31 May 2026

Impax Environmental Markets plc

Monthly performance commentary

For professional investors only. This is a marketing communication.
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Following the Exit Tender Offer completed on 19 May, 2026, IEM received a valid requisition notice from Saba to remove the current Board. The Requisitioned General Meeting will be held at 11.00 am on 17 June 2026, following the Annual General Meeting at 10.45 am. Both meetings will take place at the offices of Dentons UK and Middle East LLP at One Fleet Place, London, EC4M 7RA

To read the notice in full, please visit IEM's website.

Sanjeev Lahkani
Portfolio Manager

Fotis Chatzimichalakis
Portfolio Manager

Market review

Global equities as measured by the MSCI All Country World Index (ACWI) in GBP rose 6.0% in May. Markets continued to rally on the prospect of a resolution to the Iranian conflict, and the normalisation of oil flows. Strong corporate earnings, particularly from AI-related companies, provided further support.

At a sector level, the pattern established in April repeated itself. IT was the only sector to outperform the ACWI, while Energy fell sharply. Typically defensive Utilities, Consumer Staples and Real Estate also pulled back. Regionally, Asia continued its strong run of performance, benefitting in particular from rallies in key semiconductor stocks.

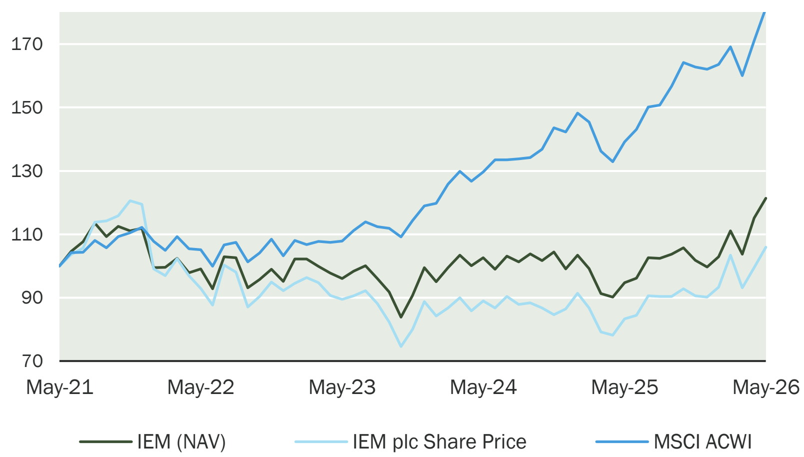
In Environmental Markets, the month saw **NextEra Energy** and **Dominion Energy** (neither held) announce a merger to create the world's largest Utility business.[1] NextEra is one of the largest renewable developers in the US, while Dominion is a key provider to an area in Virginia known as "data centre alley". While the deal has yet to complete, the merger is yet another sign of how rising demand for electricity is prompting companies to invest at scale.

Performance

The Impax Environmental Markets plc (IEM) portfolio's Net Asset Value (NAV) delivered a total return of 5.4% in May. By comparison, the MSCI ACWI returned 6.0%. The Solactive GEM Specialists (GEMS) Index, which exists to reflect IEM's opportunity set,[2] returned 2.3%.

May was a strong month for the portfolio in absolute terms, with IEM comfortably ahead of its opportunity set even as it trailed the broader market by a narrow margin. Gains in the MSCI ACWI were once again concentrated in mega-cap technology stocks outside of our investable universe. However, this was partially offset by the weakness in Energy and Financials, to which IEM also has no exposure. Against the Solactive opportunity set, the portfolio benefited significantly from positive stock selection in Energy Management & Efficiency, which includes many of our data centre exposed stocks. Company results were some of the biggest drivers of performance.

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 May 2026. Performance is shown on a bid-to-bid price basis, with net income reinvested, net of ongoing charges and portfolio costs. [1]NextEra Energy and Dominion Energy to Combine, Creating the World's Largest Regulated Electric Utility Business and North America's Premier Energy Infrastructure Platform Benefiting Customers - May 18, 2026. [2]Refer to Solactive Environmental Markets Index Methodology Disclaimer on page 5.

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Continued

While data centre exposure continues to be a significant driver of returns, several of the portfolio's biggest positive contributors sit outside this theme. **E Ink**, the Taiwanese electronic-paper specialist, reported strong Q1 results which indicated improving retail demand outside of its existing relationship with Walmart. Similarly, geothermal energy company **Ormat** reported first quarter numbers that beat consensus expectations. Management also provided an update on enhanced geothermal systems which, along with the IPO of close competitor **Fervo** (not held), provided a further boost to the shares.

Within the world of data centres and semiconductors, **Marvell Technology**, a semiconductor and networking company, as well as **nVent Electric** and **Littelfuse**, providers of electrical connection and circuit-protection products respectively, all rose strongly on continued positive newsflow around AI-related capital expenditure. Marvell in particular materially raised its guidance, suggesting its custom ASICs[3] business could grow exponentially to reach over $10B in 2029.[4]

Conversely, several holdings pulled back as macro issues offset robust results. **Trimble**, a producer of construction software, and **Sabesp**, a Brazilian water utility, both produced good numbers that were poorly received by the market. Trimble continues to face some AI disruption fears, but with results coming in ahead of expectations, we increased our position. Likewise, UK electrical utility **SSE** was impacted both by a rotation away from defensive assets, and a surge in UK bond yields. The latter are likely to remain volatile for as long as Sir Keir Starmer faces a potential leadership challenge, even if the long-term need for energy-related infrastructure remains intact.

Annualised returns (%)

	3M	1Y	3Y	5Y	10Y	SI[5]
IEM (NAV)	9.2	28.2	8.1	3.9	11.3	7.7
IEM plc Share Price	2.4	27.1	5.8	1.2	11.7	7.2
MSCI ACWI	7.3	30.3	18.9	12.6	13.7	9.0
Solactive GEM Specialists	5.9	-	-	-	-	-

Rolling 12m returns (%)

	MAY-25 TO MAY-26	MAY-24 TO MAY-25	MAY-23 TO MAY-24	MAY-22 TO MAY-23	MAY-21 TO MAY-22	MAY-20 TO MAY-21	MAY-19 TO MAY-20	MAY-18 TO MAY-19	MAY-17 TO MAY-18	MAY-16 TO MAY-17
IEM (NAV)	28.2	-7.7	6.8	-3.0	-0.9	48.0	8.0	2.3	8.2	36.3
IEM plc Share Price	27.1	-6.4	-0.6	-3.6	-7.1	49.7	8.8	7.7	16.7	38.9
MSCI ACWI	30.3	7.3	20.3	2.6	5.1	23.4	7.5	4.2	8.5	32.5
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 May 2026. Performance a bid-to-bid price basis, with net income reinvested, net of ongoing charges and portfolio costs. [3]Application-Specific Integrated Circuits. [4]www.nasdaq.com. [5]First full month since inception: March 2002.

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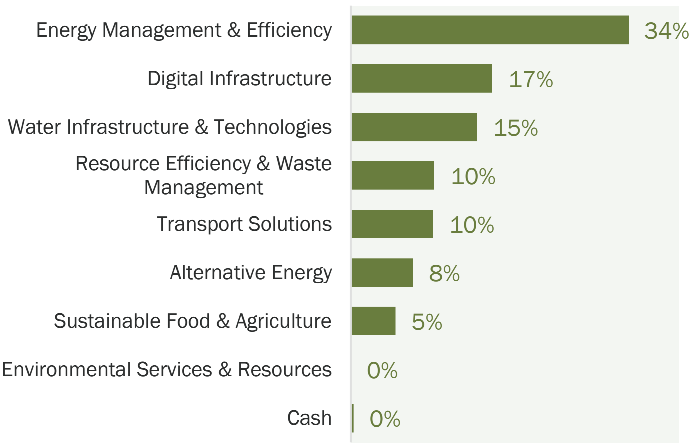
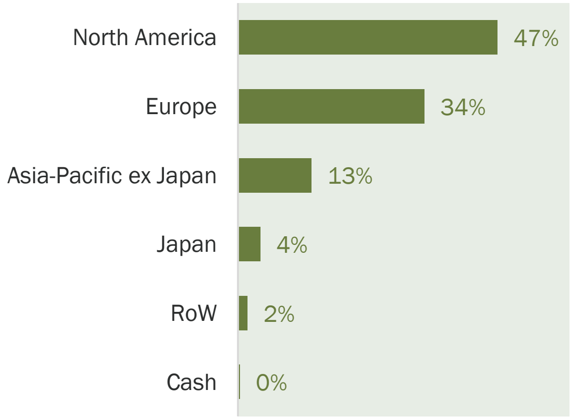
Significant transactions

We exited our position in **Blackline Safety Corp**. In April, the provider of connected safety technology announced that it would be acquired by Francisco Partners Management, an American private equity firm. The deal was announced for a total consideration of up to $9.50 per share, representing a 35% premium to the 20-day volume-weighted average price of Blackline's shares.[6]

Environmental markets exposure



Geographical exposure[7]



Top 10 holdings[8]	Sub-sector	Country[9]	%
SIEMENS ENERGY AG	Smart & Efficient Grids	Germany	3.88
AIR LIQUIDE SA	Industrial Energy Efficiency	France	3.35
CONTEMPORARY AMPEREX TECHN-A	Advanced Road Vehicles & Devices	China	3.25
WASTE CONNECTIONS INC	General Waste Management	United States	3.16
KLA CORP	Water Efficiency	United States	3.07
VEOLIA ENVIRONNEMENT	Water Utilities	France	2.66
NOVONESIS (NOVOZYMES) B	Sustainable Agriculture	Denmark	2.63
KEYENCE CORP	Industrial Energy Efficiency	Japan	2.55
SSE PLC	Renewable Energy Developers & IPPs	United Kingdom	2.48
ORMAT TECHNOLOGIES INC	Renewable Energy Developers & IPPs	United States	2.35
TOTAL			29.39

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 May 2026. Charts may not add to 100% due to rounding. [6]Blackline Safety Enters into Definitive Agreement to be Acquired by Francisco Partners for up to $850 Million. [7]Geographic allocation by country of listing.
[8]Holdings are subject to change without notice. [9]MSCI classification if available.

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Outlook

Equity markets have pulled back in recent weeks, led by AI-related Technology stocks. This is partly in response to strong US employment data, which has increased the chance of interest rate hikes.[10] Results from the likes of **Broadcom** (not held), have also failed to sustain further share price momentum despite impressive annual revenue growth of 48%. Finally, investors are facing a wave of equity issuance from both newly listing companies (**OpenAI**, **Anthropic** and **SpaceX**) as well as familiar names like **Meta** and **Alphabet** (none owned).

Outside of Technology, renewed bellicose rhetoric between the US and Iran is pushing up oil prices, as well as fears about economic growth. Consequently, both Energy and the more defensive (and – currently – cheap) Health Care sectors have been enjoying a short-term period of relative outperformance. That this rotation is proving only a modest headwind is testament to our valuation discipline, which pushed us to take profit in names like **Marvell** and **Delta Electronics** during their rallies, whilst adding to more attractively valued positions like **SABESP** and **Advanced Drainage**.

IEM's portfolio is far broader than a set of companies that will live or die by the success of AI. Even chip companies like **Monolithic Power Systems** have business divisions outside of data centres. The earnings growth in IEM's Technology stocks year to date also means recent moves look like a modest correction to valuations, rather than a change in our investment thesis. More broadly, the companies driving AI capex have proved relatively price insensitive, focusing more on the speed at which data centres can be brought online. Despite a number of short-term uncertainties, IEM's portfolio continues to combine a high level of differentiation from the market, with robust earnings growth rooted in long-term structural themes.

Data source: Impax/FactSet/Bloomberg. Data as at 31 May 2026. [10]The Employment Situation - May 2026.

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.

The Index Administrator retains the right to deviate from standard corporate action procedures in cases of unusual or complex corporate actions to preserve the comparability and representativeness of the Index.

Whilst the Index Administrator endeavours 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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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 metholdology section.

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