

PEAR TREE POLARIS FOREIGN VALUE FUND

FOR THE QUARTER ENDED SEPTEMBER 30, 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 (2.27%) at net asset value compared to (4.05%) for the Index.

Market Conditions and Investment Strategies

Outperformance was driven by absolute gains in the Financials, Energy, Materials, Health Care and Real Estate sectors. Inflation-sensitive consumer sectors, Communication Services and Information Technology (IT) lagged, as did Industrials. The U.K. market was the strongest performer regionally, thanks to consumer confidence on peaking interest rates. Other notable contributors included oil exporter, Norway, as well as Ireland, Singapore, Greece, Switzerland, and Puerto Rico. Off-benchmark holdings in Canada and South Korea detracted most.

Financials provided ballast in a down market. German reinsurers benefitted from a "hard" market. The high price discipline, coupled with rising reinvestment yields, supported earnings for both Munich Re and Hannover Re. DNB Bank reported better-than-expected quarterly earnings, helped by a robust oil-based Norwegian economy and higher interest rates. The recent decision by OPEC members to cut production only added to the oil supply/demand imbalance; higher oil prices were the result, benefitting TotalEnergies SE. Higher oil prices act as a key indicator for methanol blending demand, boosting Canada's Methanex Corp.

Continued inflation, and the ensuing interest rates hikes, are having a detrimental effect on the mainstream consumer. Discretionary spending has abated in favor of consumer staples; even in this vertical, consumers trended to lower-cost foods and proteins. Canadian Tire and LG Electronics both declined during the quarter. Bucking the "consumer weakness" trend was Honda Motors, which reported higher production following sluggish volume delivery the previous year. A number of U.K. companies including homebuilders and clothing retailers like Next PLC also saw a rebound as U.K. inflation seems to have peaked and is now trending down.

Concerns over sluggish semiconductor capital spending dragged down the IT sector. SK Hynix advanced in the first half of the year due to its dominance in high bandwidth memory, a critical component in AI servers. However, the stock declined this quarter as news surfaced that its DRAM and NAND chips were found in the new Huawei Mate 60 Pro phone. SK Hynix had no direct sales to Huawei, which is on the U.S. export control list. It is widely speculated that Hynix chips were sourced through a third-party agency. Both Ipsos and Teleperformance dropped in line with its advertising/marketing brethren, as client spending lessened.

Portfolio Changes

During the quarter, Jumbo SA, a Greek specialty retailer with a footprint in airports, was sold on valuation. Jumbo benefitted from the continued increase in travel; stock exit was based on the strength of the recovery. New buys included Japanese trading company, Itochu Corp., and Daimler Truck AG, the global manufacturer for medium- and heavy-duty trucks and buses.

Outlook

Central banks' firm monetary stance will likely result in a "higher-for-longer" interest rate environment; investors need to come to terms with a normal period of positive real interest rates. It will take an adjustment after 10+ years of virtually zero or negative real interest rates, which led to considerable market excesses and over-inflated asset values...none of which were healthy for long-term capital market stability. We anticipate that higher real rates for longer will slowly favor the traditional value stocks we hold. ❖

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 September 30, 2023 (The portfolio is actively managed. Holdings and weightings are subject to change daily.)

Top Ten Holdings

Percentage of total net assets	
23.8%	Publicis Groupe
2.5%	Honda Motor Company, Ltd.
2.5%	Muenchener Rueckversicherungs-Gesellschaft
2.4%	Hannover Rueck SE
2.4%	Next plc
2.4%	SK Hynix, Inc.
2.3%	Novartis AG
2.3%	TotalEnergies SE
2.3%	Methanex Corporation
2.3%	Vinci SA

The companies mentioned in the commentary on page one have the following percentage of total net assets as of 09/30/2023:

2.1%	Teleperformance
2.0%	Daimler Truck AG
1.8%	Canadian Tire
1.8%	Itochu Corp.
1.4%	LG Electronics
1.1%	Ipsos

PERFORMANCE

as of September 30, 2023

Average Annual Total Returns at Net Asset Value

	Unannualized		Annualized						
	Q3	Calendar YTD	1-Year	3-Year	5-Year	10-Year	15-Year	Since Inception	Inception Date
Ordinary Shares	(2.27%)	7.43%	26.32%	7.05%	0.16%	3.27%	5.95%	5.44%	05/15/98
Institutional Shares	(2.18%)	7.73%	26.75%	7.44%	0.53%	3.61%	6.25%	6.58%	12/18/98
R6 Shares	(2.15%)	7.84%	26.94%	7.55%	0.62%	—	—	3.50%	02/06/17
MSCI EAFE ¹	(4.05%)	7.59%	26.31%	6.28%	3.74%	4.32%	5.16%	4.59%	—

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.