



PEAR TREE POLARIS FOREIGN VALUE FUND

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 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 1.55% at net asset value compared to 1.42% for the Index.

Market Conditions and Investment Strategies

Positive country contributions were noted from Norway and Switzerland, as well as Asian regions including Thailand and South Korea. Puerto Rico also added to gains. The only notable country detractors were the U.K. and France. The currency impact was minimal for the quarter. From a sector perspective, gains in Financials, Telecommunication Services, Energy and Materials offset modest declines in Consumer Discretionary Industrials and Information Technology (IT).

Financials were buoyed by Siam Commercial Bank PCL, up 30%, while a handful of other institutions had double-digit gains including Popular, Inc., Hannover Rueck SE Re, Sparebank 1 SR Bank ASA and Svenska Handelsbanken AB. In Telecom, LG Uplus Corp., up 31%, launched a new mobile plan that gained traction with new subscribers. LG Uplus Corp. also entered into an exclusive multi-year partnership with Netflix to distribute content in South Korea. The Fund was overweight and outperformed in the Materials sector, as Yara International ASA and Methanex Corporation gained on positive supply-demand metrics. In Health care, Swiss pharmaceutical company, Novartis AG, up 14%, cited quarterly results with both organic revenue and earnings growth; the company went on to reiterate its optimistic full-year guidance.

Consumer Discretionary holdings impinged most on quarterly results, with three of the 10 worst performing stocks portfolio-wide relegated to this sector: Publicis Groupe, Magna International Inc. and Next PLC. In IT, South Korean semiconductor company, SK Hynix Inc., was hit by weaker DRAM pricing heading into 2019. Nexon Co.'s second quarter earnings missed expectations; the stock was driven down 10%. In Industrials, U.K.-based Babcock International Group PLC's return of (12%) reaffirmed full year profit targets, but lowered revenue assumptions due to the reorganization of major client, the U.K. Navy.

Portfolio Changes

During the quarter, we exited Australian energy consulting firm, WorleyParsons, as the company reached the full valuation target. Cash has been redeployed to bolster existing holdings and purchase a new position in Korean Tobacco & Ginseng Corporation (KT&G). KT&G's healthy balance sheet stems from a dominant local market position, a growing international and emerging market operation and new products to compete in the "Heat Not Burn" product segment.

Outlook

U.S. stocks continue to perform well relative to the rest of the world, simply because the U.S. economy continues to show signs of strength. Germany pointed to domestic demand and above-inflation pay raises bolstering growth. House buying remained firm, along with retail sales and service in the U.K. although not all signals are positive. BREXIT-related uncertainty may drag on business investment in the U.K. in coming quarters. While there is concern manufacturing activity is slowing throughout Europe as export demand weakens and input costs firm, we continue to see a potential strengthening in the third quarter after a slower summer. Asian economies are wary, as the U.S.-China tariff salvos continue.

These concerns have led to recent global market volatility, which pushed some of our watch-list companies down to our price targets. We have renewed our research on these and other companies with the intent of near-term purchases. We continue to enhance the valuation profile, limit downside risk and position the portfolio for long-term success. ♦

TOTAL EXPENSE RATIOS*

	Gross Expense Ratio*	Net Expense Ratio*
Ordinary Shares	1.51%	1.41%
Institutional Shares	1.26%	1.04%
R6 Shares	1.11%	1.01%

* 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

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 September 30, 2018 (The portfolio is actively managed. Holdings and weightings are subject to change daily.)

Top Ten Holdings

Percentage of total net assets	23.4%
Standard Chartered plc	2.6%
Bellway plc	2.5%
Yara International ASA	2.4%
Novartis AG	2.4%
Siam Commercial Bank PCL	2.3%
Methanex Corporation	2.3%
Cineworld Group plc	2.3%
Hannover Rueck SE	2.2%
Sasol Ltd.	2.2%
Andritz AG	2.2%

The companies mentioned in the commentary on page one have the following percentage of total net assets as of 09/30/2018:

Nexon Co.	2.09%
Svenska Handelsbanken AB	2.08%
LG Uplus Corp.	2.03%
Popular, Inc.	2.00%
Babcock International Group PLC	1.94%
Publicis Groupe	1.84%
Next PLC	1.75%
Magna International Inc.	1.74%
Sparebank 1 SR Bank ASA	1.67%
Korean Tobacco & Ginseng Corporation	1.36%
SK Hynix Inc.	0.83%
Netflix	0.00%
Worley Parsons	0.00%

PERFORMANCE

as of September 30, 2018

Average Annual Total Returns at Net Asset Value

	Unannualized		Annualized						Since Inception	Inception Date
	Q3	Calendar YTD	1-Year	3-Year	5-Year	10-Year	15-Year			
Ordinary Shares	1.55%	0.50%	5.24%	11.13%	6.47%	8.97%	8.43%	6.78%	05/15/98	
Institutional Shares	1.69%	0.81%	5.70%	11.49%	6.79%	9.24%	8.70%	8.17%	12/18/98	
R6 Shares	1.70%	0.84%	5.78%	—	—	—	—	12.73%	02/06/17	
MSCI EAFE ¹	1.42%	-0.98%	3.25%	9.77%	4.90%	5.87%	7.28%	4.80%	—	

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.peartreefunds.com.