

## Fund Overview

A risk-focused strategy, investing in companies with attractive valuations and high quality characteristics.

## Investment Process

Fundamental, bottom-up security selection

## Investment Style

Mid Cap Core

## Benchmark

Russell Midcap Index<sup>1</sup>

## Portfolio Characteristics as of 6/30/17

	Fund	Benchmark
Market Cap (weighted avg.) <sup>6</sup>	\$13,470M	\$13,571M
Forward Price/Earnings <sup>7</sup>	20.10	19.15
ROE <sup>8</sup>	12.78	13.04
Beta <sup>9</sup>	0.85	1.00
Number of Securities	45	791

## Portfolio Investment Team

**Nathan Moser, CFA<sup>®</sup>**, Portfolio Manager  
**Diederik Basch, CFA<sup>®</sup>**, Senior Analyst

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## Performance and Portfolio Update

- The Fund outperformed the Russell Midcap Index<sup>1</sup> in the second quarter. Strong stock selection within the Consumer Discretionary and Consumer Staples sectors offset poor performance in Technology and Financials.
- The Russell Midcap Index return of 2.70% outperformed small caps (as measured by the Russell 2000 Index<sup>2</sup>), but lagged large caps (as measured by the S&P 500 Index<sup>3</sup>). Growth stocks outperformed value with the Russell Midcap Growth Index<sup>4</sup> return of 4.21% topping the Russell Midcap Value<sup>5</sup> Index by 2.84%.
- Consumer Discretionary was the Fund's top performing sector due to strong stock selection. Yum Brands, a quick service restaurant company, increased 16% on strong financial results. Consumer Staples was another positive contributor, due in large part to our holding in Whole Foods, which advanced 43%. During the quarter, Amazon announced the pending acquisition of the company. We continue to hold shares as the potential exists for another bidder to emerge.
- Technology was our worst performing sector due to poor stock selection. Avnet, a technology distributor, declined -19% due to poor earnings and lowered financial guidance.
- Our outlook for the balance of the year remains muted as valuations near multi-decade highs are likely to limit meaningful gains from these levels. While we acknowledge the potential for upward earnings revisions from better economic growth and/or lower corporate taxes, we believe these are already priced into the market. As the Federal Reserve tightens policy, interest rates may move higher—providing an additional headwind. In this environment, we favor value over growth, defense over offense and are overweight Financials, Consumer Staples and Materials.

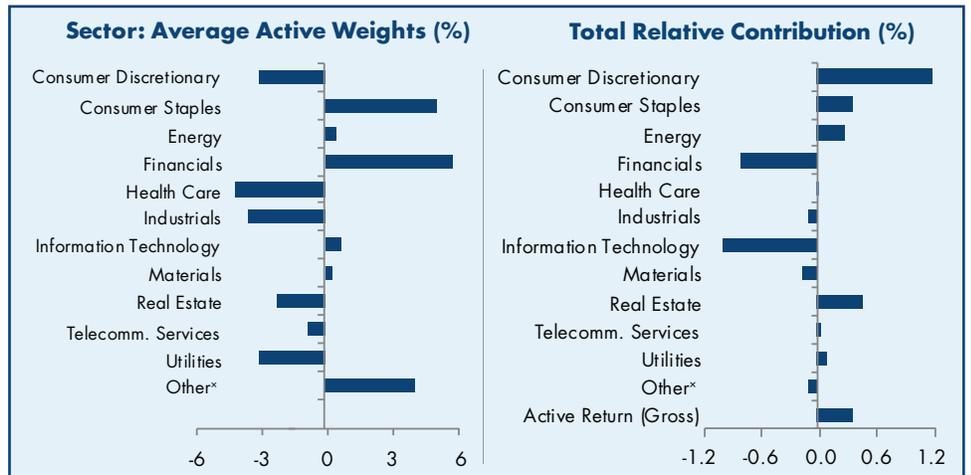
## Returns (%)<sup>10</sup>

As of June 30, 2017

	3-month	YTD	1-year	Since Inception
Pax Mid Cap Fund				
Individual Investor Class (PWMDX) (Inception Date: 3/31/16)	2.74	7.19	12.65	12.72
Institutional Class (PMIDX) (Inception Date: 3/31/16)	2.84	7.39	12.89	12.94
Russell Midcap Index	2.70	7.99	16.48	15.86
Lipper Mid-Cap Core Funds Index <sup>11</sup>	1.76	5.93	18.07	16.30

**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 Mid Cap Fund operating expenses, gross of any fee waivers or reimbursements (excluding Acquired Fund fees and expenses), for Individual Investor Class and Institutional Class shares are 0.90% and 1.15%, respectively.*



\*Other: ETFs (for short-term cash mgmt. purposes) and Cash & Equivalents.

Past performance is no guarantee of future results.

**RISK: 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. Funds that emphasize investments in mid-size and smaller companies generally will experience greater price volatility. The Pax Mid Cap Fund is new and has a limited operating history.**

Top Ten holdings as of 6/30/17: Whole Foods Market, Inc. 3.7%, ONE Gas, Inc. 3.5%, Newell Rubbermaid, Inc. 3.4%, Investors Bancorp, Inc. 3.3%, Newmont Mining Corp. 3.3%, Weyerhaeuser Co., REIT 3.2%, Alleghany Corp. 3.0%, White Mountains Insurance Group, Ltd. 2.9%, Yum! Brands, Inc. 2.9% and Celanese Corp., Class A 2.9%. Holdings are subject to change.

- <sup>1</sup> The Russell Midcap Index ("Benchmark") measures performance of the mid-capitalization sector of the US equity market. The index is a float-adjusted, capitalization-weighted index of the 800 smallest issuers in the Russell 1000 Index. The index is a subset of the Russell 1000 Index and serves as the underlying index for the Russell Midcap Growth and Value Index series. The Index is reconstituted annually. One cannot invest directly in any index.
- <sup>2</sup> The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. One cannot invest directly in any 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> Russell Midcap Growth Index is a market capitalizationweighted index that measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth rates. The stocks are also members of the Russell 1000 Growth Index. One cannot invest directly in any index.
- <sup>5</sup> Russell Midcap Value Index is a market capitalizationweighted index that measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth rates. The stocks are also members of the Russell 1000 Value Index. One cannot invest directly in any index.
- <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> An Ex-ante Beta is used for Funds with less than 2 years of performance history under its new mandate. The Ex-Ante Beta is calculated using a multi-factor risk model. Beta explains common variations in stock returns due to different stock sensitivities to the market relative to its underlying benchmark for the current period, not historical. 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> The Lipper Mid-Cap Core Funds Index ("Benchmark") is an unmanaged index of the 30 largest funds in the Lipper Mid-Cap Core Fund category. One cannot invest directly in an index.

*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.*

**You should consider Pax World Funds' investment objectives, risks, and charges and expenses carefully before investing. For this and other important information, please obtain a fund prospectus by calling 800.767.1729 or visiting [www.paxworld.com](http://www.paxworld.com). Please read it carefully before investing.**

**An investment in the Pax World Funds involves risk, including loss of principal.**

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