

## INSIDE

PAX WORLD'S 2012  
ADVOCACY UPDATE

PAX WORLD HIGH YIELD  
BOND FUND

PAX WORLD LAUNCHES  
WOMEN & WEALTH  
INITIATIVE FOR FINANCIAL  
ADVISORS

MERCY CORPS INVESTING IN  
WOMEN TO FIGHT POVERTY

E-DELIVERY INFORMATION

## Global Green Fund is now Global Environmental Markets Fund

Name change reflects its broad, diversified investment mandate

The Pax World Global Green Fund was recently renamed as the Pax World Global Environmental Markets Fund.

The name may have changed, but the focus is the same: investing in a broad range of technologies and solutions in the areas of energy, water and waste, the Fund gives investors diversified exposure to global environmental markets.

“Environmental markets are a much broader, more diversified investment universe than alternative energy, and much less volatile” says Pax World President and CEO Joe Keefe. “This Fund is really about investing in efficiency solutions, which we believe are becoming a major driver of global economic growth and will continue to be so for the foreseeable future.”

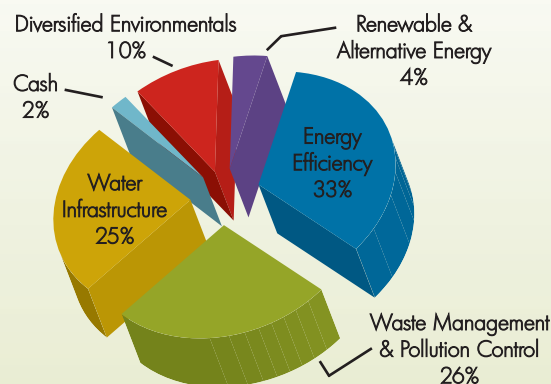
At a time of rapid population growth, rising

affluence in emerging markets, ever-increasing demand for scarce natural resources and, of course, climate change, the Pax World Global Environmental Markets Fund invests in companies around the world that are developing innovative solutions in such areas as energy efficiency, water infrastructure and technologies, and waste management. While the investment community has long focused on *supply expansion*, today *efficiency solutions* are becoming just as important, and environmental markets are emerging as major drivers of global economic growth.

For information on the Fund, visit [www.paxworld.com](http://www.paxworld.com)

*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 market 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.*

### GLOBAL ENVIRONMENTAL MARKETS FUND FOCUSES ON EFFICIENCY SOLUTIONS



*Holdings are as of 6/30/2012; holdings are subject to change.*

Among the reasons Pax World renamed the Global Environmental Markets Fund was to make clear that the Fund is not an alternative energy fund but has a broader environmental mandate. Renewable and alternative energy accounts for only about 4% of Fund holdings as of 6/30/12. By contrast, energy efficiency accounted for approximately 33% of Fund holdings, water infrastructure 25% of Fund holdings and waste management and pollution control another 26% of Fund holdings.

© 2012 Pax World Management LLC  
30 Penhallow Street, Suite 400  
Portsmouth, NH 03801

Editor Donna Marsh  
Layout Dorset Norby

**General Fund Information:**  
☎ 800.767.1729

**Shareholder Account Information:**  
☎ 800.372.7827

[www.paxworld.com](http://www.paxworld.com)



**Mixed Sources**  
Product group from well-managed  
forests and recycled wood or fiber  
[www.fsc.org](http://www.fsc.org) Cert no. SW-COC-1896  
© 1996 Forest Stewardship Council

PAX002686 (1/13)

Insert#: 00088278

# Pax World's 2012 Advocacy Yields Successes in Environment, Governance

2012 was an active year for shareholder activism, with over 400 shareholder resolutions filed in the United States, over half of them on political spending and environmental issues. Pax World had success in both areas. Below are some highlights of our advocacy work this year:

- Roper Industries<sup>1</sup>, a manufacturer of high-tech, customized electronic equipment, agreed to modify its nominating committee charter for directors to include making gender diversity a part of every director search. We therefore withdrew a related shareholder proposal.
- After discussion with Target Corp.<sup>1</sup>, the company agreed to provide statements detailing its position on its top lobbying priorities and how it determines them. A related resolution was subsequently withdrawn.
- A similar resolution was filed with Amgen<sup>1</sup>, and received a favorable

vote of nearly 25%<sup>2</sup> at the annual shareholder meeting. While it did not pass, the results indicate that many of the company's shareholders are interested in increasing transparency about its lobbying expenditures.

- Pax co-filed with Calvert a shareholder proposal at Amazon<sup>1</sup> asking the company to issue a sustainability report describing the company's ESG performance including greenhouse gas reduction targets and goals. Amazon, like other major providers of Web content, operates large server farms that, according to Greenpeace, may consume as much electricity as a small city.<sup>3</sup> The proposal received a vote of 21% in favor.

Successful advocacy often results in productive negotiations and vote tallies that garner the attention and support of other shareholders. The reality is that advocacy rarely, if ever, achieves instant



and total success. Effective engagement with large companies is typically a long-term, collaborative partnership, and Pax World is committed to playing a positive role in that process. ■

<sup>1</sup>As of 6/30/12, **Roper Industries, Inc.** was 1.4% of the Pax World Growth Fund, 1.5% of the Pax World Global Environmental Markets Fund, 0.0%\* of the ESG Managers Aggressive Growth Portfolio, 0.0%\* of the ESG Managers Moderate Portfolio and 0.0%\* of the ESG Managers Conservative Portfolio; **Target Corp.** was 0.5% of the Pax World Balanced Fund, 1.2% of the ESG Managers Aggressive Growth Portfolio, 0.9% of the ESG Managers Growth Portfolio, 0.6% of the ESG Managers Moderate Portfolio and 0.4% of the ESG Managers Conservative Portfolio; **Amgen, Inc.** was 1.2% of the Pax World Balanced Fund, 0.0%\* of the ESG Managers Aggressive Growth Portfolio, 0.1% of the ESG Managers Growth Portfolio, 0.1% of the ESG Managers Moderate Portfolio and 0.0%\* of the ESG Managers Conservative Portfolio; **Amazon.com, Inc.** was 0.9% of the Pax World Growth Fund, 0.0%\* of the ESG Managers Aggressive Growth Portfolio, 0.0%\* of the ESG Managers Growth Portfolio. Holdings are subject to change. \*Rounds to less than 0.01%.

<sup>2</sup>Pax World's calculation of voting results does not count abstentions and broker non-votes.

<sup>3</sup>Greenpeace, "How Clean is Your Cloud?" April 27, 2012, <http://www.greenpeace.org/international/en/publications/Campaign-reports/Climate-Reports/How-Clean-is-Your-Cloud/>.

## Pax World's Women & Wealth Program Seeks to Help Advisors Address Unique Financial Challenges of Women

Women's economic strength and influence are growing rapidly. Women currently control more than \$20 trillion in investable wealth globally, and that is expected to grow at an annual rate of 8% through 2014.<sup>1</sup>

Pax World recently launched its Women & Wealth initiative to provide advisors with the knowledge and tools needed to help women face their unique financial challenges, such as overcoming the wage

gap, suddenly becoming single or a widow, serving a dual role as earner and caregiver, and planning for retirement. The program includes workshops, written materials and other planning tools for advisors to share with their clients.

"Women's financial and investment needs often differ from those of men," explains Pax World President and CEO Joe Keefe: "The Women & Wealth program broadens our ability to help

educate advisors about this underserved market."

If you or your advisor are interested in additional information on the Women & Wealth initiative, please email [info@paxworld.com](mailto:info@paxworld.com) or call us at 800.767.1729

<sup>1</sup>"Power Unused Is Power Useless" – Jacki Zehner Blog, stat from presentation at 48th AFP international conference of the Association of Financial Professionals. <http://womenadvisorforum.ning.com/profiles/blogs/power-unused-is-power-useless>. April 26, 2011

# The Pax World High Yield Bond Fund: Consistent Income; Lower Risk

For many investors unnerved by the 2008 financial crisis, bond funds have become an alternative investment option relative to stocks due to their perceived lower risk. But the current low interest rate environment has created challenges for those looking for fixed income returns.

High yield bonds may be one solution. They have historically performed well relative to other asset classes in low interest rate environments and during periods of slow growth like today's.<sup>1</sup>

The Pax World High Yield Bond Fund (PAXHX) has consistently generated strong results for investors seeking income through various market cycles. Over the past 10 years its risk profile

has remained consistently low. As of 6/30/12, the Fund had a 30-Day SEC Yield of 7.48%. The Fund has maintained lower volatility than its index, meaning prices of the bonds within the portfolio fluctuate less.<sup>2</sup>

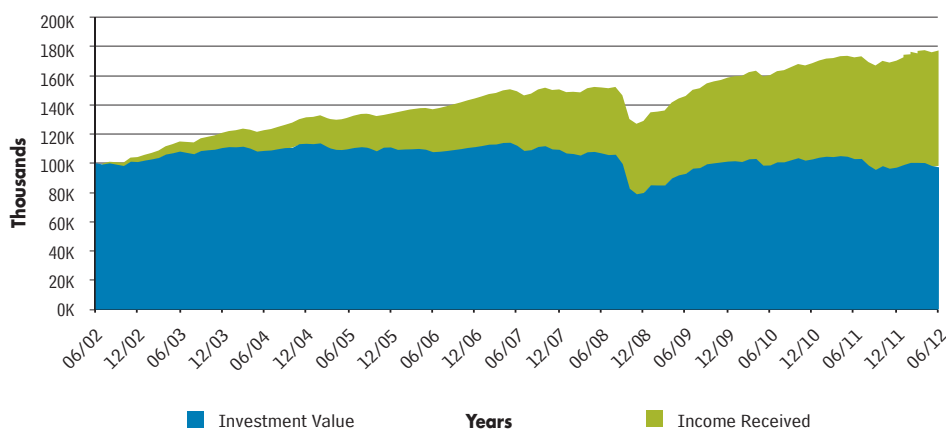
Portfolio Manager Mary Austin, CFA<sup>3</sup>, continues to look for undervalued bonds with the potential to offer the best risk-adjusted returns.

By using bottom-up fundamental analysis and proprietary models, Austin seeks to identify companies with the potential to grow revenues, improve margins and decrease leverage.

The Fund is the only high yield bond fund in the U.S. driven by a Sustainable Investing approach. For more information, visit [www.paxworld.com](http://www.paxworld.com). ■

## 10-YEAR \$100K INITIAL INVESTMENT: PAX WORLD HIGH YIELD BOND FUND

Pax World High Yield Bond Fund Individual Investor Class (PAXHX) as of 6/30/02–6/30/12



<b>Initial Investment</b>	<b>\$100,000</b>
<b>Income Received</b>	<b>\$78,843</b>
<b>Ending Investment Value (includes Capital Gain distributions and excludes Reinvested Income distributions)</b>	<b>\$98,731</b>
<b>Total Value (Ending Investment Value and Income Received)</b>	<b>\$177,574</b>
<b>Average Income Received as of 6/30/12</b>	
<i>Monthly</i>	<i>Quarterly</i>
\$636	\$1,907
	Annually
	\$7,630
<b>30 Day SEC Yield (%) as of 6/30/12</b>	
Individual Investor Class (PAXHX)	7.48

**FUND PERFORMANCE:** For the 1-, 5- and 10-year time periods, the High Yield Bond Fund - Individual Investor Class returned 3.56%, 5.79% and 7.65%, respectively.

Performance shown in the Growth of \$100,000 chart does not include any applicable sales charges and fees. The chart represents a hypothetical investment at the beginning of the time period shown.

Performance data quoted represent 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. For the most recent month-end performance information visit [www.paxworld.com](http://www.paxworld.com). Total annual High Yield Bond Fund operating expenses, gross of any fee waivers or reimbursements, for Individual Investor Class, Institutional Class and R Class shares are 0.97%, 0.72% and 1.22%, respectively, as of 6/30/2012.

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. 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. 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. Investments in smaller companies generally will experience greater price volatility. Emerging market 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.

<sup>1</sup>Deutsche Bank Yieldbook (01/1980 to 06/2010): details historical gross domestic product (GDP) growth and performance for multiple asset classes: equities, investment grade bonds and high yield bonds.

<sup>2</sup>For the 3, 5 and 10 year time periods ended 6/30/12, the High Yield Bond Fund - Individual Investor Class' standard deviation was 6.15%, 10.77% and 8.00%, respectively, compared to the Lipper High Current Yield Bond Primary Funds: Average's standard deviation of 8.19%, 12.86% and 10.04% for the same time periods. Standard Deviation measures a Fund's variation around its mean performance; a high standard deviation implies greater volatility. The Lipper High Current Yield Bond Funds Index tracks the results of the 30 largest mutual funds in the Lipper High Current Yield Bond Funds Average. The Lipper High Current Yield Bond Funds 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 Current Yield Bond Funds 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.

<sup>3</sup>CFA® is a trademark owned by CFA Institute



# Mercy Corps: Investing in Women to Fight Poverty

Gender-based disparity contributes significantly to poverty and hampers economic progress. Seventy percent of the billion poorest people on our planet are female. Seventy-six percent of children who have never been to school are girls.

However, experience has proven that even small changes to address gender-specific needs can have a big impact. During an education project in Sudan, Mercy Corps noticed that women were not participating in teacher trainings because the timing conflicted with household chores and the far location required that women travel after dark.

As a result, Mercy Corps scheduled the training for an earlier time and moved it to a closer location. The female teachers' attendance was increased still further by providing onsite childcare.



Women in West Darfur, Sudan.  
Photo by Cassandra Nelson for Mercy Corps

By meeting the women's needs, the team was able to offer more teachers the opportunity to increase their skills and give Sudanese girls the chance to see women as role models in the classroom.

Over the next year, Mercy Corps will conduct gender assessments and trainings in countries ranging from Guatemala to Zimbabwe. Mercy Corps will study what is working and create guides for involving women and men equitably in programs ranging from agriculture to economic development. These lessons will be shared across the 40 countries in which it works and with other international organizations.

When women earn an income, they spend 90% of it on their families. The more that women and girls become active participants in their societies, the better we will be able to close inequality gaps and ensure that economic growth benefits everyone. Mercy Corps won't let this opportunity pass by.

Pax World shareholders can support Mercy Corps' work by participating in the Pax World Global Citizen Program. For more information visit [www.paxworld.com/about-pax-world/global-citizen](http://www.paxworld.com/about-pax-world/global-citizen). ■

*ALPS Distributors, Inc. is not affiliated with Mercy Corp.*



## Help Save a Tree; Sign-up for E-Delivery

It's easy to sign-up today. Go to [www.paxworld.com](http://www.paxworld.com) and Log In to Online Account Access. Choose Electronic Delivery from the Profile Maintenance menu on the left, enter your email address and select your delivery method for Account Statements, Daily Confirmation Statements, Prospectuses, Annual and Semi-Annual Reports, Tax Forms and Proxy Materials. Pax World changed our online service provider on March 5th. If you had a User ID and password prior to March 5th and have not visited online access since then to create a new User ID, you will need your Account Number and Social Security Number to re-register.

Investor Service Representatives are available at 800.372.7827 Monday – Friday 8am – 6pm ET to answer any questions you have about E-delivery. ■

## Important Disclosures Please Read

**Before investing in a Pax World mutual fund, you should carefully consider its investment objectives, risks, and charges and expenses. 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 the prospectus carefully before investing or sending money.**

The value of the Fund's investments will vary from day to day in response to the activities of individual companies and general market and economic conditions.

Pax World Funds are distributed by ALPS Distributors, Inc., Member FINRA, [www.finra.org](http://www.finra.org)