 2.5%, AstraZeneca PLC 2.5%, HSBC Holdings Plc 2.3%, Schneider Electric SE 2.1%, BNP Paribas SA Class A 1.9%, AIA Group, Ltd. 1.9%, ANZ Group Holdings Ltd. 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 MSCI EAFE ESG Leaders Index is designed to measure the performance of equity securities of issuers of developed countries around the world excluding the US and Canada that have high Environmental, Social and Governance (ESG) ratings relative to their sector and industry peers, as rated by MSCI ESG Research annually.

Effective March 31, 2021 the MSCI EAFE (Net) Index replaced the MSCI EAFE ESG Leaders (Net) Index as the primary benchmark for the International Sustainable Economy Fund because the Adviser believes the MSCI EAFE (Net) Index is a more appropriate broad-based securities market index representing the universe of securities in which the Fund may invest.
- 4 The Lipper International Large-Cap Core Funds Index tracks the results of funds that, by portfolio practice, invest at least 75% of their equity assets in companies strictly outside of the US with market capitalizations (on a three-year weighted basis) above Lipper’s international large-cap floor. International large-cap core funds typically have an average price-to-cash flow ratio, price-to-book ratio, and three-year sales-per-share growth value compared to their large-cap specific subset of the S&P/Citigroup World ex-US BMI. This classification includes both ETFs and active retail mutual funds.

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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