



The Forum for Sustainable and Responsible Investment

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## Sustainable, Responsible and Impact Mutual Fund and ETF Chart

### Fund Profile:

### Pax ESG Beta Quality Fund - Institutional Investor

#### General Fund Information

**Ticker:** PWGIX

**Assets under management (AUM):** \$209.82M (in US\$ millions)

**General Fund Type:** Equity Large Cap

**Specific Sizes or Types of Investments:** --

**Financial Objective:** The Pax ESG Beta Quality Fund seeks long-term growth of capital and follows a factor-investing strategy, also commonly known as smart beta, to harness the performance potential of ESG, quality and value factors.

**Specific ESG Focus:** Pax World offers an approach it calls Sustainable Investing -- the full integration of environmental, social and governance (ESG) criteria into investment analysis and decision making. By combining rigorous financial analysis with equally rigorous ESG analysis, Pax World portfolio managers seek to identify companies that are leaders in their industries, are better at managing risk, meet positive standards of corporate responsibility and focus on the long term. The inclusion of ESG criteria in the Pax World investment process results in an increased level of scrutiny that helps portfolio managers identify well-managed companies and construct portfolios that they believe have better long-term investment prospects. Environmental Pax World environmental criteria include such issues as air and water emissions, recycling and waste reduction, use of clean and renewable energy, climate change initiatives, and other policies and practices focused on attaining and promoting environmental sustainability. Social Pax social criteria examine companies from three different perspectives -- workplace and supply chain issues, product integrity and community involvement. Governance Pax governance criteria include such issues as executive compensation; board structures; and actions and charters aimed at protecting the interests of stakeholders. In every criterion, Pax seeks companies that disclose policies, implementation programs, and performance.

**To invest, call:** 800-767-1729

#### Fund Institution Information

##### Institution Name:

Pax World Funds

**Mutual Funds Description:** Established in 1971, Pax World is a recognized leader in sustainable investing. The Pax World sustainable investing approach fully integrates analysis of macroeconomic and market trends, fundamental security-specific financial data, environmental, social and governance (ESG) factors, and disciplined portfolio strategies. Our efforts are focused on building investment portfolios comprised of well-managed, forward-thinking companies that are leaders in their industries, are focused on the long term, can anticipate and mitigate risk, and that embrace high standards of corporate responsibility.

##### Contact info:

30 Penhallow St., Ste. 400  
Portsmouth, NH 03801  
United States  
Phone: (800)767-1729  
Fax: (603)431-8732

Email: [info@paxworld.com](mailto:info@paxworld.com)  
Web: <http://www.paxworld.com>

## Account Minimums

**Minimum Account:** \$500,000

**Minimum IRA:** --

## Methodology

**Screening Venue:** In-house and outside

**Screening Party:** Pax World Sustainability Research Team

**Screening Database Used:** In addition to primary research conducted by the Sustainability Research Department at Pax World, sustainability research analysts incorporate environmental, social and governance information from, among other sources, The Corporate Library Board Analyst, and Eagle Eye in their sustainability analysis, as well as information from government databases (OSHA, EPA, etc.), company web sites, and Factiva.

**Screening Process:** Pax combines rigorous financial analysis with equally rigorous ESG analysis to identify companies that the portfolio manager believes have better relative value and risk-adjusted returns than their peers. After a preliminary review of key financial metrics to narrow the universe, a potential investment is evaluated for its adherence to Pax World's Sustainable Investment, or ESG, criteria. The Sustainability Research team seeks to identify companies with solid corporate governance policies and procedures, strong environmental performance, safe products and honest and fair dealing with employees, communities and other key stakeholders. These firms are often well-positioned to successfully address the ever-increasing risks to business stability and success. Sustainability Research Analysts at Pax World analyze the sustainability profile of each issuers (including companies, municipalities, or other fixed income issuers) in each issue area using primary research sources and subscription services. Once that information is gathered, the analyst evaluates the company's performance against Pax World's sustainability criteria to determine if the company does or does not meet Pax's standards for inclusion in Pax World Funds. This rigorous review is followed by a peer review process to help ensure that the ESG criteria are applied appropriately and consistently. Pax World endeavors to review all securities held in the Pax World Funds on an annual basis to ensure they continue to meet Pax World's sustainability criteria.

## Proxy Voting Information

**Proxy Voting Guidelines or Policies:** [Open external link in new window](#)

**Proxy Voting Records:** [Open external link in new window](#)

## Specific Screening Information by Category

### Environment

- **Climate / Clean Technology:** *Combination of Positive and Restricted/Exclusionary Strategies* - As part of our sustainable investing strategy, which combines rigorous fundamental financial analysis with equally rigorous environmental, social and governance (ESG) analysis, we seek high-impact, solutions-oriented companies whose products, services or business strategies offer positive solutions to global sustainability challenges. Additionally, Pax World supports public policies that hasten a transition to renewable energy, and, through its shareholder engagement programs, urges companies to both understand risks related to climate change and mitigate their own impacts on it by reducing emissions.
- **Pollution / Toxics:** *Combination of Positive and Restricted/Exclusionary Strategies* - Our environmental criteria include such issues as air and water emissions, recycling and waste reduction, use of clean and renewable energy, climate change initiatives, and other policies and practices relating to environmental impact. Generally, we favor companies with comprehensive environmental policies, practices and performance, those with good environmental performance compared with industry peers, and those that are working to improve environmental sustainability.

- **Other Environmental:** *Combination of Positive and Restricted/Exclusionary Strategies* - Our environmental criteria include such issues as air and water emissions, recycling and waste reduction, use of clean and renewable energy, climate change initiatives, and other policies and practices relating to environmental impact. Generally, we favor companies with comprehensive environmental policies, practices and performance, those with good environmental performance compared with industry peers, and those that are working to improve environmental sustainability.

## Social

- **Community Development:** *Combination of Positive and Restricted/Exclusionary Strategies* - Pax World favors companies that foster strong stakeholder relations and demonstrate a commitment to the quality of life in the communities in which they operate. We seek to avoid companies that show disregard for, or are in conflict with, stakeholder constituencies or the communities where they do business. Pax World also supports investing in communities and promoting sustainable development in the United States and around the globe. Our Funds may invest in debt instruments issued by a range of non-corporate entities, including government agencies, states and municipalities and may invest up to 5% of fund assets in community development financial institutions that target underserved areas and directly support affordable housing, small businesses, community development and revitalization, health care, education and the environment. Specific information about these investments can be found in our sustainability report.
- **Diversity & Equal Employment Opportunity:** *Combination of Positive and Restricted/Exclusionary Strategies* - Pax seeks companies that encourage and foster diversity in the workplace, that offer transparency around policies and programs and that report on diversity performance. Pax World also addresses gender issues, including board diversity, through its proxy voting policies. For example, when voting on director elections, Pax World has a policy of withholding votes from, or where possible voting against, all slates of director nominees that do not include women. Pax World then registers its concerns with the company through a follow-up letter explaining the reason for our opposition to the all-male slate and encouraging the company to take steps to promote gender diversity and add women to its board of directors.
- **Human Rights:** *Combination of Positive and Restricted/Exclusionary Strategies* - Pax World believes it is the responsibility of businesses to protect and uphold human rights in their own operations and throughout their supply chain. It is also critical for companies to manage human rights as failing to do so can result in costly legal and reputational risk. We seek to avoid companies that show disregard for, or are in conflict with stakeholder constituencies or the communities where they do business. As a sign of our commitment to human rights issues, Pax World became a signatory to the UN Global Compact in 2010.
- **Labor Relations:** *Combination of Positive and Restricted/Exclusionary Strategies* - Pax World believes that constructive labor management relations are an indicator of sound management and a sustainable business model. We favor companies that treat their employees well and have good labor and employee relations. We also favor companies that have positive health and safety policies and procedures in place. We seek to avoid companies that show disregard for, or are in conflict with, stakeholder constituencies, such as employees or contractors, and companies with relative poor health and safety profiles.
- **Conflict Risk:** *Restricted/Exclusionary Investment* - Pax World seeks to avoid companies whose business operations have contributed to human rights abuses in the Sudan.

## Governance

- **Board Issues:** *Combination of Positive and Restricted/Exclusionary Strategies* - Our governance criteria include such issues as executive compensation, board structures, actions and charters and the protection they afford to the interests of both shareholders and stakeholders. Pax seeks to invest in companies whose governance is best suited to the creation of long-term value. In addition to examining governance structures, we also include protection of intellectual property, avoidance of bribery and corruption, measures to assure compliance with antitrust statutes and balanced and transparent management of any political contributions.
- **Executive Pay:** *Combination of Positive and Restricted/Exclusionary Strategies* - Pax World believes that executive compensation should be designed to create an incentive for long-term performance and to align the interests of executives and employees with the interests of shareowners. In addition, we believe that director compensation should be intended to attract and retain highly qualified directors, and to align their interests with those of shareowners. Pax World primarily addresses executive and director compensation issues through our proxy voting guidelines, which are publicly available on our website.

## Products

- **Alcohol:** *Combination of Positive and Restricted/Exclusionary Strategies* - Combination of Strategies Among alcoholic beverage manufacturers, Pax World generally seeks to invest in companies that have policies and programs designed to promote the responsible use and responsible marketing of alcohol. We favor companies that provide transparency surrounding responsible use initiatives or public education campaigns, disclose responsible marketing codes or provide information on how guidelines regarding the content of advertisements are set and

implemented. Pax World seeks to avoid alcoholic beverage manufacturers that we believe engage in activities such as marketing to underage consumers or promoting excessive use.

- **Animal Welfare:** *Combination of Positive and Restricted/Exclusionary Strategies* - Pax World generally seeks companies that do not test on animals, although we do not necessarily avoid a company strictly based on the fact that it employs animal testing or involves the use of live animals. In many countries, animal testing on drugs and healthcare products is still required by law. If a company does engage in testing on animals, Pax World seeks those which, for example, have policies and programs designed to avoid suffering, support alternatives to animal testing, have declining amounts of animal tests and provide adequate disclosure regarding the amount of testing performed and guidelines for animal care.
- **Defense/Weapons:** *No Investment* - Pax avoids investing in companies that manufacture or sell weapons, including firearms.
- **Gambling:** *Combination of Positive and Restricted/Exclusionary Strategies* - Pax World seeks to avoid investing in companies that are involved in gambling as a main line of business.
- **Tobacco:** *No Investment* - Pax World generally seeks to avoid investing in companies that manufacture tobacco products.

## Other

- **Shareholder Engagement - Shareholder Resolutions:** Filed or co-filed with companies on environmental, social or governance issues
- **Shareholder Engagement - Private Dialogue:** Conducted with companies on environmental, social or governance issues

## Performance Data

**Data provided by:** Bloomberg - Information current as of April 30, 2020

**Year-to-date rate of return:** -10.87%

**1-year rate of return:** -1.77%

**3-year rate of return:** 7.43%

**5-year rate of return:** 7.2%

**10-year rate of return:** 10.29%

**Previous year rate of return:** 27.42%

**Management fee:** 0.65%

**Expense ratio:** 0.65%

**Standard deviation:** 22.97%

**Benchmark used:** Russell 1000

**Disclaimer:** You should consider Pax World 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](http://www.paxworld.com). Please read it carefully before investing.