Impax Sustainable Leaders Fund

ARSN 615 479 662 APIR ETL8171AU

March 2025 – Quarterly Fact Sheet

Performance	1 Month %	3 Months %	FYTD %	1-Year %	2-Year %	3-Years % p.a.	5-Years % p.a.	Inception % p.a.
Fund return (gross)[1]	-5.2	-2.7	4.8	1.8	9.5	9.9	13.0	10.4
Fund return (net)[2]	-5.3	-2.9	3.9	0.7	8.3	8.7	11.8	9.2
Benchmark[3]	-4.2	-2.0	11.6	12.2	19.1	13.8	14.8	12.1

[1] Returns are calculated before fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.
[2] Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.
[3] Benchmark: MSCI All Country World Index Net Dividends Reinvested measured in Australian Dollars.
Past performance is not a reliable indicator of future performance. Data Source: Fidante, 31 March 2025.

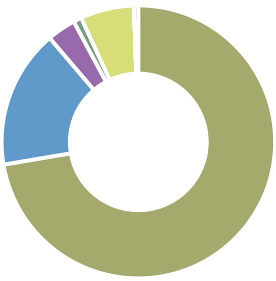
Fund Facts

Portfolio managers	Hubert Aarts, David Winborne, Sid Jha
Inception date	6 June 2017
Management fee	1.10% p.a.
Fund Objective	To achieve sustainable, above market returns over the longer term by investing globally in companies active in the growing resource efficiency and environmental markets.
Buy/sell spread[3]	+0.30% / -0.30%
Fund size (AUD)	$330M
Currency	AUD, unhedged
Distribution Frequency	Annually

Allocation

Sub-sector Allocation

Regional Allocation



Data Source: BNP Securities Services, Impax Asset Management, 31 March 2025
*Past performance is not a reliable indicator of future performance. Impact of AUD15m invested in the strategy for one year. Based on most recently reported annual environmental data for holdings in the Impax Sustainable Leaders Fund as at 31 December 2022. Impax's impact methodology is based on equity value.

Top 10 Holdings

Security	Sub-sector	Fund (%)
MICROSOFT CORP	Cloud Computing	5.6
LINDE PLC	Industrial Energy Efficiency	5.0
AIR LIQUIDE SA	Industrial Energy Efficiency	5.0
WASTE MANAGEMENT INC	General Waste Management	4.8
AGILENT TECHNOLOGIES INC	Food Safety & Packaging	4.3
SCHNEIDER ELECTRIC SE	Smart & Efficient Grids	2.9
NVIDIA CORP	Cloud Computing	2.8
KERRY GROUP PLC-A	Sustainable Agriculture	2.7
UNION PACIFIC CORP	Railways	2.6
TE CONNECTIVITY PLC	Advanced Road Vehicles & Devices	2.6

Data Source: BNP Paribas Securities Services, Impax Asset Management 31 March 2025

Fund Features

Deep knowledge of sub-sectors: one of the longest established asset managers dedicated to investing in resource efficiency and environmental markets, and widely acknowledged as a thought leader within these markets.

Investment insight: investment team with diverse backgrounds that has a strong track record of delivering returns in excess of broader equity markets.

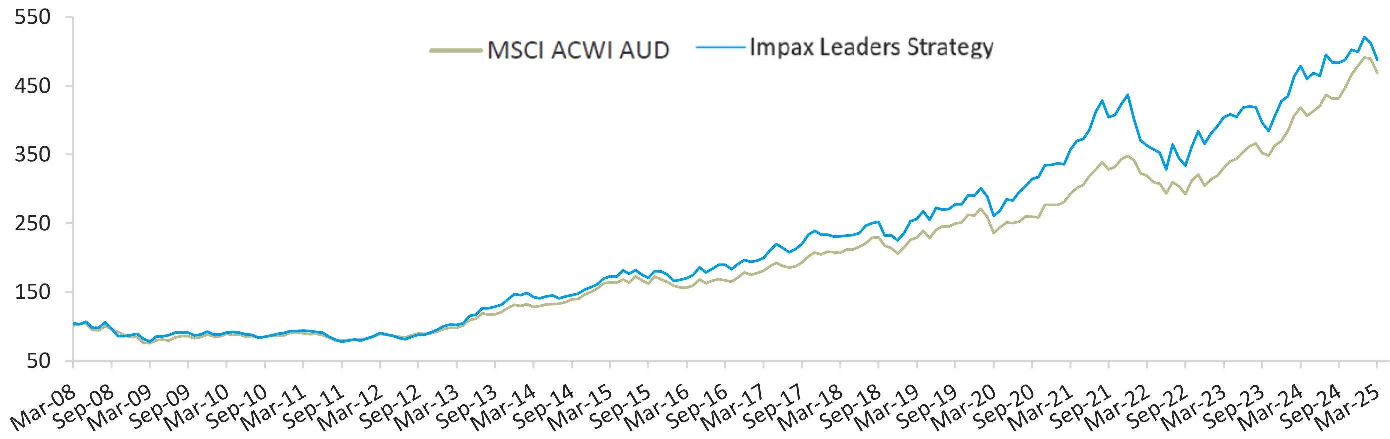
Return focused investment strategies: proprietary investment tools creating a focussed universe of companies where the underlying revenue generated by sales of environmental products or services has been assessed. Clients are also able to understand the exposure of their total portfolio to these end markets.

Environmental Impact of AUD 15M Investment*

Avoided GHG emissions (tCO2e): 1,930	1,240 cars off the road
Total water treated, saved or provided: 50 megalitres	Equivalent to 370 households' annual water consumption
Total renewable electricity generated: 440 mwh	Equivalent to 120 households' annual electricity consumption
Total materials recovered/ waste treated: 550 tonnes	Equivalent to 560 households' annual waste output

For more on environmental impact figures, read the Beyond Financial Returns Report- 2023

Long Term Performance of Investment Strategy



Data Source: Impax Asset Management, 31 March 2025. Strategy Inception March 2008. The Fund commenced on 6 June 2017. To give a longer-term view, the above chart shows the composite returns for Impax Asset Management's Leaders Strategy (gross of fees and converted to AUD on the last business day of each month), according to which the Fund is managed. The performance of the Fund will however differ from the Leaders Strategy due to factors such as fees and charges applicable to the Fund, and the impact of applications and withdrawals. Please note the performance calculation methodology applied to the Fund may differ from the composite returns presented.

Commentary

Q1 2025

The Impax Sustainable Leaders Fund underperformed relative to its MSCI World benchmark in March. Underperformance was primarily driven by asset allocation. The structural underweight to Financials was a headwind, modestly offset by the positive effects of the overweight to Industrials and underweight to Consumer Discretionary. Stock selection also detracted in the quarter, particularly within Health Care and this more than outweighed positive selection within Information Technology and Materials.

Market Review

Global equities, as measured by the MSCI ACWI, declined in Q1 after early strength turned negative as uncertainty surrounding US tariffs dominated sentiment and news flow.

The continued broadening of markets drove a change in regional and sector-level leadership with US equities underperforming Chinese and European counterparts, and technology stocks lagging all sectors during the period. Following strong returns in January, incoming US President Donald Trump's spooked markets with threats, retractions, and the eventual implementation of tariffs on key trading partners. Amid the uncertainty, the US Federal Reserve (Fed) held interest rates in both February and March and projected slower growth and higher core inflation by year end. In the eurozone, interest rates were cut twice during the quarter, while a range of new fiscal commitments – including a EUR500bn infrastructure spending plan from Germany – led markets to outperform the US although still ending the month lower. In China, manufacturing activity expanded at its fastest pace in a year in March, suggesting that the government's stimulus measures were aiding the economic recovery despite the threat of US tariffs raising growth concerns.

From a sector perspective, Energy was at the forefront of index returns as global oil prices rallied. Utilities and other defensive sectors also showed relative strength during the period. The pullback in technology continued as the sector delivered the weakest returns of the quarter followed by Consumer Discretionary stocks.

Looking beyond the short-term volatility triggered by Trump's tariffs, we believe global growth remains on track to improve in 2026 after a slowdown in 2025. If the tariff negotiations last for several months, we would expect companies to start guiding for lower earnings due to a potential slowdown in GDP growth. We would also expect the Fed to move to avoid a potential recession by cutting rates more than the two 25-bps reductions currently expected by the market. As long-term investors, we aim to manage portfolios through this challenging period with near-term caution and optimism for the longer term.

Contributors

- **Siemens (Industrial Energy Efficiency, Germany)** – Siemens is a large German conglomerate active in electrical engineering and electronics, with a core focus on the industrial megatrends of electrification, automation of production processes and digitalisation of the factory environment. From renewable energy equipment to the more efficient transmission of power, smart grid solutions, buildings energy efficiency, lower carbon transportation and more efficient digital factories, Siemens' products address an array of environmental challenges brought about by increased global population, urbanisation and rising living standards. Siemens experienced a share price rally during the period due to strong quarterly results underscoring strong execution, particularly within Digital Industries which is benefiting from robust underlying demand. The German fiscal stimulus plan also supported the outlook for the company.
- **Waste Management (General Waste Management, US)** – Waste Management is a leading private player in the US refuse and recycling market. Innovative projects include methane emissions capture, next generation landfills with accelerated decomposition technology, re-processing and recycling of older landfills, and next-generation recycling plants with sensor or automation-based processes. The share price advanced higher during the period, driven by strong operational results which included record margins from its core collection and disposal business. The company remains well positioned to benefit from

further pricing gains, contributions from sustainability investments, and synergies from the 2024 Stericycle acquisition.

- **Air Liquide (Industrial Energy Efficiency, France)** – Air Liquide is a leading European industrial gas player with diverse applications in resource efficiency with scale, pricing power, and exposure to the growing hydrogen theme. The stock generated strong returns in the quarter as global economic uncertainty led to increased investor interest in the highly resilient industrial gas sector. Furthermore, Air Liquide is benefiting from encouraging cost initiatives aimed at closing the profitability gap with close peer Linde, while significant European end-market exposure also appears relatively attractive.
- **GEA Group (Technology & Logistics, Germany)** - GEA is a farm technology, mechanical equipment, process industry and refrigeration technology company. The company's products contribute to improved energy efficiency, food waste reduction and production optimisation. The stock is benefitting from market leadership change, as investors seek better value opportunities in Europe versus the US. The company has also indicated an improvement in orders and confirmed that the restructuring programme is coming to an end. GEA is on track to achieve its 2030 financial targets set at its November 2024 Capital Market Day.
- **Linde (Industrial Energy Efficiency, US)** - Linde is the one of the largest industrial gas suppliers globally. Industrial gases play an important role in resource efficiency – with diverse applications such as enhancing energy efficiency in industrial processes, pollution or emissions testing, wastewater treatment, de-sulphuring processes, insulation, and preservation in the food industry. This stock has stable and high-quality growth characteristics, derived from long-term contracts with customers and a consolidated industry supply side. Linde's share price rose in the quarter due to global economic uncertainty leading to increased investor interest in the highly resilient industrial gas sector. Linde shares also rose after quarterly results demonstrated continued margin improvement and a resilient order backlog accentuating the company's defensive characteristics.

Detractors

- **Microsoft (Cloud Computing, US) –** Microsoft (Cloud Computing, US) – Microsoft develops, manufactures, licenses, sells, and supports software products. A leader in cloud-based computing, the holding offers environmental solutions found within the growing digital infrastructure sector. Opportunities in the Technology sector are appealing due to its importance for delivering environmental solutions and the role of energy-efficient Information Technology products and services in the transition to a more sustainable economy. Microsoft moved lower during the period, in line with the broader de-rating of mega-cap technology stocks. The market also responded negatively to 'just good enough' earnings results. Microsoft pushed out expectations for when its cloud platform Azure would reaccelerate growth by two quarters, which was the main driver of disappointment.
- **Agilent Technologies (Food Safety & Packaging, US) –** Agilent is a Health Care company and a leading provider of liquid chromatography and mass spectrometry equipment, which serve environmental and life sciences markets. It provides analytical instruments, software and services to laboratories which in turn sell to the food, environmental and pharmaceutical industries. Agilent moved lower during the period as recessionary fears and rising US/China geopolitical tensions weighed on sentiment. Agilent remains a very attractively priced business that appears on the precipice of a multi-year upcycle in demand.
- **Nvidia (Cloud Computing, US) –** NVIDIA Corporation designs, develops, and markets graphics processors units (GPUs) and related software. For certain types of computational problems, like image processing, GPUs can be anywhere between 2x to 10x more energy efficient than central processing units (CPUs). Going forward, large cloud service providers and other "traditional" data centers are likely to increase the usage of GPUs, mainly driven by the need for a more energy-efficient process. Nvidia's GPUs are used by millions of developers, researchers, and businesses around the world. In addition, the company's open-source software platforms, such as CUDA, allow developers to harness the power of computers to solve complex problems thus helping to bridge the digital divide and ensuring that the benefits of AI can be enjoyed by all. Nvidia experienced a share price sell-off during the quarter due to disappointing margin guidance and uncertainty stemming from the announcement of an open-source large language model from Chinese AI startup DeepSeek. Nvidia suffered from investor concerns around the potential for reduced demand for high-end graphics processing units (GPUs) as DeepSeek's efficiency suggests lower computational requirements. Despite the drop in Nvidia's stock, its advanced chips and proprietary coding language, Cuda, remain industry standards, indicating that it still holds a strong position in the AI market. We believe that as long as there is demand for inference there will be demand for Nvidia's products.
- **Hubbell (Smart & Efficient Grids, US) –** Hubbell manufactures electrical and electronic products for a broad range of commercial, industrial, utility, residential, and telecommunications markets with a focus on energy efficiency, specifically for buildings and the power sector. Hubbell suffered during Q1 as a result of volatility in the US and negative sentiment around infrastructure spending with the current administration. However, the strong demand for electricity is likely to continue to benefit Hubbell, even in the extreme scenario where the hyperscalers themselves pay for the grid.
- **Marvell Technology (Efficient IT, US) –** Marvell Technology develops and produces semiconductors and related technology. The company offers security and networking platform, secure data processing, networking, and storage solutions. Underperformance was driven primarily around the fear that Marvell's near-term opportunities partnering with Amazon's AWS would be less pronounced. Marvell's management continues to be confident in the ramp of their custom AI chips across their client base. Macro and tariff concerns have also been driving the downward moves in the name as well.

Key Model Portfolio Activity

<u>The following stocks were added to the portfolio in the quarter:</u>

- **Amphenol** - (Advanced Road Vehicles & Devices, US) – Amphenol, a leading provider of high-tech interconnect, sensor and antenna solutions with broad exposure to electrification across a wide range of industrial end markets, was added to the portfolio. The company has a long track record of delivering best-in-class margins and is well positioned for future growth, driven by continued industry consolidation creating attractive M&A opportunities, a strong management team that has delivered exceptionally consistent results, and near-term acceleration in data center growth.

- **eBay** (Resource Circularity & Efficiency, US) – eBay was purchased during the period as an opportunity to invest in a high-quality re-commerce business with attractive upside driven by a rerating potential as well as incremental growth stemming from technology initiatives.

- **Marvell Technology** (Efficient IT, US) – Marvell Technology, a leading semiconductor business, was initiated during the period as short-term volatility created a compelling entry point for this high-quality business. Marvell makes ASICS (application specific integrated circuits) semiconductors, which are more energy efficient for specific cloud computing applications than both CPUs and GPUs. The company is well positioned to benefit from continued ASIC chip demand driven by growing AI applications.

- **A.O. Smith** (Water Distribution & Infrastructure, US) – A.O. Smith, a leading manufacturer of residential and commercial water heating and water treatment equipment, was initiated into the portfolio during the quarter. The company presented an opportunity to invest in a high-quality business with dominant market share in its core water heater and boiler business largely driven by replacement demand. Additionally, rightsizing its underperforming China footprint remains a compelling opportunity for the company.

- **Taiwan Semiconductor Manufacturing** (Efficient IT, Taiwan) – TSMC, the world's most advanced semiconductor foundry, was added during the period for a compelling source of AI-related demand. TSMC has a key advantage in providing a chip agnostic mechanism to meet the technological requirements of manufacturing both GPUs and custom ASIC chips.

<u>The following stocks were sold in the quarter:</u>

- **American Water Works** - (Water Utilities, US) – American Water Works was exited during the period, after a strong share price advance over the first quarter led to a full valuation. As American Water Works provided a source of operational defensiveness, the proceeds were used to fund other lower beta opportunities in the portfolio.

- **ASML** - (Efficient IT, Netherlands) – ASML was exited due to concerns around tariffs and geopolitical risks, but the portfolio is maintaining exposure to the sector through other names better positions to benefit from AI growth.

- **Croda** - (Recycled, Recyclable Products & Biomaterials, UK) – Croda was exited due to a confluence of internal and external challenges, including underutilization issues and bottoming end markets, coupled with the broader UK equity market's liquidity concerns

- **Sartorius** - (Resource Circularity & Efficiency, Germany) – Sartorius was exited after a share price bounce in favour of allocating to higher-conviction names already owned in the portfolio.

- **Siemens** - (Industrial Energy Efficiency, Germany) – Siemens was exited on valuation grounds. Following a strong share price rally driven by core elements of the investment thesis playing out such as a European recovery and improving automation demand, Siemens now trades at current valuation with limited upside return potential.

- **Steris** - (Resource Circularity & Efficiency, US) – Steris was exited during the period. Results have drifted off track relative to the original thesis leading to a lack of confidence in share price return potential and relatively higher conviction elsewhere in the portfolio.

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 US President 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. 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 gas. These companies 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 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 portfolio holdings.

Within Environmental Markets, President Trump's historic stance on Environmental and Climate policies is creating sentiment headwinds for renewables stocks. However, while the opportunity set for Leaders is often conflated with this sector, the portfolio currently has zero exposure. The strategy seeks to capitalize 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.

Disclaimer

Year	Total Firm Assets (Millions)	Composite Assets (Millions)	Number of Portfolios	Annual Gross Return	Annual Net Return	MSCI AC World Return	FTSE EOAS Return	Asset Weighted StdDev*	3yr Annualized Std Dev**	MSCI AC World 3yr Annualized Std Dev**	FTSE EOAS 3yr Annualized Std Dev**
2021	74,123.17	14,758.56	11	30.58	29.54	25.81	27.85	0.42	12.77	10.72	13.39
2020	42,788.43	8,240.42	10	15.24	14.31	5.90	27.40	0.66	12.91	11.34	13.70
2019	28,727.11	5,179.81	11	29.15	28.14	26.79	31.73	0.43	11.44	9.22	11.01
2018	19,071.96	3,108.75	9	-3.64	-4.41	0.64	-2.89	0.32	11.16	9.04	10.26
2017	12,756.09	2,686.88	8	18.62	17.69	14.77	21.29	0.35	11.29	10.07	11.38
2016	7,535.03	1,435.47	6	12.42	11.56	8.38	12.21	--	10.54	9.81	10.67
2015	5,331.83	1,025.66	4	11.29	10.68	9.82	10.32	--	11.15	10.19	11.96
2014	4,304.10	781.53	4	7.11	6.52	13.87	9.47	--	11.03	8.68	11.12
2013	3,611.87	601.79	4	54.44	53.60	42.51	53.08	--	12.66	9.97	13.44
2012	2,263.20	322.80	4	20.17	19.51	14.68	15.19	--	10.89	8.26	11.24
2011	2,169.77	248.00	5	-12.67	-13.14	-7.36	-13.56	--	12.43	10.66	13.36
2010	2,842.22	175.12	4	-2.06	-3.51	-1.15	3.68	--	--	--	--
2009	2,404.10	178.65	4	5.94	4.37	4.37	7.16	--	--	--	--
2008	1,720.95	119.82	3	-12.76	-13.84	-15.76	-16.40	--	--	--	--

**The asset weighted standard deviation is not shown when there were less than six accounts in the composite for the entire year.
** The 3 years ex-post standard deviation is not shown for the composite and benchmarks if 36 rolling monthly returns are not available.
Results shown for the year 2008 represent partial period performance from March 1, 2008 through December 31, 2008.
Both the internal and external risk figures are calculated using monthly gross-of-fee returns.

Composite Description

The Leaders Composite contains long only accounts, which invest globally in companies that are developing innovative solutions to resource challenges in environmental markets. These markets address a number of long term macro-economic themes: growing populations, rising living standards, increasing urbanisation, rising consumption, and depletion of limited natural resources. Investments are made in companies which have >20% of their underlying revenue generated by sales of products or services in environmental markets. Leaders is a fossil fuel free strategy. The Leaders Composite was created October 1, 2008. The inception date of the composite's performance was March 1, 2008. The composite name changed from The Environmental Long Only All Cap Composite to The Environmental Leaders Composite in January 2010. As of 31 March 2013, the Environmental Leaders Composite has been renamed the Leaders Composite.

Claiming GIPS Compliance

Impax Asset Management claims compliance with Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Impax Asset Management has been independently verified for the periods March 1, 2002 through to December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Leaders Composite has been examined for the periods March 1, 2008 through to December 31, 2020. The verification and performance examination reports are available upon request.

Firm Information

Impax Asset Management is defined as Impax Asset Management Limited, Impax Asset Management (AIFM) Limited and Impax Asset Management LLC. These entities are subsidiaries of Impax Asset Management Group plc ('IAM') which is a publicly traded investment management company registered in the United Kingdom, and is headquartered in London, UK. For GIPS purposes the firm includes discretionary and non-discretionary accounts but excludes accounts which have a mandate to invest entirely in private equity or property. Prior to January 2018, Impax Asset Management only included Impax Asset Management Limited and Impax Asset Management (AIFM). The firm was redefined to also include Impax Asset Management LLC to reflect the acquisition of Pax World Management LLC. The firm's List of Composite, Limited Distribution Pooled Fund, and Broad Distribution Pooled Fund descriptions is available upon request.

Benchmark Description

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 23 emerging market country indexes. FTSE Environmental Opportunities All-Share Index includes global companies for which at least 20% of their business comes from environmental markets and technologies. Effective from June 2014 the MSCI All Country World index was added as a new benchmark to better reflect the investment objectives of the composite. Prior to March 2015 the composite was also measured against MSCI World Index. The index was removed to match the official marketing material and to simplify the GIPS Reports. All indices are displayed in AUD.

Calculation Methodology

Returns are calculated using the asset-weighted method and individual portfolios are revalued daily or monthly, depending on their structure. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Withholding taxes may vary according to the investor's domicile. Net of fees returns are calculated by reducing monthly gross returns by the maximum applicable fee according to the stated fee schedule below. Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely over time and can result in a loss of portfolio value. MSCI All Country World performance is presented net of foreign withholding taxes on dividends, interest income and capital gains while FTSE Environmental Opportunities All-Share performance is presented gross of foreign withholding taxes on dividends, interest income and capital gains, given the unavailability of net of withholding taxes returns by FTSE. Starting March 2015 the MSCI AC World Index performance presented was changed from gross of withholding taxes to net of withholding taxes The amendment was applied retroactively to more accurately reflect the composite performance.

Fees and Expenses

Impax Asset Management uses a model fee, which is the maximum applicable fee, for the computation of composite net-of-fee returns. Since February 2016, the highest annual management fee for the composite is 0.80%. Previously, the highest was 0.55% from January 2011 to January 2016, and prior to that the highest was 1.50%. Actual investment advisory fees incurred by portfolios may vary.

From January 2002 to October 2018 the gross returns for the separate accounts were calculated using the fee applicable to Impax Asset Management, whilst since December 2018 the fee used to gross up the returns is the actual total expense. From January 2002 to October 2018 the highest fee used to calculate the net of fee performance returns was only applicable to Impax Asset Management, whilst since December 2018 the highest fee used for the computation is the total management fee which is expected to be paid by the relevant account.

Other Disclosures

Trading may occur in local currency, but it is converted to base currency based on Bloomberg exchange rates as of 6pm Greenwich Mean Time each day, therefore performance is affected by currency translation. Since October 2010 base currency is converted using WM Reuters exchange rates as of 4pm Greenwich Mean Time.

The AUD is the currency used to express performance, results are affected by currency translation. Returns are presented gross and net of management fees and include the reinvestment of all income. Policies for valuing portfolios, calculating performance, and preparing GIPS Reports are available upon request.

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