

Key Points:

- On November 21, 2016, the Funds' Board of Trustees voted to liquidate the assets of the Pax Sustainable Managers Capital Appreciation 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 emerging 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.

Portfolio Investment Team



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 Capital Appreciation Fund (the Fund) Institutional Class shares gained 1.14% and the Class A (NAV) 0.98%. The Portfolio's blended index benchmark gained 1.34%. The Fund lagged its Allocation—70% to 85% Equity Morningstar category peers, which returned 1.27% on average.

Top Contributors:

TIAA-CREF Social Choice Equity

Return: 4.05% | Percent of portfolio: 14.30%¹ | Relative contribution: 0.58%
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 Financial stocks.

Parnassus Core Equity

Return: 2.24% | Percent of portfolio: 23.21%¹ | Relative contribution: 0.55%
Financial stocks—including recently 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.

Pax Small Cap

Return: 8.00% | Percent of portfolio: 5.80%¹ | Relative contribution: 0.45%
Unusual for this focused best-ideas fund, a strong showing versus the Russell 2000 Index owed mainly not to stock selection but sector exposures. A sizeable overweight among Financials chipped in substantial relative outperformance, for instance, as did an underweight stake in healthcare stocks.

Top Detractors:

Pax MSCI International ESG Index

Return: -2.66% | Percent of portfolio: 17.60%¹ | Relative contribution: -0.49%
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.

Hartford Schroder Emerging Market Equity

Return: -5.03% | Percent of portfolio: 4.56%¹ | Relative contribution: -0.25%
This fund's underperformance versus the MSCI Emerging Markets Index owes to expenses; gross of its fees, it outpaced that bogy during the quarter, with the bulk of its relative success resulting from overweight exposure to and security selection within emerging Europe.

TIAA-CREF Social Choice Bond

Return: -5.03% | Percent of portfolio: 4.56%¹ | Relative contribution: -0.25%
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.

Changes During the Quarter:

There were no significant changes made to the Portfolio 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.

For index definitions, please see page 3.

Returns (%)³

As of December 30, 2016

	Return (%)			Average Annual Returns (%)		
	3-month	YTD	1-year	3-year	5-year	Since Inception*
Without maximum sales charge						
Capital Appreciation Fund — Class A (PGPAX)	0.98	8.03	8.03	3.59	8.75	7.28
Capital Appreciation Fund — Class C (PWCCX)	0.83	7.24	7.24	2.81	7.94	6.46
Capital Appreciation Fund — Individual Investor Class (PWCAX)	0.98	7.98	7.98	3.58	8.74	7.27
Capital Appreciation Fund — Institutional Class (PMIIX)	1.14	8.38	8.38	3.89	9.09	7.56
Blended Index	1.34	7.41	7.41	5.15	10.20	8.68
Morningstar Allocation—70% to 85% Equity	1.27	7.93	7.93	3.50	8.80	—
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 5.50% sales charge						
Capital Appreciation Fund — Class A ⁴ (PGPAX)	-4.55	2.06	2.06	1.65	7.53	6.42
Capital Appreciation Fund — Class C ⁵ (PWCCX)	-0.18	6.17	6.17	—	—	—

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.

³ Figures include reinvested dividends, capital gains distributions, and changes in principal value.

⁴ A 1.00% CDSC (contingent deferred sales charge) may be charged on any shares sold within 18 months of purchase over \$1million.

⁵ A 1.00% CDSC (contingent deferred sales charge) may be charged on shares redeemed within 1-year of purchase.

Effective 4/1/2016, total Capital Appreciation Fund operating expenses, net of fee waivers and reimbursements, and excluding acquired fund fees and expenses, are 0.71%, 0.96%, 0.96%, and 1.71% for Institutional Class, Individual Investor Class, Class A and Class C, respectively. Total Capital Appreciation operating expenses, gross of any fee waivers or reimbursements, are 2.32%, 2.57%, 2.57% and 3.32% 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 Capital Appreciation Fund Individual Investor Class is April 1, 2016.

Macro Attribution - Capital Appreciation Fund vs. Benchmark 9/30/2016 to 12/30/2016

	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	1.24	100.00	2.36	100.00	1.32	-1.11	0.54	0.50	-0.08
U.S. Equity	61.65	3.17	61.65	4.62	55.00	3.82	-0.88	0.20	0.50	-0.18
Large/Multi-Cap	42.91	2.80	42.91	4.29	55.00	3.82	-0.64	—	0.20	-0.44
Small/Mid-Cap	18.74	4.19	18.74	5.40	—	—	-0.24	—	0.30	0.06
Global/Int'l Equity	26.48	-2.96	26.48	-0.93	25.00	-0.71	-0.57	-0.01	-0.06	-0.64
Developed	21.92	-2.52	21.92	-0.24	25.00	-0.71	-0.52	—	0.09	-0.43
Emerging	4.56	-5.03	4.56	-4.16	—	—	-0.04	—	-0.16	-0.20
Cash	-0.21	0.10	-0.21	—	—	—	-0.00	—	0.03	0.03
Other: Expenses and Fees		0.26								
Net Return: Class A		0.98								

** 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.
- 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.

For index definitions, please see page 3.

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

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 Growth Portfolio was consolidated into the ESG Managers Growth and Income Portfolio, and the ESG Managers Growth and Income Portfolio was renamed the Pax Sustainable Managers Capital Appreciation Fund. The ESG Managers Growth and 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 Capital Appreciation Fund for periods prior to March 29, 2016 is that of the Surviving Fund.

Risks: The Pax Sustainable Managers Capital Appreciation 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. 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.

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: Parnassus Core Equity Fund 24.1%; Pax MSCI International ESG Index Fund 20.2%; TIAA-CREF Social Choice Equity Fund 14.8%; Eventide Gilead Fund 8.9%; PIMCO Income Fund 8.2%; Pax Small Cap Fund 6.7%; Ariel Fund 5.9%; Schroder Emerging Markets Equity Fund 4.6%; TIAA-CREF Social Choice Bond Fund 3.5% and Pax Global Environmental Markets Fund 2.6%. 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 55% S&P 500 Index, 25% MSCI EAFE (Net) Index, and 20% Barclays U.S. Aggregate Bond Index (Net) Index. **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. **Russell 3000 Index** is an unmanaged index which measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. The performance of the index does not reflect the deduction of expenses associated with a fund, such as investment management fees. By contrast, the performance of the Fund reflects the deduction of the fund expenses, including sales charges if applicable. **MSCI Emerging Markets Index** is a free float-adjusted, market-capitalization-weighted index that is designed to measure equity market performance of emerging markets. It consists of the following 23 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. **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. **Bloomberg 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. **Standard & Poor's 500 Stock Index** is an unmanaged index of large capitalization common stocks.

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