

IMPORTANT TAX INFORMATION FOR SHAREHOLDERS OF PAX WORLD MUTUAL FUNDS AND ESG MANAGERS PORTFOLIOS

Please note that the information below does not constitute tax advice. Please consult your personal tax adviser to determine how new tax laws and your state's reporting requirements will affect your individual tax return.

QUALIFIED DIVIDENDS:

"Qualified dividends" are qualified for a lower tax rate than other ordinary income. What this means to you: Form 1099-DIV will report the total amount of the distribution paid in box 1a. In box 1b, the Form will report the portion of that distribution that may be considered Qualified Dividend Income.

The percentage of income earned in 2014 by each of the Pax World Funds and ESG Managers Portfolios that is Qualified Dividend Income (QDI) is provided in the table below. This percentage of the total ordinary income distribution is qualified for the QDI tax rate based on how long the fund held the securities that paid dividends. However, in order to enjoy the lower tax rate you would have had to have owned your fund shares for at least 60 days during the 121 day period that began 60 days before the fund's ex-dividend date.

Fund Name	% QDI
Pax World Balanced Fund	97.40%
Pax World Growth Fund	100.00%
Pax World High Yield Bond Fund	2.57%
Pax Ellevest Global Women's Index Fund	100.00%
Pax World International Fund	100.00%
Pax MSCI International ESG Index Fund	96.19%
Pax World Small Cap Fund	100.00%
Pax World Global Environmental Markets Fund	100.00%
ESG Managers Growth Portfolio	100.00%
ESG Managers Growth and Income Portfolio	100.00%
ESG Managers Balanced Portfolio	85.20%
ESG Managers Income Portfolio	43.50%

FOR YOUR STATE AND LOCAL TAX RETURNS:

Tax-deferred and tax-exempt account holders (i.e. IRA, SEP-IRA, 403b, self-directed retirement plan) may disregard the following tax information.

Certain Pax World Funds and ESG Managers Portfolios hold U.S. government obligations, such as Federal Home Loan Bank (FHLB) and Federal Farm Credit Bank (FFCB) bonds, in their portfolios. Interest earned from these bonds is subject to federal income tax, but may be exempt from state and local income taxes in most states. Please consult your tax adviser or local tax office to determine whether your state allows you to exclude pass-through income from mutual funds that invest in U.S. government obligations. If allowed, multiply the amount in **box 1a** of your Form **1099-DIV** by the applicable percentage listed in the table below to determine the amount of exempt interest.

Fund Name	% Exemption Rate
Pax World Balanced Fund	10.10%
Pax World Growth Fund	0%
Pax World High Yield Bond Fund	0%
Pax Ellevest Global Women's Index Fund	0%
Pax World International Fund	0%
Pax MSCI International ESG Index Fund	0%
Pax World Small Cap Fund	0%
Pax World Global Environmental Markets Fund	0%
ESG Managers Growth Portfolio	0%
ESG Managers Growth and Income Portfolio	0%
ESG Managers Balanced Portfolio	0%
ESG Managers Income Portfolio	0%

If your state imposes threshold requirements or an intangibles tax, it may affect your ability to claim a pass-through exemption. The following information should be provided to your tax adviser to help determine if you are eligible for any exemptions.

Balanced Fund Quarterly Percentage Breakdown of Federal Obligations:

<u>Percentage of Net Assets:</u>	<u>3/31</u>	<u>6/30</u>	<u>9/30</u>	<u>12/31</u>
US Treasuries and Gov't Obligations	10.3%	9.7%	10.3%	10.6%
State and Municipal Obligations	0.9%	0.7%	1.1%	1.3%
Federal Farm Credit Bank	1.2%	1.5%	1.7%	1.6%
Federal Home Loan Bank	2.7%	2.8%	2.9%	2.7%
Freddie Mac	2.4%	2.6%	2.8%	2.9%
Fannie Mae	5.6%	5.7%	5.9%	5.6%
TOTAL	23.1%	23.0%	24.7%	24.7%

FOREIGN TAX CREDIT AND FOREIGN SOURCE INCOME:

For 2014, the **Pax World International Fund** and **Pax MSCI International ESG Index Fund** have elected to pass-through foreign tax credits to shareholders. As a result, the total taxable income reported to you in **box 1a** of Form **1099-DIV** includes not only income distributions paid or reinvested, but also the amount of foreign taxes passed through to you by the fund. The total foreign tax amount passed through to you appears in **box 6** of Form **1099-DIV**. Depending on certain holding period requirements, this amount can be claimed as a foreign tax credit on your return or as an itemized deduction. The foreign tax credit is advantageous as it is a dollar-for-dollar reduction in your tax burden. To be able to claim the foreign tax credit, you would have had to have owned your fund shares for at least 15 days during the 31 day period that began 15 days before the fund's ex-dividend date. Otherwise, foreign taxes may be claimed as an itemized deduction. (Note – you cannot claim foreign taxes paid as both a credit and an itemized deduction.) Refer to **IRS Publication 514, Foreign Tax Credit for Individuals**, for more information.

If you do not meet the holding period requirement or choose to take the itemized deduction rather than the credit, you can do so by entering on **Line 8 of Schedule A** the amount from **box 6** on your Form **1099-DIV**.

If you meet the holding period requirement and choose to take the foreign tax credit, there are two methods to claim the credit. If you qualify for the simplified method, you can simply claim the credit directly on your return without filing Form **1116**. Enter the amount from **box 6** on your **1099-DIV** (plus any other eligible foreign taxes) onto **Line 47 “Foreign Tax Credit” of Form 1040**. The simplified method is available if all of the following criteria are met:

- All of your foreign source income is “passive” (ordinary income from Pax World International Fund and Pax MSCI International ESG Index Fund is passive income)
- Your qualified foreign taxes for the tax year are not more than \$300 (\$600 if married, filing joint)
- All of your gross foreign income and foreign taxes paid were reported to you on a payee statement (such as Form 1099-DIV)

If you do not qualify for the simplified method, under the standard method, you will be required to complete Form **1116**. (Form **1118** for corporate shareholders).

The table below provides information regarding foreign taxes paid and foreign source income earned by the **Pax World International Fund** and **Pax MSCI International ESG Index Fund** in 2014 to assist you in completing Form **1116** (or Form **1118** for corporate shareholders). No foreign income was received from or foreign taxes paid to U.S. sanctioned foreign countries that would not qualify for the credit under Section 901(j).

Fund Name	Ex-Dividend Date	Foreign Taxes Paid Per Share	Foreign Source Income %	Foreign Source QDI %
Pax World International Fund	March 24, 2014	0.003380	100.00%	57.07%
Pax MSCI International ESG Fund	June 20, 2014	0.013895	100.00%	74.04%
Pax MSCI International ESG Fund	December 22, 2014	0.003408	100.00%	74.04%

Again, due to the complexity of federal and individual state tax requirements, we strongly suggest that you consult your tax advisor.