

**Asset allocation funds
driven by a Sustainable Investing approach.
An idea whose time is now.**



Strategic allocation, manager selection and
portfolio construction by Morningstar Associates

Investment adviser to
ESG Managers[®] Portfolios



Introducing ESG Managers® Portfolios

- Multi-manager asset allocation funds
- Advised by Pax World Management LLC
- Strategic allocation, manager selection and portfolio construction provided by Morningstar Associates
- Comprised of carefully selected managers in the field of Sustainable Investing
- Diversified, turnkey investment portfolios

Diversification does not eliminate risks. ESG Managers® Portfolios are multi-manager funds, which are a mix of underlying Sleeve Subadviser portfolios. The Funds' allocations may change due to market fluctuations and other factors.



ESG Managers® Portfolios is the first series of asset allocation funds comprised of carefully selected managers that integrate Environmental, Social and Governance (ESG) factors into investment analysis and decision making.

Advised by Pax World, the funds have been designed and constructed by Morningstar Associates using objective research, sophisticated analysis and proprietary due diligence to determine the asset allocations, select the managers, construct the portfolios and monitor the investments on an ongoing basis.

As sustainability goes mainstream – and companies around the world recognize the financial advantages that may derive from sustainable business models – ESG Managers® Portfolios have been designed for investors and advisors who seek to capture the potential investment returns associated with these global trends.

ESG Managers® Portfolios have been created for investors who:

- Trust the objective expertise offered by Morningstar Associates in evaluating investment managers and designing asset allocation portfolios
- Are interested in sustainable, socially responsible or “green” investments
- Understand the advantages that may be associated with investing in companies positioned to benefit from the global shift to a sustainable economy

“We are excited to have collaborated with Pax World to offer the first multi-manager portfolios on the market comprised of carefully selected managers who follow a Sustainable Investing approach. By embracing Environmental, Social and Governance (ESG) factors in their investment processes, the managers seek to gain unique insights into companies' ability to move their businesses forward and to manage risk. When combined with Morningstar Associates advanced asset allocation, manager oversight, and portfolio construction process, we believe the ESG Managers® Portfolios are a winning combination for mainstream investors.”



*Jon Hale
Managing Consultant, Morningstar Associates, LLC*

“Through this collaboration with Morningstar Associates, Pax World has been able to bring some of the best-known Sustainable Investing managers under one roof in a unique series of asset allocation funds. We hope ESG Managers® Portfolios will provide a solution for investors who seek to capture the potential investment returns associated with the global economic shift towards sustainability.”



*Joe Keefe
President & CEO, Pax World Management LLC*

The Funds

ESG Managers® Aggressive Growth Portfolio

The Aggressive Growth Portfolio's investment objective is to seek a high level of long-term capital appreciation.

Under normal market conditions, the Portfolio expects to invest as much as 100% of its total assets in equity securities. Additionally, it can invest up to 85% of its assets in securities of non-U.S. issuers, including investments in emerging markets. The Portfolio is designed to appeal to investors who seek a high level of growth with relatively little income growth from a Sustainable Investing portfolio.

ESG Managers® Growth Portfolio

The Growth Portfolio's investment objective is to seek long-term capital appreciation.

Under normal market conditions, the Portfolio expects to invest approximately 80% of its total assets in equity securities and the other 20% in fixed income securities. The Portfolio can invest up to 70% of its total assets in securities of non-U.S. issuers, including investments in emerging markets. This Portfolio may be of particular appeal to growth-oriented investors who also recognize the value that fixed income investments can potentially play in portfolio stabilization.

ESG Managers® Moderate Portfolio

The Moderate Portfolio's primary investment objective is to seek long-term capital appreciation. As a secondary objective and to the extent consistent with its primary investment objective, it seeks current income.

Under normal market conditions, the Portfolio expects to invest approximately 60% of its total assets in equity securities and the other 40% in fixed income securities. Up to 50% of its total assets can be in securities of non-U.S. issuers, including investments in emerging markets. This approach may hold special appeal for investors who seek to achieve a balance between growth and income in a Sustainable Investing portfolio.

ESG Managers® Conservative Portfolio

The Conservative Portfolio's primary investment objective is to seek preservation of capital and current income. As a secondary objective and to the extent consistent with its primary investment objective, it seeks capital appreciation.

Under normal market conditions, the Portfolio expects to invest approximately 65% of its total assets in fixed income securities and 35% in equity securities. The Portfolio may invest the entire amount of its assets in fixed income securities or, conversely, it can invest up to 50% in equity securities. Investors whose primary investment objective is current income through a Sustainable Investing model may find this Portfolio of particular appeal.

Emerging market 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. When investing in bonds, you are subject, but not limited to, the same interest rate, inflation and credit risks associated with the underlying bonds owned by the Fund.



The managers

The managers that have been selected by Morningstar Associates to manage portions of the assets in ESG Managers® Portfolios are a highly diverse group of investment professionals.

Among the managers are some who pursue growth strategies and others a value-oriented approach. Some invest primarily in large-cap domestic and international equities and others in small- and mid-cap equities. Some are specialists in fixed income investing. A few focus on community investing, while still others invest in companies that are leaders in the development of new environmental technologies.

Although they bring a range of investment styles and strategies to the management of their respective sleeves within the portfolios, the managers have one important qualification in common: they are all organizationally committed to the value that Environmental, Social and Governance analysis brings to the investment process.



SMALL/MID CAP VALUE



LARGE CAP VALUE



INVESTMENT GRADE FIXED INCOME




INVESTMENT GRADE FIXED INCOME



GLOBAL CLEAN TECHNOLOGY



EQUITY INCOME



LARGE CAP BLEND



EQUITY INCOME, SMALL CAP



MULTI-CAP EQUITY, INTERNATIONAL EQUITY, GLOBAL CLEAN TECHNOLOGY, HIGH YIELD BOND, REAL RETURN



WORLD STOCK



INVESTMENT GRADE FIXED INCOME



EMERGING MARKETS

Ariel Investments, ClearBridge Advisors, Community Capital Management, Everence Capital Management, Inc., Impax Asset Management, Miller-Howard Investments, Neuberger Berman, Parnassus Investments, Pax World Management LLC, Portfolio 21 Investments, RBC Global Asset Management and Schroders are not affiliated with ALPS Distributors, Inc.

Morningstar Associates' process*

Asset allocation, manager selection and portfolio construction is conducted by Morningstar Associates, a leading provider of investment management services, widely recognized for its expertise in multi-manager/multi-strategy portfolio construction.

The portfolios are diversified across approximately a dozen asset classes. The equity portion seeks to include the full range of market capitalization (small-, mid- and large-cap stocks) as well as investment styles (growth, value and blend) for U.S. and International stocks. The fixed-income portion covers the investment grade and credit-sensitive areas of the bond universe.

Morningstar Associates determines the optimal weighting for each manager in order to fulfill portfolio allocation targets while taking into consideration the portfolio's risk metrics, economic and market conditions.

The five steps of the process are shown here.

Step #1: Structuring the asset allocation targets for each portfolio

Morningstar Associates performs econometric and statistical analyses to determine the strategic asset allocation targets for each of the portfolios, based on multiple optimization techniques. This ensures that the allocations are supported by data, not rules of thumb.



Step #2: Due diligence and the selection of underlying managers

Drawing on years of experience, Morningstar Associates has incorporated the tenets of Morningstar, Inc.'s respected independent fund analysis into an institutional-quality manager evaluation process.



Manager Due Diligence Process

Quantitative Analysis

- Risk-adjusted performance
- Style consistency
- Performance consistency
- Historical portfolio holdings
- Benchmark, investment category, peer group comparisons

Qualitative Evaluation

- Conduct in-depth manager interviews
- Assess portfolio fit by evaluating overlaps in holdings of different strategies
- Define the role each manager will play in ESG Managers® Portfolios

*Source: Morningstar Associates, LLC. Target allocations are subject to change without notice. For illustrative purposes only.

**Step #3:
Constructing the portfolios to meet the allocation targets and manage risk**

Morningstar Associates takes a bottom-up approach to constructing a portfolio. This means it fulfills the allocation targets using the individual holdings-level data for stock and bond holdings. The portfolios are analyzed to determine the optimal weighting for each manager based on risk characteristics, economic and market factors, and measures of market volatility.



**Step #4:
Monitoring the funds for quality and portfolio fit**

Morningstar Associates continually evaluates the portfolios' holdings, risk and managers. Holdings are monitored daily to ensure the portfolios' allocations remain within their target ranges. The overall risk of the portfolios is evaluated to ensure that it is appropriate given their targeted risk levels and current economic and market factors. Ongoing communication with the underlying managers helps ensure that Morningstar Associates is aware of decisions that may impact each manager's performance or its overall role in the portfolio.



**Step #5:
Ongoing allocations to asset classes and managers**

Morningstar Associates directs daily cash flows to maintain the appropriate asset and investment category exposures. It makes larger reallocations only as necessary, including when managers who are not meeting expectations need to be replaced. This approach tends to reduce turnover and can be more tax efficient.



"Our objective when setting our strategic asset allocation targets is to define targets that we anticipate will provide the best expected risk-adjusted return over a long-term time horizon. By constructing the portfolios this way, we obtain a level of precision and institutional-quality oversight."

*Jon Hale, PhD, CFA¹
Managing Consultant, Morningstar Associates, LLC
Portfolio Construction Manager, ESG Managers® Portfolios*

MORNINGSTAR®

¹CFA is a trademark owned by CFA Institute.

Sustainability is fast becoming *the* economic imperative of the 21st Century global economy.

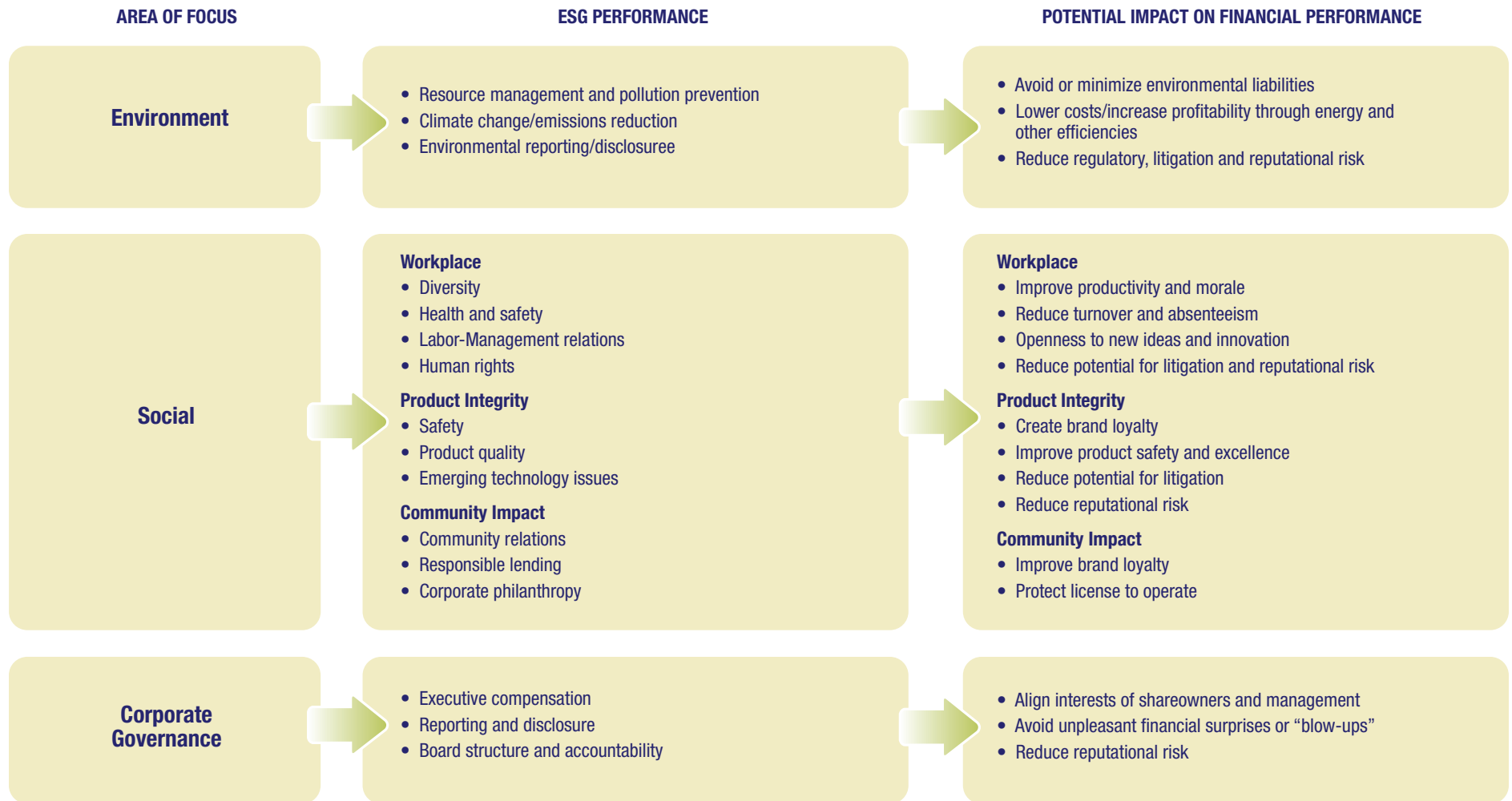
ESG Managers® Portfolios provide investors with the opportunity to invest in companies that in our judgment are well positioned to benefit from this global economic trend.

Among the reasons we believe Sustainable Investing is a smarter approach for today's investor:

- Companies with stronger environmental performance often carry less risk, achieve greater efficiencies and may be better positioned to take advantage of opportunities in a global marketplace where environmental issues increasingly matter.
- Companies with strong employee relations and workplace practices often enjoy higher productivity, higher morale, lower turnover and absenteeism, and therefore may be better positioned for growth than their less enlightened competitors.
- Companies with better corporate governance practices may be less likely to have financial “blow-ups” or other negative surprises.
- Companies with a specific focus on environmental technologies and solutions may be well-positioned to benefit from climate change legislation, energy efficiency and green jobs initiatives.



Impact of sustainability factors on financial performance





Pax World Management LLC

About Pax World

Pax World Management LLC is a recognized leader in Sustainable Investing – the integration of Environmental, Social and Governance (ESG) factors into investment analysis and decision making.

Pax World Management LLC has approximately \$2.8 billion in assets under management (as of June 30, 2011). In addition to ESG Managers® Portfolios, it is investment adviser to Pax World Funds, a family of actively managed mutual funds, and ESG Shares®, the first family of ETFs devoted exclusively to a Sustainable Investing approach.



About Morningstar Associates

Morningstar Associates, LLC is a premier provider of investment management solutions for institutions to help investors reach their financial goals.

As a registered investment advisor and wholly owned subsidiary of Morningstar, Inc., Morningstar Associates provides investment management and advisory services on more than \$64 billion on behalf of institutions and individual investors (as of March 31, 2011).

For more information or to obtain a prospectus, contact your financial advisor, call 877.374.7678 or visit www.esgmanagers.com.

Fund	Share Class	TA Fund #	CUSIP	TICKER
ESG Managers Aggressive Growth	Class A	330	704 223 726	PAGAX
	Class C	350	704 223 593	PAGCX
	Inst Class	370	704 223 619	PAGIX
ESG Managers Growth	Class A	331	704 223 718	PGPAX
	Class C	351	704 223 635	PWCCX
	Inst Class	371	704 223 627	PMIIX
ESG Managers Moderate	Class A	332	704 223 692	PMPAX
	Class C	352	704 223 650	PWPCX
	Inst Class	372	704 223 643	PWPIX
ESG Managers Conservative	Class A	333	704 223 684	PWMAX
	Class C	353	704 223 676	PWMCX
	Inst Class	373	704 223 668	PWMIX



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ESG Managers® Portfolios are available only through registered financial advisors and qualified retirement plan providers.

You should consider ESG Managers® Portfolios' investment objectives, risks, and charges and expenses carefully before investing. For this and other important information, please obtain a fund prospectus by calling 877.374.7678 or visiting www.esgmanagers.com. Please read it carefully before investing. Copyright © 2011 Pax World Management LLC. All rights reserved. Distributed by ALPS Distributors, Inc.

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