

Quarterly commentary as of June 30, 2024

PORTFOLIO MANAGER

Impax Asset Management

INCEPTION DATE

6/14/2016

CIFSC CATEGORY*

Global Small/Mid-Cap Equity

Contributors to relative performance

Within the portfolio, positive performance came predominantly from stocks with robust earnings.

- Monolithic Power Systems (efficient IT, US) made the strongest positive contribution to performance. The maker of power-efficient semiconductors reported stronger-than expected results and guidance thanks to strong momentum in its Enterprise Data segment. This division continues to benefit from tailwinds in AI-related power management, with incremental content gains and higher average selling prices (ASPs). While Consumer and Industrial segments were weak, Monolithic remained cautiously optimistic on account of its ability to expand into new markets.
- Prysmian (smart & efficient grids, Italy) also delivered strong quarterly results, driven by stronger margins on medium voltage cables. In April, the cable manufacturer also announced the planned acquisition of Encore Wire, a major producer of low-voltage power cables in the US. This was well received by the market given strong market dynamics in the low voltage cable industry and stabilised higher margins. Prysmian will also have consolidated one-stop-shop capabilities, increased market share and greater cross-selling opportunities.
- Clean Harbors (hazardous waste management, US) contributed positively to returns. The waste management specialist reported earnings per share which beat expectations while also lifting full-year guidance. Clean Harbors has been able to lift prices especia

Detractors from performance

Weakness within the portfolio was driven by a mix of continuity and change. Bioprocessing and solar stocks continued to struggle with destocking. Companies with construction exposure, meanwhile, took a negative turn following some softer sales data, as well as declining construction supplies and housing starts. However, fundamentals for individual stocks remain robust and the team has consistently taken profits in better-performing stocks to manage aggregate exposure.

- Repligen (resource circularity & efficiency, US) made the largest negative contribution to performance. The bioprocessing sector has struggled with post-Covid destocking since last year, but recent results and guidance have pushed out investor expectations for a recovery. Shares came off on continued uncertainty around the timing of the recovery in bioprocessing markets. Additionally, the company announced a change of CEO which, following discussions with management, appears to be an orderly and planned transition. The news, nonetheless, surprised the market.
- SolarEdge (solar energy generation equipment, US) also weakened returns. Quarterly results showed the producer of solar optimisers and inverters continues to be impacted by destocking, with margins well below expectations. In the weeks that followed its results announcement, the stock fell further as the company announced the departure of its CFO, a customer bankruptcy and a convertible debt issuance. Investors are increasingly concerned that prolonged destocking issues could impact the balance sheet. However, at these levels, the investment team is comfortable holding a small position in expectation of a meaningful sales recovery.

Desjardins Sustainable Cleantech Fund



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- Cryoport (resource circularity & efficiency, US) Shares in the cryogenics logistics company declined in Q2 on a combination of weaker-than-expected financial results and concerns regarding the achievability of 2024 revenue guidance. This was magnified by

Major changes to portfolio in the period

Added:

- Cognex (industrial energy efficiency, US) a US-listed company specialising in machine vision systems. Cognex's products play a critical role in factory automation, improving energy efficiency and reducing waste. Ageing workforces, industrial reshoring and corporate efficiency all provide long-term structural growth drivers as Cognex continues to find new applications for its technology.

Sold:

- Eurofins (environmental testing & monitoring, France) a measuring and testing company listed in France. Investments in health care, combined with reduced environmental testing business, means that company revenues have fallen below Impax's 50% Environmental Markets threshold. The team sold the position before shortseller Muddy Waters' report sent the stock down 25%.

*CIFSC refers to Canadian Investment Funds Standards Committee. The CIFSC has the mandate to standardize the classification of mutual funds in Canada. <http://www.cifsc.org/>.

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