

## Fund Overview

A broadly diversified sustainable investing solution for an investor's core international allocation.

## Investment Process

Index-based

## Investment Style

Foreign Large Core

## Benchmark

MSCI EAFE ESG Leaders Index<sup>1</sup>

## Comparative Index

MSCI EAFE Index<sup>2</sup>

## Portfolio Characteristics as of 6/30/17

	Fund	Comparative Index
Market Cap (weighted avg.) <sup>6</sup>	\$54,142M	\$53,137M
Forward Price/Earnings <sup>7</sup>	15.67	15.65
ROE <sup>8</sup>	14.64	14.72
3-Year Beta <sup>9</sup>	0.90	1.00
Number of Securities	321	430

## Portfolio Investment Team

**Chris Brown**, Chief Investment Strategist,  
Portfolio Manager

**Scott LaBreche**, Director, Portfolio  
Analytics and Index Optimization,  
Portfolio Manager

**Greg Hasevlat**, Sustainability Analyst,  
Portfolio Manager

## Performance and Portfolio Update

- The Fund modestly underperformed the MSCI EAFE Index<sup>2</sup> during the quarter. International developed markets, as represented by the MSCI EAFE Index, had strong absolute results for the second straight quarter, posting a 6.12% return and, outpacing U.S. equity markets return of 3.09%, as represented by the S&P 500 Index.<sup>3</sup>
- The Fund's ESG profile helped relative performance versus the MSCI EAFE Index for the quarter. To measure and analyze the ESG contribution to relative performance we delineate stocks into three tiers based on MSCI IVA ratings.<sup>4</sup> For the quarter, the highest-rated group added the most to relative performance, while the average-lowest-rated companies detracted from relative performance. Longer term, the highest-rated and average-weighted groups have contributed the most to relative performance since the Fund's inception.<sup>5</sup>
- From a sector perspective, six out of the 11 sectors produced positive relative results in the second quarter, which was not enough to offset the underperformance in the remaining sectors. Stock selection within Financials, particularly banks in Australia and Japan, detracted the most from relative performance.
- The Energy sector and an underweight allocation to more sustainability challenged Oil, Gas and Consumable Fuels companies produced the most positive relative performance versus the MSCI EAFE Index.
- On a regional basis, Europe added to relative performance versus the MSCI EAFE Index, while the Pacific region detracted. Within Europe, the UK and Spain produced positive relative results. Australia and Japan detracted the most from relative performance within the Pacific region.

## Returns (%)<sup>10</sup>

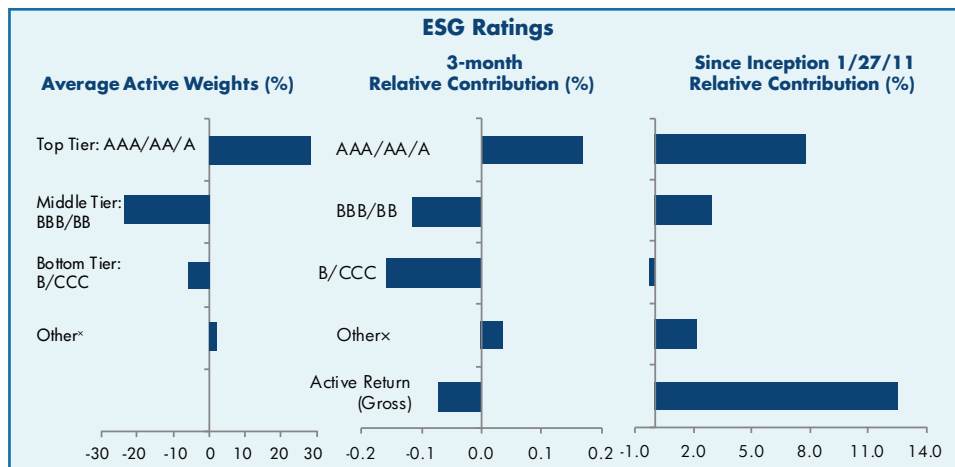
As of June 30, 2017

Average Annual Returns (%)

	3-month	YTD	1-year	3-year	5-year	Since Inception
Pax MSCI EAFE ESG Leaders Index Fund						
Institutional Class (PXNIX) (Inception Date: 1/27/11)	5.89	14.05	16.92	0.97	8.53	4.76
Individual Investor Class (PXINX) (Inception Date: 3/31/14) <sup>11</sup>	5.79	13.93	16.73	0.71	8.25	4.49
MSCI EAFE ESG Leaders (Net) Index	5.66	13.35	18.04	1.88	9.16	5.28
MSCI EAFE (Net) Index	6.12	13.81	20.27	1.15	8.69	4.48
Lipper International Large-Cap Core Funds Index <sup>12</sup>	6.27	14.59	20.16	1.18	8.41	4.20

**Performance data quoted represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain performance for the most recent month-end call 800.767.1729 or visit [www.paxworld.com](http://www.paxworld.com).**

*As of 5/1/17 prospectus, total annual Pax MSCI EAFE ESG Leaders Index Fund operating expenses, gross of any fee waivers or reimbursements, for Individual Investor Class and Institutional Class shares are 0.80% and 0.55%, respectively.*



\*Other: ETFs (for short-term cash mgmt. purposes) and Cash & Equivalents.  
Past performance is no guarantee of future results.

**RISKS:** The Fund does not take defensive positions in declining markets. The Fund's performance would likely be adversely affected by a decline in the Index. Equity investments are subject to market fluctuations, the fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings. Emerging markets and International investments involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, economic or political instability in other nations or increased volatility and lower trading volume. Investments in Asia/Pacific increase the impact of events and developments associated with the region can adversely affect performance.

- <sup>1</sup> The MSCI EAFE ESG Leaders Index is designed to measure the performance of equity securities of issuers of developed countries around the world excluding the U.S. and Canada that have high Environmental, Social and Governance (ESG) ratings relative to their sector and industry peers, as rated by MSCI ESG Research annually. One cannot invest directly in an index.
- <sup>2</sup> The MSCI EAFE (Europe, Australasia, Far East) (Net) Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI EAFE Index consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. Performance for the MSCI EAFE Index is shown "net," which includes dividend reinvestments after deduction of foreign withholding tax. One cannot invest directly in an index.
- <sup>3</sup> The S&P 500 Stock Index is an unmanaged index of large capitalization common stocks. One cannot invest directly in any index.
- <sup>4</sup> IVA stands for Intangible Value Assessment.
- <sup>5</sup> MSCI ESG Research evaluates companies' ESG characteristics and derives corresponding ESG scores and ratings. Companies are ranked by ESG score against their sector peers to determine their eligibility for the MSCI ESG indices. MSCI ESG Research identifies as the highest-rated companies in each peer group to meet the float-adjusted market capitalization sector targets. The rating system is based on general and industry-specific ESG criteria, assigning ratings on a 7-point scale from AAA (highest) to CCC (lowest).
- <sup>6</sup> Weighted Average is an average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on the average.
- <sup>7</sup> Forward Price-Earnings Ratio or P/E FY1 ratio is a ratio for valuing a company that measures its current share price relative to its per-share earnings over the next 12 months.
- <sup>8</sup> Return on Equity: The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.
- <sup>9</sup> A historical Beta is used for Funds with greater than 2 years of performance history under the same mandate. Three year Beta is used. Beta reflects the sensitivity of a Fund's return to fluctuations in its benchmark; a beta for a benchmark is 1.00; a beta greater than 1.00 indicates above average volatility and risk.
- <sup>10</sup> Figures include reinvested dividends, capital gains distributions, and changes in principal value.
- <sup>11</sup> On 3/31/2014 Pax International Fund and Pax MSCI EAFE ESG Index ETF merged into the Pax MSCI International ESG Index Fund (the Fund), a passively managed index fund which seeks investment returns that closely correspond to the price and yield performance, before fees and expenses, of the MSCI EAFE ESG Index. Based on the similarity of the Fund to Pax MSCI EAFE ESG Index ETF, Pax MSCI EAFE ESG Index ETF (the Predecessor Fund) is treated as the survivor of the mergers for accounting and performance reporting purposes. Accordingly, all performance and other information shown for the Fund for periods prior to 3/31/2014 is that of the Predecessor Fund.
- <sup>12</sup> The Lipper International Large-Cap Core classification tracks the results of funds that, by portfolio practice, invest at least 75% of their equity assets in companies strictly outside of the U.S. with market capitalizations (on a three-year weighted basis) above Lipper's international large-cap floor. International large-cap core funds typically have an average price-to-cash flow ratio, price-to-book ratio, and three-year sales-per-share growth value compared to their large-cap specific subset of the S&P/Citigroup World ex-U.S. BMI. This classification includes both ETFs and active retail mutual funds. Lipper International Large-Cap Core Average is the average return of the entire Lipper International Large-Cap Core classification. One cannot invest directly in index.



Pax World Investments

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Effective May 1, 2017, the name of the Pax MSCI International ESG Index Fund changed to the Pax MSCI EAFE ESG Leaders Index Fund. The statements and opinions expressed are those of the author as of the date of this report. All information is historical and not indicative of future results and subject to change. This information is not a recommendation to buy or sell any security. Past performance does not guarantee future results.

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