

Impax US Sustainable Economy Fund

Quarterly Commentary

All data as of 06/30/2025

Performance

- The portfolio underperformed the Russell 1000 benchmark during Q2. Relative underperformance was primarily attributable to modest underweights in volatility factors and security-specific effects, which outweighed the positive impact of our sustainability tools and sector allocations.
- Within a robust risk-on environment, the portfolio's slight tilts away from higher beta and elevated residual volatility stocks drove underperformance. Security selection proved weakest in Consumer Discretionary given the portfolio's lack of exposure to strong-performing sub-sectors, Automobiles and Hotels. Financials also detracted, with active positions in Property & Casualty and Transaction & Payment Processors underperforming Banking stocks. Conversely, security selection was most constructive in Information Technology, where AI-related holdings – such as semiconductors, systems software, and technology hardware – outperformed. Health Care also exhibited positive contributions, as investments in Health Care Equipment, Biotech, Pharma, and Life Sciences Tools all exceeded sector returns.
- The Sustainability Lens, which positions the portfolio towards firms in industries well aligned with secular growth trends related to the transition to a more sustainable economy, was a positive contributor during the period, as were the portfolio's tilts towards companies with better environmental, social and governance practices'.

Market overview

- Tariff noise dominated much of the second quarter of 2025, with stocks falling sharply after the 'Liberation Day' tariffs were announced on April 2. The odds of a US recession immediately rose, with investors fretting about their impact on company profit margins and broader consumer spending. The 90-day pause on tariffs that was announced six days later led to the largest one-day gain for the US large cap market since October 2008, as investors cheered a delayed and presumably less stringent approach to tariffs going forward. The rally continued as company earnings reports showed resiliency, and inflation data remained benign, leading to continued expectations for the Federal Reserve to cut interest rates this year.
- Despite market optimism this quarter, the US Administration's self-imposed tariff pause expires soon, signs of a slowing economy are emerging, and consumer sentiment is weakening. With valuations looking stretched in several areas of the market, and an elevated level of uncertainty around monetary and fiscal policy, economic data will be closely watched by investors this summer to provide insight into the health of the US economy.

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Performance (%)	Total return			Average annual return				
	1M	3M	YTD	1Y	3Y	5Y	10Y	SI ¹
Institutional Class	4.80	9.96	3.69	9.75	16.82	14.83	11.61	9.58
Investor Class	4.81	9.91	3.55	9.45	16.53	14.54	11.33	7.08
Class A (Load-waived)	4.78	9.87	3.56	9.46	16.52	14.53	11.32	7.07
Russell 1000	5.06	11.11	6.12	15.66	19.59	16.30	13.35	10.28

Performance after sales charge

Performance (%)	Total return			Average annual return				
	1M	3M	YTD	1Y	3Y	5Y	10Y	SI ¹
Class A (5.5% max. sales charge)	-0.96	3.83	-2.13	3.44	14.34	13.24	10.69	6.85

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 distribution, and changes in principal value.

¹Mandate 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 9.58% (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 12.25% (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

- Oracle (Information Technology, Systems Software), which is held due to its high Corporate Resilience score and exposure to the 'enhancing productivity' theme through software and resource efficiency and optimization, reported earnings and revenue growth exceeding analysts' expectations. Customer commitments are projected to double next year, contributing to a significant backlog in calendar year 2026. Additionally, the company announced plans to purchase US\$40bn-worth of Nvidia chips for collaboration with OpenAI on US data center capacity.
- Broadcom (Information Technology, Semiconductors) offers energy efficient data center compute solutions which, in addition to requiring less energy, facilitate broader economic participation by making connectivity more equitable. Stock returns in Q2 were driven by a combination of strong earnings, high demand for AI data centers, involvement in the custom application-specific integrated circuit (ASIC) chip market, and positive market sentiment.
- Nvidia (Information Technology, Semiconductors) has one of the highest Corporate Resilience scores in the US universe and is playing a critical role in the AI economy by providing material energy and resource efficiency. The stock hit an all-time high in the quarter despite facing sales restrictions in China. The company reported strong year-over-year growth driven by high chip demand. Nvidia's growth in AI infrastructure remains robust, with new opportunities in robotics and a strong ecosystem. Revenue is expected to remain solid due to ongoing supply constraints in graphics processing units (GPUs) and their increasing adoption by 'hyperscale' cloud service providers.

Detractors

- Eli Lilly and Co (Health Care, Pharmaceuticals) boasts an innovative drug portfolio that has the potential to transform the standard of care across several diseases. The stock was weaker in the quarter despite results that were in-line or better than expectations. Shares were under pressure after CVS' announcement that competitor Novo Nordisk's Wegovy will now be the preferred GLP-1 drug on their national formulary, which currently represents a mid-single digit percentage of Lilly's current Zepbound patients.
- Merck & Co (Health Care, Pharmaceuticals) has a high Corporate Resilience score, and is contributing to a more robust and sustainable health care system through its leading drug and vaccine discovery. The stock's weakness in Q2 was driven by a combination of concerns about its drug pipeline, particularly the competition from generic versions of Keytruda, and weaker market sentiment around Health Care stocks.
- Progressive (Financials, Insurance) has a high Corporate Resilience score and has a role to play in calculating the genuine cost of climate change and diversifying climate risk, as well as providing access to affordable insurance. The stock experienced a pullback during this period, driven by read-across from peers on weaker organic growth expectations in short term.

GICS sector attribution[#]

- The Russell 1000 rebounded in the second quarter, delivering low double-digit returns. Leading the charge were Information Technology and Communication Services sectors, as robust earnings and continued enthusiasm for the AI theme drove share prices. Industrials rebounded thanks to increased expectations for defense and energy infrastructure spending. Conversely, Energy was the worst-performing sector due to supply gluts, while Health Care struggled amid policy uncertainty and regulatory pressure. Real Estate was also a laggard as higher bond yields weighed on the sector.
- Sector positioning was a positive contributor in the period. The portfolio's lack of Energy exposure, overweight to Information Technology and underweight Consumer Staples all contributed positively. This was mitigated somewhat by the portfolio's overweight allocation to Health Care, the worst performing sector after Energy. The underweight in Communication Services, which was only outpaced by Information Technology in Q2, detracted from performance.

Sustainability tools

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 the exposure to themes, like enhancing productivity, meeting basic needs, and addressing climate change and pollution. The portfolio's exposure to the Impax Sustainability Lens contributed positively during the period, as stocks in Higher Opportunity sub-industries outpaced those in Low Opportunity subindustries. Avoiding companies in Low Opportunity sub-industries that have significant sustainability risks was also additive, with that cohort delivering a negative return overall in Q2. The avoidance of Low Opportunity-High Risk sub-industries had the largest positive impact. The lack of holdings in the oil and gas value chain explains much of their contribution to return; despite geopolitical volatility in the Middle East, oil and gas-related stocks were amongst the worst-performing areas of global markets as supply gluts in North America and shifting global demand preferences have stunted upside volatility in traditional energy prices.

ESG Ratings

Impax evaluates a company's resilience to Environmental, Social, and Governance (ESG) risks, based on research indicating that firms with lower resilience tend to exhibit higher long-term volatility compared to more resilient counterparts. In June, the team implemented an enhanced scoring methodology during its portfolio rebalance, replacing the ESG scores that had been used historically in portfolio construction. The enhancement, which benefits from Impax's unique perspective at intersection of the Sustainability Center expertise and quantitative insights, uses factors from proprietary and well-established third-party data providers to rank stocks based on an aggregate view of how ESG risks impact corporate resilience. The portfolio's tilts toward stocks with higher resilience scores while underweighting or excluding those with lower scores. Over the period, the new scoring system delivered mixed results: although top-scoring companies outperformed the broader market, several low-scoring stocks – including Meta, Palantir, and Tesla, also achieved strong performance – after participating in the second quarter's high beta rally.

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Fund overview

Impax US Sustainable Economy Fund 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

Performance attribution as of 06/30/2025

Sector: Average active weights (%)

Communication Services	-2.97
Consumer Discretionary	-4.86
Consumer Staples	-2.86
Energy	-3.25
Financials	1.22
Health Care	4.18
Industrials	2.06
Information Technology	4.78
Materials	0.44
Real Estate	0.93
Utilities	-0.12
Cash	0.44

Total relative contribution (%)

Communication Services	-0.42
Consumer Discretionary	-0.88
Consumer Staples	0.30
Energy	0.69
Financials	-0.43
Health Care	-0.29
Industrials	-0.27
Information Technology	1.15
Materials	-0.13
Real Estate	-0.42
Utilities	-0.27
Cash	-0.03
Total	-1.00

Portfolio characteristics

As of 06/30/2025

Market cap (weighted average)^f

Fund	Benchmark
US\$1011BN	US\$1041BN

Forward price earnings[~]

Fund	Benchmark
20.3x	21.6x

ROE^o

Fund	Benchmark
27.9%	23.6%

Beta[∞]

Fund	Benchmark
0.96	-

Number of securities

Fund	Benchmark
130	1,015

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.



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

Stocks	Weighting (%)
NVIDIA CORP	7.9%
MICROSOFT CORP	6.5%
APPLE INC	4.9%
BROADCOM INC	3.7%
AMAZON.COM INC	3.1%
VISA INC-CLASS A SHARES	2.5%
MASTERCARD INC - A	2.3%
ELI LILLY & CO	2.3%
ORACLE CORP	2.0%
QUALCOMM INC	1.7%

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.

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 (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

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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You should consider a fund's investment objectives, risks, and charges and expenses carefully before investing. For this and other information is in the prospectus, call 800.767.1729 or visit www.impaxam.com for a fund prospectus and read the prospectus carefully before investing.

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