

# Impax US Sustainable Economy Fund

Quarterly Commentary

All data as of 03/31/2026

## Performance

The US Sustainable Economy portfolio underperformed the Russell 1000 benchmark in the first quarter of 2026. The primary source of underperformance was the portfolio's structural lack of exposure to Energy, in line with Impax's fossil fuel policy. The sector surged dramatically during the quarter and represented the single largest drag on relative portfolio returns from a sector allocation standpoint. Style factors were a small aggregate headwind. The most notable drag came from the portfolio's tilt toward higher Profitability, as quality-oriented characteristics remained unrewarded in the value-led market environment, and from Beta and Long-Term Reversal exposures. These were partially offset by positive contributions from the Management Quality and Momentum factor tilts, as well as Dividend Yield. Stock-specific effects in Health Care were meanwhile strongly positive, as pharmaceutical and biotechnology holdings significantly outperformed the sector, and Brinson selection effects within the High Lens Opportunity category also contributed.

## Market overview

- US equity markets finished lower over the period in what was a period of two distinct halves. Early support from solid corporate earnings, falling bond yields and renewed interest in real asset stocks — seen as less exposed to AI-related disruption — gave way to a risk-off environment as tensions in the Middle East escalated into a full-scale conflict. The surge in energy prices following the closure of the Strait of Hormuz, and the associated rise in inflation expectations, weighed on investor sentiment and ended a three-quarter winning streak for the S&P 500 index.

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Performance (%)	Total return			Average annual return				
	1M	3M	YTD	1Y	3Y	5Y	10Y	SI <sup>1</sup>
Institutional Class	-5.22	-4.66	-4.66	17.28	15.49	10.61	12.36	9.56
Investor Class	-5.25	-4.77	-4.77	16.97	15.20	10.32	12.08	7.12
Class A (Load-waived)	-5.27	-4.75	-4.75	16.96	15.21	10.33	12.08	11.96
Russell 1000	-4.97	-4.18	-4.18	17.74	18.14	11.34	13.97	10.19

## Performance after sales charge

Performance (%)	Total return			Average annual return				
	1M	3M	YTD	1Y	3Y	5Y	10Y	SI <sup>1</sup>
Class A (5.5% max. sales charge)	-10.48	-9.99	-9.99	10.52	13.06	9.09	11.44	11.47

**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>Mandate change of Institutional Class shares is March 31, 2021. The performance information shown for Institutional Class shares represents the performance of the Investor Class shares for the period prior to Institutional Class inception. 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. Prior to March 31, 2021, Impax US Sustainable Economy Fund was known as Pax ESG Beta Quality Fund and the strategy of the Fund differed from its current strategy. Accordingly, performance of the Fund for periods prior to March 31, 2021, may not be representative of the performance the Fund would have achieved had the Fund been following its current strategy. As of 05/01/2025 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, Investors Class, and Class A shares are 0.62%, 0.87% and 0.87%, 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 9.56% (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 11.47% (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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## Market overview

- Despite increasing concerns around the economic growth outlook, bond yields rose as higher oil and commodity prices reinforced expectations that inflation will remain elevated for longer. More cyclical areas of the market, including Energy, Industrials and Materials, performed relatively well. In contrast, Information Technology lagged, driven by concerns over data center investment and broad-based weakness among software stocks as investors reassessed the competitive implications of AI. Consumer Discretionary also underperformed as higher prices raised concerns about further pressure on parts of the consumer value chain and spending.
- Against this backdrop, we believe that a renewed focus on solutions (like renewables) that enhance energy security and efficiency is likely, as well as investment in more efficient grids, power storage and technologies that reduce energy intensity. Conversely, consumers — who are already showing signs of inflation fatigue — may become increasingly selective. The team remains mindful of the rising risks associated with the conflict and has been stress-testing portfolios and individual holdings. While the macroeconomic and geopolitical environment has become more complex, with the US mid-term elections potentially dictating how long the conflict in Iran lasts, periods of dislocation like this can also create opportunities.

## Contributors

- **Tesla (Consumer Discretionary, Automobile Manufacturers)** is held but as a significant underweight position, relative to the benchmark, given limited sustainability opportunity exposure and a weaker Corporate Resilience profile. The stock fell sharply during the quarter, driven by a combination of weakening electric vehicle (EV) demand in key markets, rising competitive pressure from Chinese manufacturers and headline risk around its CEO. The portfolio's underweight position meant that this sharp decline generated the largest single positive active contribution to return in the period.
- **Meta Platforms (Communication Services, Interactive Media & Services)** is not held in the portfolio due to its unfavorable Corporate Resilience profile, including below-average scores on social risk management and governance. The stock declined materially during the quarter, reflecting broader de-rating of large-cap technology names and concerns around slowing digital advertising growth in a weaker consumer environment. The portfolio's zero weight, given Meta's meaningful benchmark position, made this the second-largest positive active contributor.
- **Applied Materials (Information Technology, Semiconductor Materials & Equipment)** is owned for its better-than-average Corporate Resilience profile and attractive sustainability opportunities including Resource Efficiency, Enhancing Productivity and Digital Infrastructure. Applied Materials rallied strongly primarily on the back of a blowout February earnings beat, where management guided for over 20% semiconductor equipment revenue growth in calendar 2026 and positioned the company as a direct beneficiary of accelerating AI infrastructure investment in leading-edge logic, high-bandwidth memory, and advanced packaging. Despite a sharp pullback in March on China export control concerns and revenue headwinds, the stock closed the quarter meaningfully higher.

## Detractors

- **Oracle (Information Technology, Software)** stands out with a strong sustainability profile, offering notable opportunities in Digital Infrastructure, Education and the development of Enhanced Skills & Innovation. The stock declined as concerns persisted around the company's accumulation of debt to finance its AI-related data center expansion in partnership with OpenAI. Deteriorating investor sentiment toward large-scale AI infrastructure spending, which intensified as the market rotated away from technology, compounded worries about Oracle's balance sheet trajectory and the portfolio's overweight contributed negatively.
- **Qualcomm (Information Technology, Semiconductors)** is held due to its best-in-class Corporate Resilience score, scoring highly from Environment & Social factors as well as Governance. The stock is also well positioned from a sustainability opportunity perspective with high scores on Digital Infrastructure and Resource Efficiency. Underperformance was driven by a sharp sell-off after record fiscal Q1 results were overshadowed by deeply disappointing forward guidance, as AI data center demand has created industry-wide memory shortages. Apple's accelerating development of in-house modem chips threatens Qualcomm's largest customer relationship, and escalating US-China trade tensions create meaningful uncertainty around its substantial China revenue exposure.
- **S&P Global (Financials, Financial Exchanges & Data)**, is held for its Corporate Resilience profile and sustainability opportunities within Digital Infrastructure and Meeting Basic Needs through financial data and risk analytics services. The stock declined during the quarter as investor sentiment toward data and analytics businesses softened, with concerns around the pace of issuance activity and potential AI disruption to ratings and research services. The portfolio's overweight position was a negative active contributor.

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## GICS sector attribution<sup>#</sup>

- Sector positioning is an outcome of the portfolio construction process rather than an active portfolio decision. The Sustainability Lens shapes the portfolio's industry and sector exposures by tilting toward sub-industries with attractive long-term transition tailwinds.
- The most significant headwind at the sector level was the portfolio's total absence of Energy exposure, consistent with Impax's fossil fuel policy. Energy was the strongest-performing sector in the Russell 1000 by a wide margin during the quarter, driven by the geopolitical supply disruption, and the resulting negative allocation effect was the dominant driver of the portfolio's underperformance. The underweight to Consumer Staples was also a negative allocation effect, as that sector delivered positive absolute returns amid the defensive rotation. The allocation to Materials was marginally negative as the overweight to the sector did not fully capture the commodity strength seen in the benchmark's more mining-heavy composition, with stock selection within the sector also detracting.
- On the positive side, underweights to Consumer Discretionary and Communication Services, which both declined during the quarter, contributed meaningfully to allocation effects. Health Care made the largest positive contribution as the portfolio's overweight position, combined with strong stock selection, produced a substantial positive contribution. The portfolio's pharmaceutical holdings significantly outperformed a sector that itself held up well in the defensive rotation. The allocation to Industrials was marginally positive, though stock selection within the sector partially offset this as the portfolio's holdings did not fully participate in aerospace and capital goods strength.

## Sustainability tools

### Impax Sustainability Lens

The Lens is used to align the portfolio's industry exposure to the tailwinds associated with the transition to a more sustainable economy, by ranking sub-industries based on their exposure to themes such as Enhancing Productivity, Meeting Basic Needs, and Addressing Climate Change and Pollution. From an allocation perspective, the dominant story of the quarter was the drag from the 'Low Lens Opportunity' category. The portfolio holds almost nothing in this cohort versus a significant benchmark weight, and the allocation effect was sharply negative: within 'Low Lens Opportunity', the 'Lens Risk - High' sub-group – which captures Integrated Oil and Gas, E&G Exploration and Production, Oil Services, and Oil Refining – was by far the largest single source of allocation drag, as these sub-industries surged following the Strait of Hormuz closure. 'Low Opportunity Low Risk' exposure made a small offsetting positive contribution, as the portfolio's underweight to Movies and Entertainment and Interactive Home Entertainment was modestly additive given their relative weakness. Within the 'High Opportunity' category, allocation effects were mixed across Lens Risk sub-groups. Pharmaceuticals, Water Utilities and Environmental Services held up relative to the benchmark, but Systems Software, Semiconductors and Transaction Processing exposure did not keep pace with the Energy-led benchmark.

### Corporate Resilience Analysis

Impax assesses a company's resilience to a variety of industry and company-specific factors, as the team's research has found that companies that do not manage governance, the environment or social risks effectively exhibit more volatility than those with greater resilience over the long term. The portfolio is overweight to stocks that score higher on this measure and avoids stocks that score poorly. The portfolio's overweight to the highest-scoring quintile of Corporate Resilience stocks contributed positively: the portfolio held materially more in this cohort than the benchmark, and those stocks declined less than the overall market during the quarter. Underweights to Quintile 4 and Quintile 5 also added modestly, as stocks with worst-in-class Corporate Resilience characteristics suffered.



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## Fund overview

Impax US Sustainable Economy Fund is a systematic strategy investing in US large cap companies we believe are positioned to benefit from the transition to a more sustainable economy..

### Portfolio managers

Scott LaBreche, Christine Cappabianca

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## Performance attribution as of 03/31/2026

### Sector: Average active weights (%)

Communication Services	-3.93
Consumer Discretionary	-3.92
Consumer Staples	-3.72
Energy	-3.41
Financials	3.63
Health Care	5.01
Industrials	-1.21
Information Technology	5.14
Materials	0.98
Real Estate	-0.10
Utilities	0.53
ETFs	0.31
Cash	0.69

### Total relative contribution (%)

Communication Services	0.39
Consumer Discretionary	0.43
Consumer Staples	-0.53
Energy	-1.19
Financials	0.01
Health Care	0.70
Industrials	-0.26
Information Technology	0.10
Materials	-0.10
Real Estate	-0.03
Utilities	0.07
ETFs	0.00
Cash	0.03
Total	-0.38

## Portfolio characteristics As of 03/31/2026

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

Fund	Benchmark
US\$1095BN	US\$1133BN

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

Fund	Benchmark
16.6x	19.1x

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

Fund	Benchmark
26.5%	22.5%

### Beta<sup>∞</sup>

Fund	Benchmark
0.95	-

### Number of securities

Fund	Benchmark
134	1,006

## 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 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.



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Top 10 holdings as of 03/31/2026 Holdings subject to change.

Stocks	Weighting (%)
NVIDIA CORP	8.0%
APPLE INC	7.3%
MICROSOFT CORP	4.1%
BROADCOM INC	2.6%
JOHNSON & JOHNSON	2.2%
ALPHABET INC-CL A	2.2%
VISA INC-CLASS A SHARES	2.1%
AMAZON.COM INC	1.9%
MASTERCARD INC - A	1.9%
MERCK & CO. INC.	1.8%

## Definitions and disclosures

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.

The Global Industry Classification Standard (GICS) is a widely recognized industry standard for assigning a public company to the economic sector and industry group that best defines its business. It was developed jointly by MSCI and Standard & Poor's and is used by the MSCI indexes.

**One cannot invest directly in an index.**

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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.

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