

IMPAX Asset Management

PORTFOLIO MANAGER:
Impax Asset Management

INCEPTION DATE:
June 14, 2016

CIFSC CATEGORY*:
Global Small/Mid Cap Equity

Contributors to performance

- The Renewables sub-sector, companies active in energy grid resiliency and climate adaptation, and business models geared toward bio-based fuels and bio-ingredients, drove performance during the third quarter. Outperformance was also a result of quality management teams leading well-positioned companies successfully and nimbly through challenging times. End markets for business models addressing structural deficits in the transition to a more resilient economy continue to grow and generate healthy demand, in some cases amplified by consequences of the pandemic.
- Generac Holdings (Power Network Efficiency, US) shares continued their positive trajectory as fires raged in the State of California. The company provides resiliency and adaptation solutions for overburdened and unstable electricity grids impacted by weather and natural disaster related events including wildfires and hurricanes.
- Xinyi Solar Holdings (Solar Energy Generation Equipment, China) benefited from an increase in demand in pricing for solar glass and expectations of stronger solar installation targets.

Please note stock commentary is based on absolute contribution to return.

Detractors from performance

- Detractors were largely stock-specific.
- In India, COVID-19 lockdown and quarantine measures hurt Compressed Natural Gas ('CNG') demand in Delhi, impacting Indraprastha Gas (Pollution Control Solutions).
- Sabesp (Water Utilities, Brazil) suffered from uncertainty surrounding the government's plan and timetable for the Sanitation Bill and privatisation of the water sector. Changes would affect the company's legal structure, regulatory framework, and overall competitive position.

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Desjardins

SocieTerra Cleantech Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2020

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Major changes to portfolio in the period

- Added:
 - IPG Photonics (Industrial Energy Efficiency, US) – initiated on weakness, gaining exposure to the dominant supplier of industrial lasers with strong growth and balance sheet.
 - Monolithic Power Systems (Industrial Energy Efficiency, US) – increasing US exposure by investing in this company which has a strong balance sheet and structural growth drivers.
 - Terna Energy (Renewable Energy Developers & IPPs, Greece) – increasing exposure to Renewables through this operator within the Greek market which offers attractive returns.
- Sold:
 - Sensata Technologies (Transport Energy Efficiency, US) – to reduce indebted names and automotive exposure and focus on stocks with a clearer vehicle electrification story.
 - Tomra Systems (Waste Technology Equipment, Norway) – on valuation grounds after several years of strong performance.

*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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