

IMPAX FUNDS (IRELAND) PLC

(an open-ended umbrella investment Company with variable capital and segregated liability between Sub-Funds incorporated in Ireland with registered number 393658 and authorised by the Central Bank of Ireland under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (S.I. Number 211 of 2003), (as amended)

**IMPAX ENVIRONMENTAL MARKETS (IRELAND) FUND
IMPAX ASIAN ENVIRONMENTAL MARKETS (IRELAND) FUND
(Sub-Funds of Impax Funds (Ireland) PLC)**

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the Year Ended

31 December 2010

CONTENTS

Management and Administration	3
Directors' Report	4
Corporate Governance Statement	7
Report and Responsibilities of the Custodian	9
Independent Auditors' Report	10
Impax Environmental Markets (Ireland) Fund	12
- Investment Manager's Report	12
- Schedule of Investments	16
- Schedule of Portfolio Changes (Unaudited)	23
Impax Asian Environmental Markets (Ireland) Fund	24
- Investment Manager's Report	24
- Schedule of Investments	26
- Schedule of Portfolio Changes (Unaudited)	30
Balance Sheet	31
Profit and Loss Account	34
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	37
Notes to the Financial Statements	40
Appendix 1	62

MANAGEMENT AND ADMINISTRATION

Directors*

Padraic O'Connor (Chairman)
Mike Kirby
David Kempton
Louis Fitzgerald

Registered Office

Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

Investment Manager

Impax Asset Management Ltd
Mezzanine Floor
Pegasus House
37-43 Sackville Street
London W1S 3EH
United Kingdom

Custodian

RBC Dexia Investor Services Bank S.A.
Dublin Branch
George's Quay House
43 Townsend Street
Dublin 2
Ireland

Listing Sponsor at the Irish Stock Exchange

McCann Fitzgerald Listing Services Limited
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

Company Secretary

Mike Kirby
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

Auditors

Ernst & Young
Chartered Accountants
Ernst & Young Building
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

Project Manager and Legal Advisers in Ireland

McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

Legal Advisers in the United Kingdom

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD
United Kingdom

Administrator, Registrar and Transfer Agent

RBC Dexia Investor Services Ireland Limited
George's Quay House
43 Townsend Street
Dublin 2
Ireland

UK Facilities Agent

Impax Asset Management Ltd
Mezzanine Floor
Pegasus House
37-43 Sackville Street
London W1S 3EH
United Kingdom

Swiss Representative and Paying Agent

RBC Dexia Investor Services Bank S.A.,
Esch-sur-Alzette, Zurich Branch
Badenerstrasse 567
P.O. Box 101
8066 Zurich
Switzerland

* All Directors are independent and non-executive Directors.

DIRECTORS' REPORT

For the year ended 31 December 2010

The Directors present their report for the year ended 31 December 2010.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the financial statements in accordance with applicable Irish Law and Generally Accepted Accounting Practice in Ireland.

Irish Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Impax Funds (Ireland) PLC ("The Company") and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the provisions of the Companies Acts 1963 to 2009 and the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations, 2003 (as amended) (the "UCITS Regulations"). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors have entrusted the assets of the Company to the Custodian, RBC Dexia Investor Services Bank S.A.

Date of Incorporation

The Company was incorporated on 15 November 2004 and was authorised as an Undertaking for Collective Investment in Transferable Securities ("UCITS") by the Central Bank of Ireland. The Company is organised as an investment Company with variable capital pursuant to the UCITS Regulations.

The Company is an umbrella fund. As of the date of this report, the Company has two Sub-Funds with segregated liability in respect of which six classes of shares have been offered in Impax Environmental Markets (Ireland) Fund and four classes of shares have been offered in Impax Asian Environmental Markets (Ireland) Fund for investment.

Principal Activities

The Company's principal activity is the collective investment in transferable securities of capital raised from the public and which operates on the basis of risk spreading.

Review of Business and Future Developments

Both the level of business and the year end financial position were satisfactory and the Directors expect an increased level of activity in the future. A more comprehensive overview of the Company's trading activities is detailed in the Investment Management Report. The Directors believe that the change in the Net Asset Value per share is the key indicator of performance.

Results

The financial position and results for the year are set out on pages 31 to 39. There were no dividends for the year end 31 December 2010. For the year end 31 December 2009, dividends of £53,045 were declared on Sterling 'A' Shares and dividends of £75,101 were declared on Euro 'A' Shares as at 29 June 2009.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2010

Risk Management Objectives and Policies

The Company seeks to enable investors to benefit from rapid and sustained growth anticipated by the Investment Manager in the markets for cleaner or more efficient delivery of basic services of energy, water and waste.

The Investment Manager will pursue the Investment Objective by ensuring that investments will be 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.

Investment in the Company carries with it a degree of risk including but not limited to the risks referred to in Note 9 of the financial statements.

Significant Events During the Year

A new sub-fund of the Company (Impax Asian Environmental Markets (Ireland) Fund) was approved by the Central Bank of Ireland and launched on 30 April 2010.

The main prospectus was updated to reflect (i) a general update to the Irish taxation section, (ii) revisions to the information disclosed in respect of the investment manager, the administrator and the custodian, (iii) an increase in the director fees cap, (iv) update of the UK tax section and the Company's intention to be treated as a "reporting fund" for the purposes of the UK Offshore Funds Tax Regulations 2009.

The supplement for the initial sub-fund of the Company (Impax Environmental Markets (Ireland) Fund) was updated to reflect (i) the ability of the sub-fund to invest in warrants, (ii) revisions/updates to the description of the sub-fund's investment strategy, (iii) change to the sub-fund's distribution policy in light of the proposed change to "reporting fund" status, (iv) updates to the administration/custody fee disclosures.

Events Since Year End

There have been no significant events since the year end.

Directors

The names of the persons who were Directors at any time during the year are set out on page 3.

Directors' and Secretary's Interests

The Directors and Secretary (including family interests) do not have any shareholdings in the Company as at 31 December 2010

Books of Account

To ensure that proper books of account are kept in accordance with Section 202 of the Companies Act, 1990, the Directors of the Company have employed a service organisation, RBC Dexia Investor Services Ireland Limited ("the Administrator"). The books of account are located at the offices of the Administrator at George's Quay House, 43 Townsend Street, Dublin 2.

DIRECTORS' REPORT (continued)
For the year ended 31 December 2010

Auditors

The auditors, Ernst & Young, Chartered Accountants have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act 1963.

On Behalf of the Board

Director

Date:

Director

Date:

Corporate Governance Statement

General Principles

The European Communities (Directive 2006/46/EC) Regulations (S.I. 450 of 2009 and S.I. 83 of 2010) (the "Regulations") requires the inclusion of a corporate governance statement in the Directors' Report.

Although there is no specific statutory corporate governance code applicable to Irish collective investment schemes whose shares are admitted to trading on the Irish Stock Exchange, the Company is subject to corporate governance practices imposed by:

(i) The Irish Companies Acts 1963-2009 which are available for inspection at the registered office of the Company; and may also be obtained at <http://www.irishstatutebook.ie/home.html>.

(ii) The Articles of Association of the Company which are available for inspection at the registered office of the Company at Riverside One, Sir John Rogerson's Quay Dublin 2, Ireland and at the Companies Registration Office in Ireland;

(iii) The Central Bank of Ireland in their UCITS Notices and Guidance Notes which can be obtained from the Central Bank of Ireland's website at <http://www.financialregulator.ie/industry-sectors/funds/Pages/default.aspx> and are available for inspection at the registered office of the Company; and

(iv) The Irish Stock Exchange ("ISE") through the ISE Code of Listing Requirements and Procedures which can be obtained from the ISE's website at <http://www.ise.ie/index.asp>

The Irish Funds Industry Association ("IFIA") has published a corporate governance code ("IFIA Code") that may be adopted on a voluntary basis by Irish authorised collective investment schemes. It should be noted that the IFIA Code reflects existing corporate governance practices imposed on Irish authorised collective investment schemes, as noted above. If the IFIA Code is adopted on a voluntary basis, it can be referred to in the disclosures made in the Directors Report in compliance with the provisions of the European Communities (Directive 2006/46/EC) Regulations (i.e. S.I. 450 of 2009 and S.I. 83 of 2010).

The Board of Directors voluntarily complies with the Corporate Governance Code for Irish Domiciled Collective Investment Schemes as published by the IFIA, as the Company's corporate governance code. The board of directors has assessed the measures included in the IFIA Code as being consistent with its corporate governance practices and procedures for the financial year.

The Board of Directors has appointed KB Associates to carry out the following management functions as per the Company's UCITS Business Plan: 1) monitoring compliance 2) risk management 3) monitoring investment performance 4.) financial control 5) monitoring capital 6) internal audit and 7) supervision of delegates. KB Associates provides regular reporting to the Board in respect of the above management functions.

Internal Control and Risk Management Systems in Relation to Financial Reporting

The Board of Directors is responsible for establishing and maintaining adequate internal control and risk management systems of the company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of error or fraud in achieving the company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors has procedures in place to ensure all relevant books of account are properly maintained and are readily available, including production of annual and half-yearly financial statements. The annual financial statements of the Company are required to be approved by the Board of Directors of the Company and the annual and half yearly financial statements of the Company are required to be filed with the Central Bank of Ireland and the Irish Stock Exchange. The statutory financial statements are required to be audited by independent auditors who report annually to the board on their findings.

The Board of Directors has appointed the Administrator to maintain the books and records of the Company. The Administrator is authorised and regulated by the Central Bank of Ireland and must comply with the rules imposed by the Central Bank of Ireland. The financial statements are prepared by

Corporate Governance Statement (continued)

Internal Control and Risk Management Systems in Relation to Financial Reporting (continued)

the Administrator in compliance with Irish GAAP. The Administrator uses various internal controls and checklists to ensure that the financial statements include complete and appropriate disclosures required under Irish GAAP and relevant legislation. From time to time the Board also examines and evaluates the Administrator's financial accounting and reporting routines. The Board of Directors monitors and evaluates the independent auditor's performance, qualifications and independence. As part of the review procedures the Board of Directors receives reports on the audit process.

The Board evaluates and discusses significant accounting and reporting issues as the need arises.

Dealings with Shareholders

The convening and conduct of shareholders' meetings are governed by the Articles of Association of the Company and the Companies Acts. Although the directors may convene an extraordinary general meeting of the Company at any time, the directors are required to convene an annual general meeting of the Company within fifteen months of the date of the previous annual general meeting thereafter. Shareholders representing not less than one-tenth of the paid up share capital of the Company may also request the directors to convene a shareholders' meeting. Not less than twenty one days notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to shareholders and fourteen days' notice must be given in the case of any other general meeting unless the auditors of the Company and all the shareholders of the Company entitled to attend and vote agree to shorter notice.

Two members present either in person or by proxy constitute a quorum at a general meeting provided that the quorum for a general meeting convened to consider any alteration to the class rights of shares is two or more shareholders holding or representing by proxy at least one third of the issued shares of the relevant fund or class.

Every holder of participating shares or non-participating shares present in person or by proxy who votes on a show of hands is entitled to one vote. On a poll, every holder of participating shares present in person or by proxy is entitled to one vote in respect of each share held by him and every holder of non-participating shares is entitled to one vote in respect of all non-participating shares held by him. The chairman of a general meeting of the Company or at least two members present in person or by proxy or any holder or holders of participating shares present in person or by proxy representing at least one tenth of the shares in issue having the right to vote at such meeting may demand a poll.

Shareholders may resolve to sanction an ordinary resolution or special resolution at a shareholders' meeting. An ordinary resolution of the Company requires a simple majority of the votes cast by the shareholders voting in person or by proxy at the meeting at which the resolution is proposed. A special resolution of the Company requires a majority of not less than 75% of the shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Articles of Association.

Board Composition and Activities

Unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of directors may not be less than two. Currently the Board of Directors of the Company is composed of 4 directors, being those listed in the directory in these financial statements.

The business of the Company is managed by the directors, who exercise all such powers of the Company as are not by the Companies Acts or by the Articles of Association of the Company required to be exercised by the Company in general meeting.

A director may, and the company secretary of the Company on the requisition of a director will, at any time summon a meeting of the directors. Questions arising at any meeting of the directors are determined by a majority of votes. In the case of an equality of votes, the chairman has a second or casting vote. The quorum necessary for the transaction of business at a meeting of the directors is two.

REPORT AND RESPONSIBILITIES OF THE CUSTODIAN

Custodian's Responsibilities

The Custodian is under a duty to take into custody and to hold the property of Impax Funds (Ireland) plc (the "Company") on behalf of the shareholders. Under the Central Bank of Ireland UCITS Notices, it is the duty of the Custodian to enquire into the conduct of the Company and report thereon to the shareholders in a report which shall contain the matters prescribed by the Notices.

Report of the Custodian For the year ended 31 December 2010

In our opinion, the Company has been managed for the year ended 31 December 2010:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association, the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations, 2003 (as amended) (the "Regulations"); and
- (ii) Otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Regulations.

**RBC DEXIA INVESTORS SERVICES BANK S.A.
DUBLIN BRANCH**

Date:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IMPAX FUNDS (IRELAND) PLC

We have audited the Company's financial statements for the year ended 31 December 2010 which comprise the Balance Sheet, Profit and Loss Account, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland ("Generally Accepted Accounting Practice in Ireland") as set out in the Statement of Directors' Responsibilities.

The directors are also responsible for preparing a Schedule of Investments in accordance with the requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended) and the UCITS Notices issued by the Central Bank of Ireland ("the Bank").

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, 1963 to 2009 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). We also report to you our opinion as to: whether proper books of account have been kept by the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

We review whether the Schedule of Investments has been prepared in accordance with the requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended) and the UCITS Notices issued by the Bank and we report if it does not.

We are required by law to ascertain whether the separate annual corporate governance statement contains the information required by law and report to you our opinion as to whether the information given in the annual corporate governance statement set out on pages 7 and 8 with respect to a description of main features of the internal control and risk management systems in relation to financial reporting process and the information required by section 158(6D)(d) of the Companies Act, 1963 is consistent with the financial statements.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report and the Investment Manager's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IMPAX FUNDS (IRELAND) PLC
(continued)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Company as at 31 December 2010 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2009, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended).

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

In our opinion the description of the main features of the internal control and risk management systems in relation to the financial reporting process and the information required by section 158 (6D) (d) of the Companies Act, 1963 given in the separate annual corporate governance statement on pages 7 and 8 is consistent with the financial statements.

In our opinion the information required under section 158 of the Companies Act 1963 given in the annual corporate governance statement is consistent.

Ernst & Young
Chartered Accountants and Registered Auditors

Dublin

20 April 2011

INVESTMENT MANAGER'S REPORT 31 DECEMBER 2010

Impax Environmental Markets (Ireland) Fund ("IEM Ireland")

Following the global financial crisis of 2007 and 2008, the last two years have been particularly challenging for investors charged with interpreting rapidly changing macro-economic fundamentals. Investing in environmental markets has been no different, with these complexities compounded by significant developments in government policy affecting the sector.

In this context, although IEM Ireland (Sterling A Shares) underperformed world markets, ending the year up 11.5%, behind the MSCI World Index, which increased by 15.3%, we were encouraged by the year's result, which was significantly ahead of both the peer group and the FTSE ET50 Index, which was down 2.3% for the year¹.

Drivers of Environmental Markets in 2010

Environmental policy and regulation remained a key driver for the fund, as governments sought to improve the efficient use of resources, reduce geopolitical supply risks and lower the environmental impact of economic growth. The Asia-Pacific region saw ongoing implementation of new policies, as governments became increasingly concerned about the resource, infrastructure and environmental challenges faced by the region. However, investors were unnerved by statements from some European governments concerning retrospective changes to subsidies for renewable energy, and by the failure of the US government to progress material environmental policy in advance of the mid-term elections.

Signs of economic recovery were positive for the fund during 2010. Rising commodity prices, particularly for oil, paper and metals bolstered margins in energy efficiency and recycling markets, while anticipation of a recovery in construction activity also provided support, in particular for water infrastructure and buildings energy efficiency holdings. Finally, the superior growth of environmental markets has proved to be attractive to corporate as well as to private equity buyers. In this context, three companies held by IEM Ireland were taken over during 2010, and, as balance sheets of key consolidators are restored, we expect more corporate activity in 2011.

Alternative Energy and Energy Efficiency (43% portfolio weighting at 31 December 2010)

(i) Renewable and Alternative Energy ("RAE") – 18% weighting

The RAE sector continued to be weak during 2010. Power markets provided a challenging backdrop, with lower demand and increasing supply of gas leading to pressure on power prices. Regulatory uncertainty, overcapacity and pricing pressure also contributed to negative performance.

In the solar sector, several European governments announced plans to reduce subsidies for new projects in line with falling equipment supply costs. However, the Spanish government, which, unusually, passes the subsidy burden to the taxpayer rather than to the consumer, took the unprecedented step of applying retrospective changes to subsidies awarded in 2008. Investors worried that other countries could follow suit, and there was a widespread sell-off of solar stocks such as Sunpower (US). In contrast, Asian solar companies outperformed in challenging markets due to the cost advantages of manufacturing in the region. Notable beneficiaries included Renesola and Trina Solar (both China). Nevertheless, we believe the outlook for the solar sector remains challenging, with a risk of oversupply and consequent pressure on margins.

In the wind sector, the lack of progress in developing new Federal renewable energy targets in the US, weak demand for power, reduced utility capital expenditure and industry overcapacity contributed to sluggish market growth. This negatively impacted both original equipment manufacturers ("OEMs") such as Vestas and Gamesa (wind turbines, Denmark and Spain) and independent power producers ("IPPs") such as EDP Renovaveis (Portugal). Although we believe the long term investment proposition for wind remains intact, we have consolidated the fund's holdings in this area and have shifted the focus in favour of IPPs, which we believe are better placed to take advantage of current market circumstances. We continue to closely monitor the RAE sector with a view to increasing our exposure as the sector recovers.

¹ The FTSE ET50 Index comprises the 50 largest stocks in the universe of stocks that the fund can invest in.

INVESTMENT MANAGER'S REPORT 31 DECEMBER 2010 (continued)

Alternative Energy and Energy Efficiency (43% portfolio weighting at 31 December 2010) (continued)

(ii) Energy Efficiency ("EE") – 25% weighting

Benefiting from rising oil prices and new government policy, energy efficiency generated the strongest sub-sector performance in 2010. The most notable development in this area was China's latest Five Year Plan, which singled out energy efficiency as a key area for strategic investment. In December, the UK introduced an Energy Bill with a focus on energy efficiency, including an innovative scheme known as the "Green Deal," which will provide attractive finance to support domestic energy efficiency investments.

The EE sector also benefited from a strong recovery in industrial activity and an anticipated recovery in construction activity. This led to strong performance by industrial energy efficiency holdings such as LEM (power electronics, Switzerland) and Regal Beloit (electric motors, US), as well as buildings energy efficiency holdings such as Nibe (heat pumps, Sweden). Increasing traction of LED technology in lighting applications led to strong performance of Dialight (LED, UK). As noted in the Half-yearly Financial Report, M&A activity made a positive contribution to performance, with Emerson acquiring Chloride (uninterruptible power supply, UK).

Waste Technologies and Resource management (32% portfolio weighting at 31 December 2010)

(i) Waste Management and Technologies ("WMT") – 27% weighting

The WMT sector generally performed well during 2010, with mixed results at the stock level.

Under the umbrella of the European Union's Landfill Directive, the UK announced further increases to its landfill tax escalator, driving waste volumes to higher value disposal solutions; in addition, France made further progress in rolling out its five-year plan, "Grenelle Environnement," with a new set of stringent regulations expected to lead to further closures of non-compliant waste facilities, benefiting S  ch   Environnement (waste management, France).

The US hazardous waste segment generated strong performance, partly reflecting upgrades following the oil spill in the Gulf of Mexico, but also reflecting the strong market position and consequent pricing power of key holdings Stericycle (medical waste, US) and Clean Harbors (hazardous waste, US). Separately, the Environmental Protection Agency (EPA) announced proposals for rules that would designate coal combustion ash as a hazardous waste; if adopted, this would increase opportunities for Headwaters (recycled materials, United States).

The value added waste processing sub-sector was also strong, with high commodity prices and increased use of recycled parts leading to strong performance of LKQ (auto parts recycling, US). Rising commodity prices and continued industrial recovery also benefited Newalta (industrial waste recycling, Canada).

The diversified waste management segment was lack-lustre, due to continued uncertainty around the pace of economic growth and resulting waste volumes, and Lassila & Tikanoja (waste management, Finland) and Shanks (waste management, UK), were consequently weak.

(ii) Environmental Support Services ("ESS") – 5% weighting

We remain positive on the ESS sector, in particular on environmental consultants on the basis of compelling valuations and earnings that are showing early signs of recovery after three years of downgrades. Nevertheless, budget constraints in both the public and private sectors led to weak overall performance in this sector during 2010. Elsewhere in this sub-sector, uncertainty surrounding the carbon credit markets and carbon pricing following the UN Cancun conference in December 2010 impacted portfolio holding Camco (carbon consultancy, China).

Water Treatment and Pollution Control (25% portfolio weighting at 31 December 2010)

(i) Water Infrastructure and Technologies ("WIT") – 20% weighting

Water scarcity remains a global theme, with increasingly uneven water distribution exacerbated by extreme weather patterns in 2010, including droughts in the US and China and flooding in Pakistan and Australia.

INVESTMENT MANAGER'S REPORT 31 DECEMBER 2010 (continued)

Water Treatment and Pollution Control (25% portfolio weighting at 31 December 2010) (continued)

(i) Water Infrastructure and Technologies ("WIT") –20% weighting (continued)

Investment in the sector continues to be strong with China's 12th Five Year Plan aiming to double water infrastructure investments to a total of RMB 4 trillion over the next 10 years. Additionally, in the US the EPA recently issued a Clean Water and Drinking Water Infrastructure Sustainability Policy with the goal of increasing the sustainability of water and wastewater infrastructure in the United States.

Water treatment equipment companies performed strongly, with Nalco (water treatment chemicals, US) benefiting from the clean-up of the Gulf of Mexico oil spill and demonstrating strong organic growth. Pall Corporation (water filtration, US) also had a good year, delivering well against its strategic plan and benefiting from takeover speculation.

Water infrastructure companies saw mixed performance in 2010. Companies with value added products and strong market positions, such as Geberit (Switzerland), performed well in what are still challenging construction markets. Companies with commoditised products and limited pricing power fared less well, including Mueller Water (US). M&A activity was also a key theme in the sector, with the takeover of Spice (utility services, UK) by a private equity fund.

(ii) Pollution Control ("PC") – 5% weighting

The PC segment continued to perform well, with policy makers continuing to set aggressive goals for emissions reduction. The European Commission called for a 60% cut in CO2 emissions from transport by 2050, while in the US the EPA is moving to regulate CO2 under the Clean Air Act, albeit against strong opposition.

M&A activity was also a key driver of performance in this sub-sector, for example as Dionex (environmental testing, US) was approached by Thermo Fisher in the US. Clarcor (engine filtration, US) performed well due to its exposure to the recovering automotive industry and status as a possible takeover target. Companies such as Horiba (testing and monitoring, Japan), that were able to quickly satisfy orders from customers expanding their manufacturing capacity, also contributed to performance.

Portfolio Activity and Current Structure (excluding unquoted companies)

The fund started the year with 84 listed companies. Since that time we have sold out of 12 companies and invested in 6 new companies. As a result the fund held a total of 78 listed companies as at 31 December 2010.

We continue to focus on profitable companies, which represented 94% of the portfolio at year end. As highlighted above, the portfolio remains diversified by sub-sector. At year end, 3% of the portfolio was invested in micro caps with a market capitalisation of less than £100 million, 49% in companies between £100 million and £1 billion and 44% in companies above £1 billion. The median market cap was £499 million and the weighted average £1.4 billion.

The fund has systematically increased its exposure to Asia-Pacific markets over the last two years in order to take advantage of superior growth opportunities in this region, and exposure to this region now stands at 24%. The remaining funds are invested 39% in Europe and 37% in North America.

Unquoted Companies

At 31 December 2010, the value of the fund's investments in unquoted companies stood at £8.9 million, representing 4% of the portfolio. The tentative signs of improvement in the financing markets in late 2009 were not sustained, and the year continued to present challenging conditions for private companies seeking new funds, whether debt or equity. Consequently, during the year, we believed it was prudent to reduce the value of the unlisted portfolio by a net £1.3 million.

We continued to work with other shareholders to support our portfolio holdings, making five incremental investments totaling £1.0 million. Each investment provided essential funding to support business development and thereby raise the prospects for a successful exit when market circumstances allow.

INVESTMENT MANAGER'S REPORT 31 DECEMBER 2010 (continued)

Unquoted Companies (continued)

Following the end of the period, further net aggregate write downs of £1.3 million have been made in response to specific events post the year end at two companies: fundraising at a discounted price by Nordic and an incident at one of Sterecycle's facilities. We are not currently intending to add any new unquoted companies to the IEM Ireland portfolio.

Outlook for 2011

At the time of writing, several geo-political events are drawing attention back towards environmental markets, with elevated political instability in the Middle East and North Africa renewing governments' focus on energy security and the need to reduce reliance on imported oil. Furthermore, the unfolding situation at the Fukushima nuclear power plant in Japan has led to a sharp recovery in power market fundamentals and a renewed debate about the long term future of nuclear power. It is too early to accurately assess the long term impact of these events, although they are undoubtedly incrementally positive for both the renewable energy and energy efficiency sectors, both of which are performing well.

We continue to favour energy efficiency stocks as well as those in the water, pollution control, waste and support services sub-sectors. Notwithstanding the above, although we are optimistic about the longer term prospects for renewable energy, we do not yet see sufficient positive catalysts to justify building up the fund's exposure to this sector.

With a current price earnings ratio of 16x, the valuation of the IEM Ireland's portfolio remains below the historical range of 18-22x; furthermore, as the earnings of the fund's holdings are expected to grow at 25 per cent over the next 12 months (on average), we believe that IEM Ireland offers an attractive opportunity for investors.

We will continue to post monthly updates on sector news and on the fund's performance at www.impax.co.uk.

Impax Asset Management Limited

31 March 2011

**IMPAX ENVIRONMENTAL MARKETS (IRELAND) FUND
SCHEDULE OF INVESTMENTS AS AT 31 December 2010**

Description	Quantity	Currency	Acquisition cost	Fair value GBP	% of net assets
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING					
LISTED SECURITIES : EQUITIES					
AUSTRALIA					
Cap-XX Ltd	437,625	GBP	305,872	83,149	0.04
Sims Group Ltd	270,963	USD	3,243,685	3,779,792	1.70
Transpacific Industries Group Ltd	4,961,876	AUD	7,300,803	4,353,124	1.95
			10,850,360	8,216,065	3.69
AUSTRIA					
BWT AG	68,823	EUR	1,443,374	1,253,154	0.56
Mayr Melnhof Karton AG	34,018	EUR	1,749,344	2,533,031	1.14
Zumtobel AG	187,608	EUR	1,505,036	3,336,462	1.50
			4,697,754	7,122,647	3.20
BELGIUM					
Hansen Transmissions International NV	3,527,748	GBP	3,377,840	2,063,733	0.93
			3,377,840	2,063,733	0.93
CANADA					
5N Plus Inc	378,830	CAD	1,080,582	1,704,569	0.77
Ballard Power Systems Inc	350,997	USD	909,202	336,279	0.15
Ballard Power Systems Inc	188,712	CAD	438,536	181,955	0.08
Bioteq Environmental Tech Inc	1,230,300	CAD	763,025	632,664	0.28
GLV Inc	283,120	CAD	1,554,947	1,368,550	0.62
Newalta Inc	451,340	CAD	1,658,972	3,443,711	1.55
Pure Technologies Ltd	381,600	CAD	323,474	1,120,977	0.50
TSO3 Inc	869,800	CAD	907,495	721,243	0.32
Turbo Power Systems Inc	14,236,850	GBP	1,284,061	138,667	0.06
Xebec Adsorption Inc	381,740	CAD	721,782	57,664	0.03
			9,642,076	9,706,279	4.36
CHINA					
China Everbright International Ltd	10,046,500	HKD	1,412,173	3,343,114	1.51
China High Speed Transmission Equipment Group Co Ltd	1,990,290	HKD	2,310,191	1,975,444	0.89
China Longyuan Power Group Corp	6,512,820	HKD	4,521,713	3,810,048	1.71
Hollysys Automation Technologies Ltd	236,760	USD	1,598,781	2,292,518	1.03
Lee & Man Paper Manufacturing Ltd	9,590,010	HKD	3,140,739	4,633,164	2.08
			12,983,597	16,054,288	7.22
DENMARK					
Novozymes A/S	24,430	DKK	1,156,057	2,182,618	0.98
Vestas Wind Systems A/S	136,382	DKK	3,891,514	2,761,530	1.24
			5,047,571	4,944,148	2.22
FINLAND					
Lassila & Tikanoja Oyj	248,323	EUR	3,525,226	3,134,236	1.41
Vacon Plc	119,866	EUR	2,116,991	3,987,159	1.79
			5,642,217	7,121,395	3.20
FRANCE					
Seche Environnement SA	41,176	EUR	3,066,482	2,079,888	0.94
			3,066,482	2,079,888	0.94

**IMPAX ENVIRONMENTAL MARKETS (IRELAND) FUND
SCHEDULE OF INVESTMENTS AS AT 31 December 2010 (continued)**

Description	Quantity	Currency	Acquisition cost	Fair value GBP	% of net assets
GERMANY					
Centrotec Sustainable AG	98,192	EUR	991,272	1,342,409	0.60
			991,272	1,342,409	0.60
INDIA					
Greenko Group Plc	1,439,870	GBP	1,361,542	2,735,753	1.23
			1,361,542	2,735,753	1.23
IRELAND					
Kingspan Group Plc	694,745	EUR	5,400,798	4,405,236	1.98
			5,400,798	4,405,236	1.98
ISRAEL					
Amiad Filtration Systems Ltd	515,600	GBP	778,387	995,108	0.45
			778,387	995,108	0.45
ITALY					
Landi Renzo SpA	824,687	EUR	2,368,371	2,105,802	0.95
			2,368,371	2,105,802	0.95
JAPAN					
Daiseki Co Ltd	273,760	JPY	3,591,709	3,654,244	1.64
Horiba Ltd	266,500	JPY	4,362,643	4,833,358	2.17
Kurita Water Industries Ltd	165,340	JPY	2,384,471	3,329,404	1.50
			10,338,823	11,817,006	5.31
NETHERLANDS					
Grontmij	102,179	EUR	1,709,917	1,499,354	0.67
			1,709,917	1,499,354	0.67
NORWAY					
Tomra Systems ASA	564,486	NOK	1,981,166	2,394,323	1.08
			1,981,166	2,394,323	1.08
PORTUGAL					
EDP Renovaveis SA	1,088,140	EUR	5,649,468	4,043,768	1.82
			5,649,468	4,043,768	1.82
SOUTH KOREA					
Taewoong Co Ltd	80,917	KRW	3,403,188	2,135,472	0.96
			3,403,188	2,135,472	0.96
SPAIN					
Abengoa SA	225,430	EUR	3,564,698	3,549,369	1.59
Fluidra SA	485,182	EUR	1,475,101	960,348	0.43
Telvent GIT SA	328,548	USD	3,824,722	5,533,683	2.49
			8,864,521	10,043,400	4.51

**IMPAX ENVIRONMENTAL MARKETS (IRELAND) FUND
SCHEDULE OF INVESTMENTS AS AT 31 December 2010 (continued)**

Description	Quantity	Currency	Acquisition cost	Fair value GBP	% of net assets
SWEDEN					
Nibe Industrier AB	617,637	SEK	3,708,319	5,985,275	2.69
			3,708,319	5,985,275	2.69
SWITZERLAND					
Geberit AG	18,930	CHF	1,807,692	2,804,458	1.26
LEM Holding SA	8,920	CHF	1,288,689	3,502,370	1.57
			3,096,381	6,306,828	2.83
TAIWAN					
Epistar Corp	1,774,444	TWD	2,721,713	4,120,428	1.85
			2,721,713	4,120,428	1.85
UNITED KINGDOM					
Camco International Ltd	1,783,949	GBP	946,546	267,592	0.12
Ceres Power Holdings Plc	703,350	GBP	1,161,079	495,862	0.22
Dialight Plc	363,196	GBP	808,230	1,865,011	0.84
Fonebak Plc	1,730,000	GBP	1,460,840	899,600	0.40
Hydro International Plc	455,000	GBP	627,191	449,313	0.20
Porvair Plc	1,130,750	GBP	1,421,282	1,187,288	0.53
Ricardo Plc	621,372	GBP	1,858,296	1,770,910	0.80
RPS Group Plc	1,710,284	GBP	3,709,113	3,940,494	1.77
Shanks Group Plc	2,958,172	GBP	3,645,439	3,697,715	1.66
TEG Group Plc	2,142,200	GBP	1,103,866	567,683	0.26
			16,741,882	15,141,468	6.80
UNITED STATES OF AMERICA					
Active Power Inc	1,307,637	USD	1,418,031	2,054,602	0.92
Badger Meter Inc	99,506	USD	1,766,179	2,809,798	1.26
Clarcor Inc	141,510	USD	2,621,626	3,875,674	1.74
Clean Harbors Inc	116,650	USD	3,493,226	6,264,447	2.82
Headwaters Inc	387,624	USD	1,267,903	1,133,917	0.51
ICF International Inc	147,300	USD	2,322,729	2,419,797	1.09
Itron Inc	106,721	USD	3,852,903	3,779,695	1.70
LKQ Corp	398,760	USD	3,332,623	5,786,624	2.60
Metalico Inc	580,818	USD	2,483,595	2,181,337	0.98
Mueller Water Products Inc	478,640	USD	2,729,526	1,274,824	0.57
Nalco Holding Co	256,010	USD	3,492,445	5,222,725	2.35
Ormat Technologies Inc	219,279	USD	4,598,325	4,142,863	1.86
Pall Corp	163,440	USD	3,288,292	5,175,713	2.33
Pentair Inc	162,350	USD	2,965,595	3,784,866	1.70
Power Integrations Inc	54,500	USD	810,439	1,397,266	0.63
Regal-Beloit Corp	148,559	USD	4,271,375	6,334,621	2.85
Stericycle Inc	64,766	USD	1,668,994	3,347,405	1.50
Sunpower Corp	355,800	USD	4,647,998	2,820,220	1.27
Tetra Tech Inc	196,330	USD	2,528,387	3,142,484	1.41
Watts Water Technologies	173,750	USD	3,932,867	4,060,622	1.82
			57,493,058	71,009,500	31.91
TOTAL LISTED SECURITIES : EQUITIES			181,916,703	203,389,573	91.40

**IMPAX ENVIRONMENTAL MARKETS (IRELAND) FUND
SCHEDULE OF INVESTMENTS AS AT 31 December 2010 (continued)**

Description	Quantity	Currency	Acquisition cost	Fair value GBP	% of net assets
EQUITY LINKED NOTES*					
INDIA					
IVRCL Infrastructures & Projects Ltd	1,234,718	USD	2,622,113	2,271,490	1.02
Jain Irrigation Systems Ltd	935,290	USD	2,867,753	2,809,185	1.26
			5,489,866	5,080,675	2.28
TOTAL EQUITY LINKED NOTES			5,489,866	5,080,675	2.28
TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			187,406,569	208,470,248	93.68
OTHER TRANSFERABLE SECURITIES					
OTHER TRANSFERABLE SECURITIES : EQUITIES					
CANADA					
Xebec Adsorption Inc	275,000	CAD	68,032	44,192	0.02
			68,032	44,192	0.02
NETHERLANDS					
Emergya Wind Technologies Holdings NV	4,756,746	EUR	3,597,869	670,913	0.30
			3,597,869	670,913	0.30
UNITED KINGDOM					
New Earth Solutions Group	48,915	GBP	2,996,785	4,047,888	1.82
Pelamis Wave Power Ltd	47,704	GBP	477,040	119,260	0.05
Sterecycle Ltd	580	GBP	692,899	387,956	0.18
			4,166,724	4,555,104	2.05
UNITED STATES OF AMERICA					
Ensyn Corp	161,750	USD	1,187,352	1,549,676	0.69
Nordic Windpower Holdings Inc	3,312,149	USD	2,033,511	1,722,551	0.78
			3,220,863	3,272,227	1.47
TOTAL OTHER TRANSFERABLE SECURITIES : EQUITIES			11,053,488	8,542,436	3.84
OTHER TRANSFERABLE SECURITIES : WARRANTS					
CANADA					
Xebec Adsorption Inc	325,000	CAD	-	-	-
			-	-	-
UNITED KINGDOM					
STE (Clean Recycling and Energy) Plc	582	CAD	-	-	-
			-	-	-

* Represents the underlying listed shares of an equity linked note.

**IMPAX ENVIRONMENTAL MARKETS (IRELAND) FUND
SCHEDULE OF INVESTMENTS AS AT 31 December 2010 (continued)**

Description	Quantity	Currency	Acquisition cost	Fair value GBP	% of net assets
UNITED STATES OF AMERICA					
Ensyn Corp	21,697	USD	-	-	-
			-	-	-
TOTAL OTHER TRANSFERABLE SECURITIES : WARRANTS			-	-	-
OTHER TRANSFERABLE SECURITIES : CONVERTIBLE BONDS					
UNITED KINGDOM					
STE (Clean Recycling and Energy) Plc	582	CAD	348,088	374,107	0.17
			348,088	374,107	0.17
TOTAL OTHER TRANSFERABLE SECURITIES : CONVERTIBLE BONDS			348,088	374,107	0.17
TOTAL OTHER TRANSFERABLE SECURITIES			11,401,576	8,916,543	4.01
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			198,808,145	217,386,791	97.69
CASH AT BANK				4,888,461	2.20
OTHER ASSETS LESS LIABILITIES				248,582	0.11
NET ASSETS				222,523,834	100.00

**IMPAX ENVIRONMENTAL MARKETS (IRELAND) FUND
GEOGRAPHIC DIVISION OF INVESTMENTS AS AT 31 December 2010**

Country of Operation	% net assets 31 December 2010	% net assets 31 December 2009
United States of America	33.38	32.08
United Kingdom	9.02	13.19
China	7.22	7.13
Japan	5.31	3.68
Spain	4.51	6.43
Canada	4.38	4.05
Australia	3.69	4.74
India	3.51	0.89
Austria	3.20	2.70
Finland	3.20	3.32
Switzerland	2.83	0.78
Sweden	2.69	1.75
Denmark	2.22	3.22
Ireland	1.98	1.45
Taiwan	1.85	1.59
Portugal	1.82	1.67
Norway	1.08	1.00
Netherlands	0.97	1.59
South Korea	0.96	1.72
Italy	0.95	0.38
France	0.94	1.08
Belgium	0.93	0.89
Germany	0.60	1.01
Israel	0.45	0.47
Total Investments	97.69	96.81
Cash and Other Net Assets	2.31	3.19
Total Net Assets	100.00	100.00

**IMPAX ENVIRONMENTAL MARKETS (IRELAND) FUND
ECONOMIC DIVISION OF INVESTMENTS AS AT 31 December 2010**

Sector	% net assets 31 December 2010	% net assets 31 December 2009
Industrial Energy Efficiency	11.38	10.49
Recycling and Value Added Waste Processing	11.07	11.24
Water Infrastructure	9.59	6.59
Buildings Energy Efficiency	9.46	6.91
Water Treatment Equipment	8.52	6.88
Hazardous Waste Management	8.02	5.61
Renewable Energy Developers and IPPs	6.62	5.21
General Waste Management	5.96	7.74
Wind Power Generation Equipment	5.79	8.68
Environmental Consultancies	4.94	3.50
Pollution Control Solutions	2.59	2.32
Biofuels	2.57	4.00
Environmental Testing and Gas Sensing	2.17	2.98
Solar Energy Generation Equipment	2.04	2.37
Transport Energy Efficiency	1.75	1.17
Power Network Efficiency	1.70	6.38
Water Utilities	1.51	2.48
Waste Technology Equipment	1.34	1.21
Other Renewables Equipment	0.55	0.90
Carbon and Other Environmental Assets Trading	0.12	0.15
Total Investments	97.69	96.81
Cash and Other Net Assets	2.31	3.19
Total Net Assets	100.00	100.00

SCHEDULE OF PORTFOLIO CHANGES (Unaudited)

**LARGEST 20 PURCHASES AND SALES
FOR THE YEAR ENDED 31 DECEMBER 2010**

IMPAX ENVIRONMENTAL MARKETS (IRELAND) FUND

PURCHASES

DATE	SECURITY NAME	QUANTITY	SETTLEMENT (GBP)
18-Mar-10	GLV Inc	188,200	1,083,627
11-Aug-10	Geberit AG	8,900	951,979
04-Jun-10	Jain Irrigation Systems Ltd	53,290	820,706
28-Sep-10	IVRCL Infrastructures & Projects Ltd	285,810	686,128
09-Apr-10	Itron Inc	11,610	563,838
04-Jun-10	Pall Corp	23,300	543,147
09-Apr-10	Shanks Group Plc	500,000	522,740
20-Aug-10	China Longyuan Power Group Corp	744,810	501,601
26-Apr-10	EDP Renovaveis SA	112,200	490,703
26-Apr-10	LKQ Corp	35,100	488,721
10-Jun-10	China Longyuan Power Group Corp	738,800	487,303
05-Aug-10	Tetra Tech Inc	36,700	484,902
09-Apr-10	Vestas Wind Systems A/S	12,520	484,583
04-Nov-10	Vestas Wind Systems A/S	23,320	482,128
01-Jul-10	Jain Irrigation Systems Ltd	30,000	478,430
24-Mar-10	China Longyuan Power Group Corp	577,400	472,540
21-Dec-10	Lee & Man Paper Manufacturing Ltd	982,000	472,215
19-Aug-10	Vestas Wind Systems A/S	17,070	466,019
18-Oct-10	China High Speed Transmission Equipment Group Co Ltd	336,000	465,817
01-Apr-10	Renesola Ltd	109,200	437,831

SALES

DATE	SECURITY NAME	QUANTITY	SETTLEMENT (GBP)
03-Sep-10	Chloride Group Plc	1,584,987	5,943,701
12-Jan-10	Energy Developments Ltd	1,738,182	2,732,462
22-Dec-10	Dionex Corp	28,500	2,181,624
26-Apr-10	Chloride Group Plc	432,910	1,286,065
26-Apr-10	Chloride Group Plc	432,910	1,285,676
02-Dec-10	Spice Plc	1,342,625	939,838
24-Mar-10	ESCO Technologies Inc	44,641	936,076
02-Sep-10	Spice Plc	1,338,482	896,372
20-Jan-10	Taewoong Co Ltd	16,163	827,108
26-Nov-10	Rotork Plc	49,883	812,116
15-Jun-10	Rotork Plc	400,000	800,000
21-Oct-10	Trina Solar Ltd	43,900	724,315
23-Mar-10	ESCO Technologies Inc	31,300	717,919
21-Apr-10	Badger Meter Inc	24,000	657,395
22-Dec-10	Dionex Corp	8,531	653,008
02-Dec-10	Rotork Plc	38,774	626,557
08-Jun-10	Chloride Group Plc	167,380	568,020
24-Aug-10	Gamesa Corp Tecnologica SA	127,500	554,394
21-Oct-10	Renesola Ltd	70,100	531,769
26-Apr-10	Vestas Wind Systems A/S	12,330	529,847

INVESTMENT MANAGER'S REPORT 31 DECEMBER 2010

Impax Asian Environmental Markets (Ireland) Fund ("IAEM Ireland")

During the period under review since the fund's inception on 4 May 2010 to 31 December 2010 ("the Period") IAEM Ireland (Sterling A Shares) advanced by 10.0% as the confidence in the sustainability of the global recovery grew. Contributions come from a broad range of countries (particularly China, Taiwan, Thailand and Australia) and sectors (particularly energy efficiency, solar and diversified environmental). The performance was behind the FTSE Environmental Opportunities Asia ex-Japan Index, which increased by 15.1% over the Period, due to the strong performance of a number of Korean engineering companies and a Taiwanese chemical company which are large index constituents but not owned by the fund¹. The performance also lagged behind the MSCI Asia Pacific ex-Japan Index, which increased by 12.5%.

Investment Universe & Portfolio Structure

Impax continues to focus on the bottom-up stock picking of companies with attractive operations and valuations. We also take into account developments in the environmental market sub-sectors and the wider macro-environment. The universe of Asian environmental companies has continued to grow (ca. 480 companies) following a number of initial public offerings ("IPOs") as well as established companies expanding their environmental businesses.

The fund ended the Period with investments in 53 companies which is within the expected range of 40-75. The portfolio is diversified by both geography and sub-sector with a particular focus in China followed by Japan, India and South Korea. On a sector basis the portfolio has its largest allocations in Energy Efficiency, Water Treatment and Pollution Control, with smaller exposures to Waste Technologies and Resource Management, Diversified Environmental, and Renewable and Alternative Energy.

Alternative Energy and Energy Efficiency (51% portfolio weighting at 31 December 2010)

(i) Renewable and Alternative Energy ("RAE") – 10% weighting

China continued to see strong growth in renewable energy installation, predominantly in the wind sector which saw 16 gigawatts of installations in 2010. However, the price of wind turbines fell substantially due to over capacity in turbine manufacturing and demand in the global wind market remaining subdued. By contrast, Chinese solar manufacturers benefited from a very strong solar market driven by exports to Europe with high levels of activity in Germany and Italy ahead of reductions in feed in tariffs (FITs). Positive contributions came from solar companies ReneSola (solar, China), Trina Solar (solar, China), OCI (polysilicon, South Korea) and Aboitiz Power (hydro and geothermal power producer, Philippines), which continue to benefit from the need to develop power infrastructure in the Philippines. At the end of the Period solar exposure was reduced following a period of strong performance. The fund exited both Trina Solar (solar, China) and ReneSola (solar, China).

(ii) Energy Efficiency ("EE") - 41% weighting

EE was supported by the increasing focus on industrial and transport energy efficiency by governments and corporates. In particular, China announced details of the 12th Five Year Plan which included the creation of four strategic environmental industries, one of which is industrial energy efficiency. In addition, rising labour costs in China are driving increased factory automation. Energy efficient products have also been strong following growth in the power infrastructure, electronic goods (including LED TVs and lighting) and transport sectors, with roll-out of Chinese rail infrastructure in particular. Positive contributions came from Zhuzhou CSR (efficient rail engines, China) and Delta Thai (power electronics, Thailand). The fund's exposure to EE was increased at the end of the Period as the investment opportunities expanded with the listing of China ITS (transport energy efficiency, China) and Boer Power (high efficiency power distribution, China) and the fund increased exposure to the LED theme with the purchase of Seoul Semiconductor (LED packager, Korea). The Company exited Zhuzhou CSR after strong performance.

Waste Technologies and Resource Management (13% portfolio weighting at 31 December 2010)

Continued recovery in commodity prices was the main driver for the waste sector, improving pricing for both metals and paper recyclers. Underlying economic recovery also drove improvements for diversified waste

¹ The FTSE Environmental Opportunities Asia ex-Japan Index comprises the universe of stocks that the fund can invest in.

INVESTMENT MANAGER'S REPORT 31 DECEMBER 2010 (continued)

Waste Technologies and Resource Management (13% portfolio weighting at 31 December 2010) (continued)

management companies as volumes recovered. The main contributors to performance in this sub-sector came from the recyclers Sims (metal recycling, Australia) and Fook Woo (paper recycling, China) as well as Transpacific Industries (diversified waste, Australia). Key trades included adding to existing positions in recyclers.

Water Treatment and Pollution Control (30% portfolio weighting at 31 December 2010)

Water continues to be a key investment priority across many of the large Asian economies, driven by water scarcity and polluted water sources. Water treatment facilities continued to grow rapidly in China through the acceleration of build, own, transfer ("BOT") projects. There was also growth in India, though towards the end of the Period there was increasing uncertainty around funding of water infrastructure investment. Growth in the Chinese gas sector (as it replaces coal in the urban environment) continues to be strong and rises in wholesale gas prices appear to have been effectively passed through to customers, particularly commercial clients. In this sector, there were positive contributions from Campbell Brothers (environmental testing, Australia), Thai Tap (water utility, Thailand) and ENN Energy (urban gas supply, China). Exposure to WIT and PC was 27% at the end of the Period. Important additions included VA Tech Wabag (water treatment equipment, India) while we exited Sinomem (water treatment equipment, Singapore).

Diversified environmental (6% portfolio weighting at 31 December 2010)

Diversified environmental companies, which are reported separately, performed well over the Period, particularly Formosa Plastics (Taiwan) which reported strong earnings. Of the IAEM Ireland holdings, Xinyi Glass (efficient glass, China) contributed positively following the announcement of a capacity expansion in high growth markets.

Macro & Regional Discussion

During the Period the macro-economic news was broadly positive with continued recovery in the global economy and positive data from the US, including further quantitative easing measures from the Federal Reserve. Sovereign credit issues continued to be a concern in Europe, particularly for Spain, Portugal and Ireland. China continued to show strong growth but rising inflation means the Chinese government is likely to maintain a relatively tight monetary policy. Meanwhile, environmental policies will continue to be a major theme in the 12th Five Year Plan. The Japanese yen began to weaken which was positive for Japanese exporters and boosted the Japanese stock market. South East Asian countries saw strong growth in the domestic economies whilst Australia saw growth on the back of strong commodity demand.

Outlook for 2011

We remain positive on key investment themes within the portfolio, namely the expansion of domestic power, water and waste infrastructure projects, opportunities for Asian low cost manufacturers in key environmental sectors and the transition of companies from traditional industries into higher growth environmental sectors. The momentum of environmental policy and legislation in the Asia Pacific region remains strong with energy efficiency in particular becoming an increasing focus of the Chinese Government, and the situation in both the Middle East and North Africa and at the Fukushima nuclear power plant drawing policy makers' attention to renewable energy and energy efficiency. Despite inflation concerns we are confident in the earnings growth expectations for the portfolio and believe that the valuations are at attractive levels. IAEM Ireland's portfolio is currently trading (on a weighted average basis) at 13x price earnings (next twelve months), compared with an expected annual earnings growth rate of 23%.

We will continue to post monthly updates on sector news and on IAEM Ireland's performance at www.impax.co.uk.

Impax Asset Management Limited

31 March 2011

**IMPAX ASIAN ENVIRONMENTAL MARKETS (IRELAND) FUND
SCHEDULE OF INVESTMENTS AS AT 31 December 2010**

Description	Quantity	Currency	Acquisition cost	Fair value GBP	% of net assets
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING					
LISTED SECURITIES : EQUITIES					
AUSTRALIA					
Campbell Brothers Ltd	7,268	AUD	137,797	186,531	3.21
Sims Group Ltd	7,700	USD	82,926	107,411	1.85
Transpacific Industries Group Ltd	71,991	AUD	48,683	63,159	1.09
			269,406	357,101	6.15
CHINA					
Beijing Enterprises Holdings Ltd	43,600	HKD	183,389	171,774	2.96
Boer Power Holdings Ltd	233,315	HKD	133,605	134,574	2.32
China High Speed Transmission Equipment Group Co Ltd	98,100	HKD	128,753	97,368	1.68
China Everbright International Ltd	168,000	HKD	51,040	55,904	0.96
China ITS Holdings Co Ltd	350,600	HKD	108,603	154,980	2.67
China Longyuan Power Group Corp	231,720	HKD	149,803	135,558	2.34
China Metal Recycling Holdings Ltd	190,800	HKD	125,651	127,140	2.19
China Automation Group Ltd	188,200	HKD	85,856	87,367	1.51
China High Precision Automation Group Ltd	230,500	HKD	92,800	115,716	1.99
ENN Energy Holdings Ltd	111,600	HKD	204,635	213,191	3.68
Fook Woo Group Holdings Ltd	348,900	HKD	73,919	86,574	1.49
Hollysys Automation Technologies Ltd	13,500	USD	95,578	130,719	2.25
Lee & Man Paper Manufacturing Ltd	405,700	HKD	202,994	196,004	3.38
Sound Global Ltd	304,000	SGD	117,011	125,045	2.16
Wasion Group Holdings Ltd	119,900	HKD	52,250	50,144	0.86
Xinjiang Goldwind Science & Technology Co Ltd	39,500	HKD	59,855	51,733	0.89
Xinyi Glass Holdings Ltd	430,200	HKD	147,134	226,220	3.90
Yingde Gases	212,000	HKD	133,816	121,060	2.09
			2,146,692	2,281,071	39.32
INDIA					
Greenko Group Plc	36,400	GBP	54,894	69,160	1.19
			54,894	69,160	1.19
JAPAN					
Air Water Inc	3,400	JPY	25,409	27,713	0.48
Daikin Industries Ltd	4,800	JPY	108,304	108,790	1.87
Daiseki Co Ltd	7,200	JPY	95,787	96,108	1.66
Horiba Ltd	5,800	JPY	102,849	105,191	1.81
Kurita Water Industries Ltd	4,000	JPY	73,355	80,547	1.39
Murata Manufacturing Co Ltd	2,760	JPY	95,000	123,457	2.13
Rinnai Corp	2,400	JPY	86,124	93,746	1.61
Shimadzu Corp	11,300	JPY	56,843	56,152	0.97
Stanley Electric Co Ltd	6,600	JPY	77,599	78,795	1.36
Torishima Pump Manufacturing Co Ltd	3,800	JPY	39,907	51,262	0.88
Yamatake Corp	5,000	JPY	81,776	75,798	1.31
			842,953	897,559	15.47
PHILIPPINES					
Aboitiz Power Corp	212,500	PHP	73,849	96,196	1.66
Energy Development Corp	815,300	PHP	62,671	69,417	1.20
Manila Water Co Inc	306,500	PHP	76,212	85,617	1.47
			212,732	251,230	4.33

**IMPAX ASIAN ENVIRONMENTAL MARKETS (IRELAND) FUND
SCHEDULE OF INVESTMENTS AS AT 31 December 2010 (continued)**

Description	Quantity	Currency	Acquisition cost	Fair value GBP	% of net assets
SINGAPORE					
Goodpack Ltd	76,000	SGD	67,881	76,922	1.33
Hyflux Ltd	86,700	SGD	87,284	99,855	1.72
			155,165	176,777	3.05
SOUTH KOREA					
LG Chem Ltd	709	KRW	138,691	155,594	2.68
OCI Co Ltd	350	KRW	59,956	64,795	1.12
Samsung Electro-Mechanics Co Ltd	1,532	KRW	113,511	106,896	1.84
Seoul Semiconductor Co Ltd	3,623	KRW	79,294	82,669	1.43
			391,452	409,954	7.07
TAIWAN					
Chroma ATE Inc	76,711	TWD	116,581	146,369	2.53
Delta Electronics Inc	61,000	TWD	148,938	189,755	3.27
Epistar Corp	75,000	TWD	150,032	174,157	3.00
			415,551	510,281	8.80
THAILAND					
Delta Electronics Thai PCL	204,700	THB	105,940	150,717	2.60
Thai Tap Water Supply PCL	1,092,100	THB	121,867	145,779	2.51
			227,807	296,496	5.11
TOTAL LISTED SECURITIES : EQUITIES			4,716,652	5,249,629	90.49
EQUITY LINKED NOTES					
CHINA					
UBS AG/London	12,430	USD	21,845	22,420	0.38
UBS AG	7,150	USD	10,208	12,620	0.22
			32,053	35,040	0.60
INDIA					
Jain Irrigation Systems Ltd	47,300	USD	146,858	142,068	2.45
VA Tech Wabag Ltd	1,000	USD	22,141	22,777	0.40
Thermax Ltd	1,693	USD	20,727	20,914	0.36
Thermax Ltd	9,300	USD	99,838	114,900	1.98
VA Tech Wabag Ltd	2,900	USD	68,659	66,062	1.14
IVRCL Ltd	58,100	USD	128,103	106,886	1.84
			486,326	473,607	8.17
TOTAL EQUITY LINKED NOTES			518,379	508,647	8.77
TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			5,235,031	5,758,276	99.26
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			5,235,031	5,758,276	99.26
CASH AT BANK				80,638	1.39
OTHER ASSETS LESS LIABILITIES				(37,757)	(0.65)
NET ASSETS				5,801,157	100.00

**IMPAX ASIAN ENVIRONMENTAL MARKETS (IRELAND) FUND
GEOGRAPHIC DIVISION OF INVESTMENTS AS AT 31 December 2010**

Country of Operation	% net assets 31 December 2010	% net assets 31 December 2009
China	39.92	-
Japan	15.47	-
India	9.36	-
Taiwan	8.80	-
South Korea	7.07	-
Australia	6.15	-
Thailand	5.11	-
Philippines	4.33	-
Singapore	3.05	-
Total Investments	99.26	-
Cash and Other Net Assets	0.74	-
Total Net Assets	100.00	-

**IMPAX ASIAN ENVIRONMENTAL MARKETS (IRELAND) FUND
ECONOMIC DIVISION OF INVESTMENTS AS AT 31 December 2010**

Sector	% net assets 31 December 2010	% net assets 31 December 2009
Industrial Energy Efficiency	18.12	-
Diversified Environmental	11.49	-
Water Infrastructure	10.59	-
Buildings Energy Efficiency	10.58	-
Recycling and Value Added Waste Processing	8.91	-
Pollution Control Solutions	6.64	-
Renewable Energy Developers and IPPs	6.39	-
Environmental Testing and Gas Sensing	5.99	-
Water Utilities	4.94	-
Power Network Efficiency	3.78	-
Transport Energy Efficiency	2.67	-
Wind Power Generation Equipment	2.57	-
Hazardous Waste Management	1.66	-
Water Treatment Equipment	1.39	-
Waste Technology Equipment	1.33	-
Solar Energy Generation Equipment	1.12	-
General Waste Management	1.09	-
Total Investments	99.26	-
Cash and Other Net Assets	0.74	-
Total Net Assets	100.00	-

SCHEDULE OF PORTFOLIO CHANGES (Unaudited)

**LARGEST 20 PURCHASES AND SALES
FOR THE YEAR ENDED 31 DECEMBER 2010**

IMPAX ASIAN ENVIRONMENTAL MARKETS (IRELAND) FUND

PURCHASES

DATE	SECURITY NAME	QUANTITY	SETTLEMENT (GBP)
29-Nov-10	OCI Co Ltd	350	59,956
17-Nov-10	Boer Power Holdings Ltd	100,000	58,332
29-Nov-10	Seoul Semiconductor Co Ltd	2,500	53,521
05-May-10	Xinaol Nao Gas Holdings Ltd	25,000	47,118
05-May-10	Xinyi Glass Holdings Ltd	84,000	45,619
19-Nov-10	Xinjiang Goldwind Science & Technology Co Ltd	30,000	45,087
22-Oct-10	Morgan Stanley ASI	1,800	43,353
03-Dec-10	Boer Power Holdings Ltd	75,000	41,992
03-Dec-10	Beijing Enterprises Holdings Ltd	9,500	40,132
12-Nov-10	Beijing Enterprises Holdings Ltd	9,000	39,615
30-Sep-10	GCL Poly Energy Holdings Ltd	204,000	39,136
22-Nov-10	ENN Energy Holdings Ltd	18,000	36,785
06-May-10	OCI Co Ltd	300	36,690
18-May-10	Delta Electronics Inc	15,000	33,019
18-Nov-10	Xinyi Glass Holdings Ltd	68,000	32,681
06-May-10	LG Chem Ltd	200	32,514
05-May-10	Jain Irrigation Systems Ltd	2,100	32,024
08-Dec-10	Boer Power Holdings Ltd	55,000	31,562
20-Dec-10	Thai Tap Water Supply PCL	244,000	31,419
23-Nov-10	Jain Irrigation Systems Ltd	10,000	31,355

SALES

DATE	SECURITY NAME	QUANTITY	SETTLEMENT (GBP)
13-Dec-10	Zhuzhou CSR Times Electric Co Ltd	30,800	74,879
26-Nov-10	GCL Poly Energy Holdings Ltd	318,000	64,455
27-Oct-10	OCI Materials Co Ltd	748	43,849
22-Dec-10	Air Water Inc	5,000	40,245
10-Dec-10	Murata Manufacturing Co Ltd	800	33,145
08-Dec-10	Sims Metal Management Ltd	2,600	32,078
10-Dec-10	OCI Materials Co Ltd	507	29,921
28-May-10	Xinaol Nao Gas Holdings Ltd	16,000	29,412
12-Oct-10	Renesola Ltd	3,400	29,368
09-Dec-10	Shimadzu Corp	6,000	29,027
11-Oct-10	Lee & Man Paper Manufacturing Ltd	51,000	28,172
28-May-10	Yingde Gases	37,000	26,510
09-Dec-10	Chroma ATE Inc	14,000	26,020
09-Dec-10	Wasion Group Holdings Ltd	60,000	25,845
27-May-10	Hollysys Automation Technologies Ltd	3,900	25,630
15-Dec-10	Energy Development Corp	283,000	24,351
09-Dec-10	Fook Woo Group Holdings Ltd	94,000	23,895
20-Oct-10	Trina Solar Ltd	1,300	22,112
03-Nov-10	Trina Solar Ltd	1,300	21,473
26-Nov-10	Suzlon Energy Ltd	33,000	20,700

**BALANCE SHEET
As at 31 December 2010**

		Impax Environmental Markets (Ireland) Fund	
	Notes	31 December 2010	31 December 2009
		GBP	GBP
Assets			
Financial assets at fair value through profit or loss	3	217,386,791	203,378,447
Cash and cash equivalents	6	4,888,461	6,811,163
Receivable on sale of investments		32,649	182,561
Interest and dividends receivable, net		59,051	65,993
Receivable on subscriptions		989,979	455,231
Other receivables		13,366	29,798
Total Assets		223,370,297	210,923,193
Liabilities			
Payable on redemptions		196,225	100,517
Bank overdraft		26	8
Administration and transfer agency fees	5	14,082	13,009
Custodian fees	5	15,992	12,733
Investment management fees	5	276,218	530,936
Payable on purchases of investments		261,556	123,494
Other payables		82,364	57,036
Total Liabilities		846,463	837,733
Net assets attributable to holders of redeemable participating shares		222,523,834	210,085,460
Net Asset Value			
Euro 'A' Shares In Issue		25,136,751	26,675,264
Net Asset Value Per Share		EUR 1.563	EUR 1.351
Sterling 'A' Shares In Issue		67,737,478	80,289,848
Net Asset Value Per Share		GBP 1.953	GBP 1.751
US Dollar 'A' Shares In Issue		30,657,766	11,708,182
Net Asset Value Per Share		USD 1.600	USD 1.479
Euro 'B' Shares In Issue		4,480,809	3,287,169
Net Asset Value Per Share		EUR 1.232	EUR 1.072
Sterling 'B' Shares In Issue		7,980,523	7,720,318
Net Asset Value Per Share		GBP 1.896	GBP 1.708
US Dollar 'B' Shares In Issue		6,776,738	13,525,993
Net Asset Value Per Share		USD 1.428	USD 1.326

**BALANCE SHEET (continued)
As at 31 December 2010**

	Notes	Impax Asian Environmental Markets (Ireland) Fund* 31 December 2010 GBP
Assets		
Financial assets at fair value through profit or loss	3	5,758,276
Cash and cash equivalents	6	80,638
Interest and dividends receivable, net		2,277
Other receivables		1,962
Total Assets		5,843,153
Liabilities		
Bank overdraft		1
Administration and transfer agency fees	5	3,634
Custodian fees	5	2,136
Investment management fees	5	6,998
Payable on purchases of investments		17,237
Other payables		11,990
Total Liabilities		41,996
Net assets attributable to holders of redeemable participating shares		5,801,157
Net Asset Value		
Euro 'A' Shares In Issue		502,521
Net Asset Value Per Share		EUR 1.048
Sterling 'A' Shares In Issue		3,819,461
Net Asset Value Per Share		GBP 1.100
US Dollar 'A' Shares In Issue		1,203,333
Net Asset Value Per Share		USD 1.260
Sterling 'B' Shares In Issue		178,872
Net Asset Value Per Share		GBP 1.097

*Fund launched on 30 April 2010.

**BALANCE SHEET (continued)
As at 31 December 2010**

	Notes	TOTAL 31 December 2010 GBP	TOTAL 31 December 2009 GBP
Assets			
Financial assets at fair value through profit or loss	3	223,145,067	203,378,447
Cash and cash equivalents	6	4,969,099	6,811,163
Receivable on sale of investments		32,649	182,561
Interest and dividends receivable, net		61,328	65,993
Receivable on subscriptions		989,979	455,231
Other receivables		15,328	29,798
Total Assets		229,213,450	210,923,193
Liabilities			
Payable on redemptions		196,225	100,517
Bank overdraft		27	8
Administration and transfer agency fees	5	17,716	13,009
Custodian fees	5	18,128	12,733
Investment management fees	5	283,216	530,936
Payable on purchases of investments		278,793	123,494
Other payables		94,354	57,036
Total Liabilities		888,459	837,733
Net assets attributable to holders of redeemable participating shares		228,324,991	210,085,460

Signed on behalf of the Company

Director

Date:

Director

Date:

The accompanying notes form an integral part of the Financial Statements.

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 December 2010**

	Notes	Impax Environmental Markets (Ireland) Fund 31 December 2010 GBP	31 December 2009 GBP
Income			
Bank Interest		32	2,884
Bond Interest		23,588	1,665
Dividends	2	2,598,397	2,292,321
Withholding tax on dividend and interest		(535,479)	(415,668)
Other income		32,932	114,202
		2,119,470	1,995,404
Expenses			
Investment management fees	5	(2,302,885)	(1,801,082)
Administration and transfer agency fees	5	(130,880)	(121,678)
Custodian fees	5	(107,792)	(76,737)
Audit fees	5	(30,963)	(27,020)
Directors fees	5	(79,326)	(53,401)
Transaction costs		(134,744)	(173,342)
Other charges		(220,387)	(200,195)
		(3,006,977)	(2,453,455)
Net Investment Loss		(887,507)	(458,051)
Net realised gains/(losses) on sale of investments		14,858,077	(2,591,981)
Net realised loss on foreign exchange		(774,748)	(503,931)
Net realised gains/(losses)		14,083,329	(3,095,912)
Net unrealised gains on investments		8,232,408	46,844,160
Profit attributable to holders of redeemable participating shares from operations		21,428,230	43,290,197
Distributions	16	-	(128,146)
Profit attributable to holders of redeemable participating shares		21,428,230	43,162,051

For the year ended 31 December 2010, there are no gains or losses other than those included in the Profit and Loss account. All income arises from continuing operations.
The accompanying notes form an integral part of the Financial Statements.

**PROFIT AND LOSS ACCOUNT (continued)
FOR THE YEAR ENDED 31 December 2010**

	Notes	Impax Asian Environmental Markets (Ireland) Fund* 31 December 2010 GBP
Income		
Bank Interest		309
Bond Interest		-
Dividends	2	23,974
Withholding tax on dividend and interest		(1,637)
Other income		3,043
		<u>25,689</u>
Expenses		
Investment management fees	5	(22,454)
Administration and transfer agency fees	5	(6,534)
Custodian fees	5	(23,543)
Audit fees	5	(287)
Directors fees	5	(674)
Transaction costs		(4,689)
Other charges		(14,861)
		<u>(73,042)</u>
Net Investment Loss		(47,353)
Net realised gain on sale of investments		134,966
Net realised loss on foreign exchange		(47,167)
Net realised gains		87,799
Net unrealised gains on investments		527,706
Profit attributable to holders of redeemable participating shares from operations		568,152
Distributions	16	-
Profit attributable to holders of redeemable participating shares		568,152

*Fund launched on 30 April 2010.

For the year ended 31 December 2010, there are no gains or losses other than those included in the Profit and Loss account. All income arises from continuing operations.
The accompanying notes form an integral part of the Financial Statements.

**PROFIT AND LOSS ACCOUNT (continued)
FOR THE YEAR ENDED 31 December 2010**

	Notes	TOTAL 31 December 2010 GBP	TOTAL 31 December 2009 GBP
Income			
Bank Interest		341	2,884
Bond Interest		23,588	1,665
Dividends	2	2,622,371	2,292,321
Withholding tax on dividend and interest		(537,116)	(415,668)
Other income		35,975	114,202
		2,145,159	1,995,404
Expenses			
Investment management fees	5	(2,325,339)	(1,801,082)
Administration and transfer agency fees	5	(137,414)	(121,678)
Custodian fees	5	(131,335)	(76,737)
Audit fees	5	(31,250)	(27,020)
Directors fees	5	(80,000)	(53,401)
Transaction costs		(139,433)	(173,342)
Other charges		(235,248)	(200,195)
		(3,080,019)	(2,453,455)
Net Investment Loss		(934,860)	(458,051)
Net realised gains/(losses) on sale of investments		14,993,043	(2,591,981)
Net realised loss on foreign exchange		(821,915)	(503,931)
Net realised gains/(losses)		14,171,128	(3,095,912)
Net unrealised gains on investments		8,760,114	46,844,160
Profit attributable to holders of redeemable participating shares from operations		21,996,382	43,290,197
Distributions	16	-	(128,146)
Profit attributable to holders of redeemable participating shares		21,996,382	43,162,051

Signed on behalf of the Company

Director

Director

Date:

Date:

For the year ended 31 December 2010, there are no gains or losses other than those included in the Profit and Loss account. All income arises from continuing operations.
The accompanying notes form an integral part of the Financial Statements.

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS
OF REDEEMABLE PARTICIPATING SHARES
FOR THE YEAR ENDED 31 December 2010**

	Impax Environmental Markets (Ireland) Fund 31 December 2010 GBP	31 December 2009 GBP
Net assets at 1 January	210,085,460	177,012,504
Profit attributable to holders of redeemable participating shares	21,428,230	43,162,051
<u>Capital transactions</u>		
Proceeds from issuance of shares		
Subscriptions - Euro 'A' Shares	9,823,572	5,044,559
Subscriptions - Sterling 'A' Shares	56,024,883	27,652,160
Subscriptions - US Dollar 'A' Shares	24,517,957	3,446,839
Subscriptions - Euro 'B' Shares	1,481,746	1,668,981
Subscriptions - Sterling 'B' Shares	3,949,848	5,421,133
Subscriptions - US Dollar 'B' Shares	862,865	6,792,565
Payments on redemption of shares		
Redemptions - Euro 'A' Shares	(11,913,569)	(10,110,263)
Redemptions - Sterling 'A' Shares	(76,515,478)	(29,499,865)
Redemptions - US Dollar 'A' Shares	(6,977,449)	(11,118,981)
Redemptions - Euro 'B' Shares	(326,740)	(726,444)
Redemptions - Sterling 'B' Shares	(3,527,598)	(8,391,832)
Redemptions - US Dollar 'B' Shares	(6,389,893)	(267,947)
Net Assets at 31 December	222,523,834	210,085,460
	Number of Shares	Number of Shares
Shares in issue at 1 January	143,206,774	157,540,426
Shares issued during the year		
Shares issued during the year - Euro 'A' Shares	8,193,323	4,977,143
Shares issued during the year - Sterling 'A' Shares	31,293,094	19,659,434
Shares issued during the year - US Dollar 'A' Shares	26,749,694	4,324,811
Shares issued during the year - Euro 'B' Shares	1,533,320	1,883,376
Shares issued during the year - Sterling 'B' Shares	2,286,064	3,395,168
Shares issued during the year - US Dollar 'B' Shares	1,054,047	8,573,713
Shares redeemed during the year		
Shares redeemed during the year - Euro 'A' Shares	(9,731,836)	(11,901,943)
Shares redeemed during the year - Sterling 'A' Shares	(43,845,464)	(21,985,238)
Shares redeemed during the year - US Dollar 'A' Shares	(7,800,110)	(15,706,049)
Shares redeemed during the year - Euro 'B' Shares	(339,680)	(1,045,350)
Shares redeemed during the year - Sterling 'B' Shares	(2,025,859)	(6,094,722)
Shares redeemed during the year - US Dollar 'B' Shares	(7,803,302)	(413,995)
Shares in issue at 31 December	142,770,065	143,206,774

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS
OF REDEEMABLE PARTICIPATING SHARES (continued)
FOR THE YEAR ENDED 31 December 2010**

Impax Asian Environmental Markets (Ireland) Fund*
31 December 2010
GBP

Net assets at 1 January	-
Profit attributable to holders of redeemable participating shares	568,152
<u>Capital transactions</u>	
Proceeds from issuance of shares	
Subscriptions - Euro 'A' Shares	790,806
Subscriptions - Sterling 'A' Shares	3,822,201
Subscriptions - US Dollar 'A' Shares	823,509
Subscriptions - Sterling 'B' Shares	178,132
Payments on redemption of shares	
Redemptions - Euro 'A' Shares	(374,968)
Redemptions - Sterling 'A' Shares	(6,675)
Net Assets at 31 December	<u><u>5,801,157</u></u>

	Number of Shares
Shares in issue at 1 January	-
Shares issued during the year	
Shares issued during the year - Euro 'A' Shares	927,173
Shares issued during the year - Sterling 'A' Shares	3,826,286
Shares issued during the year - US Dollar 'A' Shares	1,203,333
Shares issued during the year - Sterling 'B' Shares	178,872
Shares redeemed during the year	
Shares redeemed during the year - Euro 'A' Shares	(424,652)
Shares redeemed during the year - Sterling 'A' Shares	(6,825)
Shares in issue at 31 December	<u><u>5,704,187</u></u>

*Fund launched on 30 April 2010.

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS
OF REDEEMABLE PARTICIPATING SHARES (continued)
FOR THE YEAR ENDED 31 December 2010**

	TOTAL 31 December 2010 GBP	TOTAL 31 December 2009 GBP
Net assets at 1 January	210,085,460	177,012,504
Profit attributable to holders of redeemable participating shares	21,996,382	43,162,051
<u>Capital transactions</u>		
Proceeds from issuance of shares		
Subscriptions - Euro 'A' Shares	10,614,378	5,044,559
Subscriptions - Sterling 'A' Shares	59,847,084	27,652,160
Subscriptions - US Dollar 'A' Shares	25,341,466	3,446,839
Subscriptions - Euro 'B' Shares	1,481,746	1,668,981
Subscriptions - Sterling 'B' Shares	4,127,980	5,421,133
Subscriptions - US Dollar 'B' Shares	862,865	6,792,565
Payments on redemption of shares		
Redemptions - Euro 'A' Shares	(12,288,537)	(10,110,263)
Redemptions - Sterling 'A' Shares	(76,522,153)	(29,499,865)
Redemptions - US Dollar 'A' Shares	(6,977,449)	(11,118,981)
Redemptions - Euro 'B' Shares	(326,740)	(726,444)
Redemptions - Sterling 'B' Shares	(3,527,598)	(8,391,832)
Redemptions - US Dollar 'B' Shares	(6,389,893)	(267,947)
Net Assets at 31 December	228,324,991	210,085,460

The accompanying notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2010

1. Establishment and Organisation

Impax Funds (Ireland) PLC (the "Company") is an open-ended umbrella-type investment company with variable capital and has segregated liability between Sub-Funds under the laws of Ireland established as a public limited company pursuant to the Companies Acts, 1963 to 2009 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended) (the "UCITS Regulations") and has been authorised by the Central Bank of Ireland as a UCITS.

The Company is organised in the form of an umbrella fund. Each Sub-Fund will have a distinct portfolio of investments. As of the date of this report, the Company has two Sub-Funds with segregated liability in respect of which six classes of shares have been offered in Impax Environmental Markets (Ireland) Fund and four classes of shares have been offered in Impax Asian Environmental Markets (Ireland) Fund for investment.

The Company is not obliged to apply the assets of any Sub-Funds towards the liabilities of any other Sub-Fund of the Company. Accordingly, any parties contracting with the Company shall not seek to have recourse to any assets of any sub fund in discharge of any liability which was not incurred on behalf of that Sub-Fund. This provision applies to receivers, examiners, liquidators, provisional liquidators and any other creditor. This provision has not yet been tested in the courts and a restricted risk therefore remains.

All share classes are listed on the Irish Stock Exchange except for the Euro 'A' Share and US Dollar 'A' Share in Impax Asian Environmental Markets (Ireland) Fund.

2. Principal Accounting Policies

a) Basis of Accounting

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and the provisions of the Companies Acts, 1963 to 2009 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). Accounting standards generally accepted in Ireland in preparing financial statements, which give a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board ("ASB") ("Irish GAAP").

The financial statements are prepared under the historical cost basis except for financial instruments classified at fair value through profit or loss that have been measured at fair value.

The financial statements are prepared on the basis of the Net Asset Value produced on 31 December 2010 and subscriptions and redemptions until that date.

The format and certain wordings of the financial statements have been adapted from those contained in the Companies (Amendment) Act 1986 so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company's business as an investment Company.

The preparation of financial statements in conformity with Irish GAAP requires the use of certain critical accounting estimates. Actual results could differ from these estimates.

The accounting policies adopted are consistent with those of the previous financial period.

b) Financial Instruments

(i) Classification

The Company designates its financial assets and liabilities into the categories below in accordance with FRS 26.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

2. Principal Accounting Policies (continued)

b) Financial Instruments (continued)

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities held for trading: These include equities, bonds, warrants, rights and equity linked notes. These instruments are acquired or incurred principally for the purpose of generating a profit from short-term fluctuation in price.

Recognition

All regular way purchases and sales of financial instruments are recognised on the trade date, which is the date that the Company commits to purchase or sell an asset. Regular way purchases or sales are purchases or sales of financial instruments that require delivery of assets within the time frame generally established by regulation or convention in the market place. Realised gains and losses on disposals of financial instruments are calculated using the average cost method and are included in net realised gain/loss on sale of investments in the Profit and Loss Account.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with FRS 26.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Initial Measurement

Financial instruments categorised at fair value through profit or loss are measured initially at fair value, with transaction costs for such instruments being recognised directly in the Profit and Loss Account.

(iii) Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified at fair value through profit or loss, at their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments is based on their quoted market prices on a recognised exchange, at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at their current bid prices, while financial liabilities are priced at their current ask prices.

If a quoted market price is not available on a recognised stock exchange or from brokers/counterparties, the fair value of the financial instruments may be estimated by the Directors using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. Where discounted cash flow techniques are used, estimated future cash flows are based on the Directors' best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data available at the balance sheet date. Valuations for unquoted equity investments are determined in good faith by the Investment Manager based on estimates of Fair Value at the balance sheet date, using the Investment Manager's valuation. This methodology complies in all material aspects with the "International Private Equity and Venture Capital Valuation Guidelines" endorsed by, amongst others, the BVCA and EVCA.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010

2. Principal Accounting Policies (continued)

b) Financial Instruments (continued)

(iii) Subsequent measurement (continued)

In estimating Fair Value, the Investment Manager uses the methodology that is appropriate in light of the investment and its materiality in the context of the portfolio. Methodologies are applied on an ongoing basis.

Equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured using valuation techniques are measured at cost.

Subsequent changes in the fair value of financial instruments at fair value through profit or loss are recognised in the Profit and Loss Account.

Where the Company has assets and liabilities with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies the bid or offer price to the net open position as appropriate.

Unrealised gains and losses on investments are included in net unrealised gains on investments in the Profit and Loss Account.

c) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

d) Functional and Presentation Currency

Items included in the Company's financial statements are measured and presented using the currency of the primary economic environment in which it operates ('the functional currency'). This is GBP, which reflects the fact that the Company's investor base is mainly located in the UK.

The cost of investments in currencies other than the currency of the relevant Sub-Fund has been translated at the rates of exchange ruling at the time of the purchase. The market value of the investments and other assets in currencies other than the currency of the relevant Sub-Fund has been translated at the rates of exchange as at 31 December 2010. The resulting profits or losses are dealt with in the Profit and Loss Account.

e) Foreign Exchange Transactions

Monetary assets and liabilities denominated in currencies other than the Company's functional currency as stated above are translated into the functional currency at the closing rates of exchange at each year end. Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction gains and losses are included in realised and unrealised gains and losses on investments if relating to investments and in realised and unrealised gains or losses on foreign exchange for all other foreign currency gains or losses.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

2. Principal Accounting Policies (continued)

f) Operating Expenses

The Company pays out of its assets all normal operating expenses including custodian fees, administration and transfer agency fees, investment management fees, Directors' fees, NAV publication and circulation fees, audit and other professional fees and stamp duties and charges incurred on the acquisition and realisation of investments. Such costs are generally expensed in the year to which they relate.

g) Interest Income and Interest Expense

Interest income and interest expense on cash and cash equivalents are recognised on an accruals basis in line with the contractual terms. Interest on cash and cash equivalents is accrued on a daily basis.

The Sub-Funds will also from time to time hold interest bearing assets in private companies as part of structured investments in such companies. The interest in these instruments is rolled up and the resulting capital plus interest is convertible into equity instruments.

Interest income and expense are recognised in the Profit and Loss Account for all debt instruments using the effective interest method.

h) Dividend Income

Dividends are credited to the Profit and Loss Account on the dates on which the relevant securities are listed as "ex-dividend". Income is shown gross of any non-recoverable withholding taxes, which is disclosed separately in the profit and loss account, and net of any tax credits.

i) Cash and Cash Equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of the meeting of short-term cash commitments rather than for investment or other purposes.

j) Cash Flow Statement

The Company is exempt from the requirement of Financial Reporting Standard No 1 to include a cash flow statement as part of its financial statements because it is an open-ended investment fund which invests in liquid investments and because details of changes in net assets are reported as part of its Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares.

k) Redeemable Participating Shares

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. The participating shares can be put back to the Company on any dealing day for cash equal to a proportionate share of the Company's net asset value.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010

3. Financial Instruments at Fair Value through Profit or Loss

Impax Environmental Markets (Ireland) Fund

	31 December 2010	31 December 2009
	Fair Value	Fair Value
	GBP£	GBP£
Financial assets at fair value through profit or loss		
Financial assets held for trading		
Listed equity securities held for trading	203,389,573	193,736,550
Private equities	8,542,436	9,287,791
Equity Linked Notes	5,080,675	-
Bonds	374,107	354,106
	217,386,791	203,378,447
Total financial assets at fair value through profit or loss	217,386,791	203,378,447

	31 December 2010	31 December 2009
	GBP£	GBP£
Net changes in fair value on financial assets through profit or loss		
Realised on investments	14,858,077	(2,591,981)
Unrealised	8,232,408	46,844,160
Total gains	23,090,485	44,252,179
Net change in fair value on assets held for trading	23,090,485	44,252,179

Impax Asian Environmental Markets (Ireland) Fund

	31 December 2010	31 December 2009
	Fair Value	Fair Value
	GBP£	GBP£
Financial assets at fair value through profit or loss		
Financial assets held for trading		
Listed equity securities held for trading	5,249,629	-
Equity Linked Notes	508,647	-
	5,758,276	-
Total financial assets at fair value through profit or loss	5,758,276	-

	31 December 2010	31 December 2009
	GBP£	GBP£
Net changes in fair value on financial assets through profit or loss		
Realised on investments	134,966	-
Unrealised	527,706	-
Total gains	662,672	-
Net change in fair value on assets held for trading	662,672	-

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

4. Taxation

Under current Irish law and practice the Company qualifies as an investment undertaking under Section 739B of the Taxes Consolidation Act, 1997 and is not therefore chargeable to Irish tax on its relevant income or relevant gains. No stamp, transfer or registration tax is payable in Ireland on the issue, redemption or transfer of Shares in the Company. Distributions, capital gains and interest on securities issued in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries.

The Company may not be able to benefit from a reduction in the rate of withholding tax by virtue of the double taxation agreement in operation between Ireland and other countries. The Company may not, therefore, be able to reclaim withholding tax suffered by it in particular countries.

Following legislative changes in the Finance Act 2006, the holding of shares at the end of a Relevant Period will, in respect of Irish Resident investors, also constitute a chargeable event. To the extent that any tax issues arise on such a chargeable event, such tax will be allowed as a credit against any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant shares.

Relevant Period is defined as period of 8 years beginning with the acquisition of a share by a shareholder and each subsequent period of 8 years beginning immediately after the preceding relevant period.

Irish tax may arise on the happening of a chargeable event. A chargeable event includes any distribution payment to shareholders or any encashment, redemption, cancellation or transfer of shares. To the extent that shareholders have appropriate tax declarations in place with the Company there may be no requirement to deduct tax.

5. Fees

Investment Management Fees

Under the provisions of the Investment Management Agreement, the Company will pay the Investment Manager a fee of 1 per cent per annum of the Net Asset Value of the Euro 'A', Sterling 'A' and USD 'A' Shares and a fee of 1.5 per cent of the Euro 'B', Sterling 'B' and US Dollar 'B' Shares as of the relevant Valuation Date. The investment management fee will accrue daily and will be payable monthly in arrears. The Company will pay all out-of-pocket expenses incurred by the Investment Manager (including VAT thereon). Such out-of-pocket expenses may include transaction charges provided that they are charged at normal commercial rates and incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.

For Impax Environmental Markets (Ireland) Fund, Investment Management fees charged for the year ended 31 December 2010 amounted to GBP 2,302,885 (31 December 2009: GBP 1,801,082). Investment Management fees payable at 31 December 2010 amounted to GBP 276,218 (31 December 2009: GBP 530,936).

For Impax Asian Environmental Markets (Ireland) Fund, Investment Management fees charged for the year ended 31 December 2010 amounted to GBP 22,454. Investment Management fees payable at 31 December 2010 amounted to GBP 6,998.

Administration and Transfer Agency Fees

The Administrator will be entitled to an annual fee payable by the Sub-Funds accrued daily and payable monthly in arrears at a rate that shall not exceed 0.04% of the Net Asset Value of the Sub-Funds (plus VAT, if any) with a minimum annual fee of €38,000. The Administrator will also be entitled to the payment of fees for acting as Registrar and Transfer Agent and transaction charges (which are charged at normal commercial rates), which are based on transactions undertaken by the Company, the number of subscriptions, redemptions, exchanges and transfer of Shares processed by the Administrator and

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010

5. Fees (continued)

Administration and Transfer Agency Fees (continued)

time spent on Company shareholder servicing duties and to the reimbursement of operating expenses. The Administrator shall also be entitled to be repaid for all its out-of-pocket expenses incurred on behalf of the Company, which shall include reasonable legal fees (agreed by the Investment Manager), courier fees, telecommunications and expenses.

For Impax Environmental Markets (Ireland) Fund, Administration and Transfer Agent fees charged for the year ended 31 December 2010 amounted to GBP 130,880 (31 December 2009: GBP 121,678). Administration and Transfer Agent fees payable at 31 December 2010 amounted to GBP 14,082 (31 December 2009: GBP 13,009).

For Impax Asian Environmental Markets (Ireland) Fund, Administration and Transfer Agent fees charged for the year ended 31 December 2010 amounted to GBP 6,534. Administration and Transfer Agent fees payable at 31 December 2010 amounted to GBP 3,634.

Custodian Fees

The Custodian shall be entitled to receive an annual custodian fee payable by the Sub-Funds of an amount not exceeding 0.25% of the Net Asset Value of the Sub-Funds. This amount includes sub-custodian fees. Such fee shall be subject to an annual minimum fee of €15,000 (plus VAT, if any) for each Sub-Fund as a whole. In addition, the Custodian shall be entitled to the payment of certain charges (at normal commercial rates) based on transactions undertaken by the Company. Such fees shall accrue daily and be payable monthly in arrears. The Custodian has confirmed to the Company that the custody and handling charges of the sub-custodians will not exceed normal commercial rates. The Custodian shall also be entitled to be reimbursed for reasonable out-of-pocket expenses properly incurred by it including telephone and fax charges, stamp duties and registration fees.

For Impax Environmental Markets (Ireland) Fund, Custodian fees charged for the year ended 31 December 2010 amounted to GBP 107,792 (31 December 2009: GBP 76,737). Custodian fees payable at 31 December 2010 amounted to GBP 15,992 (31 December 2009: GBP 12,733).

For Impax Asian Environmental Markets (Ireland) Fund, Custodian fees charged for the year ended 31 December 2010 amounted to GBP 23,543. Custodian fees payable at 31 December 2010 amounted to GBP 2,136.

Directors' Fees

The Directors shall be entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors, so that the aggregate amount of Directors' remuneration in any one year shall not exceed €80,000.

For Impax Environmental Markets (Ireland) Fund, Directors' fees charged for the year ended 31 December 2010 amounted to GBP 79,326 (31 December 2009: GBP 53,401). Directors fees payable at 31 December 2010 amounted to GBP 34,254 (31 December 2009: GBP nil). Other Directors' costs in the year included a provision of support to Directors amounting to GBP 30,834 (31 December 2009: GBP 32,473) and Directors Insurance which amounted to GBP 10,301 (31 December 2009: GBP 10,659).

For Impax Asian Environmental Markets (Ireland) Fund, Directors' fees charged for the year ended 31 December 2010 amounted to GBP 674. Directors fees payable at 31 December 2010 amounted to GBP 628. Other Directors' costs in the period included a provision of support to Directors amounting to GBP 253 and Directors Insurance which amounted to GBP 101.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010****5. Fees (continued)****Auditors' Fees**

For Impax Environmental Markets (Ireland) Fund, Auditors' Fees charged for the year ended 31 December 2010 amounted to GBP 30,963 (31 December 2009: GBP 27,020). Auditors' Fees payable at 31 December 2010 amounted to GBP 13,682 (31 December 2009: GBP 16,407).

For Impax Asian Environmental Markets (Ireland) Fund, Auditors' Fees charged for the year ended 31 December 2010 amounted to GBP 287. Auditors' Fees payable at 31 December 2010 amounted to GBP 287.

6. Cash at Bank

The cash held with RBC Dexia Investor Services Bank S.A., as at 31 December 2010 represented 2.20% (31 December 2009: 3.24%) of the Net Assets attributable to redeemable participating shareholders for Impax Environmental Markets (Ireland) Fund and represented 1.39% of the Net Assets attributable to redeemable participating shareholders for Impax Asian Environmental Markets (Ireland) Fund.

7. Soft Commissions

There were no soft commission arrangements in place during the year (none existed at 31 December 2009).

8. Currency and Exchanges Rates

Currencies or values in currencies other than in the designated currency of the Company (GBP) will be translated or converted into the said designated currency at the closing rates of exchange at each year end. Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction gains and losses are included in realised and unrealised gains and losses on investments if relating to investments and in realised gains or losses on foreign exchange for all other foreign currency gains or losses.

The rates of exchange as at 31 December 2010 were:

AUD	1.527389	DKK	8.696944	JPY	126.982003	SEK	10.525661
CAD	1.555707	EUR	1.167046	KRW	1777.128263	TWD	45.648434
CHF	1.459343	HKD	12.170787	NOK	9.100341	USD	1.565650

The rates of exchange as at 31 December 2009 were:

AUD	1.795575	DKK	8.374996	JPY	150.334397	SEK	11.530195
CAD	1.692928	EUR	1.125527	KRW	1,879.918510	TWD	51.650408
CHF	1.669351	HKD	12.521614	NOK	9.328677	USD	1.614850

9. Risk Associated with Financial Instruments

Investment in equities, bonds and derivatives exposes the Sub-Funds to varying risks, including market, credit, foreign currency, portfolio management, liquidity and interest rate risks. A description of the specific risks and the policies for managing these risks are included below. All financial instruments are held at fair value. Fair value is determined in accordance with the accounting policies in Note 2 of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

9. Risk Associated with Financial Instruments (continued)

To the extent permitted by the investment objectives, restrictions and policies set forth in the Company's Prospectus, the Sub-Funds may also participate in various derivative-based transactions. Derivative securities are instruments or agreements whose value is derived from an underlying security or index. These may include options, futures, swaps and forwards. These instruments offer unique characteristics and risks that assist the Sub-Funds in meeting investment strategies. Depending on how the derivatives are structured and utilised, the risks associated with them may vary widely.

The Company Directors meet at least four times per annum, during which they are updated on the Sub-Funds' performance by the Investment Manager. The Investment Manager's quarterly report includes attribution analysis.

Under the business plan the Investment Manager also submits a monthly report to KB Associates, a firm which provides a range of advisory and project management services for UCITS funds.

9.1 Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The potential market risks are (i) currency risk, (ii) interest rate risk, and (iii) other price risk. Each is considered in turn below.

(i) Currency Risk

The Sub-Funds invest in global equity markets and therefore are exposed to currency risks as it affects the value of the shares in the base currency. These currency exposures are not hedged.

The income and capital value of the Sub-Funds' investments can be significantly affected by currency translation movements as the majority of the Sub-Funds' assets and income are denominated in currencies other than GBP which is the Sub-Funds' functional currency. There is one principle area where foreign currency risk could impact the Sub-Funds which is potential movements in rates that could affect the value of investments.

The Sub-Funds may employ techniques and instruments intended to provide protection against exchange rate risks in the context of the management of its assets and liabilities, for instance where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. When the Sub-Funds enter into such a transaction which will involve the buying or selling of foreign currency in order to complete, a forward contract may be entered into at the same time as the initial transaction in order to eliminate exchange rate risk.

The Sub-Funds may enter into forward foreign currency exchange contracts to hedge the foreign exchange risk implicit in the value of portfolio securities denominated in a foreign currency.

There were no forward foreign currency exchange contracts as at 31 December 2010 (none existed at 31 December 2009).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010

9. Risk Associated with Financial Instruments (continued)

9.1 Market Risks (continued)

(i) Currency Risk (continued)

Currency Exposures

The following is an analysis of the net amount of foreign currency monetary assets and liabilities held by the Sub-Funds at the balance sheet date:

Impax Environmental Markets (Ireland) Fund

Currency	Investments 31 December 2010	Net Monetary Assets 31 December 2010	Total Currency Exposure 31 December 2010
	GBP	GBP	GBP
AUD	4,353,124	-	4,353,124
CAD	9,649,631	9,221	9,658,852
CHF	6,306,828	96	6,306,924
DKK	4,944,148	-	4,944,148
EUR	34,901,130	544,492	35,445,622
HKD	13,761,770	(149,546)	13,612,224
JPY	11,817,006	-	11,817,006
KRW	2,135,472	-	2,135,472
NOK	2,394,323	-	2,394,323
SEK	5,985,275	7	5,985,282
TWD	4,120,428	330,396	4,450,824
USD	91,304,675	380,838	91,685,513
	191,673,810	1,115,504	192,789,314

Impax Asian Environmental Markets (Ireland) Fund

Currency	Investments 31 December 2010	Net Monetary Assets 31 December 2010	Total Currency Exposure 31 December 2010
	GBP	GBP	GBP
AUD	249,690	-	249,690
CHF	-	3	3
EUR	-	380	380
HKD	2,025,307	(1)	2,025,306
JPY	897,559	382	897,941
KRW	409,954	-	409,954
PHP	251,230	-	251,230
SGD	301,822	1,895	303,717
THB	296,496	-	296,496
TWD	510,281	30,250	540,531
USD	746,777	(17,237)	729,540
	5,689,116	15,672	5,704,788

The following is an analysis of the net amount of foreign currency monetary assets and liabilities held by the Impax Environmental Markets (Ireland) Fund at 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010

9. Risk Associated with Financial Instruments (continued)

9.1 Market Risks (continued)

(i) Currency Risk (continued)

Impax Environmental Markets (Ireland) Fund

Currency	Investments 31 December 2009	Net Monetary Assets 31 December 2009	Total Currency Exposure 31 December 2009
	GBP	GBP	GBP
AUD	6,518,027	5	6,518,032
CAD	7,737,279	63,214	7,800,493
CHF	3,506,059	-	3,506,059
DKK	6,760,431	-	6,760,431
EUR	36,128,594	(68,940)	36,059,654
HKD	11,969,522	(8)	11,969,514
JPY	7,726,597	10,350	7,736,947
KRW	3,620,397	-	3,620,397
NOK	2,096,080	-	2,096,080
SEK	3,673,645	-	3,673,645
TWD	3,337,307	2,691	3,339,998
USD	77,120,510	(56,552)	77,063,958
	170,194,448	(49,240)	170,145,208

(ii) Interest Rate Risk

The majority of the Sub-Funds' financial assets are equity shares and other instruments which neither pay interest nor have a maturity date but the Sub-Funds will from time to time hold interest bearing assets. These assets are largely cash balances that earn interest at a floating rate (See Note 6).

Impax Environmental Markets (Ireland) Fund will also from time to time hold interest bearing assets in private companies as part of structured investments in such companies. The interest in these instruments is rolled up and the resulting capital plus interest is convertible into equity instruments.

(iii) Other Price Risk

The principal price risk for the Sub-Funds is the price volatility of shares that are owned by the Sub-Funds.

The Impax Environmental Markets (Ireland) Fund is well diversified across different sub-sectors and geographies and therefore has a volatility level similar to global stock market indices such as the MSCI World Index to which the Sub-Fund has an expected tracking error of 9.5 per cent as at 31 December 2010 (31 December 2009: 11.1 per cent). The historic 3-year volatility of the Sub-Fund to 31 December 2010 is 25.7 per cent (31 December 2009: 24.7 per cent).

The geographic and economic division of investments as at 31 December 2010 and 31 December 2009 are detailed on pages 21 and 22.

The Impax Asian Environmental Markets (Ireland) Fund has an Asia Pacific focus and therefore has a volatility level similar to the MSCI AC Asia Pacific ex Japan Index to which the Sub-Fund has an expected tracking error of 7.2 per cent as at 31 December 2010.

The geographic and economic division of investments as at 31 December 2010 are detailed on pages 28 and 29.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

9. Risk Associated with Financial Instruments (continued)

9.2 Overall Sensitivity

The Manager has used the value at risk ("VaR") methodology in UBS PAS (a proprietary investment banking model using Historical Simulations) to estimate the maximum expected loss from the portfolio held at 31 December 2010 over 1 day, 5 day, 10 day and 21 day time periods given the historical performance of the portfolio over the previous five years. The data in the previous five years is analysed under discrete periods to provide 1 in 10, 1 in 20 and 1 in 100 possible outcomes (90 per cent, 95 per cent and 99 per cent confidence levels). As an historical simulation, the VaR makes no assumption about the underlying distribution of returns.

The results of the analysis are shown below.

VAR: Expected Loss as percentage at limit

Impax Environmental Markets (Ireland) Fund

	31 December 2010			31 December 2009		
	1 in 10 (90%)	1 in 20 (95%)	1 in 100 (99%)	1 in 10 (90%)	1 in 20 (95%)	1 in 100 (99%)
1 day return	-1.26	-1.99	-3.48	-1.24	-1.95	-3.94
5 day return	-3.45	-4.87	-8.07	-3.06	-4.45	-8.40
10 day return	-4.87	-7.14	-12.33	-4.34	-6.91	-12.39
21 day return	-6.43	-9.46	-23.51	-5.85	-9.49	-23.93

Impax Asian Environmental Markets (Ireland) Fund

	31 December 2010			31 December 2009		
	1 in 10 (90%)	1 in 20 (95%)	1 in 100 (99%)	1 in 10 (90%)	1 in 20 (95%)	1 in 100 (99%)
1 day return	-1.52	-2.22	-4.08	-	-	-
5 day return	-3.40	-5.12	-9.32	-	-	-
10 day return	-5.02	-7.54	-13.99	-	-	-
21 day return	-7.13	-10.76	-21.95	-	-	-

Using the VAR analysis for Impax Asian Environmental Markets (Ireland) Fund as a reference, the use of 1 in 100 possible outcomes (a 99 per cent confidence level) means that, within a one day horizon, losses exceeding the VaR figure (-4.08 per cent) should occur, on average, not more than once every 100 days.

The use of VaR has limitations because it is a 'point-in-time' calculation, reflecting positions at 31 December 2010, which do not necessarily reflect the risk positions held at any other time. VaR is a statistical estimation and therefore it is possible that there could be, in any period, a greater number of days in which losses could exceed the calculated VaR than implied by the 1 in 10, 1 in 20 and 1 in 100 possible outcomes. In addition the losses on those days might be substantially greater than the calculated VaR. The VAR model is based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

9. Risk Associated with Financial Instruments (continued)

9.3 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The mandate of the Sub-Funds is to invest in global equities and, as such, the Sub-Funds do not expect to take significant credit risk. In certain situations, particularly as part of a wider investment package, it is possible that the Sub-Funds may hold credit instruments. As explained under Interest Rate Risk, the Impax Environmental Markets (Ireland) Fund may hold interest bearing instruments in private companies but treats interest only on a cash received basis. Whilst these instruments are, in most cases, secured on assets the risk of counter party default is similar to normal private company equity risk.

The Sub-Funds invest in Participatory Notes in order to gain economic exposure to shares and securities in the Indian and Chinese “A” stockmarkets. Participatory Notes are equity-linked notes issued by a third party broker, typically with a three-year duration and denominated in US Dollars, providing long-only exposure to underlying securities and being cleared through Euroclear and marked to market on a daily basis. As a result, the Sub-Funds will be exposed to risk of loss in the event of default or insolvency of any issuer of the Participatory Notes.

The cash held with the Sub-Funds' custodian, RBC Dexia Investor Services Bank S.A., Dublin Branch (the “Custodian”), as at 31 December 2010 represented 2.20 per cent (31 December 2009: 3.24 per cent) of the Net Assets attributable to redeemable participating shareholders for the Impax Environmental Markets (Ireland) Fund. As at 31 December 2010 cash held with the custodian represented 1.39 per cent of the Net Assets attributable to redeemable participating shareholders for the Impax Asian Environmental Markets (Ireland) Fund.

Credit risk arising on transactions with brokers may also relate to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be low as trading is almost always done on a delivery versus payment basis.

Substantially all of the assets of the Sub-Funds are held by the Custodian. Bankruptcy or insolvency of the Custodian may cause the Sub-Funds' rights with respect to securities and cash held by the Custodian to be delayed or limited. The Custodian is a joint venture equally owned by Royal Bank of Canada and Dexia. The credit rating for RBC Dexia Investor Services Bank at 31 December 2010 is AA-/ Stable/A-1+ (31 December 2009: AA-/Stable/A-1+).

9.4 Portfolio Management Risk

The Sub-Funds may also enter into futures and options contracts for efficient portfolio management purposes. Due to the nature of futures, cash to meet initial and future margin deposits may be held by a broker with whom the Sub-Funds have an open position. On execution of the option the Sub-Funds may pay a premium to a counterparty. In the event of bankruptcy of the counterparty the option premium may be lost in addition to any unrealised gains where the contract is “in the money”.

The Sub-Funds have not entered into any such contracts to date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2010

9. Risk Associated with Financial Instruments (continued)

9.5 Liquidity Risk

Liquidity risk is the risk that the Sub-Funds may not be able to settle or meet its obligations on time or at a reasonable price. The Sub-Funds invest in a range of global and Asian equities with different market capitalisations and liquidities and therefore need to be conscious of liquidity risk. The Investment Manager monitors the liquidity risk by carrying out a "Maturity Analysis" of the Sub-Funds listed equities based on the 20 Day Average Liquidities of each investment and assuming one third (33.3 per cent) of the daily traded volume.

As shown in the quantitative analysis below, on 31 December 2010, only 12 per cent (31 December 2009: 13 per cent) of the portfolio is held in positions which may have taken more than one month to be realised.

	31 December 2010					31 December 2009				
	Due on demand	Due within 1 month	Due between 2 - 12 months	Due between 1 - 5 years	Total	Due on demand	Due within 1 month	Due between 2 - 12 months	Due between 1 - 5 years	Total
IMPAX ENVIRONMENTAL MARKETS (IRELAND) FUND										
Assets										
Financial assets at fair value through profit or loss	-	191,399,349	16,430,395	9,557,047	217,386,791	-	176,529,489	15,664,796	11,184,162	203,378,447
Cash and cash equivalents	4,888,461	-	-	-	4,888,461	6,811,163	-	-	-	6,811,163
Receivable on sale of investments	-	32,649	-	-	32,649	-	182,561	-	-	182,561
Interest and dividends receivable, net	-	59,051	-	-	59,051	-	65,993	-	-	65,993
Receivable on subscriptions	989,979	-	-	-	989,979	455,231	-	-	-	455,231
Other receivables	-	13,366	-	-	13,366	-	29,798	-	-	29,798
Total Assets	5,878,440	191,504,415	16,430,395	9,557,047	223,370,297	7,266,394	176,807,841	15,664,796	11,184,162	210,923,193
Liabilities										
Payable on redemptions	196,225	-	-	-	196,225	100,517	-	-	-	100,517
Bank overdraft	26	-	-	-	26	8	-	-	-	8
Administration and transfer agency fees	-	14,082	-	-	14,082	-	13,009	-	-	13,009
Custodian fees	-	15,992	-	-	15,992	-	12,733	-	-	12,733
Investment management fees	-	276,218	-	-	276,218	-	530,936	-	-	530,936
Payable on purchases of investments	-	261,556	-	-	261,556	-	123,494	-	-	123,494
Other payables	-	82,364	-	-	82,364	-	57,036	-	-	57,036
Net assets attributable to holders of redeemable participating shares	-	222,523,834	-	-	222,523,834	-	210,085,460	-	-	210,085,460
Total Liabilities	196,251	223,174,046	-	-	223,370,297	100,525	210,822,668	-	-	210,923,193

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010

9. Risk Associated with Financial Instruments (continued)

9.5 Liquidity Risk (continued)

	31 December 2010					31 December 2009				
	Due on demand GBP	Due within 1 month GBP	Due between 2 - 12 months GBP	Due between 1 - 5 years GBP	Total GBP	Due on demand GBP	Due within 1 month GBP	Due between 2 - 12 months GBP	Due between 1 - 5 years GBP	Total GBP
IMPAX ASIAN ENVIRONMENTAL MARKETS (IRELAND) FUND										
Assets										
Financial assets at fair value through profit or loss	-	5,758,276	-	-	5,758,276	-	-	-	-	-
Cash and cash equivalents	80,638	-	-	-	80,638	-	-	-	-	-
Interest and dividends receivable, net	-	2,277	-	-	2,277	-	-	-	-	-
Other receivables	-	1,962	-	-	1,962	-	-	-	-	-
Total Assets	80,638	5,762,515	-	-	5,843,153	-	-	-	-	-
Liabilities										
Bank overdraft	1	-	-	-	1	-	-	-	-	-
Administration and transfer agency fees	-	3,634	-	-	3,634	-	-	-	-	-
Custodian fees	-	2,136	-	-	2,136	-	-	-	-	-
Investment management fees	-	6,998	-	-	6,998	-	-	-	-	-
Payable on purchases of investments	-	17,237	-	-	17,237	-	-	-	-	-
Other payables	-	11,990	-	-	11,990	-	-	-	-	-
Net assets attributable to holders of redeemable participating shares	-	5,801,157	-	-	5,801,157	-	-	-	-	-
Total Liabilities	1	5,843,152	-	-	5,843,153	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

9. Risk Associated with Financial Instruments (continued)

9.5 Liquidity Risk (continued)

Quantitative Disclosures

As described above, the Manager has carried out a maturity analysis of the Company at 31 December 2010 and the results for different time bands are reported as follows:

Impax Environmental Markets (Ireland) Fund

Percentage of portfolio that could be realised in one month 88 per cent (31 December 2009: 86.8 per cent)

Percentage of portfolio that could be realised in one year 95.6 per cent (31 December 2009: 94.5 per cent)

Percentage of portfolio that could be realised in five years 100 per cent (31 December 2009: 100 per cent)

Impax Asian Environmental Markets (Ireland) Fund

Percentage of portfolio that could be realised in one month 100 per cent

Percentage of portfolio that could be realised in one year 100 per cent

Percentage of portfolio that could be realised in five years 100 per cent

Impax Environmental Markets (Ireland) Fund may invest up to 10 per cent of its net assets into pre-IPO investments which are possible candidates for flotation. At 31 December 2010 the Sub-Fund held 6 (31 December 2009: 6) pre-IPO investments which represented 3.99 per cent (31 December 2009: 4.40 per cent) of the Net Assets attributable to redeemable participating shareholders.

The Directors may, in their absolute discretion, limit the number of shares that can be redeemed on any one Redemption Date to 10 per cent. of the Net Asset Value of the applicable Sub-Fund. In this event, the limitation will apply pro rata so that all shareholders wishing to have their shares redeemed on that Redemption Date redeem the same proportion of such shares, and shares not redeemed will be carried forward for redemption on the next Redemption Date and all following Redemption Dates (in relation to which the Company will carry out the same procedure as described herein) until the original request has been satisfied in full. If requests for redemption are so carried forward, the Administrator will inform the shareholders affected. Redemption requests carried forward will have priority over redemption requests received in respect of subsequent Redemption Dates.

Subject to the Regulations, the Directors may exercise all of the powers of the Company to borrow or raise money.

9.6 Financial Instruments: Disclosures

The Company adopted the amendments to FRS 29, "Financial Instruments: Disclosures", effective 1 January, 2009. FRS 29 establishes a fair value hierarchy for inputs used in measuring fair value that maximises the use of observable inputs and minimises the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect Company management's assumptions, made in good faith, about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorised into three levels based on the inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities;

Level 2 - Valuations based on inputs other than quoted prices included in Level 1 that are observable either directly (as prices) or indirectly (derived from prices) ; and

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010

9. Risk Associated with Financial Instruments (continued)

9.6 Financial Instruments: Disclosures (continued)

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Investment Manager. The Investment Manager considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Investment Manager's perceived risk of that instrument.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Investment Manager's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Investment Manager uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The following table presents information about the Sub-Funds' assets and liabilities measured at fair value on a recurring basis as of 31 December 2010 and 31 December 2009:

Impax Environmental Markets (Ireland) Fund

	Balance at 31 December 2010 GBP	Quoted prices in active markets (Level 1) GBP	Significant other observable inputs (Level 2) GBP	Significant unobservable inputs (Level 3) GBP
Assets and Liabilities				
Financial assets at fair value through profit or loss				
Listed equity securities held for trading	203,389,573	203,389,573	-	-
Private equities	8,542,436	-	-	8,542,436
Equity Linked Notes	5,080,675	-	5,080,675	-
Bonds	374,107	-	-	374,107
	217,386,791	203,389,573	5,080,675	8,916,543

	Balance at 31 December 2009 GBP	Quoted prices in active markets (Level 1) GBP	Significant other observable inputs (Level 2) GBP	Significant unobservable inputs (Level 3) GBP
Assets and Liabilities				
Financial assets at fair value through profit or loss				
Listed equity securities held for trading	193,736,550	193,736,550	-	-
Private equities	9,287,791	-	-	9,287,791
Bonds	354,106	-	-	354,106
Total financial assets at fair value through profit or loss	203,378,447	193,736,550	-	9,641,897

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

9. Risk Associated with Financial Instruments (continued)

9.6 Financial Instruments: Disclosures (continued)

Impax Asian Environmental Markets (Ireland) Fund

Assets and Liabilities	Balance at 31 December 2010 GBP	Quoted prices in active markets (Level 1) GBP	Significant other observable inputs (Level 2) GBP	Significant unobservable inputs (Level 3) GBP
Financial assets at fair value through profit or loss				
Listed equity securities held for trading	5,249,629	5,249,629	-	-
Equity Linked Notes	508,647	-	508,647	-
	5,758,276	5,249,629	508,647	-

Valuation Techniques

When fair values of listed equities at the reporting date are based on quoted market prices or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs, the instruments are included within level 1 of the hierarchy. When the Company has assets and liabilities with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the off-setting risk positions and applies the bid or ask price to the net open position as appropriate.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Instruments included in level 3 include those for which there is currently no active market (namely, investments in private equities, debt securities and warrants). In valuing such instruments the Company uses a valuation model which is accepted in the industry. Some of the inputs to that model may not be market observable and are therefore estimated based on assumptions. The model is calibrated to the relevant index. However, significant adjustments may be required in order to reflect differences between the characteristics of the index and the instruments to be valued.

Non quoted investments are valued in good faith by the Investment Manager based on estimates of Fair Value at 31 December 2010. At 31 December 2010, all of the level 3 securities were valued based on the most recent transactions in the shares of the underlying company concerned and comparable market transactions. The Investment Manager keeps these securities under constant review. If a transaction is carried out at a price that is not at arm's length then the Investment Manager would consider whether to override that price (upwards or downwards) to get a more reasonable valuation. In most cases, the valuation will start with cost and be adjusted up or down based on subsequent transactions in the same security. During the year ended 31 December 2010, most of the Company's level 3 securities have had multiple transactions.

Given the uncertainties inherent in estimating Fair Value, actual amounts may be different from the estimates used and the differences may be material. There were no changes to the methodology used by the Sub-Funds in valuing the unquoted assets during the period. Valuation assumptions reflect conditions applying at the balance sheet date.

There were no transfers between levels during the year ended 31 December 2010.

The following table presents the movement in level 3 instruments for the year ended 31 December 2010 by class of financial instrument.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

9. Risk Associated with Financial Instruments (continued)

9.6 Financial Instruments: Disclosures (continued)

Impax Environmental Markets (Ireland) Fund

	Total	Unquoted equities at fair value through profit or loss	Unquoted warrants at fair value through profit or loss	Unquoted bonds at fair value through profit or loss
	31 December	31 December	31 December	31 December
	2010	2010	2010	2010
	GBP	GBP	GBP	GBP
Opening Balance	9,641,897	9,287,791	-	354,106
Total gains and losses recognised in profit or loss	(973,272)	(1,002,742)	-	29,470
Purchases	7,022,368	6,795,204	-	227,164
Sales	(6,774,450)	(6,537,817)	-	(236,633)
Transfers into or out of level 3	-	-	-	-
Closing balance	8,916,543	8,542,436	-	374,107
Total gains and losses for the period included in profit or loss for assets held at the end of the year	(973,272)	(1,284,159)	-	29,470

	Total	Unquoted equities at fair value through profit or loss	Unquoted warrants at fair value through profit or loss	Unquoted bonds at fair value through profit or loss
	31 December	31 December	31 December	31 December
	2009	2009	2009	2009
	GBP	GBP	GBP	GBP
Opening Balance	9,747,200	9,119,094	-	628,106
Total gains and losses recognised in profit or loss	(1,808,773)	(1,608,417)	-	(200,356)
Purchases	2,486,084	2,131,978	-	354,106
Sales	(782,614)	(354,864)	-	(427,750)
Transfers into or out of level 3	-	-	-	-
Closing balance	9,641,897	9,287,791	-	354,106
Total gains and losses for the period included in profit or loss for assets held at the end of the year	(1,678,326)	(1,608,326)	-	(70,000)

10. Share Capital and Redeemable Participating Shares

The Company was incorporated in Ireland as a Public Limited Company on 15 November 2004 with registered number 393658 under the Companies Acts, 1963 to 2009. It has an authorised share capital of 100,000,300,000 divided into 100,000,000,000 Participating Shares of no par value and 300,000 subscriber Shares of €1.00 each. As only Participating Shares can represent an interest in the Company, the Subscriber Shares have no entitlement or interest in the Company. As the Subscriber Shares do not form part of the Net Asset Value of the Company, they are thus disclosed in the financial statements by way of this note only. The rights attaching to the participating shares are as follows:

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

10. Share Capital and Redeemable Participating Shares (continued)

Redeemable Participating shares

The net assets attributable to holders of redeemable participating shares are at all times equal to the net asset value of the Company. The participating shares are in substance a liability of the Company to shareholders under FRS 25 as they can be redeemed at the option of the shareholder.

Participating shares may be redeemed on each dealing date or such other date or dates as the board of Directors shall from time to time determine (Valuation Day) at the net asset value per share based on mid-market prices. The dealing date means every Business Day. The shareholder must request such redemption at least one business day prior to the dealing date or such other day as the Directors may determine.

Participating Shares carry no right to receive notice of, attend or vote at any general meeting of the Company. The holders are entitled to receive all dividends declared and paid by the Company. Upon winding up, the holders are entitled to a return of capital based on the net asset value per share of the Company.

11. Contingent Liabilities

There were no contingent liabilities at the year end (none existed at 31 December 2009).

12. Significant Events during the Year

A new sub-fund of the Company (Impax Asian Environmental Markets (Ireland) Fund) was approved by the Central Bank of Ireland and launched on 30 April 2010.

The main prospectus was updated to reflect (i) a general update to the Irish taxation section, (ii) revisions to the information disclosed in respect of the investment manager, the administrator and the custodian, (iii) an increase in the director fees cap, (iv) update of the UK tax section and the Company's intention to be treated as a "reporting fund" for the purposes of the UK Offshore Funds Tax Regulations 2009.

The supplement for the initial sub-fund of the Company (Impax Environmental Markets (Ireland) Fund) was updated to reflect (i) the ability of the sub-fund to invest in warrants, (ii) revisions/updates to the description of the sub-fund's investment strategy, (iii) change to the sub-fund's distribution policy in light of the proposed change to "reporting fund" status, (iv) updates to the administration/custody fee disclosures.

13. Related Party Transactions

FRS 8 'Related Party Transactions' requires the disclosure of information relating to material transactions with parties, who are deemed to be related to the reporting entity. The Investment Manager is a wholly owned subsidiary of Impax Asset Management Group Plc. Fees of GBP 2,325,339 (31 December 2009: GBP 1,801,082) were charged by the Investment Manager during the year and fees of GBP 283,216 as at 31 December 2010 (31 December 2009: GBP 530,936) were payable at the year end. Mike Kirby, director, is considered to be a related party by virtue of him being the Managing Principal at KB Associates who supply ongoing consultancy services to the Company. Fees of GBP 31,087 (31 December 2009: GBP 32,473) were charged by KB Associates during the year and fees of GBP 2,220 as at 31 December 2010 (31 December 2009: GBP 2,781) were payable at the year end. The Directors are considered to be related parties. Directors fees of GBP 92,072 (31 December 2009: GBP 53,401) were charged by the Directors during the year and fees of GBP 34,882 as at 31 December 2010 (31 December 2009: GBP nil) were payable at the year end.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

14. Statement of Net Assets for Prior Periods

Impax Environmental Markets (Ireland) Fund

	31 December 2010	31 December 2009	31 December 2008
	GBP	GBP	GBP
Net Assets	222,523,834	210,085,460	177,012,504
Net Asset Value per Share Euro 'A' Shares	1.339	1.200	0.931
Net Asset Value per Share Sterling 'A' Shares	1.953	1.751	1.355
Net Asset Value per Share US Dollar 'A' Shares	1.022	0.916	0.709
Net Asset Value per Share Euro 'B' Shares	1.056	0.952	0.743
Net Asset Value per Share Sterling 'B' Shares	1.896	1.708	1.328
Net Asset Value per Share US Dollar 'B' Shares	0.912	0.821	0.640

Impax Asian Environmental Markets (Ireland) Fund

	31 December 2010	31 December 2009	31 December 2008
	GBP	GBP	GBP
Net Assets	5,801,157	-	-
Net Asset Value per Share Euro 'A' Shares	0.898	-	-
Net Asset Value per Share Sterling 'A' Shares	1.100	-	-
Net Asset Value per Share US Dollar 'A' Shares	0.805	-	-
Net Asset Value per Share Sterling 'B' Shares	1.097	-	-

15. Net Asset Value

The difference in Net Asset Value between the published Net Asset Value and the reported Net Asset Value is attributable to the FRS26 requirement for financial assets to be valued at bid. This has been applied for financial statements purposes and results in a difference to the dealing NAV as at 31 December 2010 and 31 December 2009.

Impax Environmental Markets (Ireland) Fund

	31 December 2010	31 December 2009
	GBP	GBP
Total Net Asset Value for financial statement purposes	222,523,834	210,085,460
Add: FRS 26 valuation adjustment	773,629	656,017
Total Net Asset Value for shareholder dealing	<u>223,297,463</u>	<u>210,741,477</u>

Impax Asian Environmental Markets (Ireland) Fund

	31 December 2010	31 December 2009
	GBP	GBP
Total Net Asset Value for financial statement purposes	5,801,157	-
Add: FRS 26 valuation adjustment	15,439	-
Total Net Asset Value for shareholder dealing	<u>5,816,596</u>	<u>-</u>

16. Distributions

Dividends are accounted for when they are declared and payable. There were no dividends for the year ended 31 December 2010. For the period ended 31 December 2009 dividends of £53,045 were declared on Sterling 'A' Shares and dividends of £75,101 were declared on Euro 'A' Shares as at 29 June 2009. The rate of distribution was 0.07 for Sterling 'A' Shares and 0.29 for Euro 'A' Shares. This is treated as a finance cost in the Profit and Loss Account.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010

17. Events Since Year End

Since the year end, the following significant subscription/redemption activity took place with the Sub-Funds:

Inflows of £26,861,870 and outflows of £23,768,637 to/from the Impax Environmental Markets (Ireland) Fund. Inflows of £660,370 and outflows of £385,092 to/from the Impax Asian Environmental Markets (Ireland) Fund.

18. Date of Approval

The financial statements were approved by the Directors on 20 April 2011.

Impax Funds (Ireland) PLC

Appendix 1

Turnover

The annualised turnover ratio is listed in the table below.

The turnover is the purchases and sales of investments net of share dealings expressed as a percentage of the weekly average NAV of the Company.

Sub-Fund	Turnover Ratio Year ended 31 December 2010 %	Turnover Ratio Year ended 31 December 2009 %
Impax Environmental Markets (Ireland) Fund	(17.575760)	(5.742654)
Impax Asian Environmental Markets (Ireland) Fund	56.462025	-

Total Expense Ratio

The total expense ratios for the year are set out in the table below.

The total expense ratio calculation includes all annual operating costs and excludes bank interest, FX, dealing costs and performance fees.

The total expense ratios are not required to be included in this Report by Central Bank of Ireland or the Irish Stock Exchange.

	Total Expense Ratio Year Ended 31 December 2010 %	Total Expense Ratio Year Ended 31 December 2009 %
Impax Environmental Market (Ireland) Fund		
Euro 'A' Shares	1.23	1.27
Sterling 'A' Shares	1.23	1.27
US Dollar 'A' Shares	1.23	1.27
Euro 'B' Shares	1.74	2.26
Sterling 'B' Shares	1.74	1.78
US Dollar 'B' Shares	1.74	1.94
Impax Asian Environmental Market (Ireland) Fund		
Euro 'A' Shares	2.68	-
Sterling 'A' Shares	2.69	-
US Dollar 'A' Shares	2.69	-
Euro 'B' Shares	-	-
Sterling 'B' Shares	3.19	-
US Dollar 'B' Shares	-	-

Additional Information

The following documents can be obtained free of charge from the Administrator:

- The Company's Prospectus
- Simplified Prospectus
- Instrument of Incorporation
- Annual and Semi-annual financial statements