

PEAR TREE POLARIS FOREIGN VALUE FUND

FOR THE QUARTER ENDED DECEMBER 31, 2023, 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 11.59% at net asset value compared to 10.47% for the Index.

Market Conditions and Investment Strategies

Three sectors contributed most to gains, including Consumer Discretionary, Industrials and Financials. Other cyclicals, Information Technology (IT) and Materials, added measurably. Smaller absolute gains were noted in defensive sectors, including Energy, Consumer Staples and Health Care. Holdings in France, the United Kingdom, Canada and Germany topped performance, with notable double-digit returns from off-benchmark countries including South Korea, Puerto Rico and China. Single stock holdings in the Netherlands and Italy detracted.

The rate-sensitive Consumer Discretionary sector had a strong showing in the fourth quarter, as consumers spent in the runup to the holidays. A half dozen sector holdings had double-digit gains. Among Industrials, China's Weichai Power cited recovery in the heavy-duty truck market boosted by exports and domestic demand. Morgan Stanley promoted Daimler Truck as one of its favorite European auto stocks for 2024.

Financials were up across the board. Puerto Rican bank, Popular Inc., managed to beat street EPS estimates for the third quarter while German reinsurers capitalized on hard market pricing and better returns on their investment portfolios.

Materials sector stalwart, Smurfit Kappa Group, was purchased as a "backdoor" investment into Consumer Staples, but at a much better valuation. The decision proved fruitful, as the food/beverage packaging company led Materials sector gains this quarter. Commodity suppliers also fared well, as expected lower interest rates in 2024 may minimize costs of carrying inventories and boost commodity prices.

Instead of considering pricey AI players, we invested in value "derivatives" that serve the AI market behind the scenes. Memory chip maker SK Hynix was up more than 25% for the quarter, noting improvement in DRAM pricing and AI demand for its very advanced high bandwidth memory chips. Samsung Electronics capitalized on the same.

Among detractors, Norwegian fertilizer manufacturer Yara International posted lackluster results, as profitability dropped on reduced margins. Irish drug maker, Jazz Pharmaceuticals, had mixed news as its key product, Xywav, faced generics competition. Grocer Ahold Delhaize noted moderating growth and margins as consumers tighten their belts.

Portfolio Changes

During the quarter, we exited Honda Motor Co., Amcor PLC, and Taylor Wimpey PLC. The Fund now has ownership of Sandoz shares due to a Novartis spin-off. A new position was initiated in ENI SpA, the Italian oil and gas company with a diverse geographic footprint.

Outlook

The single biggest influence on equity markets this past year was the rise in interest rates. The markets whipsawed in the fourth quarter, as the Fed signaled rate cuts in the second half of 2024. However, we suspect central banks will keep rates at more stabilized levels especially in real, after-inflation terms, departing from the ill-advised period of artificially low rates. More appropriately priced cost of capital has far-reaching implications, and is particularly beneficial for value stocks.

We keep macroeconomic events in sight as we update our Fund portfolio, seeking to enhance the risk/return profile with cash-flow generative companies purchased as excellent values. We expect that such positioning will lead to continued outperformance as we enter 2024. ❖

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%	0.94%

* Per Prospectus dated August 1, 2023, 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, 2024 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, 2023 (The portfolio is actively managed. Holdings and weightings are subject to change daily.)

Top Ten Holdings

Percentage of total net assets	
24.3%	
2.7%	SK Hynix, Inc.
2.6%	Publicis Groupe
2.5%	Next plc
2.5%	Samsung Electronics Company Limited
2.4%	Vinci SA
2.4%	Hannover Rueck SE
	Muenchener
2.3%	Rueckversicherungs-Gesellschaft
2.3%	Sony Group Corporation
2.3%	Linde plc
2.3%	Methanex Corporation

The companies mentioned in the commentary on page one have the following percentage of total net assets as of 12/31/2023:

2.2%	Popular Inc.
2.1%	Daimler Truck
2.1%	Smurfit Kappa Group
2.0%	Yara International
1.9%	Weichai Power
1.9%	ENI SpA
1.8%	Ahold Delhaize
1.6%	Jazz Pharmaceuticals
0.1%	Sandoz

PERFORMANCE

as of December 31, 2023

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	11.59%	19.89%	19.89%	2.50%	5.45%	3.37%	8.94%	5.84%	05/15/98
Institutional Shares	11.71%	20.34%	20.34%	2.87%	5.84%	3.72%	9.25%	6.99%	12/18/98
R6 Shares	11.69%	20.44%	20.44%	2.97%	5.94%	—	—	5.04%	02/06/17
MSCI EAFE ¹	10.47%	18.85%	18.85%	4.54%	8.69%	4.78%	7.44%	4.95%	—

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.