

Fund Overview

A high conviction portfolio that emphasizes risk management, valuations, and quality fundamentals.

Investment Process

Fundamental, bottom-up security selection

Investment Style

Small Cap Core

Benchmark

Russell 2000 Index¹

Portfolio Characteristics as of 3/31/17

	Fund	Benchmark
Market Cap (weighted avg.) ³	\$3,171	\$2,243
Forward Price/Earnings ⁴	21.52	19.49
ROE ⁵	7.18	6.78
3-Year Beta ⁶	0.66	1.00
Number of Securities	59	1,945

Portfolio Investment Team

Nathan Moser, CFA[®], Portfolio Manager
Charles Page, CFA[®], Senior Analyst
Diederik Basch, CFA[®] Senior Analyst

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Performance and Portfolio Update

- The Fund trailed the Russell 2000 Index¹ in the first quarter. Stock selection within Technology and an underweight allocation to Biotechnology stocks were key detractors.
- Small-cap stocks lagged large-cap stocks by a wide margin during the quarter (Russell 2000 Index returned 2.47% vs. the S&P 500 Index² return of 6.07%). In our view, this underperformance was due to small-cap stocks' high valuations relative to large-cap and concerns that a growth-enhancing fiscal stimulus has been delayed.
- The Fund benefited from strong stock selection in the Financials and Consumer Staples sectors. Within Financials, our holding in Legg Mason, Inc., increased 21% during the period. We believe the combination of improving inflows, relatively attractive valuation and market rumors that Legg could be acquired drove shares higher. Technology was our worst performing sector primarily due to poor stock selection. Our holding in Aptio Inc., an application software company, declined -37% during the period due to weaker than expected financial guidance from the loss of a large customer.
- We are primarily bottom-up investors, searching for high quality companies that trade at reasonable valuations. After nine years of a bull market, the opportunity set of potential investments has declined due to elevated valuations. Our approach tends to lean defensively, preferring to wait out periods of exuberance for better risk-reward opportunities. We believe we are in one of those periods, fueled by the combination of optimism surrounding fiscal stimulus and the relentless flow of funds into passive strategies. Against this backdrop, we will remain patient and selective.

Returns (%)⁷

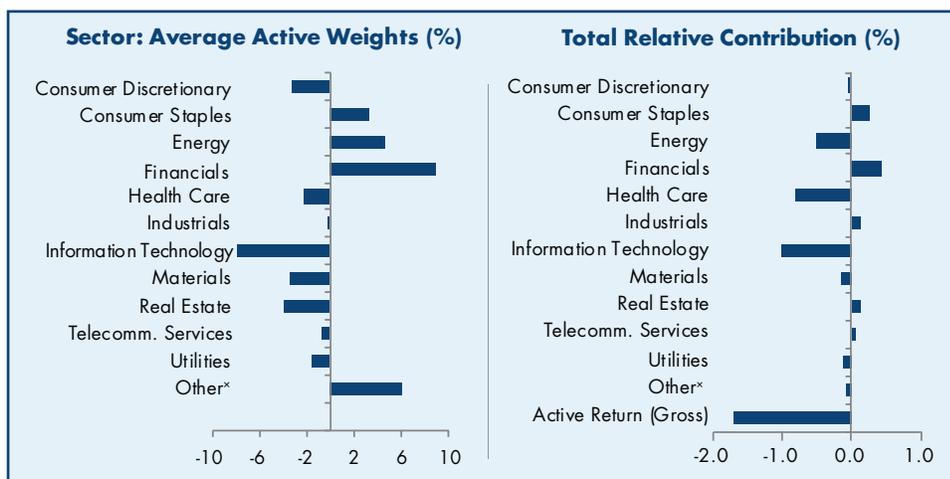
As of March 31, 2017

Average Annual Returns (%)

	3-month	YTD	1-year	3-year	5-year	Since Inception
Pax Small Cap Fund (Without maximum sales charge)						
Individual Investor Class (PXSCX) (Inception Date: 3/27/08)	0.46	0.46	14.56	6.10	12.46	9.77
Class A (PXSAX) (Inception Date: 5/1/13) ⁸	0.46	0.46	14.51	6.09	12.46	9.77
Institutional Class (PXSIX) (Inception Date: 3/27/08)	0.58	0.58	14.83	6.37	12.76	10.06
Russell 2000 Index	2.47	2.47	26.22	7.22	12.35	9.53
Lipper Small-Cap Core Funds Index ⁹	2.15	2.15	23.30	7.23	11.97	9.49
Pax Small Cap Fund (With maximum 5.50% sales charge) Class A (PXSAX) (Inception Date: 5/1/13)						
	-5.06	-5.06	8.21	4.10	11.19	9.09

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. Performance less than or equal to one year is cumulative. 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 Small Cap Fund operating expenses, gross of any fee waivers or reimbursements, for Individual Investor Class, Class A, and Institutional Class shares are 1.23%, 1.23% and 0.98%, respectively.



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

RISKS: 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 smaller companies generally will experience greater price volatility.

Top Ten holdings as of 3/31/17: Legg Mason, Inc. 3.4%, Investors Bancorp, Inc. 3.2%, Capitol Federal Financial, Inc. 3.1%, Antero Resources Corp. 3.1%, Natus Medical, Inc. 3.1%, SemGroup Corp., Class A 2.9%, US Foods Holding Corp. 2.8%, Avnet, Inc. 2.6%, PDC Energy, Inc. 2.5%, and Gentex Corp. 2.4%. Holdings are subject to change.

- 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 an index.
- Standard & Poor's 500 Stock Index is an unmanaged index of large capitalization common stocks. One cannot invest directly in an index.
- 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.
- 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.
- 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.
- 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.
- Figures include reinvested dividends, capital gains distributions, and changes in principal value.
- 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 12.05% (annualized). A 1.00% CDSC (contingent deferred sales charge) may be charged on any shares sold within 18 months of purchase over \$1 million.
- Lipper Small-Cap Core Funds Index invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) below Lipper's U.S. Diversified Equity small-cap ceiling. Small-cap core funds have more latitude in the companies in which they invest. These funds typically have average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P Small Cap 600 Index. The S&P Small Cap 600 Index is generally considered representative of small-sized U.S. companies. 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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