

Among the contributions  
women make to a company,  
stock performance may  
be the most overlooked.



# Introducing the Pax World Global Women's Equality Fund

There is growing evidence that gender diversity and the advancement of women are key drivers of a company's success. In fact, studies have shown that companies that integrate gender diversity and women's empowerment into their business practices are more likely to be successful than their less enlightened competitors<sup>1</sup>.

That's what makes the Pax World Global Women's Equality Fund so compelling. *It is the only mutual fund in America focused on investing in companies that are global leaders in advancing gender equality and women's empowerment.*

The way we view it, when women are at the table, the discussion is richer, the decision-making process is better, the organization is stronger and the benefits are felt by everyone – including investors.



**A 2008 study by McKinsey found that companies with greater numbers of women in senior management scored higher than lower-ranked counterparts on nine dimensions of organization, such as leadership, accountability and organization, and that higher-scoring companies are more likely to have above average earnings and financial valuations.**

Desvaux, Devillard-Hoellinger and Meany, "A Business Case for Women," The McKinsey Quarterly, September 2008.

<sup>1</sup> See, for example, David A. Carter, Frank D'Souza, Betty J Simkins and W. Gary Simpson, "The Diversity of Corporate Board Committees and Firm Financial Performance," Department of Finance, Oklahoma State University, March 15, 2007; and Niclas L. Erhardt, James D. Werbel and Charles B. Shrader, "Board of Director Diversity and Firm Financial Performance," *Corporate Governance* (11:2), April 2003.

# Based on the premise that companies that advance and empower women are better long-term investments.

The Pax World Global Women's Equality Fund (PXWEX) is a global equity fund that seeks to deliver long-term growth to its shareholders by investing in companies around the globe that are leaders in promoting gender equality and women's advancement. The Fund invests primarily in large-cap companies with policies and programs that include:

- Promotion of women to top executive positions and compensating them accordingly
- Representation of women on the board of directors and in senior management
- Career development, education and training programs for women employees
- Hiring and promotion policies to assure gender equality
- Programs to address work/life balance concerns, particularly women's health, safety and childcare responsibilities
- Programs to address discrimination against women and protect women from harassment and violence
- Positive images of women in advertising, promotion and marketing
- Use of women-owned companies as vendors and service providers
- Accountability and transparency to employees, investors and the communities in which they operate

In selecting companies for the Global Women's Equality Fund, Pax World favors companies that embrace or aspire to embrace the best practices embodied in the Women's Empowerment Principles, a joint initiative of the United Nations Development Fund for Women (UNIFEM) and the United Nations Global Compact<sup>1</sup>.

*The Funds' sustainable investing policies may inhibit the Funds' ability to participate in certain attractive investment opportunities that otherwise would be consistent with their investment objectives and other principal investment strategies.*

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

<sup>1</sup>The Women's Empowerment Principles are a set of principles for businesses offering guidance on how to empower women in the workplace, marketplace and community, the result of a collaboration between the United Nations Development Fund for Women (UNIFEM) and the United Nations Global Compact.

UNIFEM is the women's fund at the United Nations, dedicated to advancing women's rights and achieving gender equality. The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

## FROM THE PORTFOLIO MANAGER

Sujatha R. Avutu, CFA



"To identify what we believe are simply the best investment opportunities around the globe, we apply rigorous gender leadership analysis, top-down macroeconomic analysis and a bottom-up approach to securities selection. The Fund's construction is designed to be resilient through varying economic cycles and seeks to closely manage downside risk.

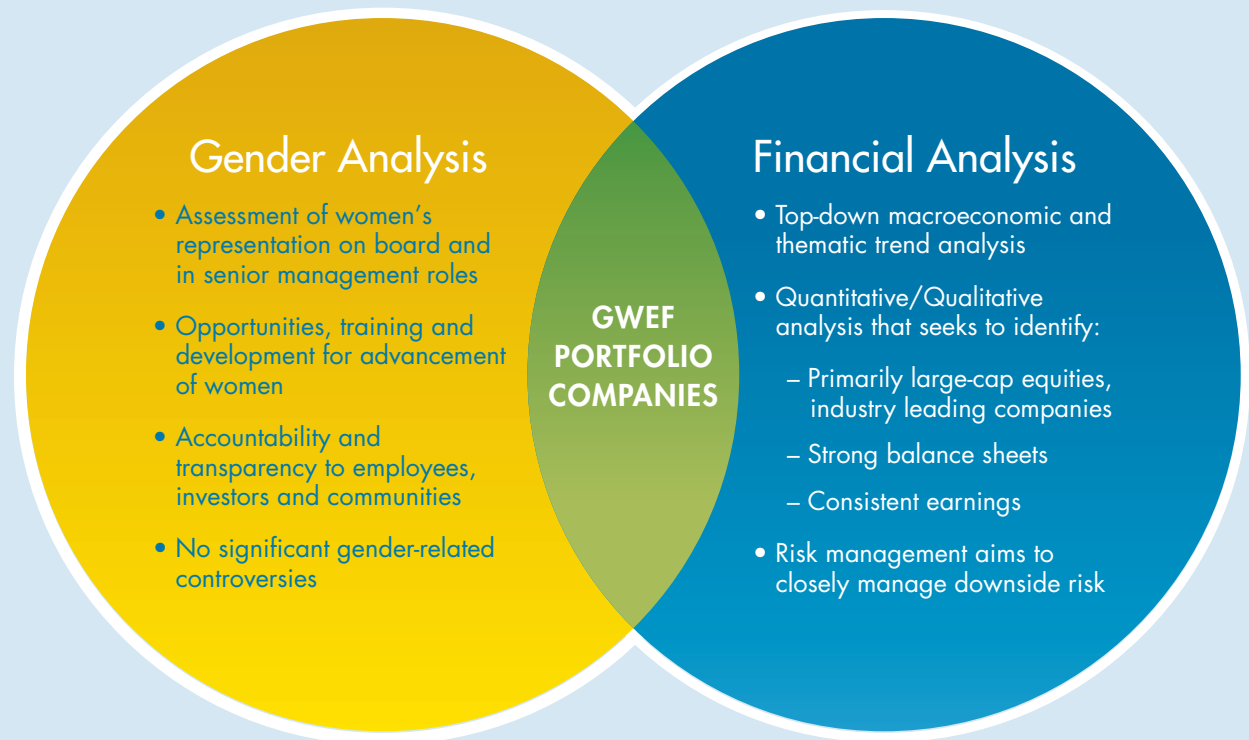
"Pax World's deep commitment to advancing gender equality is, I believe, virtually unsurpassed in the mutual fund industry. That gives me opportunities to leverage my 20+ years of investment management experience in a manner that is simply not available to me elsewhere."

Sujatha R. Avutu, CFA®, Portfolio Manager of the Pax World Global Women's Equality Fund. Ms. Avutu joined Pax World in 2007 and has been responsible for management of the Fund since its acquisition by Pax World in 2007.

*CFA® is a trademark owned by the CFA Institute.*

# Fund strategy overview

The Pax World Global Women's Equality Fund is driven by a strategy that evaluates companies on the basis of two critical parameters – their fundamental financial characteristics and whether they've demonstrated leadership in promoting gender equality and women's empowerment. Only those companies with strength in each are considered for inclusion in the Fund.

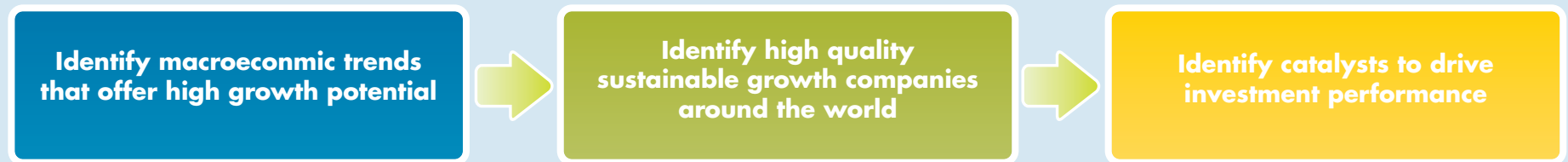


*"A recent McKinsey survey determined that, of companies who'd made efforts to empower women in emerging markets, 34 percent reported increased profits, and another 38 percent said they expected to see profit as a direct result of those efforts."*

*Women Will Rule the World, Newsweek, July 6, 2010*

# Investment process

## Defined, Systematic and Repeatable



In addition to our gender leadership analysis, we review macroeconomic factors such as:

- Global economic conditions
- Trade and currency trends
- Sector growth

We perform rigorous financial/qualitative analysis to assess companies' financial strength by evaluating factors such as:

- Long-term growth prospects
- Competitive strength
- Operating characteristics
- Return on invested capital<sup>1</sup>
- Valuation analysis
- Quality of management

We seek to identify catalysts to unleash companies' investment potential by evaluating factors such as:

- New product or patents
- Merger and acquisition and divestiture activities
- Restructuring in management or control
- Improving outlook or cyclical turnaround



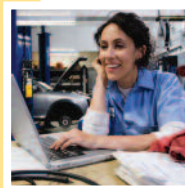
*A recent study of French companies found that those with more women in their management withstood the 2008 market downturn better than those with fewer women, and attributed this success to gender diversity contributing to managerial efficiency and the fact that women tend to be more risk-averse than men.*

Professor Michel Ferrary, "When Gender Diversity Protects Stock Prices From the Crash," Ceram Business School, 2009.

<sup>1</sup>Return on invested capital is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. The return on invested capital measure gives a sense of how well a company is using its money to generate returns.

▶ AT PAX WORLD, GENDER EQUALITY IS A CORE PART OF OUR SHAREHOLDER ADVOCACY PROGRAM

- Saying “No” to all-male boards through proxy voting
- Co-leading an investor initiative with the United Nations Principles for Responsible Investment (UNPRI), which involves sending letters to companies urging them to formalize and expand their commitment to gender equality
- Urging companies to endorse the Women's Empowerment Principles sponsored by UNIFEM and the UN Global Compact



## A company with a deep, long-standing commitment to gender equality.

At Pax World, we have long integrated diversity analysis and other gender criteria into the research we do, not only for our Global Women's Equality Fund, but for all of our no-load mutual funds.

We also try to practice what we preach in the way we run our company:

- 3 of our 6 in-house portfolio managers are women.
- 3 of the 6 senior executives who sit on the senior management committee with our CEO are women.
- Women make up 50% of our field sales force.
- Our Women's Advisory Council, comprised of nationally-known leaders and experts on women's issues, assists us in our efforts to advance women and gender equality.

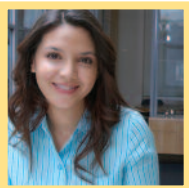
**“Firms operating in complex environments do generate positive and significant abnormal returns when they have a high proportion of women officers.”**

Francœur et al. “Gender Diversity in Corporate Governance and Top Management.” *Journal of Business Ethics* (2008) 81:83-85.

# Who may be interested in the Global Women's Equality Fund?

The Global Women's Equality Fund may be ideal for individuals and institutional investors who:

- Seek a global equity fund that primarily invests in large-cap companies with the potential to achieve consistent long-term investment performance
- Recognize that companies that advance gender equality and women's empowerment may represent significant investment opportunities
- Wish to participate in advancing gender equality and women's empowerment through shareholder engagement and proxy voting initiatives
- Recognize that their investments can make a difference in advancing women around the globe



*"[I]f there is a locus of trust in the corporation, it is the board....Based on existing research in the social sciences, [a] promising focus for enhancing trust in the corporation is gender diversification of boards of directors."*

Joan MacLeod Heminway, "Sex, Trust, and Corporate Boards,"  
Hastings Women's Law Journal, April 15, 2007



Pax World Investments

For Tomorrow®

30 Penhallow Street, Suite 400  
Portsmouth, NH 03801  
800.767.1729  
info@paxworld.com

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

## About Pax World

Pax World is a recognized leader in the field of Sustainable Investing – the full integration of environmental, social and governance (ESG) factors into investment analysis and decision making. By supplementing traditional financial analysis with equally rigorous ESG analysis, we take into consideration factors other investment managers often ignore – environmental responsibility, safety management, corporate governance and other factors that can have a material effect on share price performance.

Our investment products include:

**Pax World Funds** – A family of no-load mutual funds across a range of asset classes

**ESG Managers™ Portfolios** – A series of multi-manager asset allocation funds powered by Morningstar Associates

**ESG Shares®** – The first family of ETFs devoted exclusively to a Sustainable Investing approach

**Separately managed accounts** for institutional investors



For Tomorrow®



**Before investing in a Pax World Fund, you should carefully consider the Fund's investment objectives, risks, charges and expenses. For this and other important information about the Fund, 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. An investment in the Fund involves risks, including loss of principal.**

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