

Key Points:

- On November 21, 2016, the Funds' Board of Trustees voted to liquidate the assets of the Pax Sustainable Managers Total Return Fund, effective February 15, 2017. If you have questions about the Fund's closure, please review recent communications mailed to you, consult your investment advisor, or call 800-372-7827, to speak with a Pax World Investor Service representative.
- With U.S. equities handily surpassing both bonds and foreign stocks, the fund's quarterly results followed suit. All our top contributors specialize in domestic equities, while two of the three biggest detractors are bond funds. The third fund targets investments in the international markets.
- With interest rates rising, bond investors steered clear of both longer-dated bonds and mortgages. That environment hampered results at TIAA-CREF Social Choice Bond and Praxis Impact. Nonetheless we're pleased that both funds outperformed their benchmark due to strong issue selection.



About Morningstar Investment Management

Morningstar Investment Management, portfolio construction adviser of the Pax Sustainable Managers Funds, is a premier provider of investment management solutions for institutions around the world. As a registered investment advisor and wholly owned subsidiary of Morningstar, Inc., it provides investment management, advice and consulting services on behalf of institutions and individual investors.



Peter Di Teresa
Morningstar Investment Management LLC, Head of Manager Selection, Americas



Shannon Zimmerman
Morningstar Investment Management LLC, Director Manager Selection

Performance Summary:

For the quarter ended December 30, 2016, the Pax Sustainable Managers Total Return Fund (the Fund) Institutional Class shares declined -0.71% and the Class A (NAV) declined -0.79%. The Fund's blended index benchmark returned -1.09%. The Fund lagged its Allocation—30% to 50% Equity Morningstar category peers, which lost 0.20% on average.

Top Contributors:

Parnassus Core Equity

Return: 2.24% | Percent of portfolio: 8.64%¹ | Relative contribution: 0.21%
Financial stocks—including troubled Wells Fargo—were among this concentrated fund's biggest quarterly gainers. Healthcare and Industrials holdings took back some of those gains, though, with Gilead Sciences and Pentair shedding roughly 9% and 12% during the period, respectively.

PIMCO Income

Return: 1.38% | Percent of portfolio: 11.99%¹ | Relative contribution: 0.16%
With stocks outpacing bonds during the period, this fund's generous portion of high-yield debt (the most equity-like part of the bond market) boosted performance. Below-average duration during a period that saw investors tilted toward shorter-dated bonds also helped.

TIAA-CREF Social Choice Equity

Return: 4.05% | Percent of portfolio: 2.95%¹ | Relative contribution: 0.11%
Quarterly results at this broadly diversified fund, which aims to replicate the Russell 3000 Index's attributes with a basket of stocks screened for social criteria, were driven primarily by its exposure to Financials. Consumer cyclical and Industrials stocks also chipped in gains; Healthcare and Consumer Staples detracted modestly from performance.

Top Detractors:

TIAA-CREF Social Choice Bond

Return: -2.58% | Percent of portfolio: 16.57%¹ | Relative contribution: -0.44%
Although it ranked among our detractors for the quarter, this fund easily surpassed the benchmark Bloomberg Barclays US Aggregate Bond Index. That's especially impressive given the fund's meaningfully higher duration during a period in which bond investors generally shied away from interest-rate risk.

Praxis Impact Bond

Return: -2.67% | Percent of portfolio: 15.39%¹ | Relative contribution: -0.43%
This fund's below-average duration wasn't enough to completely offset softness in mortgages, but it helped. As with TIAA-CREF Social Choice Bond, it also surpassed the Bloomberg Barclays US Aggregate Bond Index, albeit by a narrower margin of 30 basis points².

Pax MSCI International ESG Index

Return: -2.66% | Percent of portfolio: 7.17%¹ | Relative contribution: -0.19%
Although it detracted from results, this fund continues to provide evidence that ESG is an investment factor, handily outpacing the MSCI EAFE Index among consumer defensive names, for instance, while ceding comparable amounts within Basic Materials, Healthcare, and Telecommunications.

Changes During the Quarter:

There were no significant changes made to the Fund during the quarter.

¹ Percent of portfolio for the top contributors to and detractors from portfolio performance reflects the average weight of the security in the portfolio for the quarter ended December 31, 2016.

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.

For index definitions, please see page 3.

Returns (%)²

As of December 30, 2016

	Return (%)			Average Annual Returns (%)		
	3-month	YTD	1-year	3-year	5-year	Since Inception*
Without maximum sales charge						
Total Return Fund — Class A (PWMAX)	-0.79	4.70	4.70	3.23	5.21	5.15
Total Return Fund — Class C (PWMCX)	-0.91	3.96	3.96	2.44	4.42	4.35
Total Return Fund — Individual Investor Class (PWTRX)	-0.88	4.67	4.67	3.22	5.20	5.14
Total Return Fund — Institutional Class (PWMIX)	-0.71	5.06	5.06	3.47	5.47	5.40
Blended Index	-1.09	4.81	4.81	4.05	5.75	5.96
MSCI EAFE (Net) Index	-0.71	1.00	1.00	-1.60	6.53	3.53
S&P 500 Index	3.82	11.96	11.96	8.87	14.66	12.59
With maximum 4.50% sales charge						
Total Return Fund — Class A ³ (PWMAX)	-5.28	0.03	0.03	1.67	4.24	4.46
Total Return Fund — Class C ⁴ (PWMCX)	-1.90	2.92	2.92	—	—	—

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. For the most recent month end performance please call 800.767.1729 or visit www.paxworld.com.

² Figures include reinvested dividends, capital gains distributions, and changes in principal value.

³ A 1.00% CDSC (contingent deferred sales charge) may be charged on any shares sold within 18 months of purchase over \$1million.

⁴ A 1.00% CDSC (contingent deferred sales charge) may be charged on shares redeemed within 1-year of purchase.

Effective 4/1/2016, total Total Return Fund operating expenses, net of fee waivers and reimbursements, and excluding acquired fund fees and expenses, are 0.64%, 0.89%, 0.89% and 1.64% for Institutional Class, Individual Investor Class, Class A and Class C, respectively. Total Total Return Fund operating expenses, gross of any fee waivers or reimbursements, are 3.22%, 3.47%, 3.47% and 4.22% for Institutional Class, Individual Investor Class, Class A and Class C, respectively. The Adviser has agreed contractually to reimburse a portion of each Fund's expenses until at least December 31, 2017.

* Inception date is January 4, 2010. Inception date for the Total Return Fund Individual Investor Class is April 1, 2016.

Macro Attribution - Total Return Fund vs. Benchmark 9/30/2016 to 12/30/2016

Level 1 - Asset Class	Portfolio		Composite Benchmark		Portfolio Benchmark		Macro Attribution			
	Average Weight	Total Return	Average Weight	Total Return	Average Weight	Total Return**	Manager Selection Effect	Asset Allocation Effect	Style Selection Effect	Total Effect
Total	100.00	-0.52	100.00	-0.45	100.00	1.32	-0.06	-2.25	0.47	-1.84
U.S. Equity	25.57	2.69	25.57	4.68	55.00	3.82	-0.50	-0.73	0.22	-1.02
Large/Multi-Cap	19.51	2.57	19.51	4.75	55.00	3.82	-0.42	—	0.18	-0.25
Small/Mid-Cap	6.06	3.29	6.06	4.48	—	—	-0.08	—	0.04	-0.04
Global/Int'l Equity	15.01	-2.70	15.01	-0.30	25.00	-0.71	-0.37	0.22	0.05	-0.10
Developed	12.89	-2.30	12.89	0.37	25.00	-0.71	-0.35	—	0.13	-0.22
Emerging	2.12	-5.03	2.12	-4.16	—	—	-0.02	—	-0.08	-0.10
Fixed Income	59.52	-1.35	59.52	-2.67	20.00	-2.98	0.81	-1.73	0.19	-0.74
High Yield	4.40	2.55	4.40	1.26	—	—	0.06	—	0.19	0.24
Investment-Grade/Intermediate	55.11	-1.66	55.11	-2.98	20.00	-2.98	0.75	—	—	0.75
Cash	-0.10	0.10	-0.10	—	—	—	-0.00	—	0.01	0.01
Other: Expenses and Fees		0.36								
Net Return: Class A		0.88								

** Portfolio Benchmark return may be slightly different from Blended Benchmark return since calculation methodology is different.

Macro Attribution Overview:

- Macro attribution highlights the decisions made in implementing an asset allocation strategy by focusing on the top-level return of each fund and asset class within a strategy.
- Macro attribution uses a top-down approach and is solely returns based.

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For index definitions, please see page 3.

Past performance is no guarantee of future results. Source: Morningstar Investment Management.

- *Macro attribution analysis allows you to decompose the alpha of your portfolio and determine where value was added in the investment process. Alpha is a coefficient measuring risk-adjusted performance, considering the risk due to the specific security, rather than the overall market. A positive alpha reflects relative risk-adjusted performance of the Fund versus its benchmark.*

Macro Attribution Effects:

Asset Allocation Effect:

- Examines the effect from broad-level asset allocation decisions.
- Calculated as the top-down allocation effect between the composite benchmark and the portfolio benchmark.

Style Selection Effect:

- Examines the effect from style asset allocation decisions.
- Calculated as the top-down selection effect between the composite benchmark and the portfolio benchmark.

Manager Selection Effect:

- Examines the effect from the selection of managers with which to invest.
- Calculated as the portfolio manager-level weight multiplied by the difference between the portfolio manager-level return and the composite benchmark manager-level return.

Total Effect:

- Combining the asset allocation, style selection, and manager selection results is the total effect, which is the return differential between the portfolio and the portfolio benchmark.
- Calculated as the portfolio manager-level weight multiplied by the difference between the portfolio manager-level return and the composite benchmark manager-level return.

Macro Benchmarks

- **Composite Benchmark:** Represents the return a manager would have received if they had invested directly in their underlying fund/manager's benchmark.
- **Portfolio Benchmark:** Refers to the Portfolio's actual mandated blended benchmark.

Effective March 29, 2016, the ESG Managers Balanced Portfolio was consolidated into the ESG Managers Income Portfolio, and the ESG Managers Income Portfolio was renamed the Pax Sustainable Managers Total Return Fund. The ESG Managers Income Portfolio is considered the "Surviving Fund" of the reorganization for accounting and performance reporting purposes. Accordingly, all performance and other information shown for the Total Return Fund for periods prior to March 29, 2016 is that of the Surviving Fund.

Risks: Pax Sustainable Managers Total Return Fund is a multi-manager fund. The Fund's allocations may change due to market fluctuations and other factors. 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. 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.

Diversification does not eliminate the risk of losses. Asset Allocation and Diversification are investment methods used to help manage risk. They do not ensure a profit or protect against a loss.

Top Ten holdings as of 12/30/16: TIAA-CREF Social Choice Bond Fund 16.4%; Praxis Intermediate Income Fund 14.7%; PIMCO Income Fund 12.2%; Parnassus Core Equity Fund 8.3%; Pax MSCI International ESG Index Fund 7.6%; Access Capital Community Investment Fund 5.8%; CRA Qualified Investment Fund 5.8%; Touchstone Premium Yield Equity Fund 4.9%; Pax High Yield Bond Fund 4.6%; and Appleseed Fund Institutional Class 3.8%. Holdings are subject to change.

Index definitions The indexes referenced in this report are defined here. One cannot invest directly in an index. **Blended Index** is comprised of 11% MSCI EAFE (Net) Index, 24% S&P 500 Index, and 65% Barclays U.S. Aggregate Bond Index. **Barclays U.S. Aggregate Bond Index** represents securities that are U.S. domestic, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities and asset-backed securities. **MSCI EAFE (Europe, Australasia, Far East) 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. MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. **Standard & Poor's 500 Stock Index** is an unmanaged index of large capitalization common stocks.

Pax Sustainable Managers Funds are multi-manager asset allocation portfolios that offer exposure to a globally diverse mix of managers, asset classes and styles. Each fund provides investors access to a fully integrated environmental, social and governance (ESG) portfolio and offers expert strategic asset allocation, manager selection, portfolio construction and on-going monitoring by Morningstar Investment Management.

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Strategic allocation, manager selection and portfolio construction

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