



Pax World Mutual Funds

***News Release***

**PAX WORLD LICENSES KLD SUSTAINABILITY INDEXES**

*New Products May Include ETFs, Mutual Funds and Separate Accounts Based on Global, Domestic and International Indexes*

PORTSMOUTH, N.H.///March 12, 2008/// Pax World Management Corp., investment adviser to Pax World Funds ("Pax"), which launched the nation's first socially responsible mutual fund in 1971, and KLD Research & Analytics, Inc. (KLD), an independent investment research firm that launched the first socially responsible investment index in 1990, today announced that they have entered into a licensing agreement wherein Pax will manage investment products based on three KLD indexes: the KLD Global Sustainability<sup>SM</sup> Index (GSI), KLD North America Sustainability<sup>SM</sup> Index (NASI) and KLD Europe Asia Pacific Sustainability<sup>SM</sup> Index (EAPSI).

Pax is planning to launch a suite of investment products based on the KLD indexes, which may include passive index, enhanced index and actively managed strategies. These strategies will likely be offered across different types of investment vehicles, and may include exchange-traded funds (ETFs), mutual funds and separately managed accounts.

As part of the agreement, Pax has licensed exclusive rights to use the three KLD indexes for managing ETFs. Pax has filed an application with the Securities and Exchange Commission (SEC), seeking exemption from certain provisions of the Investment Company Act of 1940, which would allow it to launch ETFs based upon the three sustainability indexes.

"We believe KLD's new sustainability indexes represent a significant advancement in the field of sustainable investing," said Pax President and CEO Joe Keefe. "Individual and institutional investors now have exciting new opportunities to invest in the world's most forward-thinking companies—those that best integrate environmental, social and governance (ESG) standards into their business models. We are thrilled to be entering into this partnership with KLD—a recognized leader in sustainability research and index construction—to launch new investment products focusing on sustainable companies and sustainable markets."

The KLD Global Sustainability Index series is broad, sector-neutral and based on rigorous sustainability standards, favoring companies that are: strong stewards of the environment; devoted to serving local communities and the broader society; devoted to high labor and supply chain standards; dedicated to producing high-quality, safe products; and managing according to high ethical and governance standards. When evaluating a company's ESG performance, KLD takes into account the challenges faced by businesses operating in different sectors of the global economy and rates companies on how they address ESG challenges specific to their industry and the regions in which they operate.

“Pax World is a leader in the field of sustainable investing and we are pleased to be working with them,” said Peter D. Kinder, President of KLD. “We believe Pax is excellently positioned to offer attractive investment products to individual and institutional investors who understand the importance of integrating sustainability issues into their investment decisions.”

The KLD GSI series is a product of KLD’s long-standing collaboration with a global network of sustainability investment research firms including, Dutch Sustainability Research (The Netherlands), Centre Info (Switzerland), SIRIS (Australia), Jantzi Research (Canada), Scoris (Germany), and Analistas Internacionales en Sostenibilidad (Spain).

The eligible universe of the GSI is made up of companies that comprise 75 percent of the market capitalization of each sector in the 25 developed market countries, compiled from the S&P/Citigroup BMI World Index. KLD and its research partners rank each company based on key ESG indicators in each of the 10 economic sectors, selecting the highest ranked companies in each sector, representing 37.5 percent of the market capitalization of each sector in each region.

As of February 29, 2008, there were 692 constituents in the GSI, 270 constituents in the NASI and 422 constituents in the EAPSI.

#### **ABOUT PAX WORLD FUNDS**

Pax World mutual funds, based in Portsmouth, New Hampshire, seek to invest in forward-thinking companies with sustainable business models. To identify those companies, Pax combines rigorous financial analysis with equally rigorous environmental, social and governance analysis. The result, it believes, is an increased level of scrutiny that helps it identify better-managed companies that are leaders in their industries; that meet positive standards of corporate responsibility; and that focus on the long term. Pax World avoids investing in companies that are significantly involved in the manufacture of weapons or weapons-related products, manufacture tobacco products, are involved in gambling as a main line of business, or engage in unethical business practices.

Pax World’s primary goal is to produce competitive returns for its investors. By integrating environmental, social and governance criteria – what it calls “sustainability” criteria – into its investment approach, the funds also seek to promote peace, protect the environment, advance equality and foster sustainable development.

For more information, visit [www.paxworld.com](http://www.paxworld.com)

*Before investing in a Pax World Funds, 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 1-800-767-1729 or visiting [www.paxworld.com](http://www.paxworld.com). Please read it carefully before investing. Distributed by: PFPC Distributors, Inc. Member FINRA (03/08)*

#### **ABOUT KLD INDEXES**

KLD Indexes is a unit of KLD Research & Analytics, Inc., the leading provider of environmental, social and governance (ESG) research and indexes for institutional investors since 1988. KLD Indexes develops and licenses benchmark, strategy and custom indexes for performance attribution and for investment products.

KLD’s indexes are transparent, representative and investable. Today, more than \$11 billion is invested in vehicles based on KLD’s indexes.

For information about licensing a KLD index, please email [indexes@kld.com](mailto:indexes@kld.com) or visit [www.kldindexes.com](http://www.kldindexes.com)

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