

## PEAR TREE POLARIS SMALL CAP FUND

**FOR THE QUARTER ENDED DECEMBER 31, 2022**, the Pear Tree Polaris Small Cap Fund's Ordinary Shares (the "Fund") outperformed its benchmark, the Russell 2000 Total Return Index (the "Index"). The Fund had a return of 13.64% at net asset value compared to 6.23% for the Index.

### Market Conditions and Investment Strategies

Markets rallied in the fourth quarter on expectations that the interest rate cycle will slow on moderating inflation data; as a result, many cyclical sectors performed best. In particular, the Fund's performance was attributable to double-digit gains in the Industrials, Energy, Materials, Consumer Discretionary, Information Technology and Consumer Staples sectors. The only detractor of note was Communication Services.

As the wheels of e-commerce kept rolling, so did long-haul trucking, benefiting Wabash National Corp. The truck trailer company was able to raise prices to cover inflationary raw material costs. HR management company Barrett Business Services announced impressive third-quarter earnings, with higher revenues and gross billings on the back of new client wins. Science Applications, the IT service to the U.S. government, cited strong organic growth as it was awarded new contracts.

The Energy sector performed well in the past 18 months, as oil/gas companies pushed up prices on limited supplies. After a long drought of underinvestment, oil/gas companies are seeking to replenish production. As a result, equipment and service companies like NOV Inc. and Dril-Quip Inc. are in high demand.

Perdoceo Education Corp. and Crocs, Inc. led the Consumer Discretionary sector. Investors were quick to snap up shoe and sportswear retailers on the back of Nike's upbeat guidance, referencing better inventory controls. Crocs Inc. was one such beneficiary, as the stock gained more than 50% on the quarter, with booming international and acquisitive (HEYDUDE) sales. Although enrollment declined at its for-profit universities, Perdoceo protected its profitability; a strong balance sheet should tide over the company until enrollment picks up in a weaker economy.

Among the half-dozen holdings in absolute negative territory, Regal Rexnord came under pressure after announcing the acquisition of Altra Industrial Motion. Investors were reticent about the size of the deal and Regal's integration capabilities. Kforce Inc. has been a multi-year performer in the portfolio; the stock declined this quarter on concerns about an IT slowdown. Pacira Biosciences detracted most, as its flagship non-opioid pain therapy, Exparel, lagged sales expectations due to price and training requirements.

### Portfolio Changes

During the quarter, the Fund exited the small last positions held in the Florida insurance market. Exco Technologies, the automotive components manufacturer, was sold on lower car volumes and higher raw material costs. A number of Consumer Discretionary stocks were sold in anticipation of sluggish consumer spending. Sally Beauty, the DIY hair color company, reported disappointing sales, as did Central Garden and Pet, as spending flattened on pet goods. U.S. theater chain, Cinemark Holdings, noted fewer blockbusters slated to hit the big screen in favor of streaming platforms. There were no new purchases in the portfolio.

### Outlook

The economy is likely to slow in early 2023, as the impact of inflation and higher interest rates collide. However, this offers opportunity as we expect equity prices become more attractive. High quality companies may be discounted in a volatile market; we expect to capitalize on any downturn to purchase stocks that will enhance the valuation profile of the Fund and have upside potential in an eventual economic recovery. ❖

## TOTAL EXPENSE RATIOS\*

	Gross Expense Ratio*	Net Expense Ratio*
Ordinary Shares	1.50%	1.50%
Institutional Shares	1.25%	1.13%

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

### Top Ten Holdings

Percentage of total net assets	
27.3%	
3.2%	Barrett Business Services, Inc.
3.1%	South Plains Financial, Inc.
2.9%	Wabash National Corporation
2.7%	NOV Inc.
2.7%	Eagle Materials Inc.
2.6%	OFG Bancorp
2.6%	BOK Financial Corporation
2.6%	Graphic Packaging Holding Co.
2.5%	Cambridge Bancorp
2.4%	Ingredion Incorporated

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

2.1%	Science Applications
2.1%	Perdoceo Education Corporation
2.0%	Kforce Inc.
1.7%	Dril-Quip Inc.
1.4%	Crocs, Inc.
1.2%	Pacira Biosciences
1.0%	Regal Rexnord

## 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
Ordinary Shares	13.64%	(5.10%)	(5.10%)	3.93%	4.32%	7.42%
Institutional Shares	13.77%	(4.75%)	(4.75%)	4.33%	4.71%	7.77%
Russell 2000 <sup>1</sup>	6.23%	(20.44%)	(20.44%)	3.10%	4.13%	9.01%

<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 08/03/92.

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.pearreefunds.com](http://www.pearreefunds.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.

**For information about the Pear Tree Polaris Small Cap Fund, obtain the Fund's prospectus by calling (800) 326-2151 or visiting [www.pearreefunds.com](http://www.pearreefunds.com). Before investing carefully consider the Fund's investment objectives, risks, charges and expenses. Please read the prospectus carefully before you invest or send money.**