PAX HIGH YIELD BOND FUND COMMENTARY

Q1 2017

Fund Overview

An opportunistic, yet conservative, high yield bond fund driven by a sustainable investing approach.

Investment Process

Fundamental, bottom-up security selection

Investment Style

High Yield

Benchmark

BofA ML U.S. High Yield-Cash Pay-BB-B (Constrained 2%) Index[1]

Portfolio Characteristics as of 3/31/17

	Fund	Benchmark
Effective Duration[6]	3.80	4.36
Years to Maturity[7]	5.97	6.58

30 Day SEC Yield[8]

Individual	4.82%
Class A	4.82%
Institutional	5.07%

Portfolio Investment Team

Peter Schwab, CFA®, Senior Vice President and Portfolio Manager

Kent Siefers, Assistant Portfolio Manager

Phyllis Chambers Camara, CFA®, Senior Analyst

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Performance and Portfolio Update

- The Fund outperformed the BofA Merrill Lynch U.S. High Yield-Cash Pay-BB-B (Constrained 2%) Index[1] by 78 basis points (bps)[2] in the first quarter. The outperformance was driven by strong credit selection in the Commercial Service, Telecommunication, Media and Energy sectors. The Fund also benefited from an overweight to B rated bonds as well as several CCC rated bonds which generally outperformed the market.[3]

- The high yield bond market continues to respond favorably to stable economic performance in the U.S., low default activity and expectations for fiscal stimulus, delivering a total return of 2.7% in the first quarter.[4] High yield spreads[5] compressed by 31 bps during the quarter, ending at 408 bps as of March 31, 2017.

- In our view high yield spreads of around 400 bps are reasonable given the benign default outlook, but do not leave material upside total return potential. As a result, we are becoming more defensive despite the positive economic backdrop and taking steps to reduce risk in the portfolio on the margin.

- We are positioned to take advantage of the strength in the U.S. economy through overweight positions in the Energy, Consumer Goods and Real Estate sectors. We remain cautious on Basic Materials, Utilities and Technology, where we feel valuations

continued

Returns (%)[9]

As of March 31, 2017

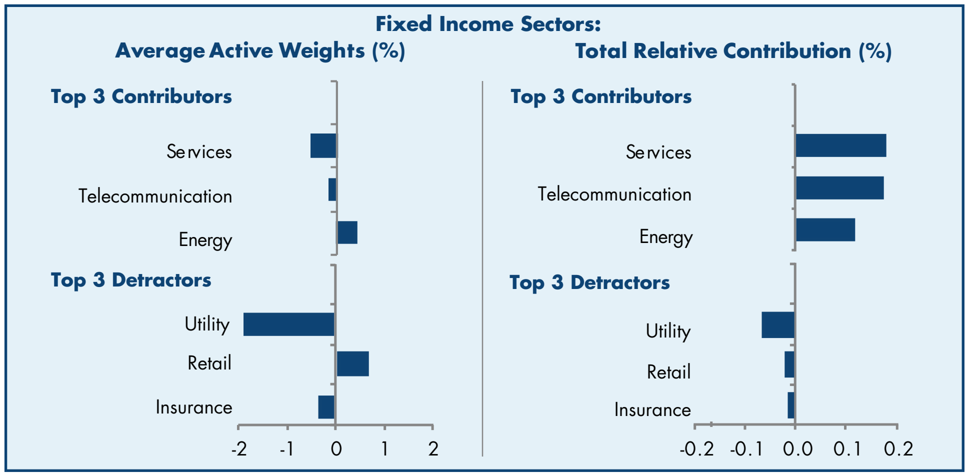
	3-month	YTD	1-year	3-year	5-year	10-Year	Since Inception
				Average Annual Returns (%)			
Pax High Yield Bond Fund (Without maximum sales charge)							
Individual Investor Class (PAXHX) (Inception Date: 10/8/99)	2.99	2.99	17.07	2.02	4.65	5.28	5.53
Class A (PXHAX) (Inception Date: 5/1/13)[10]	2.99	2.99	17.05	2.02	4.67	5.29	5.53
Institutional Class (PXHIX) (Inception Date: 6/1/04)[11]	3.06	3.06	17.23	2.22	4.91	5.50	5.70
BofA Merrill Lynch U.S. High Yield - Cash Pay - BB-B (Constrained 2%) Index[1]	2.28	2.28	13.78	4.65	6.60	6.92	—
Lipper High Yield Bond Funds Index[12]	2.77	2.77	15.25	3.62	6.11	5.93	—
Pax High Yield Bond Fund (With maximum 4.50% sales charge) Class A (PXHAX) (Inception Date: 5/1/13)	-1.69	-1.69	11.79	0.47	3.72	4.81	5.26

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.

As of 4/1/16 prospectus, total annual High Yield Bond Fund operating expenses, gross of any fee waivers or reimbursements (excluding Acquired Fund fees and expenses), for Individual Investor Class, Class A, and Institutional Class shares are 0.96%, 0.96% and 0.71%, respectively.

Performance and Portfolio Update, continued

are less attractive. By credit rating, we remain underweight BBs and overweight Bs where we are finding stronger relative value. The Fund had an average of 6.3% exposure to CCC rated bonds in the first quarter. Duration remains within 0.5 years of the benchmark.



Past performance is no guarantee of future results.

RISKS: The Fund can invest in "junk bonds" which are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments when due. Yield and share price will vary with changes in interest rates and market conditions. Investors should note that if interest rates rise significantly from current levels, bond fund total returns will decline and may even turn negative in the short term. There is also a chance that some of the fund's holdings may have their credit rating downgraded or may default.

[1] The BofA Merrill Lynch U.S. High Yield - Cash Pay - BB-B (Constrained 2%) Index tracks the performance of BB- and B-rated fixed income securities publicly issued in the major domestic or eurobond markets, with total index allocation to an individual issuer limited to 2%. One cannot invest directly in an index.

[2] A basis point (bps) is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security.

[3] Credit quality ratings by Standard & Poor's assist investors by evaluating the credit worthiness of many bond issues. A: An obligation rated 'A' is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than higher-rated obligations. However, the obligor's capacity to meet its obligation is still strong. BBB: An obligation rated 'BBB' exhibits adequate protection parameters. Adverse economic conditions or changing circumstances are more likely to lead to weakened capacity of the obligor to meet its obligation. BB: An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. It faces ongoing uncertainties and adverse business, financial, or economic conditions could lead to the obligor's inadequate capacity to meet its obligation. B: An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB,' but the obligor currently has the capacity to meet its obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity to meet its obligation. CCC: An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its obligation. Adverse business, financial, or economic conditions could cause the obligor to be unable to meet its obligation. NR: This indicates that no rating has been requested, or that there is insufficient information on which to base a rating, or that Standard & Poor's does not rate the obligation.

[4] Bank of America Merrill Lynch High Yield Index.

[5] A credit spread is the difference in yield between a U.S. Treasury bond and a debt security with the same maturity but of lesser quality.

[6] Effective Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

[7] Years to Maturity (weighted average) is the number of years until the bond matures and/or expires.

[8] 30 Day SEC Yield: An annualized yield based on the most recent 30 day period.

[9] Figures include reinvested dividends, capital gains distributions, and changes in principal value.

[10] The performance information shown for Class A represents the performance of the Individual Investor Class shares for the period prior to Class A inception. Expenses have not been adjusted to reflect the expenses allocable to Class A shares. Class A inception date return since May 1, 2013 is 2.96% (annualized). A 1.00% CDSC (contingent deferred sales charge) may be charged on any shares sold within 18 months of purchase over $1 million.

[11] The performance information shown for Institutional Class shares represents the performance of the Individual Investor Class shares for the period prior to Institutional Class inception date (June 1, 2004). Expenses have not been adjusted to reflect the expenses allocable to Institutional Class shares. If such expenses were reflected, the returns would be higher than those shown. Institutional Class shares average annual return since June 1, 2004 is 6.33% (annualized).

[12] The Lipper High Yield Bond Funds Index tracks the results of the 30 largest mutual funds in the Lipper High Yield Bond Fund Average. The Lipper High Yield Funds Fund Average is a total return performance average of mutual funds tracked by Lipper, Inc. that aim at high (relative) current yield from fixed income securities, have no quality or maturity restrictions and tend to invest in lower grade debt issues. The Lipper High Yield Fund Index is not what is typically considered an "index" because it tracks the performance of other mutual funds rather than changes in the value of a group of securities, a securities index or some other traditional economic indicator. 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 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. Please read it carefully before investing.

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

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