Impax Global Opportunities Fund

ARSN 664 065 141 APIR HOW9619AU

December 2023 - Monthly Fact Sheet

Fund Performance	1 Month %	3 Months %	FYTD %	1-Year %	3-Year %	5-Year %	Inception % p.a.
Fund return (gross)[1]	2.2	-	4.8	-	-	-	4.8
Fund return (net)[2]	2.1	-	4.5	-	-	-	4.5
Benchmark[3]	1.8	-	4.5	-	-	-	4.5

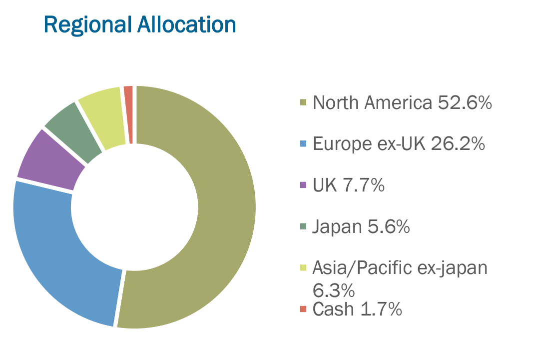
[1] Returns are calculated before fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.
[2] Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when 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. **Past performance figures that are less than 12 months are for information purposes only and are not to be relied upon when considering the likely future performance of the Fund.** Data Source: Fidante Partners Limited, 31 December 2023.

Strategy Performance[1]	1 Month %	3 Months %	FYTD %	1-Year %	3-Year %	5-Year %	Inception % p.a.
Strategy return (net)[2]	2.3	4.8	-	-	-	-	4.8
Benchmark[3]	1.8	4.5	-	-	-	-	4.5

[1] The Fund commenced on 3 October 2023. To give a longer-term view, the above table shows the composite returns for Impax Asset Management's Global Opportunities Strategy (net 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 Global Opportunities 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.
Strategy inception 1 January 2015.
[2] Returns are calculated in AUD before 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 AUD.
Past performance is not a reliable indicator of future performance. Data Source: Impax Asset Management 31 December 2023.

Fund Facts	
Portfolio managers	Kirsteen Morrison and David Winborne
Performance Inception date	3 October 2023
Management fee	0.99% p.a.
Fund Objective	To achieve sustainable, above market returns over the longer term by investing in companies possessing sustainable competitive advantages, across listed equity markets and sectors.
Buy/sell spread[3]	+0.20% / -0.20%
Fund size (AUD)	$ 10M
Currency	AUD, unhedged
Distribution Frequency	Annually

Allocation



Top 10 Holdings

Security	GICS Sub-Industry	Fund (%)
MICROSOFT CORP	Systems Software	4.8
LINDE PLC	Industrial Gases	4.7
MASTERCARD INC - A	Transaction & Payment Processing Services	4.4
CINTAS CORP	Diversified Support Services	4.0
HANNOVER RUECK SE	Reinsurance	3.7
SCHNEIDER ELECTRIC SE	Electrical Components & Equipment	3.6
WOLTERS KLUWER	Research & Consulting Services	3.6
ALCON INC	Health Care Supplies	3.6
HDFC BANK LTD-ADR	Diversified Banks	3.4
THERMO FISHER SCIENTIFIC INC	Life Sciences Tools & Services	3.3

Fund Features

Capturing Opportunities: The transition to a more sustainable economic model creates opportunities for well-positioned companies**.**

Avoiding Risks: The investment process includes a strong focus on risks arising from this transition.

Sustainability Lens: The proprietary "Impax Sustainability Lens" identifies durable companies best positioned to seize these opportunities and mitigate these risks.

Data Source: Impax Asset Management, 31 December 2023

Long Term Performance of Investment Strategy – $AUD

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Strategy inception 1 January 2015. Returns are calculated in AUD before fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Benchmark: MSCI All Country World Index Net Dividends Reinvested measured in AUD. Past performance is not a reliable indicator of future performance. Data Source: Impax Asset Management 31 December 2023.

Commentary

The Fund underperformed versus the MSCI AC World Index. Stock selection, particularly in Consumer staples, Financials and Health Care detracted. Asset allocation also proved to be a headwind, with the overweight exposure to healthcare and underweight exposure to Information Technology hampering relative performance.

Market Review

The quarter finished with a strong rally, with both bonds and equities posting gains. The US Federal Reserve held rates steady again in December and investors are more confident that the monetary tightening cycle has peaked, and that interest rate cuts are likely in 2024. This view has been fuelled by cooler inflation as lower energy and material costs feed into data. While labour markets remain relatively tight, wage pressure is moderating. Economic data has been mixed, but overall has been resilient enough to fuel expectations of a soft landing. Earnings have also been more supportive, with positive surprises outweighing negative surprises. Geopolitics remains a risk, but Sino-US tensions eased somewhat after a relatively positive summit between US President Biden and Chinese President Xi Jinping. The rally was broad, led by more interest rate and economic sensitive parts of the market. Energy was a notable laggard as oil prices pulled back as supply was increased.

Sentiment is improving, and the market has begun to price in a better outlook for 2024. While a clear turning point is not yet evident in the data, global manufacturing sentiment indicators are becoming less negative and service sentiment indicators remain in expansionary territory. The investment team continues to look for opportunities and has added to quality companies experiencing temporary disruptions such as inventory destocking, while also constructing portfolios that should benefit from an earnings recovery in 2024. The recent rally in equities has mostly been driven by a re-rating in stock valuations, therefore the team has looked to take profit where companies have rallied hard on improved investor sentiment.

The team is cautiously optimistic as lower yields should feed through to slightly lower interest rates and financing costs. In turn, this should support industrial and consumer spending, helping expected earnings growth remain positive for 2024. However, the team also remain alert to the risk of continued volatility and a delayed impact in some parts of the economy from higher interest costs. They continue to monitor earnings carefully as margins may still be under pressure. Impax believes the drivers of the transition to a more sustainable economy remain intact and companies providing innovative solutions and addressing social and environmental challenges remains compelling. Over the long run, we believe these companies can benefit from rising demand for the products and services to deliver strong earnings growth.

Contributors

- **Cintas (Diversified Support Services, US)** – Cintas designs, manufactures, and implements corporate identity uniform programs. The company enables reuse, which extends the life of resource intensive textile products which would otherwise be single use or more frequently disposed of. Cintas's garments are designed to be durable and last a long time. In addition, the company tracks and repairs items in circulation which reduces losses and disposals. Most textiles are made of cotton which is very water intense, so this reuse model also generates water savings.

Their "product as a service" business model improves asset utilisation and reduces the number of products in circulation. In addition, centralised washing facilities are more energy and water efficient. The company reported strong results at the end of the quarter that beat expectations across most segments with organic growth accelerating from the prior quarter. This was driven by a healthy volume growth, new customer wins and synergies from cross selling its product portfolio. Margins were also strong, and the company raised full year guidance.

- **Microsoft (Systems Software, 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. 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 quarterly results continued to defy expectations with Azure re-accelerating growth against fears of a prolonged slowdown in the cloud segment. AI continues to drive the narrative and underlying outperformance of the fundamentals.

- **Schneider Electric (Electrical Components & Equipment, US)** – Schneider is a leading global specialist in efficiency solutions across the energy management spectrum. Powered by the 'digitization of everything' -- technology driving the ability to measure, analyse, and therefore manage everything in real time -- Schneider enables customers in a breadth of industries realise powerful efficiencies and cost savings. Schneider solutions can realisze between 50% to 80% cost savings for engineering and maintenance and reduce carbon footprints by as much as 50%. As a business, the company has enjoyed resilient margins, consistent returns on capital, strong cashflow generation, and a solid track record of acquisitions. New mid-term targets announced last month were received positively and demonstrate strong growth coming from datacenters, which also contributes to the margin story. Sentiment towards the stock also got a boost from expectations of a soft landing and continued positive backdrop for the company.

- **United Rentals (Trading Companies & Distributors, US)** – United Rentals is an industrial and construction equipment rentals business. The equipment rental model improves asset utilisation through the sharing of resources, as opposed to individual ownership, and benefits the climate through the efficient use of resources. United Rentals performed well following its October quarterly results report showed good demand across most of its portfolio along with an upbeat outlook given its exposure to mega projects where it is taking outsized market share. The stock participated in the quarter end rally as a beneficiary of falling bond yields.

- **Wolters Kluwer (Research & Consulting Services, Netherlands)** - Wolters Kluwer NV operates as a global information services and solutions provider. The Company provides its services to professionals in the health, tax and accounting, risk and compliance, finance, and legal sectors. Wolters Kluwer serves customers worldwide. The company's products are designed to improve the productivity and efficiency of professional services through the use of technology and data analytics. Sentiment towards Wolter Kluwer was boosted in December on speculation it might be included in the Euro Stoxx 50 Index. An investor presentation on the Financial and Corporate Compliance division, which is expected to see structural growth from increasing regulatory disclosure requirements, was also well received.

Detractors

- **Aptiv (Automotive Parts & Equipment, US)** – The company delivered solid earnings but declined due to lower-than-expected excess growth versus the automotive end markets as some manufacturers are reigning in spending on future electric vehicle capacity. The company was also temporarily adversely impacted by the auto workers strike in the US. While growth in EVs may moderate, the investment team believes Aptiv is well placed to benefit from the trends of increasing electrification of vehicles, autonomous driving, and a focus on safety features.

- **Lonza Group (Life Sciences Tools & Services, Switzerland)** - Lonza is a global partner to the pharmaceutical, biotech and nutrition markets. The company works as with healthcare customers to develop, manufacture and commercialize medical treatments and technologies on an outsourced basis, As such it is a key enabler in the transition to innovative biologic drugs and personalised medicine. Lonza had a challenging quarter. The CEO unexpectedly stepped down, which was poorly received by the market. Additionally, the company's Capital Markets Day was a negative catalyst as the company issued FY24 and medium-term guidance below expectations.

- **Marsh & McLennan Companies (Insurance Brokers, US)** – Marsh & McLennan Companies, Inc. is a professional services firm providing advice and solutions in the areas of risk, strategy, and human capital. Marsh & McLennan offers analysis, advice, and transactional capabilities to clients worldwide. Insurance brokers help companies around the world to understand, manage and mitigate the risks they face as a business, or as an insurer. In addition, they advise on human resource best practices, especially how to ensure employees have access to the right benefits. Furthermore, through their consulting arms, brokers help companies to become more productive and efficient, especially in the field of implementing technology. The company model is quite defensive and the stock has low beta, therefore it under-performed the risk-on rally as investors used it as a source of funds.

- **Becton Dickinson (Health Care Equipment, US)** – Becton Dickinson is a global medical technology company engaged principally in the development, manufacture, and sale of medical devices, instrument systems, and reagents used by healthcare institutions, life science researchers and the pharmaceutical industry. As a provider of essential equipment for diagnosis and clinical procedures around the world, Becton Dickinson is helping enhance outcomes, increase efficiencies and expand access to healthcare. Underperformance was driven by the company's Q4 earnings report and FY24 guidance. Guidance was only modestly below expectations, but the market reacted negatively to the company indicating the first quarter might be weaker, with growth tilted towards a second half acceleration.

- **Haleon (Personal Care Products, UK)** – Haleon PLC provides consumer healthcare products including oral health, vitamins, digestive health, supplements and pain relief. Their portfolio of products contribute to improved health and wellbeing through prevention and treatment. Increasing pressure on public health systems means preventative and self-care is needed now more than ever and helps reduce costs to the system. Over-the-counter products help improve access to healthcare and support shifting the burden of healthcare spending away from doctors and hospitals, particularly in emerging markets where the company sells one third of products. As a consumer staples company with relative stable end markets, Haleon experienced some rotation effects against the backdrop of a market rally.

Key Portfolio Activity

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

- **Marsh McLennan (Insurance Brokers, US)** – is a leading insurance and reinsurer broker with an attractive long term defensive growth profile and is highly cash generative. The insurance brokerage sector is more consolidated than the insurance underwriters and the broker owns the client relationship. This enables Marsh to generate higher margins than the insurance underwriters, without carrying the risk. It has additional tailwinds from a strong commercial insurance and reinsurance cycle. As a top insurance and reinsurance broker they lead the market in pricing for climate and property risks and are helping the largest companies in the world manage their exposures, including their real climate risk.

- **MSCI Inc (Financial Exchanges & Data, US)** – provides critical support tools and services for the global investment community and is a direct way to invest in the continued growth, complexity and customization of financial markets. The company has a robust growth profile with consistent low double digit revenue growth and an asset light business model. A weaker share price presented an opportunity to enter this high quality company.

- **Veralto (Environmental & Facilities Services, US)** – the position is the result of receiving shares after the spin out of the business from parent company Danaher in September.

<u>The following stocks were sold from the portfolio over the quarter:</u>

- **Kubota Corp (Technology & Logistics, Japan)** – exited a position given concerns that inventory replenishment of agricultural and construction equipment in the key US market largely complete, which may result in more challenged profitability with recent price-supported revenue growth potentially abating. The company has also benefitted from a perception as a beneficiary of US infrastructure stimulus spending despite modest exposure to this opportunity.

- **Lonza (Life Sciences Tools & Services, Switzerland)** – was exited on lower conviction following significant management change in recent years coupled with potentially weaker margins due to lower profitability resulting from lower utilisation of the company's bioprocessing manufacturing facilities.

- **Partners Group (Asset Management & Custody Banks, Switzerland)** – the stock was exited after a period of strong share price performance driven by expectations of lower interest rates, resulting in lower upside potential in the share price.

- **Veralto (Environmental & Facilities Services, US)** – exited residual position in Veralto following the company's spin off from parent company Danaher.

- **Vertex (Biotechnology, US)** – the stock was sold following strong performance backed by strength in the core cystic fibrosis franchise, however valuation upside was viewed as limited as there is uncertainty over the strength of the future drug pipeline.

Delta Electronics Inc (Cloud Computing, Taiwan) and Mediatek Inc (Efficient IT, Taiwan) were sold during the month due to the custodian transition for the fund.

Outlook

Heading into 2024 the investment team continues to look for opportunities to add quality companies with strong secular growth drivers from the transition to a more sustainable economy. Market optimism has increased on the back of expectations of a peak in the monetary tightening cycle, however the investment team believes there may still be a delayed effect from higher interest rates which could impact some parts of the economy. As such they remain focused on companies demonstrating consistent growth, strong pricing and lower debt levels, as these companies may be better equipped to navigate through a period of more challenging growth and volatility. They also continue to see opportunities from onshoring and near-shoring investment, which is an improving prospect across industrial and technology companies.

Alpha generation is also expected from life science and nutritional ingredient companies which have experienced temporary disruptions from COVID-19 related inventory destocking, but where longer term opportunities remain in-tact. Areas of interest for the strategy also include beneficiaries of increased spending on drug discovery and testing, the accelerating digital transformation of enterprises, companies providing access to finance and businesses enabling the rise of the sharing and circular economy.

Disclaimer

Year	Total Firm Assets (Millions)	Composite Assets (Millions)	Number of Portfolios	Annual Gross Return	Annual Net Return	Annual Benchmark Return	Asset Weighted StdDev*	3yr Annualized Std Dev**	Benchmark 3yr Annualized Std Dev**
2022	43,356.21	9,083.67	15	-17.74	-18.56	-18.36	0.18	19.79	19.86
2021	53,891.25	9,695.05	14	20.69	19.82	18.54	0.36	15.51	16.84
2020	33,017.69	4,269.78	7	24.74	23.95	16.25	--	17.56	18.13
2019	20,193.72	877.59	4	35.09	34.09	26.60	--	12.56	11.22
2018	13,426.66	46.62	3	-4.11	-4.82	-9.41	--	12.64	10.48
2017	9,977.17	3.88	1	34.24	33.24	23.97	--	11.86	10.36
2016	5,456.11	2.94	1	1.27	0.51	7.86	--	--	--
2015	3,879.17	2.98	1	-1.28	-2.01	-2.36	--	--	--

*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.
Both the internal and external risk figures are calculated using monthly gross-of-fee returns.

Composite Description
The Global Opportunities Composite contains long only accounts, which invest in high quality companies in order to achieve long-term capital growth. Global Opportunities is an all-cap global equity strategy that fully integrates analysis of sustainability risks and opportunities. The Global Opportunities Composite was created January 1, 2015. The inception date of the composite's performance was January 1, 2015.

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, 2022. 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 Global Opportunities Composite has had a performance examination for the periods January 1, 2019 through to December 31, 2022. The verification and performance examination reports are available upon request.

Firm Information
Impax Asset Management is defined as Impax Asset Management Ltd, Impax Asset Management (AIFM) Ltd., Impax Asset Management Ireland Ltd, Impax Asset Management LLC, and Impax Asset Management (Hong Kong) Limited (together, “Impax”). 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. The index is displayed in USD.

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. Since March 2015, the MSCI All Country World Index performance is presented net of foreign withholding taxes on dividends, interest income and capital gains. Previously, the performance was presented gross 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 for the computation of composite net-of-fee returns. Since June 2021, the highest management fee for the composite is 1.00%. From August 2020 to May 2021, net-of-fee returns were calculated net of actual investment management fees, actual incentive fees/carry and before custody fees. The composite return includes a performance fee of 17% of the excess return over the benchmark return for one of the accounts within the strategy. Prior to August 2020, net-of-fee returns were calculated using the maximum applicable fee. From May to July 2020, the highest annual management fee for the composite is 1.00%. Previously, from January 2015 to April 2020 the highest was 0.75%. 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 November 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 November 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 USD 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 investments, calculating performance, and preparing GIPS Reports are available upon request. The GIPS Report is available in other currencies upon request.

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