

## PEAR TREE POLARIS SMALL CAP FUND

**FOR THE QUARTER ENDED JUNE 30, 2021** the Pear Tree Polaris Small Cap Fund's Ordinary Shares (the "Fund") underperformed its benchmark, the Russell 2000 Index (the "Index"). During the period, the Fund had a return of 1.97% at net asset value compared to 4.29% for the Index.

### Market Conditions and Investment Strategies

The Fund posted gains in the vast majority of sectors, led by Information Technology (IT), Energy, Consumer Staples and Materials; results were somewhat watered down by losses in the Consumer Discretionary sector.

In the IT space, newer purchase Methode Electronics, which offers electronic products for auto manufacturers, cited strong sales in both the traditional combustion and EV industries. Evertec Inc. capitalized on the Puerto Rican economic recovery, where stimulus money spurred on consumer spending, much of which has been done via e-commerce or other electronic payment. As oil prices trended higher, Energy stocks including Diamondback Energy and CVR Energy (a new buy in the March 2021 quarter) recovered strongly. Petroleum refiner, CVR, also issued a special dividend during the quarter, which met with market approval. In Consumer Staples, Sanderson Farms' stock jumped on rumors that the poultry producer was exploring the sale of the company. Industrials saw barbell returns, with Kforce Inc. among the top portfolio contributors on dominance in the IT staffing space, while Air Lease Corp. was the largest detractor on lackluster demand for international travel.

Some of the Fund's top performers from 2020 started to lose steam in mid-2021, with Consumer Discretionary holdings, Winnebago Industries, Asbury Automotive and Johnson Outdoors, in negative territory. All three have benefitted from consumer buying trends, as RVs, boats and cars afforded socially-distanced leisure activity. The companies continue to post solid earnings, but a forward-looking market has begun to question the sustainability of such sales metrics in a post-COVID environment. Somewhat offsetting the sector decline was Crocs Inc., up nearly 45% after reporting record first quarter earnings and margins, driven by sales in the digital channel, Americas, and direct-to-consumer; it raised 2021 guidance with expectations for 50% sales growth.

### Portfolio Changes

Three sales were executed this quarter, as Insperty Inc. and Deckers Outdoor were sold at a profit after reaching our target valuation levels; EPR Properties was exited on deterioration concerns, as the entertainment/theater property REIT has yet to collect past rent from many COVID-19 impacted lessees. Proceeds from the sales were used to purchase eight new companies, including Canadian IT company, Enghouse Systems; two biopharmaceutical companies, Supernus Pharmaceuticals and Harmony Biosciences; and kitchen and bath cabinet manufacturer, American Woodmark. The Fund also purchased aftermarket auto parts supplier, Standard Motor Products, which is transitioning more business into the burgeoning EV space, and Kimball Electronics, an electronic components manufacturer with a diversified long-term customer base in medical, industrial and public safety (expanding beyond the traditional commodity-based IT companies).

### Outlook

Value stocks (cyclicals and financials) outperformed in April and May only to lose steam in June. Investors rotated back into defensives and growth on the Federal Reserve's hawkish June 16th policy statements and concerns of an uneven economic recovery further burdened by supply/demand constraints. We expect such volatility to continue for some time, and are taking advantage of market downturns to purchase fundamentally sound companies at discounted prices. ❖

### TOTAL EXPENSE RATIOS\*

	Gross Expense Ratio*	Net Expense Ratio*
Ordinary Shares	1.64%	1.64%
Institutional Shares	1.39%	1.27%

\* 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

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 June 30, 2021 (The portfolio is actively managed. Holdings and weightings are subject to change daily.)

#### Top Ten Holdings

Percentage of total net assets	24.1%
South Plains Financial, Inc.	2.8%
Colony Bankcorp, Inc.	2.6%
Kforce, Inc.	2.6%
Diamondback Energy, Inc.	2.6%
Exco Technologies Limited	2.4%
Methode Electronics, Inc.	2.3%
EVERTEC Inc.	2.3%
Barrett Business Services, Inc.	2.2%
Berry Global Group, Inc.	2.2%
Graphic Packaging Holding Co.	2.1%

The companies mentioned in the commentary on page one have the following percentage of total net assets as of 06/30/2021:

Sanderson Farms	2.0%
Winnebago Industries	1.9%
Air Lease Corporation	1.6%
Asbury Automotive	1.5%
Kimball Electronics	1.4%
CVR Energy	1.2%
Enghouse Systems	1.1%
Johnson Outdoors	1.0%
Cross Inc.	1.0%
Supernus Pharmaceuticals	1.0%
Standard Motor Products	1.0%
Harmony Biosciences	0.9%

### PERFORMANCE

as of June 30, 2021

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

	Unannualized		Annualized			
	Q2	Calendar YTD	1-Year	3-Year	5-Year	10-Year
Ordinary Shares	1.97%	20.61%	51.16%	6.33%	9.86%	8.09%
Institutional Shares	2.07%	20.82%	51.79%	6.74%	10.26%	8.42%
Russell 2000 <sup>1</sup>	4.29%	17.54%	62.03%	13.52%	16.47%	12.34%

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