

Impax Environmental Markets plc

Monthly performance commentary

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Market review

Global equities as measured by the MSCI All Country World Index (ACWI) in GBP made further gains in October. Companies were supported by a strong earnings season and easing US-China trade tensions. In addition, lower-than-expected inflation data gave the US Federal Reserve licence to make its second interest rate cut for the year, albeit with Chair Powell cautioning against expecting a flurry of further cuts.

At a sector level, IT continued to lead the market, concentrated in a handful of mega-cap names. Health Care stocks also rose, rebounding as the Trump administration announced an agreement with big pharma to reduce Medicaid drug prices. Both Consumer Staples and Consumer Discretionary stocks posted weaker returns, as the likes of Mondelez, Kraft-Heinz and Colgate-Palmolive cut guidance.

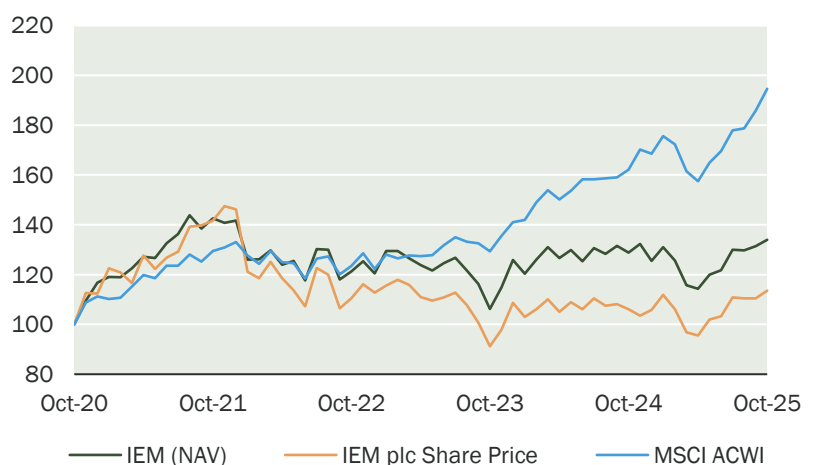
In Environmental Markets, October saw two pieces of news related to energy generation: Ember, a think tank, identified that in the first half of 2025, renewable energy generated more electricity than coal power plants.¹ Separately, the US Energy Information Agency reported that it expects power consumption will hit record highs in 2025 and 2026.² Electrification has been, and remains, a long-term theme for us. Rising demand, vital repairs, and a need to improve the resilience of existing infrastructure is driving a structural uptick in investment. As a result, IEM's portfolio spans areas from generation, to transmission, monitoring and software solutions.

Performance

The Impax Environmental Markets plc (IEM) portfolio's Net Asset Value (NAV) delivered a total return of 2.0% in October. By comparison, the MSCI ACWI returned 4.8%. The Solactive GEM Specialists Index, which exists to reflect IEM's opportunity set, returned 3.2%.³

The dominance of mega-cap tech continued to be the portfolio's largest headwind relative to ACWI. Against Solactive, the biggest relative weakness came from not owning Tesla, as well as more consumer-exposed names in Digital Infrastructure and Water Infrastructure. This was partially offset by strong returns in Alternative Energy stocks, as well as companies benefitting from rising energy demand and grid investment.

5-YEAR CUMULATIVE PERFORMANCE: REBASED TO 100 AT START



Past performance does not predict future returns. Figures refer to the past and that past performance is not a reliable indicator of future results. There is no guarantee that any forecasts made will come to pass. Benchmark references are selected based on their investment orientations which were deemed comparable to the investment vehicles. The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only. The specific securities identified and described are for informational purposes only and do not represent recommendations. Holdings subject to change. Date source: Bloomberg as at 31 October 2025. Performance is shown on a bid-to-bid price basis, with net income reinvested, net of ongoing charges and portfolio costs. *On 1st October 2025 Sanjeev Lakhani joined the IEM plc Portfolio Management team as Co-Portfolio Manager. Jon Forster will be handing over his portfolio management responsibilities on 31 December 2025. The investment strategy and team-based approach remain unchanged. Please refer to the RNS announcement [here](#). ¹Global renewable energy generation surpasses coal for first time | Renewable energy | The Guardian. ²US power use to reach record highs in 2025 and 2026, EIA says | Reuters. ³Refer to Solactive Environmental Markets Index Methodology Disclaimer on page 5.

Impax Environmental Markets plc

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Continued

Accordingly, **Nvent Electric**, **Delta Electronics** and **KLA** delivered some of the strongest returns over the month. The stocks occupy different positions in the data centre value chain, with Nvent manufacturing electrical connectors and housings, Delta producing power components, and KLA specialising in yield control for semiconductors. Nvent in particular, reported results which saw revenues and earnings per share beat consensus, delivering its first ever billion-dollar sales quarter, powered by strong data centre orders tied to liquid cooling.

Shares in the Independent Power Producers also boosted performance. In recent months, rising power prices have lifted long-term holdings **EDPR** and **Northland Power**, as well as geothermal specialist **Ormat**, IEM's strongest contributor year to date. Geothermal continues to receive tax credits after the One Big Beautiful Bill, and Ormat is citing faster permitting provisions. The shares continued to climb ahead of Q3 results, with investors pricing in potential hyperscale deals as well as technological improvements to enhance operational performance and returns.

The portfolio also benefited from its holding in **Repligen**. Shares in the supplier of bioprocessing products and services rallied in sympathy with the broader sector, as well as supportive datapoints from peers pointing to a recovery in key end markets. Notably Sartorius, a German producer of medical equipment that is not owned, reported solid Q3 earnings.

The biggest negative contributors to return were linked to deteriorating consumer sentiment and results. The paper and packaging company **Mondi** reported results which missed expectations due to weaker pricing and warned on its full year profits. Similarly, **E-Ink** a supplier of e-reader technology, reported that the higher cost of tariffs had led to softer customer orders. While we have exited our position in Mondi, our long-term investment case for E-Ink remains intact.

Itron also detracted from returns. The energy and water metering company reported Q3 results which included weak order numbers and a pushing out of its full year targets. Management attribute the delay to increased regulatory complexity, higher costs for residential customers and a change in priorities for utility developers. While the longer-term picture remains compelling, we are reviewing the position size given lower near-term visibility.

Annualised returns (%)

	3M	1Y	3Y	5Y	10Y	SI ⁴
IEM (NAV)	3.0	4.0	3.4	6.0	11.2	7.3
IEM plc Share Price	2.5	7.1	0.9	2.6	11.3	6.8
MSCI ACWI	9.3	20.0	16.4	14.2	13.1	8.8
Solactive GEM Specialists	-	-	-	-	-	-

Rolling 12m returns (%)

	OCT-24 TO OCT- 25	OCT-23 TO OCT- 24	OCT-22 TO OCT- 23	OCT-21 TO OCT- 22	OCT-20 TO OCT- 21	OCT-19 TO OCT- 20	OCT-18 TO OCT- 19	OCT-17 TO OCT- 18	OCT-16 TO OCT- 17	OCT-15 TO OCT- 16
IEM (NAV)	4.0	21.3	-12.4	-14.9	42.6	17.3	17.3	-3.5	15.0	41.6
IEM plc Share Price	7.1	16.3	-17.4	-22.0	41.6	21.2	20.5	5.3	17.5	41.8
MSCI ACWI	20.0	25.3	4.8	-4.7	29.5	5.0	11.2	3.4	13.3	29.1
Solactive GEM Specialists	-	-	-	-	-	-	-	-	-	-

Figures refer to the past and that past performance is not a reliable indicator of future results. Benchmark references are selected based on their investment orientations which were deemed comparable to the investment vehicles. The specific securities identified and described are for informational purposes only and do not represent recommendations. Holdings subject to change. Data source: Bloomberg as at 31 October 2025. Performance a bid-to-bid price basis, with net income reinvested, net of ongoing charges and portfolio costs. ⁴First full month since inception: March 2002.

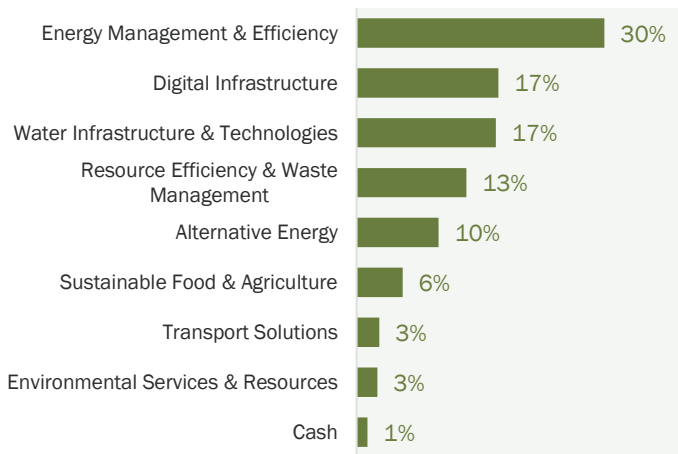
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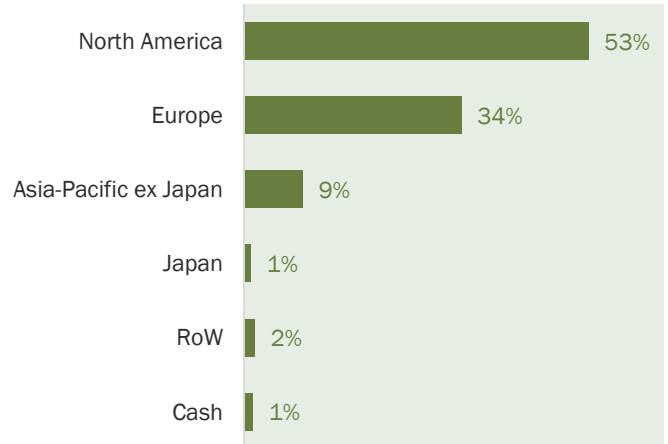
Significant transactions

In October, we exited **Mondi**. The company continues to be one of the lowest cost paper producers in Europe thanks to its integrated production and processing model. However, our original investment thesis was predicated on this advantage translating into earnings growth as paper prices recovered. This has not materialised, with overcapacity in the market offsetting Mondi's mill efficiency programs and cost improvements.

Environmental markets exposure



Geographical exposure⁵



Top 10 holdings ⁶	Sub-sector	Country ⁷	%
AIR LIQUIDE SA	Industrial Energy Efficiency	France	3.79
WASTE CONNECTIONS INC	General Waste Management	United States	3.41
XYLEM INC	Water Distribution & Infrastructure	United States	3.14
ORMAT TECHNOLOGIES INC	Renewable Energy Developers & IPPs	United States	3.02
TRIMBLE INC	Efficient IT	United States	2.98
PTC INC	Efficient IT	United States	2.95
CONTEMPORARY AMPEREX TECHN-A	Advanced Road Vehicles & Devices	China	2.77
VEOLIA ENVIRONNEMENT	Water Utilities	France	2.76
SYNOPSIS INC	Efficient IT	United States	2.50
NVENT ELECTRIC PLC	Smart & Efficient Grids	United States	2.44
TOTAL			29.76

The specific securities identified and described do not represent all securities purchased, sold, or recommended for the portfolio, and no assumptions should be made that the securities identified and discussed were or will be profitable.

Data source: Impax/FactSet/Bloomberg. Data as at 31 October 2025. Charts may not add to 100% due to rounding. ⁵Geographic allocation by country of listing. ⁶Holdings are subject to change without notice. ⁷MSCI classification if available.

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Outlook

At the time of writing, equity markets are increasingly volatile. The spate of deals between players in the AI sector has spurred fears of an increasingly circular ecosystem. At the same time, rising capex to cash flow ratios⁸ at the Magnificent Seven⁹ is leading investors to question when the returns will justify the investment. Results from GPU pioneer Nvidia (not held) while impressive, have failed to quell these doubts, as they only point to continued spending.

There are also increasing signs of weakness in the US economy. A government shutdown means standard employment data has been unavailable. However, reports from recruiters suggest layoffs are increasing,¹⁰ while credit card data suggests rising prices are weighing on poorer consumers.¹¹ Earnings data from consumer-facing companies is striking a similar tone.

With so much of the market (and its gains since 2023) concentrated in a handful of AI stocks, their valuations are rightfully attracting scrutiny. However, with an active share of over 99%,¹² IEM's positioning is more differentiated. Indeed, while the portfolio's data centre exposure has risen, it is through companies where this is just one part of a more diverse business – e.g., **Schneider Electric**. Today, IEM's portfolio combines these long-term growth prospects with undervalued defensive compounders, in a vehicle that trades at a discount to NAV of ~9%.

Past performance does not predict future returns. Figures refer to the past and that past performance is not a reliable indicator of future results. There is no guarantee that any forecasts made will come to pass. The specific securities identified and described are for informational purposes only and do not represent recommendations. ⁸Capex to cash flow ratio is a measure of how much of a company's cash from operations is being spent on capital investments like equipment or infrastructure. ⁹Microsoft, Amazon, Meta, Apple, Nvidia, Alphabet, Tesla. ¹⁰[Challenger-Report-September-2025.pdf](#). ¹¹[Consumer Checkpoint: Holiday prep or schlep?](#) ¹²Active share is a measure of how much a fund's holdings differ from its benchmark index.

Important information

Past performance does not predict future returns.

Solactive Environmental Markets Index Methodology Disclaimer

Please note the following important information regarding the Solactive Environmental Markets Index Series (the "Index") and its related documentation. **More information is available upon request.**

The Solactive Environmental Markets Index Series is designed to represent global securities from issuers whose core business activities are meaningfully aligned with Environmental Markets. This alignment is determined based on revenues from products and services that support the transition to a more sustainable economy. Solactive AG acts as the Index Administrator, responsible for the ownership, calculation, and administration of the Index under the Benchmark Regulation (EU) 2016/1011 (BMR).

Key Characteristics and Methodology of the Index

The Index Administrator first identifies the index universe by applying a rule-based process. Each index component is assigned a weight based on its free float market capitalisation. Free float refers to the share class-specific fraction of total shares available for trading by market participants, not locked in by long-term holders. The Index undergoes an ordinary rebalance on a quarterly basis. Index components are subject to minimum eligibility criteria, including but not limited to regional allocation, thematic exposure (assessed by revenue alignment) such as climate, environmental markets, food, water, etc., liquidity, free float. The Index currency for all indices within the Solactive Environmental Markets Index Series is USD.

Corporate actions that significantly impact index components between rebalancing periods are handled by adjusting the index from the cum-day to the ex-day to align with the price effect. Such adjustments are implemented in compliance with the methodology. However, the Index Administrator retains discretion to deviate from standard procedures for complex or unusual events to preserve the index's representativeness. All adjustments are announced on the Index Administrator's website with at least two trading days' notice and cover a wide range of events including cash/stock distributions, splits, mergers, acquisitions, and delistings.

Index Risks:

Impax does not offer any explicit or tacit guarantee or assurance regarding the results from the use of the Index or its level at any specific time.

Errors in the determination process may occur from time to time due to various internal or external reasons and cannot be completely ruled out. Any identified errors are expected to be corrected within a reasonable period.

The determination of the Index may be limited or impaired during periods of illiquid or fragmented markets and market stress, which can lead to inaccurate or delayed prices for one or more index components.

The publication of the Index does not constitute a recommendation for capital investment and does not contain any assurance or opinion from Impax regarding a possible investment in a financial instrument based on the Index.

The methodology of the Index is subject to regular review, at least annually. Changes to the methodology may occur if the underlying market or economic reality changes, or if the current methodology is based on obsolete assumptions. Such changes will be made in accordance with the Solactive Methodology Policy and announced on the Solactive website. The terms and conditions of the Index may be subject to changes and the Index's calculation method may be subject to change as deemed necessary to prevent obvious errors or to remedy, correct, or supplement incorrect terms and conditions. Impax and the Index Administrator are not obliged to provide information on any such modifications or changes.

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Whilst the Index Administrator endeavors to ensure the resilience and integrity of its indices, the orderly cessation of the Index may be indicated if the underlying market or economic reality changes substantially, if index rules can no longer be applied coherently, or if the index is no longer used as an underlying value for financial instruments. The Index Administrator maintains guidelines for identifying situations requiring cessation, informing stakeholders, and following procedures for termination or transition to an alternative index.

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Important information

INVESTMENT OBJECTIVE & POLICY

The Company's objective is to enable investors to benefit from growth in the markets for cleaner or more efficient delivery of basic services of energy, water and waste. Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management (which includes sustainable food, agriculture and forestry).

Shareholders should read the Investment Policy in the Annual Report before investing which is available at: www.impaxenvironmentalmarkets.co.uk. Please refer to IEM's Stewardship Approach for more details.

MARKETING COMMUNICATION

This marketing communication does not include sufficient detail to enable the recipient to make an informed decision. Please refer to the latest Annual Report and KID which set out the investment objective, policy, maximum leverage and principal risk factors faced by the Company.

The value of an investment in the Company, and any income derived from it, may fluctuate and can go down as well as up depending on a number of factors.

The main factors likely to affect future returns from an investment in the Company include:

- Changes in general economic and market conditions **such** as currency exchange rates, interest rates, rates of inflation, industry conditions, tax laws, political events, policy development, technological change and any other factors that may cause price movements, volatility or illiquidity in the market generally.
- Fluctuations in the value of the Company's underlying investments, particularly those investments in companies with small capitalisations and/or unlisted securities, which are likely to be subject to higher valuation uncertainties and liquidity risks than companies with larger capitalisations and other securities listed or traded on a regulated market.
- Events or conditions impacting the Company's investments in companies operating in environmental markets, such as governments altering the regulatory and financial support for environmental improvement, costs of technology not falling or increasing, reduced or deferred capital spending by customers or products or services not being adopted. Increased risks arising from borrowing by the Company. If investment markets fall in value, any borrowing will enhance the level of loss.
- Shares of the Company may trade at a discount or a premium to Net Asset Value for variety of reasons including market sentiment and market conditions. On a sale you could realise less than the Net Asset Value and less than you initially invested.
- Other risks arising from events which are outside of the Company's control, such as the Covid-19 pandemic and the conflict in Ukraine.

Important information

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Impax Environmental Markets Plc (the "Fund") is incorporated in England and Wales under the Companies Act 1985 with registered number 4348393 and registered as an investment company. The Fund is classified as an Alternative Investment Fund under Directive 2011/61/EU as onshored into the domestic body of UK legislation ("UK AIFMD"). Impax Asset Management (AIFM) Limited (authorised and regulated by the Financial Conduct Authority FRN: 613534) acts as the Alternative Investment Fund Manager (the "AIFM") and has delegated portfolio management to Impax Asset Management Limited.

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This document contains information on the past performance of the Fund. Past performance does not predict future returns. Information on past performance refers to the past and past performance is not a reliable indication of future performance. This also applies to historical market data. The performance data does not take into account the commissions and costs incurred on the issue and redemption of units. The annual investment management charge and other charges are generally deducted from income, although a portion may be deducted from capital of the trust. Where charges are deducted from capital, the potential for capital growth will be reduced. If the currency in which the past performance is displayed

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Benchmark

Impax uses the MSCI ACWI index and Solactive GEM Specialists as indicative benchmarks for its strategies. The MSCI ACWI captures all sources of equity returns across 23 developed and 26 emerging markets and assumes any net cash distributions, including dividends, are reinvested. Information about the Solactive Benchmark can be found in the methodology section.

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