

## PEAR TREE POLARIS FOREIGN VALUE SMALL CAP FUND

**FOR THE QUARTER ENDED JUNE 30, 2020** 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 18.25% at net asset value compared to 22.98% for the Index.

### Market Conditions and Investment Strategies

We witnessed a global market rally, with three consecutive months of equity gains. In this environment, cyclicals outperformed defensives, with the Fund's top contributions coming from the Consumer Discretionary, Financials, Information Technology, Industrials and Materials sectors. At the country level, Fund holdings handily outperformed in the U.K., Italy, Germany, and Canada; detractors were mainly relegated to select Asian emerging countries.

Overall, 90% of the portfolio had absolute positive returns, with more than 35 individual names posting gains in excess of 25%. The top contributor was De'Longhi SPA, the Italian coffee machine and kitchen product supplier. The company beat expectations pre-COVID-19, with notable margin improvement on the back of cost savings; post-COVID-19, sales remained robust as the company catered to the "at-home" market. Similarly, the U.K.'s largest bike shop, Halfords Group, pointed to good sales as this mode of "socially distanced" transportation replaces public transit systems and also serves as an outdoor athletic endeavor. The company is taking active measures to preserve cash, keeping a thriving online business but exiting brick and mortar stores.

South Korea's electronic materials manufacturer, ENF Technology Co., was up on semiconductor demand. Investors also lauded ENF's strategy to localize its hydrogen fluoride supply, becoming less reliant on Japan. Taiwan's Elite Materials was up as the market projected strong earnings based on utilization, product mix and cheaper raw material prices. U.K. insurance company, Lancashire Holdings, gained more than 30% on good quarterly earnings, increasing premiums and firmer pricing.

Greencore Group was the main detractor to Fund performance. The Irish/U.K. sandwich maker announced lackluster first half results with a material decline in the food-to-go category. The company did offer some insight into improving sales and volumes month over month; however, it will be a slightly longer recovery than anticipated. Children's toy/cordless phone manufacturer, Hong Kong-based VTech Holdings, declined after the company reported lower quarterly revenues and proceeded to cut dividends. VTech was also subject to hefty tariffs stemming from the ongoing U.S./China trade war. Nihon House Holdings, the Japanese homebuilding/construction business, cut fiscal year guidance on both revenue and profits, likely due to the COVID-19 impact on its hotel division.

### Portfolio Changes

During the quarter, the Fund purchased five new holdings: Canadian non-prime mortgage lender, GoEasy Ltd; D'leteren SA, the Belgian Volkswagen distributor, which also has a dominant position in the auto glass repair business; Pakuwon Jati TBK, a commercial mall developer in Indonesia; Cloetta AB, a branded candy manufacturer out of Sweden; and Venture Corp, a Singapore electronic contract manufacturer with plants in Malaysia. The Fund exited its positions in DGB Financial Group (overly burdensome regulatory restrictions), VT Holdings Co. (market deterioration at customer Nissan) and VITEC Group (valuation).

### Outlook

Market volatility in the first six months of 2020 created undervalued investment opportunities across many sectors and countries. Polaris' proactive, nimble research directed purchases of more than a dozen fundamentally strong companies at very attractive prices. Such efforts will continue, as we anticipate choppy waters while global markets navigate the fallout from COVID-19. ❖

## PEAR TREE POLARIS FOREIGN VALUE SMALL CAP FUND PORTFOLIO HIGHLIGHTS

as of June 30, 2020 (The portfolio is actively managed. Holdings and weightings are subject to change daily.)

### TOTAL EXPENSE RATIOS\*

	Gross Expense Ratio*	Net Expense Ratio*
Ordinary Shares	1.54%	1.44%
Institutional Shares	1.29%	1.07%
R6 Shares	1.14%	1.04%

\* Per Prospectus dated August 3, 2020, as amended. Reflects all fee waivers currently in effect. Fee waivers may not be amended, rescinded or terminated before July 31, 2021 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

### Top Ten Holdings

Percentage of total net assets	27.7%
Prima Meat Packers Limited	3.5%
Lancashire Holdings Limited	3.4%
Ratch Group PCL	2.9%
Iwatani Corporation	2.9%
Kanematsu Corporation	2.7%
Redes Energéticas Nacionais, SGPS, S.A.	2.6%
Glanbia plc	2.6%
De'Longhi SpA	2.5%
Equatorial Energia S.A.	2.4%
ENF Technology Co., Limited	2.2%

The companies mentioned in the commentary on page one have the following percentage of total net assets as of 06/30/2020:

Elite Materials	2.0%
Vtech Holdings	1.3%
Cloetta AB	1.1%
Greencore Group	1.0%
Halfords Group	0.9%
D'leteren SA	0.8%
Nihon House Holdings	0.6%
GoEasy Limited	0.5%
Pt. Pakuwon Jati Tbk	0.4%
Venture Corporation	0.3%

### PERFORMANCE

as of June 30, 2020

#### Average Annual Total Returns at Net Asset Value

	Unannualized		Annualized					Since Inception	Inception Date
	Q2	Calendar YTD	1-Year	3-Year	5-Year	10-Year			
Ordinary Shares	18.25%	-17.96%	-9.59%	-3.54%	-0.37%	6.01%	4.49%	05/01/08	
Institutional Shares	18.35%	-17.84%	-9.30%	-3.21%	-0.04%	6.31%	4.77%	05/01/08	
R6 Shares	18.30%	-17.79%	-9.24%	-3.16%	—	—	0.95%	02/06/17	
MSCI ACWI ex USA Small Cap Index <sup>1</sup>	22.98%	-12.61%	-3.99%	0.20%	2.89%	6.43%	3.57%	—	

<sup>1</sup>The 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](http://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.