

Impax US Sustainable Economy Fund

Quarterly Commentary

All data as of 12/31/2025



Performance

- The US Sustainable Economy portfolio outperformed the Russell 1000 benchmark during the quarter. Excess returns were driven by a combination of sustainability tilts, and stock specific effects, with style factors marginally detracting. Sector and industry, which are an outcome of the portfolio's sustainability profile, were additive. Stock-specific effects were greatest in Health Care, as pharmaceutical companies including Eli Lilly saw outsized gains. Financials were another area of positive stock-specific effects with payment processor Visa and asset manager State Street performing well. Security selection was challenged in Consumer Staples with packaged food names Campbell's and General Mills, as well as household products holding Clorox, detracting. The portfolio's style factor tilts detracted marginally as the portfolio's higher quality profile was not rewarded, as quality factors saw continued headwinds. The portfolio's lower risk profile was marginally additive as the lower exposure to stocks with higher residual volatility contributed positively, while the lower beta profile offset this somewhat. Exposure to value factors was also marginally positive as stocks with lower price-to-earnings ratios (PE) outperformed higher PE stocks in the period, while the portfolio's slight tilt away from momentum detracted.
- The sustainability tools were a key driver of portfolio performance in the period, with industry tilts from the Sustainability Lens and our focus on companies with attractive Corporate Resilience profiles both benefiting the portfolio.

Market overview

- US equity markets, as measured by the Russell 1000, ended the quarter modestly higher. The period was marked by bouts of volatility, driven by concerns over elevated valuations and uncertainty surrounding returns and financing for large-scale data center investments. These factors prompted profit-taking in certain mega-cap technology and AI-related companies, although the market overall remained resilient. Market leadership shifted toward Health Care, which rallied following the Trump administration's agreement with major pharmaceutical firms to reduce Medicaid drug prices. Pro-cyclical sectors also outperformed, with Materials buoyed by commodity strength and Financials expected to benefit from looser monetary conditions. Small caps also performed strongly, reaching new highs, as investors seek out attractive valuations.
- Softer labor market data and signs of consumer weakness in residential housing led the Federal Reserve (Fed) to deliver two additional interest rate cuts during the quarter, despite persistent inflationary pressures. While some economic indicators softened, US Q3 GDP growth surprised to the upside and corporate earnings remained robust. A new Fed Chair in 2026 is likely to maintain a 'dovish' stance, with further rate cuts highly likely through the year.
- As we enter 2026, our macroeconomic outlook is one of cautious optimism. Falling interest rates and rising government spending should provide support for risk assets. However, narrow drivers of economic growth and unsustainable fiscal trajectories remain areas of concern. Our investment approach continues to be to build a diversified portfolio of businesses with strong long-term secular growth drivers, sound corporate resilience management, and robust sustainability characteristics.

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Performance (%)	Total return			Average annual return				
	1M	3M	YTD	1Y	3Y	5Y	10Y	SI ¹
Institutional Class	0.11	4.23	16.00	16.00	20.40	13.28	12.91	9.97
Investor Class	0.11	4.18	15.72	15.72	20.12	13.00	12.63	7.37
Class A (Load-waived)	0.10	4.16	15.75	15.75	20.12	13.00	12.63	12.64
Russell 1000	0.01	2.41	17.37	17.37	22.74	13.59	14.59	10.59

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)	-5.41	-1.59	9.37	9.37	17.87	11.72	11.99	12.14

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.

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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 9.97% (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 12.64% (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

- Eli Lilly (Health Care, Pharmaceuticals) is included due to its strategic positioning with respect to sustainability opportunities, specifically in HealthCare Access and Innovation. Eli Lilly announced a significant agreement with the Trump administration aimed at improving patient access and reducing prices for select medications. A key development from this agreement is the extended coverage of GLP-1 weight loss drugs within Medicare and Medicaid programs. This announcement was well received by investors, as it alleviated ongoing concerns about stringent drug pricing and created a substantial new market opportunity for GLP-1s.
- Advanced Micro Devices (Information Technology, Semiconductors) is owned for its exceptional Corporate Resilience profile and attractive sustainability opportunity set in areas like the Digital Infrastructure build-out. The stock surged on the back of strong demand for AI-optimized chips and data center processors, which significantly outperformed market expectations. The company also benefited from major partnerships with 'hyperscale' cloud computing providers and record sales of graphics processing units (GPUs) for AI workloads, reinforcing investor confidence in its growth trajectory.
- Merck (Health Care, Pharmaceuticals) demonstrates outstanding Corporate Resilience across governance, environmental and social dimensions. The organization is strategically positioned to leverage opportunities in Health Care Access and Innovation. During the quarter, Merck's shares advanced due to robust sales of its oncology and immunology medications, notably Keytruda, which continued to expand its global market share. Positive clinical trial results and an upward adjustment to 2026 earnings guidance further enhanced market confidence.

Detractors

- Oracle (Information Technology, Systems Software) stands out with a strong sustainability profile, offering notable opportunities in Digital Infrastructure, Education and the development of Enhanced Skills & Innovation. Recently, the stock declined due to worries that the company is accumulating excessive debt to finance its AI data center expansion supported by OpenAI.
- Zoetis (Health Care, Pharmaceuticals) is held due to its attractive sustainability opportunity profile, as well as its strong governance profile. There was some disappointment in their Q3 earnings update in November. Zoetis has a full pipeline of new products to launch, but there is some time yet until these products can hit the market and accelerate revenue growth (2027 onwards). In the meantime, they face competition from others to some of their established franchises. Key canine arthritis pain product Librela continues to face side-effect perception issues and declined by more than expected in Q3, leading to disappointment in the quarter.
- Alphabet Class C (Communication Services, Interactive Media & Services), an underweight position, was one of the top performers in the period. The position is held for its exposure to Digital Infrastructure and Education, Enhanced Skills & Innovation opportunities. Share price performance was driven by robust advertising revenue growth, particularly from YouTube and Search, as digital advertising spending rebounded during the holiday season. Cloud revenues saw double-digit growth and margin improvement, while cost optimization initiatives boosted profitability, leading to positive investor sentiment. The portfolio was overweight the Class A shares at the end of the period.

GICS sector attribution#

- Rather than following a single risk-on trend, sector performance shifted among various themes such as interest rates, AI, defensives and commodity sensitivity. Only two sectors outperformed the index: Health Care, which benefited from its defensive characteristics and attractive valuations that drew inflows during periods of market uncertainty; and Communication Services, which was supported by Google's AI breakthroughs and potential merger and acquisition (M&A) activity involving Warner Brothers Discovery. Financials delivered mixed results, with capital markets outperforming traditional lenders after the December rate cut. Information Technology (IT) experienced some AI-related indigestion in December due to ongoing concerns about elevated capital expenditures, while Industrials gains were concentrated primarily in segments like logistics, aerospace and defense. Consumer Discretionary performance was divided, with areas supporting higher income consumers showing some resilience, while credit-sensitive stocks tended to weaken in line with softer earnings outlooks. Consumer Staples underperformed as investors weighed the impact of higher prices on middle- and lower-income consumers. Materials were driven by metals and mining equities, reflecting sustained strength in industrial commodity prices. Real Estate, which is typically sensitive to interest rates, might have been expected to benefit from easing rate expectations but continued to face headwinds related to long-term financing concerns. Utilities experienced profit-taking after electric utility stocks delivered strong returns over the calendar year.
- The portfolio's modest sector tilts aided performance this quarter. Overweighting Health Care (notably Pharmaceuticals and Biotechnology) contributed positively, as did underweight positions in Consumer Staples and Consumer Discretionary. Limited sustainability opportunities in Communication Services and an overweight to IT detracted from results.

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 the exposure to themes, like Education, Enhanced Skills & Innovation, Meeting Basic Needs, and Addressing Climate Change and Pollution. The portfolio's exposure to the Impax Sustainability Lens contributed positively during the period, as the overweight to stocks in higher opportunity sub-industries was additive. Exposure to high opportunity Health Care industries, like Pharmaceuticals and Biotechnology, was additive, as was exposure to the semiconductor value chain and application software.

Corporate Resilience Analysis

Impax assesses a company's resilience to a variety of industry and company-specific factors. 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 more resilience over the long term. The portfolio maintains an overweight position in stocks with higher Corporate Resilience scores and excludes those with lower scores. This approach contributed positively to performance in the final quarter, with companies scoring highly on Corporate Resilience outperforming the broader market, while those with the lowest scores in the Russell 1000 significantly lagged. The pronounced underweight allocations to stocks with poor Corporate Resilience scores, such as Meta and Palantir – which were excluded due to unfavorable profiles – positively contributed to relative performance, particularly as these stocks generated negative results in an otherwise moderately positive market environment. Conversely, active holdings in high-scoring companies further supported portfolio performance.

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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

Performance attribution as of 12/31/2025

Sector: Average active weights (%)

Communication Services	-4.61
Consumer Discretionary	-3.98
Consumer Staples	-3.21
Energy	-2.89
Financials	3.34
Health Care	5.19
Industrials	0.89
Information Technology	4.60
Materials	0.10
Real Estate	0.38
Utilities	-0.40
Cash	0.60

Total relative contribution (%)

Communication Services	0.41
Consumer Discretionary	0.08
Consumer Staples	-0.01
Energy	0.05
Financials	0.37
Health Care	0.91
Industrials	-0.32
Information Technology	0.27
Materials	0.02
Real Estate	0.16
Utilities	0.03
Cash	-0.03
Total	1.95

Portfolio characteristics

As of 12/31/2025

Market cap (weighted average)^f

Fund	Benchmark
US\$1312BN	US\$1319BN

Forward price earnings[~]

Fund	Benchmark
19.8x	21.5x

ROE^o

Fund	Benchmark
29.7%	24.1%

Beta[∞]

Fund	Benchmark
0.97	-

Number of securities

Fund	Benchmark
128	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.
- ^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 12/31/2025 Holdings subject to change.

Stocks	Weighting (%)
NVIDIA CORP	8.5%
APPLE INC	5.8%
MICROSOFT CORP	5.6%
BROADCOM INC	4.1%
ALPHABET INC-CL A	3.3%
AMAZON.COM INC	3.1%
VISA INC-CLASS A SHARES	2.2%
JOHNSON & JOHNSON	2.2%
MASTERCARD INC - A	2.2%
ELI LILLY & CO	2.1%

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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