



## PEAR TREE POLARIS FOREIGN VALUE FUND

**FOR THE QUARTER ENDED MARCH 31, 2017** the Pear Tree Polaris Foreign Value Fund's Ordinary Shares (the "Fund") outperformed its benchmark, the MSCI EAFE Index (the "Index"). During that period, the Fund had a return of 7.52% at net asset value compared to 7.39% for the Index.

### Market Conditions and Investment Strategies

We are pleased with the Fund's outperformance for the quarter, with more than 80% of portfolio holdings contributing positively. Samsung Electronics had double-digit gains, after reporting strong quarterly results backed by rising prices and volumes for semiconductor chips and TV displays. Management anticipated accelerated sales in the mobile phone business upon the launch of the Galaxy S8. Japanese brewery and soft drink company, Asahi Group Holdings, rose nearly 20% after beating fourth quarter earnings expectations and announcing plans to expand its overseas business. Asahi also signaled its intention to sell its \$1 billion stake in China's Tsingtao, as the asset had proven to be a disappointment.

British homebuilders, Taylor Wimpey, Persimmon and Barratt Developments were in positive territory. Steady demand, mortgage availability and affordability, along with the U.K. government's help-to-buy scheme, may continue to support growth in this industry. Better-than-expected economic developments in Asia and China helped stabilize prices in the materials sector, benefiting Showa Denko, Imerys and Methanex. Diversified Japanese chemical producer, Showa Denko, released improved forecasts in all of its divisions due to a waning Yen currency, better ethylene spreads and higher shipments of hard drives. Cloud storage demand has begun to compensate for softness in PC hard disk drive sales. The stock price of global concession and construction firm, VINCI, increased more than 15%, due to successes in its two main business lines: airport concessions in Portugal and Japan and toll road ownership in France.

British and Asian centered bank, Standard Chartered, secured double-digit returns after completing operational efficiencies, cleaning its balance sheet and investing for growth. The bank also signed an agreement with Allianz to distribute insurance products through its Asian outlets. In the Energy sector, WorleyParsons was up after it received a tendered bid by Dubai-based engineering firm, Dar Group. Thai Oil's quarterly earnings topped analyst expectations, as the oil refiner capitalized on supply-demand constraints to exact greater product sales and volumes.

Detractors included gaming/lottery firm, International Game Technology, which declined after releasing decent full year earnings, but revising 2017 guidance lower, citing modest single-digit sales and a sizeable debt load. Teva Pharmaceutical trimmed its 2017 profit forecast amid an unanticipated slowdown in its introduction of generic medicines. Teva also lost a ruling that invalidated four patents on its multiple sclerosis drug. Finnish building construction company, YIT, dropped on slower sales in the Russian housing market. YIT has scaled back the business and reduced capital in Russia.

### Portfolio Changes

The Fund did not execute any new buys or sells during the quarter.

### Outlook

Global economic conditions appear to be improving, as China's economy stabilizes, and emerging markets and developed Europe recover. Demand trends are promising, and many businesses are revising guidance upwards for 2017. Headwinds still exist due to a tepid European economy potentially impacted by several crucial elections on the horizon. In this environment, our screens have identified attractive companies, especially in Asia. Fundamental on-the-ground research continues as we expect to add new holdings in the months ahead. ❖

## TOTAL EXPENSE RATIOS\*

	Gross Expense Ratio*	Net Expense Ratio*
Ordinary Shares	1.53%	1.43%
Institutional Shares	1.28%	1.06%
R6 Shares	1.13%	1.03%

\* Per Prospectus dated February 6, 2017. Reflects all fee waivers currently in effect. Fee waivers may not be amended, rescinded or terminated before July 31, 2018 without the consent of the Fund's Trustees.

## A WORD ABOUT RISK

Investing in foreign markets, particularly emerging markets, can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market or economic developments and can perform differently than the U.S. market. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than diversified funds. As a result, a decline in the value of the securities of one issuer could have a significant negative effect on the Fund. The Fund may have significant investments in one or more specific industry sectors, subjecting it to risks greater than general market risk. For example, adverse news from just one or two companies in a particular industry can hurt the prices of all stocks in that industry.

### Investment Products

■ Not FDIC insured ■ May lose value ■ No bank guarantee

## PEAR TREE POLARIS FOREIGN VALUE FUND PORTFOLIO HIGHLIGHTS

as of March 31, 2017 (The portfolio is actively managed. Holdings and weightings are subject to change daily.)

### Top Ten Holdings

Percentage of total net assets	25.1%
Taylor Wimpey plc	2.7%
Samsung Electronics Company Limited	2.6%
Persimmon plc	2.6%
Barratt Developments plc	2.5%
Siam Commercial Bank PCL	2.5%
Imerys SA	2.5%
Showa Denko K.K.	2.5%
Christian Dior S.E.	2.4%
Bellway plc	2.4%
Michelin (CGDE)	2.4%

The companies mentioned in the commentary on page one have the following percentage of total net assets as of 03/31/2017:

Vinci S.A.	2.4%
Asahi Group Holdings Limited	2.3%
Standard Chartered plc	2.3%
Thai Oil PCL	2.3%
Methanex Corporation	2.2%
International Game Technology plc	1.8%
WorleyParsons Limited	1.7%
Teva Pharmaceuticals SP	1.2%
Yit OYJ	0.6%

## PERFORMANCE

as of March 31, 2017

### Average Annual Total Returns at Net Asset Value

	Unannualized		Annualized						Since Inception	Inception Date
	Q1	Calendar YTD	1-Year	3-Year	5-Year	10-Year	15-Year			
Ordinary Shares	7.52%	7.52%	13.59%	0.87%	8.11%	1.99%	8.13%	6.45%	05/15/98	
Institutional Shares	7.55%	7.55%	13.82%	1.11%	8.38%	2.21%	8.38%	7.90%	12/18/98	
R6 Shares								3.40%	02/06/17	
MSCI EAFE <sup>1</sup>	7.39%	7.39%	12.25%	0.96%	6.32%	1.53%	6.21%	4.37%		

<sup>1</sup>The Morgan Stanley Capital International Europe, Australasia, and Far East ("MSCI EAFE") Index is an unmanaged index comprised of stocks in countries other than the United States. It is widely recognized as representative of the general market for developed foreign markets. Index returns assume the reinvestment of dividends and, unlike Fund returns, do not reflect any fees or expenses. You cannot invest directly in an Index. For comparative performance purposes, the beginning date for the Index is 05/29/98.

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, visit the Fund's website at [www.peartreefunds.com](http://www.peartreefunds.com).