30 September 2026

Impax Environmental Markets plc

Monthly performance commentary

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Sanjeev Lahkani
Portfolio Manager

Fotis Chatzimichalakis
Portfolio Manager

Market review

Global equities as measured by the MSCI All Country World Index (ACWI) made a modest gain in September. The US Federal Reserve delivered its first interest rate hike in three years, with investors pricing in further tightening ahead. This stance was reinforced by persistent inflation data, with US core CPI[1] coming in above forecasts. At the same time, the continuing US-Iran conflict drove oil prices as measured by a barrel of Brent crude to over 105 USD.[2] Government bonds sold off, with the US 30-year yield touching its highest level since 2004 at 5.4%.[3]

At a sector level, Information Technology and Communication Services were the strongest performers, benefiting from continued AI-driven demand tailwinds. Health Care and Energy stocks also proved resilient, although were largely flat. Every other sector finished in negative territory, with Materials, Consumer Discretionary and Real Estate stocks among the weakest.

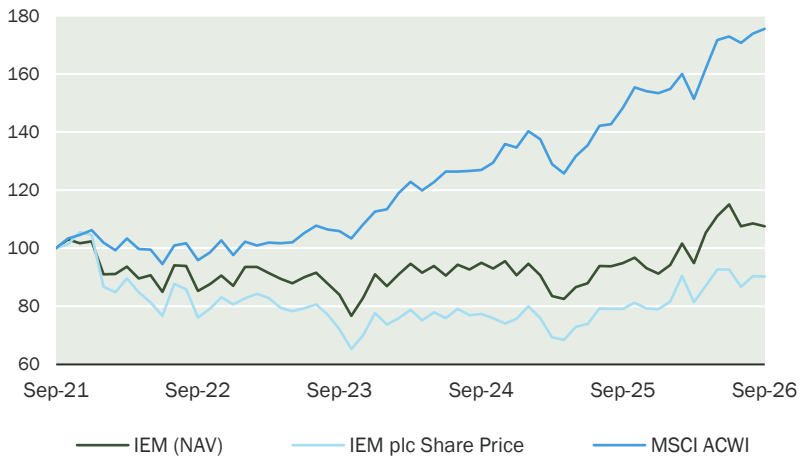
In Environmental Markets, several US states proceeded with measures to manage data centre permits. In Texas, Governor Abbott went so far as to halt all permitting until the ERCOT grid authority finished an audit of pipeline applications.[4] In Virginia, the governor launched a Data Centre Accountability Framework to set clear standards and impose more costs on the industry than local residents.[5] While such moves raise some barriers to entry for the sector, we believe that doing so is unlikely to dampen demand, and ultimately favours suppliers of the most efficient technology.

Performance

The Impax Environmental Markets plc (IEM) portfolio's Net Asset Value (NAV) delivered a total return of -0.9% in August. By comparison, the MSCI ACWI returned 0.9%. The Solactive GEM Specialists (GEMS) Index, which exists to reflect IEM's opportunity set,[6] returned 0.5%.

Relative performance reflected the market rotation. In a reversal from August, the strongest performers within IT were semiconductor and semi-equipment names, as well as AI-adjacent Industrial stocks. While IEM's portfolio has positions in these areas, they are smaller than each of the respective indices. Indeed, the PMs have consciously brought these weights down since Q1, while increasing positions in companies with more defensive business models. The latter weakened in the context of more positive sentiment for AI, as well as rising bond yields.

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 30 September 2026. Performance is shown on a bid-to-bid price basis, with net income reinvested, net of ongoing charges and portfolio costs. [1]Consumer Price Index. [2,3]Bloomberg as at 30 September 2026. [4]https://gov.texas.gov/news/post/governor-abbott-directs-tceq-to-halt-data-center-permits. [5]Spanberger presents slate of data center regulation proposals, puts first directives in motion • Virginia Mercury. [6]Refer to Solactive Environmental Markets Index Methodology Disclaimer on page 5.

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Past performance does not predict future returns.

Continued

Accordingly, the strongest contributors to performance were the portfolio's semiconductor stocks, **Marvell**, **KLA** and **Monolithic Power Systems**. Moves were largely sentiment driven, although Marvell made a series of incremental announcements reinforcing its pivotal role in the AI infrastructure buildout. Analyst expectations also increased ahead of October's analyst day, with growing anticipation around the company's custom silicon partnership with Alphabet.

Other strong contributors included AI-adjacent Industrial stocks. Shares in **Generac**, a producer of stand-by generators, rallied significantly following a long-term supply agreement with Amazon (not held) for its data centres. Similarly, **AAON**, a supplier of highly efficient HVAC[7] systems, and **nVent**, a maker of electric components, rallied on news that each company is continuing to invest in its respective cooling and power infrastructure businesses for data centres.

Portfolio weakness also largely reflected shifting market sentiment. Companies with more defensive business models whose shares have performed strongly in recent months – such as the US waste management company **Waste Connections,** and the Danish natural ingredients company**, Novonesis** – gave up some of their gains. Software stocks **Bentley Systems** and **PTC**, which had similarly rallied and are increasingly performing as an "inverse AI-trade", also weakened.

Outside of these moves, the biggest source of weakness came from **CATL**. Shares in the Chinese battery supplier weakened as it emerged that domestic automakers Li Auto, Xiaomi and Xpeng had shifted battery orders to rivals to reduce their reliance on CATL. Speculation about further output cuts in September and lower Q3 unit net profit added to the selling.

Annualised returns (%)

	3M	1Y	3Y	5Y	10Y	SI[8]
IEM (NAV)	-6.5	13.3	8.6	1.5	8.8	7.5
IEM plc Share Price	-2.6	14.2	7.8	-2.0	9.0	7.0
MSCI ACWI	1.5	18.3	18.3	11.9	12.1	9.0
Solactive GEM Specialists	-9.4	13.8	-	-	-	-

Rolling 12m returns (%)

	SEP-25 TO SEP-26	SEP-24 TO SEP-25	SEP-23 TO SEP-24	SEP-22 TO SEP-23	SEP-21 TO SEP-22	SEP-20 TO SEP-21	SEP-19 TO SEP-20	SEP-18 TO SEP-19	SEP-17 TO SEP-18	SEP-16 TO SEP-17
IEM (NAV)	13.3	-0.2	13.2	-1.5	-14.8	41.3	14.5	8.3	7.1	15.2
IEM plc Share Price	14.2	2.2	7.3	-5.4	-23.8	49.1	15.1	10.2	19.4	15.8
MSCI ACWI	18.3	16.8	19.9	10.5	-4.2	22.2	5.3	7.3	12.9	14.9
Solactive GEM Specialists	13.8	-	-	-	-	-	-	-	-	-

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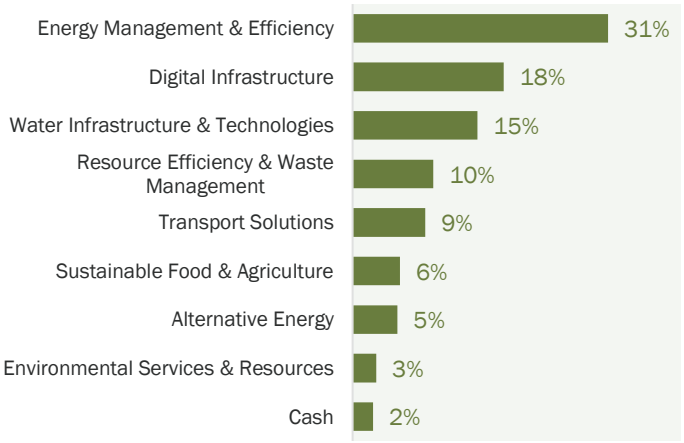
Significant transactions

We sold our positions in Trex and EDPR in September.

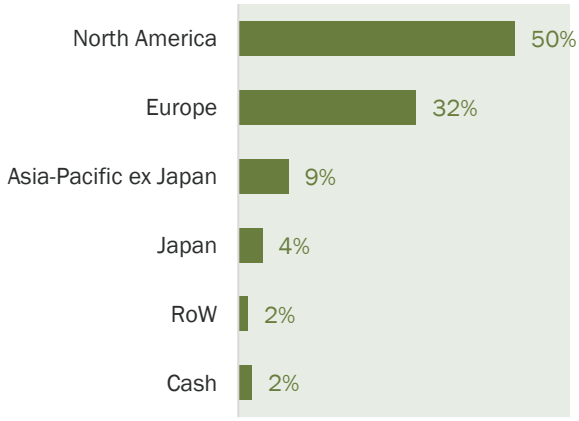
EDPR is a Portuguese-listed independent power producer. While the shares have benefited from higher oil prices and their implications for power prices, this is increasingly being offset by the impact of rising bond yields.

Trex is a US-listed producer of sustainable plastic decking. The shares have climbed steadily year-to-date, with improved distribution and successive robust earnings reports helping to offset broader investor concern around the macroeconomic backdrop. However, we believe this recovery story is largely played out, and further interest rate hikes could start to weigh meaningfully on the construction sector as a whole. Exiting the position helps limit the portfolio's exposure to this risk.

Environmental markets exposure



Geographical exposure[9]



Top 10 holdings[10]	Sub-sector	Country[11]	%
WASTE CONNECTIONS INC	General Waste Management	United States	3.36
SIEMENS ENERGY AG	Smart & Efficient Grids	Germany	3.35
AIR LIQUIDE SA	Industrial Energy Efficiency	France	3.20
SSE PLC	Renewable Energy Developers & IPPs	United Kingdom	3.09
KEYENCE CORP	Industrial Energy Efficiency	Japan	3.02
NOVONESIS (NOVOZYMES) B	Sustainable Agriculture	Denmark	2.97
VERALTO CORP	Environmental Testing & Monitoring	United States	2.87
KLA CORP	Water Efficiency	United States	2.84
CONTEMPORARY AMPEREX TECHN-A	Advanced Road Vehicles & Devices	China	2.61
SCHNEIDER ELECTRIC SE	Smart & Efficient Grids	France	2.33
TOTAL			29.65

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 30 September 2026. Charts may not add to 100% due to rounding. [9]Geographic allocation by country of listing. [10]Holdings are subject to change without notice. [11]MSCI classification if available.

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Outlook

Global equity markets are facing two opposing forces. On the one hand, rising government bond yields, aggravated by stubborn inflation, and geopolitical conflict. On the other, continued investment in AI is contributing to strong earnings growth across a broadening range of companies and, as yet, resilient employment data. As a result, the MSCI ACWI has travelled more or less sideways since June.

For now, visibility around future AI capital expenditure remains high, and we are allocating capital to areas where bottlenecks, and therefore our expectations of success, are more evident. However, markets have been quick to punish any perceived slowdown, so valuation discipline remains key. Indeed, reallocating profits from data-centre exposed stocks to more defensive, attractively valued holdings, ahead of a more bruising quarter for AI, has further lifted the strategy's year-to-date performance relative to its Morningstar Ecology peer group.[12]

In this context, we continue to favour a balanced approach. Stocks benefitting from structural trends such as electrification and climate change adaptation have long-term growth drivers that pre-date AI's mass adoption. Taking advantage of the full breadth of Impax's Environmental Markets taxonomy allows us to approach themes selectively and construct a diversified portfolio that trades at a historically low premium to the market despite higher expected earnings growth relative to the MSCI ACWI over the next twelve months.

[12]https://global.morningstar.com/en-gb/investments/funds/0P000018RN/quote.

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 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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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 AIMFD"). 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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Impax Asset Management makes its investment and related decisions pursuant to its independently determined policies and practices that seek to serve the risk management objectives and interests of its investors. Any and all engagement by Impax Asset Management with issuers and other market participants on sustainability issues are pursuant to, and consistent with, those independently determined policies and practices.

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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 differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. Investments in funds are subject to risk. It is important to choose a fund that does not exceed the risk level you are prepared to accept. Portfolio characteristics, including specific holdings, country, sector and industry exposure, are as of the date indicated and are subject to change without notice. Portfolio characteristics illustrate the application of Impax's investment style only and should not be considered a recommendation by Impax. The money invested in a fund can increase and decrease in value and there is no guarantee that you will get back the full amount invested.

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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