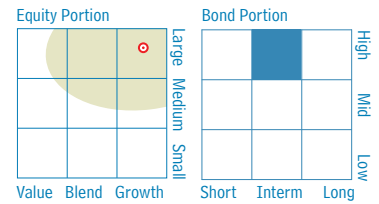




Pax World Mutual Funds

For Tomorrow®

BALANCED FUND



FUND INFORMATION

Fund Type.....Balanced

Inception Dates

Individual Investor Class.....8/10/71
Institutional Class.....4/2/07

12b-1 Charges

Individual Investor Class0.25%
Institutional Class.....N/A

Expense Ratios (as of 12/31/08)

Individual Investor Class0.95%
Institutional Class0.70%

Minimum Investment

Individual Investor Class\$250
Institutional Class\$500,000

FUND OBJECTIVE

The Pax World Balanced Fund's primary objective is to seek income and conservation of principal. As a secondary investment objective the Balanced Fund seeks long-term growth of capital.

FUND MANAGEMENT

The Fund's portfolio manager buys stocks that he believes offer good growth potential at a reasonable price, in sectors that the portfolio manager believes are likely to grow faster than the overall rate of GDP growth. The manager favors large, industry-leading U.S. and foreign firms with highly capable management, strong balance sheets, and consistent earnings growth. He seeks to purchase stocks at prices that reflect good value relative to their industry peers.

Bond holdings are mostly short- to medium-term U.S. government agency bonds and high-grade corporate bonds. To determine the stock, bond, and cash allocation, the portfolio manager considers the current level and anticipated direction of domestic interest rates, the level of equity valuations, and the global economy's effect on the U.S. economy and financial markets. The Fund's bond component seeks current income with the goal of adding price stability to the fund.

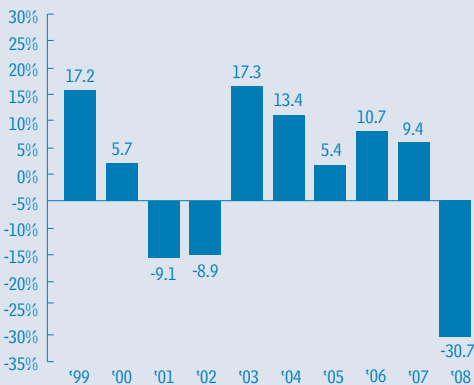
FUND PERFORMANCE as of March 31, 2009

RETURNS (%)¹

| | Cumulative Return (%) | | Average Annual Return (%) | | | |
|--|-----------------------|--------|---------------------------|--------|---------|-----------------|
| | 3-month | 1-year | 3-year | 5-year | 10-year | Since Inception |
| Pax World Balanced Fund | | | | | | |
| Individual Investor Class (PAXWX) | -3.82 | -28.48 | -8.22 | -1.21 | 1.11 | 7.98 |
| Institutional Class ² (PAXIX) | -3.73 | -28.28 | -8.06 | -1.10 | 1.17 | 7.99 |
| Blended Index³ | -6.56 | -21.60 | -5.52 | -1.21 | 0.48 | — |

Performance data quoted represent past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For most recent month-end performance information visit www.paxworld.com.

ANNUAL TOTAL RETURNS (PAXWX)¹



LIPPER RANKINGS⁴

Based on total returns

| (Balanced Funds) | Rank/# of funds | Decile |
|------------------|-----------------|--------|
| 1 Year | 579 out of 848 | 7th |
| 3 Year | 397 out of 673 | 6th |
| 5 Year | 153 out of 522 | 3rd |
| 10 Year | 95 out of 283 | 4th |

NAV AND DISTRIBUTION HISTORY

| Period | Distributions | | |
|--------|---------------|-----------|--------------|
| | Year End NAV | Dividends | Capital Gain |
| 2008 | \$17.00 | \$0.403 | \$0.244 |
| 2007 | \$25.31 | \$0.451 | \$1.072 |
| 2006 | \$24.53 | \$0.387 | \$1.253 |
| 2005 | \$23.65 | \$0.283 | \$0.538 |
| 2004 | \$23.22 | \$0.218 | \$0.000 |
| 2003 | \$20.68 | \$0.207 | \$0.000 |
| 2002 | \$17.82 | \$0.328 | \$0.000 |
| 2001 | \$19.91 | \$0.472 | \$0.000 |
| 2000 | \$22.41 | \$0.525 | \$1.750 |

MORNINGSTAR RATINGS⁵

Based on risk adjusted returns

| (Moderate Allocation) | # of stars | # of Funds |
|-----------------------|------------|------------|
| Overall | ★★★ | 968 |
| 3 Year | ★★★ | 968 |
| 5 Year | ★★★ | 799 |
| 10 Year | ★★★ | 462 |

You should consider a fund's investment objectives, risks, and charges and expenses carefully before investing. For this and other information, call 800.767.1729 or visit www.paxworld.com for a fund prospectus and read it carefully before investing.

¹Figures include reinvested dividends, capital gains distributions, and changes in principal value. The principal risks of investing in the Pax World mutual funds include (i) price volatility, (ii) credit risk (the possibility that the issuer of a bond will be unable to make interest payments and/or repay the principal on its debt), (iii) interest rate risk (the risk that the price of bonds and the value of the fund can decrease when interest rates rise), (iv) risks associated with foreign security investments (such as the risks of political or economic instability in the country of the issuer, the possibility of the imposition of exchange controls, and the risk of currency fluctuations), (v) leverage risk, (vi) risks associated with sustainable investing, (vii) management risk and, in general, (viii) the risk of losing money by investing in the funds.

²The performance information shown for Institutional Class shares represents the performance of the Individual Investor Class shares for the period prior to Institutional Class inception. Expenses have not been adjusted to reflect the expenses allocable to Institutional Class shares. If such expenses were reflected, the returns would be higher than those shown. Institutional Class Inception date return since April 2, 2007 is -15.13% (annualized).

³The Blended index is comprised of 60% S&P 500 Index and 40% Barclays Capital Aggregate Bond Index. Investors cannot invest directly in any index. The S&P 500 Index is an unmanaged index of large capitalization common stocks. The Barclays Capital Aggregate Bond Index represents securities that are U.S. domestic, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities and asset-backed securities.

⁴Lipper rankings are based on total returns (not including sales charges) for the periods indicated and compare total return performance with that of other funds in the category.

⁵Morningstar Ratings™ are based on risk-adjusted 3-, 5-, and 10-year (if applicable) returns, and past performance is no guarantee of future results. Ratings are subject to change every month. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.)

Pax World Mutual Funds
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FUND CHARACTERISTICS

As of March 31, 2009

TOP TEN EQUITY HOLDINGS

| Security Name | Percentage |
|---|------------|
| QUALCOMM, Inc. | 2.3 |
| Baxter International, Inc. | 2.3 |
| Becton Dickinson & Co. | 2.2 |
| Cisco Systems, Inc. | 2.0 |
| CVS Caremark Corp. | 1.9 |
| Amgen, Inc. | 1.9 |
| PepsiCo, Inc. | 1.8 |
| Procter & Gamble Co. | 1.8 |
| Teva Pharmaceutical Industries, Ltd., ADR | 1.6 |
| Gilead Sciences, Inc. | 1.6 |

Holdings are subject to change.

SECTOR ALLOCATION (EQUITIES)

| Sector | Percentage |
|----------------------------|------------|
| Information Technology | 14.1 |
| Health Care | 11.1 |
| Consumer Staples | 8.5 |
| Energy | 7.3 |
| Financials | 4.9 |
| Telecommunication Services | 4.4 |
| Utilities | 4.3 |
| Consumer Discretionary | 3.2 |
| Industrials | 2.1 |
| Materials | 1.1 |

ASSET ALLOCATION

| Asset Type | Percentage |
|-----------------------|------------|
| U.S. Stocks | 52.0 |
| U.S. Bonds | 33.4 |
| Foreign Stocks | 9.0 |
| Exchange Traded Funds | 1.2 |
| Foreign Bonds | 0.8 |
| Cash & Equivalents | 3.6 |

¹Jensen Alpha is a version of alpha that takes into consideration a fund's performance relative to the risk-free rate plus its beta, compared to its benchmark. This ratio is an indication of a manager's ability to achieve a greater return relative to its benchmark.

²Alpha is a coefficient measuring risk-adjusted performance, considering the risk due to the specific security, rather than the overall market.

³Beta coefficient measures an investment's relative volatility or impact of a per-unit change in the independent variable (market) on the dependent variable (portfolio), holding all else constant.

⁴R-Squared is a measure of how much a portfolio's performance can be explained by the returns from the overall market (or a benchmark index).

⁵Standard Deviation measures a fund's variation around its mean performance over time. Higher figures indicate greater volatility.

PORTFOLIO STATISTICS

(Indv. Investor Class)

| | |
|--|------------|
| Total Net Assets (millions; all share classes) | \$1,580.45 |
| NAV (Individual Investor class) | \$16.35 |
| Turnover Rate (as of 12/31/08) | 54% |
| Number of Equity Holdings | 106 |

RISK STATISTICS As of March 31, 2009

(Indv. Investor Class)

| | |
|---------------------------------|-------|
| Jensen Alpha ¹ | -1.34 |
| Alpha ² | -0.15 |
| Beta ³ | 1.14 |
| R-Squared ⁴ | 90 |
| Standard Deviation ⁵ | 13.36 |

PORTFOLIO MANAGER



Christopher Brown is Chief Investment Officer for Pax World Funds. He is also Portfolio Manager of the Pax World Balanced Fund and Co-Portfolio Manager of the Pax World Growth Fund. He joined Pax World Management Corp. in April 1998 as co-manager of the Pax World Balanced Fund and has served as its sole manager since October 2001. Mr. Brown also was a Senior Vice President of H.G. Wellington and Co., Inc. from April 1998 to July 2006 where he advised on separately managed accounts.

ABOUT SUSTAINABLE INVESTING

Pax World mutual funds seek to invest in forward-thinking companies with sustainable business models. To identify those companies, we combine rigorous financial analysis with equally rigorous environmental, social and governance (ESG) criteria. The result, we believe, is an increased level of scrutiny that helps us identify better-managed companies that are leaders in their industries, meet positive standards of corporate responsibility and focus on the long term. By investing in those companies, we intend for our shareholders to benefit from their vision and success.

For more information about Pax World Balanced Fund and our entire family of mutual funds, or to open an account, please visit www.paxworld.com or call 800.767.1729.