

# Impax Global Environmental Markets Fund

## Quarterly Commentary

All data as of 06/30/2025

### Performance

- Portfolio returns advanced during the second quarter and outperformed its primary benchmark, the MSCI ACWI index. The portfolio's higher growth and more cyclical exposure, which was preserved despite share price weakness in Q1, provided an important source of upside capture. Information Technology was the primary driver of absolute and relative performance, with improving investor appetite towards AI-related tailwinds, coupled with robust earnings delivery, facilitating strong share price returns for Cloud Computing and Semiconductor holdings. The portfolio's Industrials exposure was additive to absolute performance, as Smart & Efficient Grids and Buildings Energy Efficiency holdings recaptured losses from the prior quarter when waning AI sentiment led to a broader de-rating of AI physical infrastructure enablers. Companies such as Hubbell and Schneider Electric continue to benefit from the longer-term need for investment in electricity grid resilience, particularly in the US where infrastructure is aging and becoming less reliable. The US Administration's attempt to moderate drug pricing led to losses across the overall Health Care space during the quarter. While holdings held up better than the sector return, the portfolio's Health Care exposure modestly detracted from absolute performance during the quarter as Environmental Testing & Monitoring holdings such as Mettler-Toledo and Waters moved slightly lower.

### Market overview

- Despite considerable volatility, global equities, as measured by the MSCI ACWI Index, rose over the quarter in US dollar (USD) terms. A weaker dollar, however, reduced returns for non-USD based investors. The quarter was dominated by tariffs, geopolitics, and the impending passage of the "Big Beautiful Bill" (BBB) in the US.
- President Trump's "Liberation Day" tariffs were more stringent than expected, triggering a sell-off in risk assets in April. Bond yields initially rose as inflation uncertainty increased. However, markets rallied as China and the US agreed to delay additional punitive tariffs and begin negotiations on a trade deal. While the outlook for inflation remains uncertain, recession fears have faded. US bond yields were also volatile over the quarter but finished almost unchanged, which also supported the rally in equities, and the VIX volatility index finished near its lowest levels.
- The impending passage of the "BBB" in the US has generally been supportive of equities as it is expected to lead to further fiscal stimulus, even while it increases US government debt. The earnings season was also broadly better than expected, and the corporate growth outlook remains positive. Markets have been led by more growth-oriented sectors and by large market-cap stocks, while more defensive sectors have lagged. The Health Care sector remains under intense scrutiny as one component of the "BBB" is aimed at moderating healthcare prices.
- Looking ahead, given current valuations, we expect markets to remain range-bound over the course of the rest of the year, supported by earnings expectations. This should give rise to a fertile investment environment for active managers that are willing to take a selective stance across market capitalisation, sector and region.

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Performance (%)	Total return			Average annual return				
	1M	3M	YTD	1Y	3Y	5Y	10Y	SI <sup>1</sup>
Institutional Class	4.60	12.59	10.66	9.95	14.12	11.16	8.90	7.36
Investor Class	4.58	12.53	10.53	9.67	13.83	10.88	8.63	7.08
Class A (Load-waived)	4.59	12.51	10.55	9.65	13.82	10.87	8.62	9.89
MSCI ACWI	4.49	11.53	10.05	16.17	17.35	13.65	9.99	7.60

### Performance after sales charge

Performance (%)	Total return			Average annual return				
	1M	3M	YTD	1Y	3Y	5Y	10Y	SI <sup>1</sup>
Class A (max. 5.5% sales charge)	-1.15	6.30	4.46	3.64	11.69	9.63	8.01	6.72

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](http://www.impaxam.com). Figures include reinvested dividends, capital gains distribution, and changes in principal value. Figures include reinvested dividends, capital gains distribution, and changes in principal value.

<sup>1</sup>First full month since inception. The inception date for Impax Global Environmental Markets Fund Institutional Class is 03/27/2008 and Investor Class is 03/27/2008, and Class A is 05/01/2013. As of 05/01/2025 prospectus, total annual Impax Global Environmental Markets Fund operating expenses, gross of any fee waivers or reimbursements (excluding Acquired Fund fees and expenses), for Institutional Class, Investors Class, and Class A shares are 0.89%, 1.14% and 1.14%, 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 9.00% (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%.

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## Contributors (absolute basis)

- Microsoft (Information Technology, Cloud Computing) outperformed in Q2, driven by a positive market reaction to strong earnings results. Importantly, results from its cloud computing arm Azure came in well ahead of expectations and there are indications of a re-acceleration of growth.
- Nvidia (Information Technology, Cloud Computing) experienced a share price bounce during the period, as strong Q1 results (revenue exceeding estimates, stronger than expected client capex, and improving policy sentiment) provided evidence of their attractive position to benefit from growth in AI infrastructure, and the need for higher efficiencies.
- Amphenol (Information Technology, Advanced Road Vehicles & Devices) moved sharply higher following the release of Q1 earnings. Data centre-related sequential growth led to a substantial earnings-per-share (EPS) beat while Q2 guidance came in materially above consensus expectations.

## Detractors (absolute basis)

- Waters (Health Care, Environmental Testing & Monitoring) moved lower during the quarter, driven by increasing attention on the US Administration's attempt to moderate drug pricing in the US. If successful, this could have a negative downstream effect on life science tools companies such as Waters. The stock also traded down on its Q1 earnings release. Whilst the results were solid, they were below elevated investor expectations.
- Zoetis (Health Care, Sustainable Agriculture), a holding initiated during the quarter, modestly detracted from performance, as concerns around slowing revenue and competitive pressures led to analyst downgrades. Despite short-term price weakness, the investment team believes Zoetis remains a high-quality business trading at a compelling valuation. The company generates attractive returns on invested capital, high free cash flow generation, and strong R&D spending to support future product innovation.
- IDEX (Industrials, Water Distribution & Infrastructure) underperformed during the period, given market concerns around the company's challenges in achieving organic growth, particularly around industrial production weakness and an insufficient uplift from a health science recovery.

## Outlook

- The investment team believes that over the longer term, the environment remains supportive of opportunities across a wide range of sustainable solutions. While markets entered 2025 with the view that Trump's pro-growth policies would provide a tailwind for US equities, investors are now grappling with increased uncertainty and weaker consumer and corporate confidence associated with tariffs and geopolitical tensions, despite the recent market rebound. Given elevated levels of market volatility, the investment team continues to maintain exposure to high-quality operationally defensive businesses that provide a ballast for the portfolio, in highly resilient areas like waste & recycling and industrial gasses. These tend to be oligopolies that benefit from durable demand and attractive pricing power. The portfolio remains positioned for a re-rating in sectors that have suffered from temporary destocking issues where the long-term thesis remains intact, such as Health Care Environmental Testing & Monitoring exposure. The launch of open-source AI platform DeepSeek and greater economic uncertainty has led to investor concerns around some of the drivers underpinning the extremely narrow market leadership seen in 2023 and 2024. While a weaker growth outlook will pose challenges in absolute terms, the portfolio's underweight to momentum and mega-cap technology should be helpful in relative terms. Over the long-term, themes like energy efficiency, grid upgrades, policy tailwinds (re-shoring) and AI-related opportunities remain attractive secular growth opportunities for a number of portfolio holdings. Within Environmental Markets, Trump's historic stance on environmental and climate policies is creating sentiment headwinds for Renewables stocks. However, while the opportunity set for the portfolio is often conflated with this sector, the portfolio currently has zero exposure to Renewables. The portfolio seeks to capitalise on long-term structural growth trends, such as demographic change, technological innovation and greater consumption. These are durable and sustainable, regardless of who is in the White House. The focus remains on high quality companies with resilient operational business profiles, demonstrable pricing power and above average earnings growth, underpinned by the secular drivers of environmental markets.



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## Fund overview

Impax Global Environmental Markets Fund is a long-only, all-cap global equities strategy investing in Environmental Markets..

### Portfolio managers

Hubert Aarts, David Winborne, Siddharth Jha, Luciano Lilloy

## Portfolio characteristics

As of 06/30/2025

### Market cap (weighted average)<sup>f</sup>

Fund	Benchmark
US\$423BN	US\$752BN

### Forward price earnings<sup>~</sup>

Fund	Benchmark
21.4x	18.4x

### ROE<sup>o</sup>

Fund	Benchmark
21.9%	21.6%

### Beta<sup>∞</sup>

Fund	Benchmark
1.00	-

### Number of securities

Fund	Benchmark
44	2,528

## Definitions

- <sup>f</sup> 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.
- <sup>~</sup> 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.
- <sup>o</sup> 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.
- <sup>∞</sup> 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.

## Performance attribution as of 06/30/2025

### Sector: Average active weights (%)

Energy	-3.73
Financials	-15.14
Health Care	-1.58
Industrials	22.50
Information Technology	8.11
Materials	9.57
Real Estate	-2.07
Utilities	0.28
Cash	1.12

### Total relative contribution (%)

Energy	0.55
Financials	-0.47
Health Care	0.42
Industrials	-0.16
Information Technology	1.67
Materials	-0.28
Real Estate	0.13
Utilities	0.00
Cash	-0.10
Total	1.48

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Top 10 holdings as of 06/30/2025 Holdings subject to change.

Stocks	Weighting (%)
MICROSOFT CORP	5.8%
LINDE PLC	5.0%
AGILENT TECHNOLOGIES INC	4.3%
AIR LIQUIDE SA	4.0%
NVIDIA CORP	3.1%
VEOLIA ENVIRONNEMENT	3.0%
WASTE MANAGEMENT INC	3.0%
SCHNEIDER ELECTRIC SE	2.9%
RENAISSANCERE HOLDINGS LTD	2.8%
KERRY GROUP PLC-A	2.8%

## Definitions and disclosures

The MSCI All Country World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. It covers 23 developed and 24 emerging market country indexes. The index is displayed in USD.

**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 market 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 (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.

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## Impax Asset Management

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