



PEAR TREE POLARIS SMALL CAP FUND

FOR THE QUARTER ENDED MARCH 31, 2017 the Pear Tree Polaris Small Cap Fund's Ordinary Shares (the "Fund") underperformed its benchmark, the Russell 2000 Index (the "Index"). During the period, the Fund had a return of 1.11% at net asset value compared to 2.47% for the Index.

Market Conditions and Investment Strategies

Home furnishings company, Restoration Hardware, gained more than 50% this quarter, after the company offered optimistic guidance for 2017. Management projected 10% revenue growth, improvement in margins and increased free cash flows, all of which seemingly signaled the end of problems that plagued 2016. Movie theater groups, Cinemark Holdings and Regal Entertainment Group, performed well in a year with comparatively fewer blockbuster hits. Each reported modest increases in admissions, but substantially higher organic growth based on greater concessions and value-added services. Motorcar Parts of America delivered record quarterly results, with revenues up 20% on the back of new aftermarket product sales. The Fund's fourth quarter 2016 investment in VWR International proved timely, as the lab products distributor rose more than 10% this quarter after posting solid earnings.

Air Lease Corp., the largest airplane leasing company in the world, was up 13%, attributable to a healthy backlog as airlines increased capacity. Strong performance from Air Lease couldn't offset losses elsewhere in the industrials sector. The entire trucking industry, including Fund holding Swift Transportation, faced headwinds with reports of modest volumes, competitive pricing and a shortage of truck drivers.

IT companies, Bel Fuse Inc. and Cardtronics Plc, were among the top performers of 2016. This quarter they relinquished some of their heady gains. Bel Fuse released results indicating struggles in its power solutions division, acquired from Power-One in 2014. Bel Fuse suffered customer attrition during the integration, and although the situation has now stabilized, the company has yet to recapture customers. Non-bank ATM operator, Cardtronics, reported fourth quarter 2016 results that beat analyst estimates. However, the stock declined due to the company's earnings guidance, which was lowered slightly due to the non-renewal of its 7-Eleven contract. However, Cardtronics expects increased revenues in 2017, with the addition of the DC Payments business.

U.S. bank valuations rose to untenable levels in late 2016, based on the premise of lighter federal regulations and lower taxes under the new Administration. The pace of regulatory change was more protracted than markets anticipated; therefore, many of the Fund's bank holdings, including International Bancshares, Brookline Bancorp and Bryn Mawr Bank, returned to normalized levels this quarter.

Portfolio Changes

We sold IT software outsourcing company, Luxoft Holding Inc., to make space for more attractively valued purchases. Computer Programs & Systems, Inc., a healthcare IT company specializing in electronic record management services for rural hospitals, was added to the portfolio. The company has a strong track record, healthy reported pipeline and increasing backlog. Another inexpensive but fundamentally strong stock purchase was Exco Technologies Ltd, a Canadian automotive parts supplier offering low-technology products and basic car components.

Outlook

2016 was a terrific year for small-cap stocks, one in which the Russell 2000 Index advanced 21.3%. In early 2017, the pace slackened; however, with a strengthening U.S. economy and the possibility of fewer regulatory hurdles, the small-cap market is ripe with opportunities. In particular, we have identified a number of companies in defensive sectors, namely consumer staples and industrials, likely to be added to the portfolio in 2017. ❖

TOTAL EXPENSE RATIOS*

	Gross Expense Ratio*	Net Expense Ratio*
Ordinary Shares	1.47%	1.22%
Institutional Shares	1.47%	1.10%

* 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

Small company stocks may trade less frequently and in a limited volume, and their prices may fluctuate more than stocks of other companies. Small company stocks may therefore be more vulnerable to adverse developments than those of larger companies. The Fund may invest in issuers in the real estate industry. Changes in real estate values or economic downturns can have a significant negative effect on these issuers. The Fund may invest in foreign issuers that trade on U.S. stock exchanges. These issuers may be subject to special risks including different corporate governance rules and bankruptcy laws.

(continued)

Investment Products

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

PEAR TREE POLARIS SMALL CAP 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	24.8%
Ameris Bancorp	3.5%
EPR Properties	2.7%
BNC Bancorp	2.6%
Ferro Corporation	2.4%
Kforce, Inc.	2.4%
Entravision Communications Corporation, Class A	2.3%
Computer Programs and Systems, Inc.	2.3%
Natus Medical, Inc.	2.2%
Motorcar Parts of America, Inc.	2.2%
Central Pacific Financial Corporation	2.2%

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

Motorcar Parts of America, Inc.	2.2%
VWR Corporation	2.2%
Air Lease Corporation	2.1%
Bel Fuse Inc. Class B	2.1%
Brookline Bancorp, Inc.	2.1%
Regal Entertainment Group	2.1%
Cardtronics, Inc.	1.9%
Exco Technologies Limited	1.9%
Bryn Mawr Bank Corporation	1.8%
Cinemark Holdings, Inc.	1.8%
International Bancshares Corporation	1.8%
Swift Transportation Company	1.7%
RH	1.3%

PERFORMANCE

as of March 31, 2017

Average Annual Total Returns at Net Asset Value

	Unannualized		Annualized			
	Q1	Calendar YTD	1-Year	3-Year	5-Year	10-Year
Ordinary Shares	1.11%	1.11%	23.36%	5.00%	9.45%	3.55%
Institutional Shares	1.18%	1.18%	23.71%	5.26%	9.73%	3.81%
Russell 2000 ¹	2.47%	2.47%	26.22%	7.22%	12.35%	7.12%

¹ The Russell 2000 Index is a market capitalization-weighted index of 2,000 small company stocks. It is widely recognized as representative of the general market for small company stocks. 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 of the Index is 08/3/92.

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.

A WORD ABOUT RISK (CONTINUED)

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.