

## PEAR TREE POLARIS FOREIGN VALUE FUND

**FOR THE QUARTER ENDED DECEMBER 31, 2022**, the Pear Tree Polaris Foreign Value Fund's Ordinary Shares (the "Fund") outperformed its benchmark, the MSCI EAFE Index (the "Index"). The Fund had a return of 17.58% at net asset value compared to 17.40% for the Index.

### Market Conditions and Investment Strategies

The Fund had double-digit returns in overweight sectors (Consumer Discretionary, Materials, Financials and Communication Services), as well as Industrials and Health Care. Information Technology, Real Estate and Consumer Staples were in modest positive territory by comparison. At the country level, Fund holdings in most European countries, including the U.K., France and Norway, as well as off-benchmark countries like Chile, China, Colombia and Greece, were absolute contributors. Detractors were mainly single stock holdings in Puerto Rico and Italy.

Next PLC, the U.K. apparel retailer, issued a reassuring trading statement with upbeat full-year earnings, citing a number of macro tailwinds. Inchcape, the U.K.-based global automotive distributor, reported strong organic growth across distribution and retail divisions. Chilean copper miner Antofagasta gained on higher copper prices, Chinese market demand, and a better political environment in Chile. In Industrials, Chinese diesel engine manufacturer Weichai rallied on heavy duty trucks orders, which are expected to start rolling in as China retracts its strict COVID-19 measures. High commodity prices and a weaker Yen helped Marubeni, the Japanese international trading house. Two French Communication Services stocks (Publicis Groupe and Ipsos Group) were standouts during the quarter.

The Financial sector had barbell returns with some of the best and worst portfolio performers. The stock price of German reinsurers, Hannover Re and Munich Re, gained on a firmer pricing environment. Conversely, Puerto Rican bank, Popular Inc., declined on lower net interest income and net interest margins due to the rapid repricing of government deposits. flatexDEGIRO, a German online discount brokerage firm, cut its fiscal year revenue forecast; the company was also subject to new regulatory and audit requirements.

Among other detractors was South Korean auto maker, Kia, which had slack quarterly results on the back of higher costs and extra provisions for engine recalls. Greencore showed progressive annual improvements in revenue; however, management struck a cautious tone about 2023 cost-of-living conditions in the U.K.

### Portfolio Changes

During the quarter, six portfolio companies were sold, most of which were exited on deteriorating fundamentals or less favorable market trends. One new purchase was Koninklijke Ahold Delhaize, a global leader of supermarket brands.

### Outlook

For the foreseeable future, we expect central banks worldwide will raise interest rates to temper inflation – albeit at more metered increments. Regardless of the pace of hikes, the end result is the same: the cost of capital goes higher and liquidity is drained out of the system. This scenario has not been fully realized, as markets have been buffeted by abundant stimulus cash in individuals' bank accounts and on company balance sheets. However, savings are slowly dwindling, while companies are facing higher costs and lower volumes as consumer spending slows. As economic growth stagnates, we expect pricey high-growth stocks to suffer.

At Polaris, we maintain our strict value commitment, steering clear of the richly valued stocks and tech high-flyers prone to steep declines in this environment. Our research screens continue to find attractively priced, fundamentally sound companies intended to diversify the portfolio, enhance the valuation profile and minimize downside risk. ❖

## TOTAL EXPENSE RATIOS\*

	Gross Expense Ratio*	Net Expense Ratio*
Ordinary Shares	1.50%	1.40%
Institutional Shares	1.26%	1.04%
R6 Shares	1.10%	0.94%

\* Per Prospectus dated August 1, 2022, as amended. Reflects all fee waivers and expense reimbursements currently in effect. Fee waivers and expense reimbursements may not be amended, rescinded or terminated before July 31, 2023 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 December 31, 2022 (The portfolio is actively managed. Holdings and weightings are subject to change daily.)

### Top Ten Holdings

Percentage of total net assets	24.7%
Publicis Groupe	2.7%
Marubeni Corporation	2.6%
DNB Bank ASA	2.5%
Deutsche Telekom AG	2.5%
Toronto-Dominion Bank	2.4%
Next plc	2.4%
Weichai Power Company Limited	2.4%
Methanex Corporation	2.4%
Linde plc	2.4%
Novartis AG	2.4%

The companies mentioned in the commentary on page one have the following percentage of total net assets as of 12/31/2022:

Hannover Re	2.4%
Munich Re	2.3%
Antofagasta	2.1%
Popular Inc.	2.0%
Koninklijke Ahold Delhaize	1.9%
Ipsos Group	1.8%
Kia	1.8%
Inchcape	1.7%
Greencore	0.5%
flatexDEGIRO	0.2%

## PERFORMANCE

as of December 31, 2022

### Average Annual Total Returns at Net Asset Value

	Unannualized		Annualized						
	Q4	Calendar YTD	1-Year	3-Year	5-Year	10-Year	15-Year	Since Inception	Inception Date
Ordinary Shares	17.58%	(17.10%)	(17.10%)	(2.67%)	(1.16%)	4.02%	2.43%	5.30%	05/15/98
Institutional Shares	17.66%	(16.81%)	(16.81%)	(2.29%)	(0.80%)	4.36%	2.72%	6.46%	12/18/98
R6 Shares	17.72%	(16.72%)	(16.72%)	(2.22%)	(0.72%)	—	—	2.63%	02/06/17
MSCI EAFE <sup>1</sup>	17.40%	(14.01%)	(14.01%)	1.34%	2.04%	5.16%	2.29%	4.42%	—

<sup>1</sup> The 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](http://www.peartreefunds.com).