31 August 2026

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 returned 1.9% in August. The modest recovery was driven by robust corporate earnings, underpinned by sustained investments in AI and evidence of its monetization. Against this, US fiscal dynamics and stubborn inflation data drove up treasury yields, with 30-year bonds peaking at 5.3%. Geopolitical risk also returned, with US and Iranian military strikes driving Brent Crude to over USD$94 a barrel.

Sector performance continued to diverge. Materials surged, with Energy also performing strongly. Strong results from **Nvidia** and **Microsoft** (neither held) boosted performance for the IT sector, in particular software stocks. More yield-sensitive sectors like Utilities and Real Estate weakened. As a result, Growth and Quality styles performed similarly, although Small Caps outperformed.

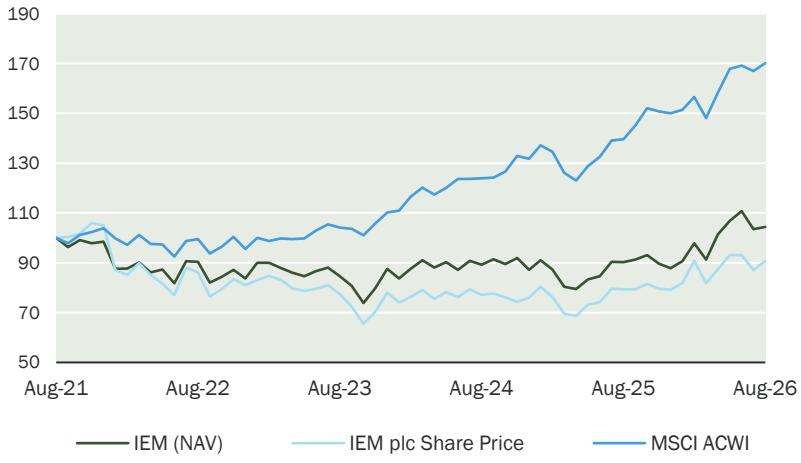
August produced two regulatory developments in Environmental Markets. In the European Union, the Packaging and Packaging Waste Regulation (PPWR) came into force, imposing EU-wide rules on recyclability, recycled content and labelling.[1] In the US, the D.C. Circuit upheld the Environmental Protection Agency's designation of the "forever chemicals" PFOA and PFOS as hazardous substances under the Superfund cleanup-liability regime.[2] This ruling helps crystallise a multi-year demand cycle for PFAS testing and remediation services.

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 1.9%. The Solactive GEM Specialists (GEMS) Index, which exists to reflect IEM's opportunity set,[3] returned 0.4%.

Once again, there was a meaningful divergence between the ACWI and GEMS indices, with IEM's portfolio landing in the middle. This reflects a preponderance in the ACWI of mega-cap technology stocks like **Nvidia** and **Microsoft**, as well as its 3.9% weighting to the Energy sector, both of which performed well and are not owned in either IEM or the GEMS. Industrials proved another point of departure. Here, both IEM and the GEMS index are skewed towards stocks which have benefited from AI-related capex, and recent weakness has weighed on multiples.

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 August 2026. Performance is shown on a bid-to-bid price basis, with net income reinvested, net of ongoing charges and portfolio costs. [1]https://environment.ec.europa.eu/news/new-eu-rules-packaging-enter-application-2026-08-11_en. [2]https://pfas.pillsburylaw.com/epa-cercla-drinking-water-regulatory-fight/. [3]Refer to Solactive Environmental Markets Index Methodology Disclaimer on page 5.

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Continued

Indeed, exposure to AI infrastructure was both one of the portfolio's biggest contributors and detractors to return. On the one hand, stocks like **Kingspan**, **Delta Electronics** and **Marvell** all boosted performance thanks to strong results. Kingspan, known for its insulation materials, announced a beat on revenues and trading profit, with particularly strong growth in its ADVNSYS data centre segment. Delta announced monthly sales data which continued to show strong momentum in AI power and infrastructure applications. Similarly, Marvell announced robust Q2 results and an agreement that Google could purchase up to $12.2 billion of its shares.

Conversely, stocks like **KLA**, **Monolithic Power Systems** and **Littelfuse** all detracted from performance. Having delivered exceptional returns in H1, valuations in the semiconductor sector have come under pressure from fears of peak AI capex growth, rising bond yields, and, at the margin a rotation into cheaper Energy stocks. Nevertheless, fundamentals remain robust and, having taken profit across this space over the course of Q2, recent trading more closely resembles a correction to multiples.

August was also marked by a notable inflection in the performance of Health Care stocks. These have benefited from increasingly defensive investor positioning, low valuations relative to history as well as a succession of robust earnings announcements and drug developments. Our position in **Repligen**, a bioprocessing specialist, rallied in response to this as well as robust earnings and news that the company is acquiring BioLife Solutions, a specialist in cell therapy. At the margin, encouraging trial results for **Moderna**'s (not held) personalised cancer vaccine is also seen to benefit Repligen given their involvement.

Lastly, we saw some auto-related weakness in the portfolio. **Aptiv**, a producer of Advanced Driver Assistance Systems (ADAS) reported earnings per share which beat expectations, but saw the company slash its full year guidance due to slowing demand in China, delays at a European OEM partner, and software sales timing issues. **CATL**, the world's largest battery manufacturer, also detracted due to a miss on margins, and concerns around long-term growth in energy storage. In our view, these risks are more than accounted for in the valuation.

Annualised returns (%)

	3M	1Y	3Y	5Y	10Y	SI[4]
IEM (NAV)	-2.3	15.8	7.3	0.9	9.3	7.5
IEM plc Share Price	-2.5	14.3	5.4	-1.9	9.2	7.1
MSCI ACWI	1.3	21.9	17.8	11.2	12.2	9.0
Solactive GEM Specialists	-5.2	-	-	-	-	-

Rolling 12m returns (%)

	AUG-25 TO AUG-26	AUG-24 TO AUG-25	AUG-23 TO AUG-24	AUG-22 TO AUG-23	AUG-21 TO AUG-22	AUG-20 TO AUG-21	AUG-19 TO AUG-20	AUG-18 TO AUG-19	AUG-17 TO AUG-18	AUG-16 TO AUG-17
IEM (NAV)	15.8	1.2	5.4	-6.4	-9.7	51.0	13.3	4.6	8.0	20.4
IEM plc Share Price	14.3	2.8	-0.3	-10.1	-13.9	49.3	17.9	11.3	13.6	19.8
MSCI ACWI	21.9	12.6	19.0	4.6	-0.5	25.2	6.0	6.4	10.5	19.0
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 August 2026. Performance a bid-to-bid price basis, with net income reinvested, net of ongoing charges and portfolio costs. [4]First full month since inception: March 2002.

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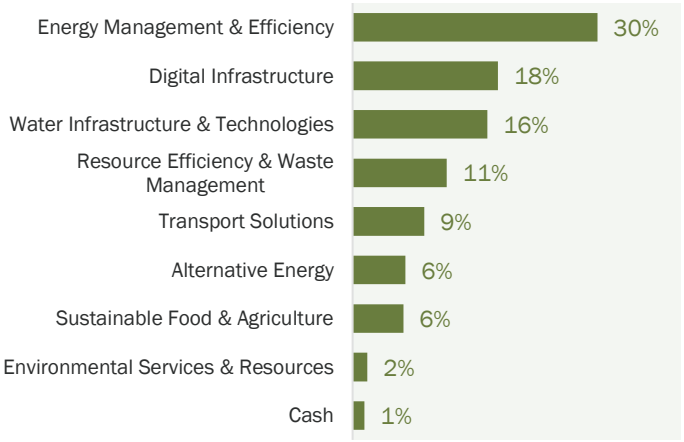
Past performance does not predict future returns.

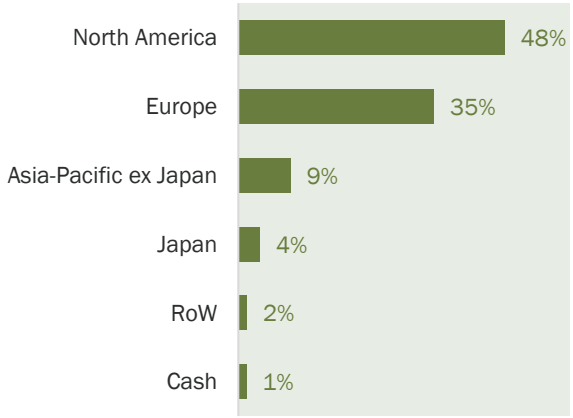
Significant transactions

There were no significant transactions in August.

Environmental markets exposure



Geographical exposure[5]



Top 10 holdings[6]	Sub-sector	Country[7]	%
WASTE CONNECTIONS INC	General Waste Management	United States	3.52
SIEMENS ENERGY AG	Smart & Efficient Grids	Germany	3.33
NOVONESIS (NOVOZYMES) B	Sustainable Agriculture	Denmark	3.26
CONTEMPORARY AMPEREX TECHN-A	Advanced Road Vehicles & Devices	China	3.17
AIR LIQUIDE SA	Industrial Energy Efficiency	France	3.16
KEYENCE CORP	Industrial Energy Efficiency	Japan	2.70
SSE PLC	Renewable Energy Developers & IPPs	United Kingdom	2.63
KLA CORP	Water Efficiency	United States	2.50
SCHNEIDER ELECTRIC SE	Smart & Efficient Grids	France	2.34
VEOLIA ENVIRONNEMENT	Water Utilities	France	2.29
TOTAL			28.90

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 August 2026 . Charts may not add to 100% due to rounding. [5]Geographic allocation by country of listing. [6]Holdings are subject to change without notice. [7]MSCI classification if available.

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Outlook

August underlined a recurrent theme: a broad global index which looks relatively calm on the surface, belied by sizeable, sharp, and sometimes news-light moves in individual stocks. For a portfolio with no exposure to mega-cap technology and a structural tilt toward Industrials and smid-caps, concentrated gains outside of our opportunity set will be more challenging relative to the broad index, even as we hold up well against its peers.

Looking forward, there is ample potential for more broad-based volatility. Geopolitical conflict, higher oil prices and inflation, and the prospect of US interest rate hikes are all on the table. At the same time, ongoing discussions about the pace of development in AI, and whether it can justify current – let alone future – rates of investment are compressing valuations in some of the world's largest stocks.

Year-to-date however, we have used market noise as an opportunity. This has included taking profits in AI-exposed stocks where valuations look stretched, as well as buying several attractively valued stocks outside of the tech ecosystem. This has helped performance relative to peers even as our offering remains the same. The portfolio's valuation premium to the ACWI has fallen back to below its ten-year average, forward earnings growth is expected (according to analysts' consensus) to be robust, and holdings have an active share of around 97% against the MSCI ACWI.

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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This document has been issued by Impax Asset Management Limited ("Impax"; FRN: 197008) which is authorised and regulated by the Financial Conduct Authority. Before making any investment decision, please consult full details of the objectives, investment policies and risks in the most recent annual report and/or key information document (KID).

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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