



PEAR TREE POLARIS FOREIGN VALUE SMALL CAP FUND

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 the Pear Tree Polaris Foreign Value Small Cap Fund's Ordinary Shares (the "Fund") underperformed its benchmark, the MSCI ACWI ex USA Small Cap Index (the "Index"). During the period, the Fund had a return of (2.22%) at net asset value compared to (1.42%) for the Index.

Market Conditions and Investment Strategies

Emerging markets (EM) declined over the past three months due to rising U.S. interest rates, a strengthening U.S. dollar against a host of EM currencies, and trade wars between the U.S. and China. As a result, the Fund's holdings in India, Taiwan, Philippines, South Korea and China were noticeably weak. The lone EM bright spot was Thailand. On the other hand, holdings in developed countries of the United Kingdom and Japan fared the best.

Eight of 11 sectors were in negative territory for the quarter. Consumer Staples was the greatest detractor, but this was a one stock story. Personal care/hygiene company, Asaleo Care Ltd, down 49%, issued a profit warning due to higher raw material costs and stiff competition. The Health Care sector was impacted by Draegerwerk AG & Co. returning (12%) and UDG Healthcare PLC returning (19%). UDG announced decent quarterly results but dealt with the overhang of its low margin business, Aquilant. The division was sold by quarter end. In Industrials, Danish shipping group DFDS A.S. acquired Turkey's freight ferry operator in June 2018. The stock dropped 22% during the third quarter as Turkey's economy weathered inflation, government turmoil and a currency crisis. Information Technology was also sluggish with some of the Fund's Taiwanese holdings turning in losses.

Energy, Materials and Consumer Discretionary sectors provided a boost to performance. We sold our sole energy holding in Australian energy consulting firm, WorleyParsons, as the company reached its full valuation target. Japanese companies, Daicel Corporation up 6%, Dowa Holdings Co. Ltd and Chugoku Marine Paints Ltd, were the top three contributors in materials. While each cited solid fundamentals, the bigger trend was the positive momentum in the Japanese economy. In Consumer Discretionary, U.K. theater group Cineworld Group PLC was up 19% on the back of blockbuster movie ticket sales; Cineworld anticipates second half results to be in line with guidance. Japanese rice-cooker and vacuum flask manufacturer, Zojirushi Corporation, up 16%, also added to Consumer Discretionary gains.

Portfolio Changes

In addition to WorleyParsons, we sold richly-valued Chong Hong Construction Co. in favor of Cathay Real Estate Development Co. Ltd, a fellow Taiwanese real estate developer with a lower risk profile and diversification outside of Taipei. Elite Material Co. Ltd, a Taiwanese company making copper clad laminates for smartphones, was another new purchase during the quarter.

Outlook

The U.S. economy showed significant strength, while most other world economies were in modestly positive territory for the quarter. While there is concern that 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 remain wary, as the U.S.-China tariff salvos continue.

Asia still dominates our valuation screens. In fact, members of our research team just returned from Asia after identifying many small-cap opportunities in Japan and Taiwan. We expect to add some of these new investment ideas to the portfolio in coming quarters. ❖

TOTAL EXPENSE RATIOS*

	Gross Expense Ratio*	Net Expense Ratio*
Ordinary Shares	1.52%	1.42%
Institutional Shares	1.27%	1.05%
R6 Shares	1.12%	1.02%

* 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.

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 is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund.

(continued)

Investment Products

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

PEAR TREE POLARIS FOREIGN VALUE 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	22.9%
Cineworld Group plc	2.5%
The Restaurant Group plc	2.4%
Zojirushi Corporation	2.3%
Galliford Try plc	2.3%
Elis SA	2.3%
IBJ Leasing Company, Limited	2.3%
Daicel Corporation	2.2%
Kanematsu Corporation	2.2%
Dowa Holdings Co., Limited	2.2%
Wetherspoon (J.D.) plc	2.2%

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

DFDS A.S.	1.86%
Elite Material Co. Ltd	1.67%
UDG Healthcare PLC	1.15%
Chugoku Marine Paints Ltd	1.13%
Asaleo Care Ltd	0.78%
Cathay Real Estate Development Co. Ltd	0.58%
Draegerwerk AG & Co.	0.00%
Aquilant	0.00%
WorleyParsons	0.00%
Chong Hong Construction Co.	0.00%

PERFORMANCE

as of September 30, 2018

Average Annual Total Returns at Net Asset Value

	Unannualized		Annualized					Inception Date
	Q3	Calendar YTD	1-Year	3-Year	5-Year	10-Year	Since Inception	
Ordinary Shares	-2.22%	-6.55%	-3.06%	9.76%	8.14%	10.38%	6.86%	05/01/08
Institutional Shares	-2.15%	-6.30%	-2.69%	10.09%	8.44%	10.67%	7.13%	05/01/08
R6 Shares	-2.12%	-6.26%	-2.61%	—	—	—	11.73%	02/06/17
MSCI ACWI ex USA Small Cap Index ¹	-1.42%	-4.10%	2.24%	11.65%	6.52%	9.11%	5.02%	—

¹The MSCI ACWI ex USA Small Cap Index, captures small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With 2,372 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. You cannot invest directly in an index. For comparative performance purposes, the beginning date for the Index is 05/01/2008.

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.

A WORD ABOUT RISK (CONTINUED)

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.