

PEAR TREE POLARIS SMALL CAP FUND

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 the Pear Tree Polaris Small Cap Fund's Ordinary Shares (the "Fund") outperformed its benchmark, the Russell 2000 Index (the "Index"). During the period, the Fund had a return of 3.97% at net asset value compared to 3.58% for the Index.

Market Conditions and Investment Strategies

More than half of the outperformance was attributable to Information Technology (IT), followed by other cyclical sectors including Industrials and Consumer Discretionary. All sectors were in absolute positive territory with the exception of Financials and Utilities.

In IT, Integrated Device Technology, Inc., up 47%, was the subject of a premium-priced acquisition by Japanese semiconductor company, Renesas Electronics Corp. New Jersey-based electronic components manufacturer, Bel Fuse Inc., up 27%, announced improved quarterly earnings and a healthy backlog. Post-hurricane rebuild and economic recovery in Puerto Rico benefitted regional transaction processor, EVERTEC Inc.

Industrial sector gains were led by Continental Building Products, Inc., up 19%, as the wallboard manufacturer reported strong sales and profits on the back of a steady U.S. housing and renovation market. Kforce Inc. cited high demand for part-time tech services as the labor market continued to tighten.

Motorcar Parts of America Inc. was the greatest contributor to Consumer Discretionary holdings. The auto parts supplier posted weak quarterly results, but anticipated sales recovery in the second half of 2018. Cinemark Holdings, Inc., up 16%, posted record quarterly earnings on the back of blockbuster movie ticket sales and offered bullish guidance for full year 2018.

Cambrex Corporation, up 31%, was the second-best overall Fund contributor, and top performer in Health Care, as investors lauded the company for its acquisition of HALO Pharma. Sector results would have been stronger if not for Computer Programs & Systems Inc., down 18%. The tech provider to rural hospitals saw revenues and backlog decline, as U.S. government-required tech upgrade compliance dates were rolled back to the end of 2019.

The Financial sector was the only detractor of note. RBB Bancorp, a California-based commercial bank serving the Chinese-American community, had strong second quarter results and gained approval for its acquisition of First American International Corp. However, RBB, down 23%, was impacted by macro-economic concerns stemming from the U.S.-China tariff escalation. Ameris Bancorp, down 14%, provisions' increased due to two loan impairments from a recent acquisition. The bank also planned cost restructuring and consolidation of branches following three acquisitions in 2018.

Portfolio Changes

During the quarter, the Fund exited Education Realty Trust Inc., as it was acquired in an all-cash transaction by private real estate company Greystar. Capital was redeployed for new purchases: chicken producer Sanderson Farms Inc. and chemical distributor Nexeo Solutions, Inc. Timing was fortuitous, as soon after the Fund bought shares in Nexeo the company announced its acquisition by Univar; the stock rose more than 22%.

Outlook

The U.S. economy continues its upward momentum, as evidenced by low unemployment, measured GDP growth and the Federal Reserve's third interest rate hike in 2018. The majority of companies echo this upbeat sentiment. In a heated U.S. market, value opportunities are limited. However, there are pockets of weakness, like auto sales trending down and certain sectors impacted by tariffs. We are biding our time, waiting for periods of volatility to purchase watch list stocks at attractive prices. Our patience is being rewarded, as we continue to enhance the valuation profile, limit downside risk and position the Fund for long-term success. ❖

TOTAL EXPENSE RATIOS*

	Gross Expense Ratio*	Net Expense Ratio*
Ordinary Shares	1.55%	1.55%
Institutional Shares	1.30%	1.18%

* Per Prospectus dated August 1, 2018. Reflects all fee waivers currently in effect. Fee waivers may not be amended, rescinded or terminated before July 31, 2019 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 September 30, 2018 (The portfolio is actively managed. Holdings and weightings are subject to change daily.)

Top Ten Holdings

Percentage of total net assets	25.7%
Deluxe Corporation	3.2%
Integrated Device Technology, Inc.	2.7%
EVERTEC Inc	2.6%
Continental Building Products Inc.	2.6%
Ferro Corporation	2.5%
Nexeo Solutions, Inc.	2.5%
Cinemark Holdings, Inc.	2.4%
Insight Enterprises, Inc.	2.4%
Regal Beloit Corporation	2.4%
OFG Bancorp	2.4%

The companies mentioned in the commentary on page one have the following percentage of total net assets as of 09/30/18:

Kforce Inc.	2.34%
Cambrex Corporation	2.18%
Bel Fuse Inc.	2.15%
Ameris Bancorp	2.08%
Sanderson Farms Inc.	2.05%
Computer Programs & Systems Inc.	1.89%
Motorcar Parts of America Inc.	1.83%
RBB Bancorp	1.66%
Renasas Electronics Corp.	0.00%
HALO Pharma	0.00%
First American International Corp.	0.00%
Education Realty Trust Inc.	0.00%
Greystar	0.00%
Univar	0.00%

PERFORMANCE

as of September 30, 2018

Average Annual Total Returns at Net Asset Value

	Unannualized		Annualized			
	Q3	Calendar YTD	1-Year	3-Year	5-Year	10-Year
Ordinary Shares	3.97%	9.31%	12.91%	14.24%	7.49%	8.24%
Institutional Shares	4.07%	9.62%	13.32%	14.58%	7.80%	8.53%
Russell 2000 ¹	3.58%	11.51%	15.24%	17.12%	11.07%	11.11%

¹The 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.