

PEAR TREE POLARIS FOREIGN VALUE FUND

FOR THE QUARTER ENDED MARCH 31, 2019 the Pear Tree Polaris Foreign Value Fund's Ordinary Shares (the "Fund") underperformed its benchmark, the MSCI EAFE Index (the "Index"). During that period, the Fund had a return of 9.09% at net asset value compared to 10.13% for the Index.

Market Conditions and Investment Strategies

Relatively modest results were due to underperformance in most cyclical sectors, with the exception of Consumer Discretionary and Financials. At the country level, the portfolio benefited from its investments in the United Kingdom, Germany, Norway, Canada and Ireland. In emerging markets, namely Japan and Korea, investors rotated money out of defensives (Consumer Staples and Telecom) in favor of Information Technology, where the Fund was underweight.

Financials were led by Bancolombia, Norway's DNB ASA and Sparebank 1 SR, and Puerto Rico's Popular Inc. An optimistic two-year outlook for Colombia's economy, driven by commercial and infrastructure activity, emboldened the local stock market. Bancolombia was one beneficiary, noting volume and consumer loan growth, as well as credit and operating cost controls. DNB reported robust quarterly results and profits, lifted by commission and fee income in capital markets, credit/security brokerage and asset management. Sparebank 1 SR was similarly positioned, bouncing back with better net interest margins and solid credit quality. Stock prices of U.K. Consumer Discretionary holdings, Next PLC, Bellway and Taylor Wimpey, rose in excess of 20%. Elsewhere in the portfolio, supply-demand metrics worked in BHP Billiton's favor, as competitor Vale's iron ore tailings dam failed in January. Iron prices rose from the low \$70s to mid-\$80s due to the supply disruption. VINCI's stock traded up throughout the quarter, rebounding from the Yellow Vest social unrest in Paris.

Only a handful of Fund holdings had negative returns, predominantly focused in the Communication Services sector. LG Uplus, the only decliner of more than 10%, ceded the heady gains of 2018 following in the footsteps of its Korean industry competitors. Although LG Uplus is slated to launch its 5G services commercially in April, the broader telecom industry is adjusting the timeline for 5G implementation, pushing it out to 2020. Japan's KDDI Corporation faced numerous headwinds: handset discounts to entice subscribers; possible government regulations to limit the discount practice; competitor NTT Docomo's plan to lower mobile charges, which KDDI will likely be forced to match; and looming competition from fourth mobile carrier entrant, Rakuten.

Portfolio Changes

The Fund bought Sumitomo Mitsui Trust Holding, the largest trust custodian bank in Japan. Banks across Japan have struggled in a negative interest rate environment; Sumitomo's largely fee-based services in asset management, custody and administration are not rate sensitive, offering a unique, undervalued proposition. SKF AB, a Swedish bearings/seal manufacturer, was also purchased during the quarter.

Outlook

The growth/value disparity was obvious in the first quarter of 2019, with the MSCI EAFE Growth Index up 12.18% outperforming the MSCI EAFE Value Index up 8.08% by more than 400 basis points. We believe that these growth drivers may not be sustainable, as many portfolio companies with which we meet are projecting sluggish business conditions. We are already seeing signs of this at a macro-economic level, with China's economy slowing, compounded by worries in Europe. Stocks may become attractively priced as volatility persists. As value managers, we intend to capitalize on these periods to add high-quality, undervalued companies to the Fund portfolio. ❖

TOTAL EXPENSE RATIOS*

	Gross Expense Ratio*	Net Expense Ratio*
Ordinary Shares	1.51%	1.41%
Institutional Shares	1.26%	1.04%
R6 Shares	1.10%	0.94%

* Per Prospectus dated August 1, 2018, as amended. 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

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, 2019 (The portfolio is actively managed. Holdings and weightings are subject to change daily.)

Top Ten Holdings

Percentage of total net assets	22.7%
Nexon Co., Limited	2.5%
Novartis AG	2.5%
Cineworld Group plc	2.5%
Popular, Inc.	2.3%
Next plc	2.2%
Hannover Rueck SE	2.2%
Vinci SA	2.2%
DNB Bank ASA	2.1%
Michelin (CGDE)	2.1%
United Overseas Bank Limited	2.1%

The companies mentioned in the commentary on page one have the following percentage of total net assets as of 03/31/2019:

BHP Billiton plc	2.1%
Bellway	2.0%
Taylor Wimpey	2.0%
SKF AB-B	1.9%
Sparebank 1 SR	1.8%
KDDI Corporation	1.8%
Sumitomo Mitsui Trust Holdings, Inc.	1.8%
LG Uplus	1.6%
Bancolumbia	1.1%

PERFORMANCE

as of March 31, 2019

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	9.09%	9.09%	-3.56%	7.77%	2.49%	12.80%	6.32%	6.31%	05/15/98
Institutional Shares	9.17%	9.17%	-3.20%	8.13%	2.80%	13.09%	6.60%	7.65%	12/18/98
R6 Shares	9.26%	9.26%	-3.15%	—	—	—	—	6.70%	02/06/17
MSCI EAFE ¹	10.13%	10.13%	-3.22%	7.80%	2.81%	9.47%	5.59%	4.50%	—

¹The 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.pearreefunds.com.