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INTERNATIONAL EQUITY COMPOSITE REPORT

	2010			Annualized as of June 30, 2010						
	YTD	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception 6/30/1984
<i>Polaris Capital International Equity Composite gross</i>	-8.12%	-12.20%	4.65%	18.46%	-13.05%	2.16%	8.34%	9.44%	8.56%	11.80%
<i>Polaris Capital International Equity Composite net</i>	-8.43%	-12.35%	4.47%	17.67%	-13.66%	1.47%	7.50%	8.58%	7.72%	10.88%
<i>International Equity Benchmarks</i>										
MSCI EAFE Index, gross dividends reinvested	-12.93%	-13.75%	0.94%	6.38%	-12.94%	1.35%	0.56%	4.14%	4.36%	9.41%
Lipper International Mutual Funds	-11.69%	-13.06%	1.60%	7.80%	-12.80%	1.28%	0.42%	4.86%	N/A	N/A

Q2 2010 composite returns are preliminary. Past performance is not indicative of future results.

PERFORMANCE ANALYSIS

In the June 2010 quarter, the international composite's outperformance can be attributed to positive absolute returns in utilities, as well as benchmark-beating returns in several other sectors. Typically defined as a "defensive" sector, utilities were the top contributor to performance with Kansai Electric Power generating positive returns. We proactively reduced risk in the portfolios, adding defensive stocks to provide a "cushion" in down markets.

Information technology experienced an early-stage recovery, as demand for new consumer electronics boosted the sector. Recent research pinpointed numerous undervalued IT companies with strong financials, cash-rich balance sheets, little debt and positive earnings. During the quarter, we opportunistically added IT companies to the portfolios, as we continue to believe that the sector will benefit from growth in corporate capital spending, outsourcing and consumer electronics purchases.

Importantly, stock selection was the primary driver of outperformance. As mentioned in prior reports, analysis on individual companies (rather than geographies or sectors) takes on added importance in volatile markets – this certainly proved true in the June quarter.

A breadth of companies achieved positive absolute returns, advancing in a sharply correcting overall market. Some of the top performers included Tognum AG, a German supplier of engines, propulsion systems and distributed energy systems; Japanese dairy and confectionary company Meiji Holdings; State Bank of India; and Indian IT specialist Infosys Technologies.

Currency translation losses were responsible for approximately 30% of the decline in the quarter, primarily attributable to the Euro. Over longer time periods, currency fluctuations tend to even out, yet there are certain quarters when currencies will have a more pronounced effect.

General macro-economic concerns overwhelmed the many positive earnings reports announced from a broadly diversified group of companies. Sectors considered sensitive to economic weakness declined including consumer discretionary, materials and industrials.

Within the consumer discretionary sector, British homebuilders were weak as concerns that ongoing European credit problems might further constrict lending, and thereby impede consumers' ability to obtain mortgages. However, the fundamental shortage of UK housing quickly stabilized the market, improved prices and allowed homebuilders' cash flows to recover. Duni AB, a provider of tabletop goods to restaurants, retracted from prior quarter gains due to an expected margin reduction caused by rising pulp prices. Margins should recover after Duni publishes its annual catalog, with price increases reflective of the rising raw material costs.

Widespread market declines in May impacted the portfolios' well-diversified materials and industrials holdings. In materials, BHP Billiton experienced pressure premised on Australian proposals for a super-profits tax for mining companies. However, on June 24, Australian Prime Minister Kevin Rudd stepped down and the new Prime Minister Julia Gillard launched her leadership with a conciliatory tone toward taxing the mining industry. The stock

recovered late in the quarter and, in our opinion, remains one of the best positioned materials companies worldwide.

Many industrial company management teams reported March 2010 as a turning point in business conditions. Yet, a disconnect exists between real economy progress and nervous volatility in financial markets, causing a lag in this sector. Konecranes Oyj, a crane manufacturer, and Tognum AG were notable performers. Sector returns were offset by Japanese shipping companies, as well as Finnish and Italian construction/ building corporations; importantly, these companies continue to report solid business conditions.

European banks surrendered gains from the previous year as loan portfolios underwent “stress testing” – following in the footsteps of their U.S. counterparts. Due to concerns about possible financial crises in Spain and Ireland, we previously sold those countries’ bank stocks, thereby preserving value. Remaining European bank holdings, including DNB Nor (partially government owned) and Svenska Handelsbanken, declined less than sector averages as these banks may likely withstand the European stress test analysis.

CURRENT ASSET ALLOCATION

In an on-going effort to minimize portfolio risk, we purchased new holdings in defensive sectors. In healthcare, we bought Transgene SA, the French biotech company that designs therapeutic vaccines for pre-cancerous cervical lesions, non-small cell lung cancer and Hepatitis C. We invested in Wincor Nixdorf AG, a German manufacturer of banking machines and point of sale hardware and software. We will seek to buy opportunistically, taking advantage of volatility to purchase positions in down markets and reduce positions in market advances. This strategy was deployed actively in the first half of 2010.

The following table reflects the June 30, 2010 sector and country allocation for a representative portfolio.

EAFE	Portfolio											
	Weighting	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecom. Services	Cash
N. America	0.00%	2.48%	0.00%	0.00%	2.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Japan	23.27%	13.76%	0.00%	2.53%	1.65%	3.49%	0.43%	4.13%	0.00%	0.00%	0.00%	1.54%
Other Asia	12.46%	13.22%	2.45%	0.00%	2.67%	0.00%	0.00%	0.00%	2.77%	3.53%	1.81%	0.00%
Europe	58.57%	47.28%	2.44%	0.00%	11.60%	9.57%	9.90%	1.97%	2.66%	7.16%	1.98%	0.00%
Scandinavia	5.70%	19.36%	0.00%	0.00%	0.00%	7.06%	5.14%	0.00%	0.00%	7.16%	0.00%	0.00%
Africa & S. America	0.00%	2.38%	1.82%	0.00%	0.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	0.00%	1.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.51%
Industry Totals	<u>100.00%</u>	6.70%	2.53%	18.96%	20.12%	15.47%	6.10%	2.66%	17.09%	5.50%	3.35%	1.51%
Market Weighting	<u>100.00%</u>	9.99%	4.39%	7.32%	11.01%	9.93%	10.53%	10.21%	20.47%	11.92%	4.24%	0.00%

Table may not cross foot due to rounding. Industry market weighting is for the World.

INVESTMENT ENVIRONMENT AND STRATEGY

Our conversations with companies worldwide indicate mixed economic progress. Some industries and countries are stabilizing, while others experience only sparse improvement. Inventory cycles appear ambiguous. Economic growth remains modest to stagnant in developing countries, while emerging market demand appears strong and sustainable. Concerned about uneven economic growth, we are attempting to reduce portfolios’ exposure to countries or sectors facing a protracted recovery. Over the past few years, we have made a conscious effort to minimize portfolio risk, increasing “defensive” positions in energy, utilities and healthcare to better balance the portfolios and reduce cyclical exposure.

We believe economic ambiguity expected throughout this year may create more normalized market volatility – unlike the abnormal upward trajectory evidenced in the 1990s-2000s. Faced with normal volatility, we remain steadfast to the pure value investment strategy that governs the portfolios. We may harvest gains in more cyclical companies, hold cash as a buffer, and reinvest in new purchases when the markets undervalue fundamentally-strong stocks. Maintaining this buy/sell discipline over these past twelve months proved advantageous, and we intend to continue executing this strategy.

FOOTNOTES

The information presented is supplemental. It should not be considered as a recommendation to purchase or sell a particular security mentioned, may change at any time and may not represent current or future investments. References to individual securities throughout this document are intended to illustrate contributors to recent performance or market trends and to provide examples of thematic or security-specific catalysts identified by the investment team as part of its investment process. References to specific securities should not be viewed as representative of an entire portfolio, nor should the performance of any particular security be viewed as representative of the performance experienced by any other security or portfolio. Please refer to the annual disclosure presentation. Past performance is not indicative of future results. The MSCI EAFE Index, gross dividends reinvested measures the performance of a diverse range of stock markets in Europe, Australia, New Zealand and the Far East. The Lipper averages are compiled by Lipper, Inc., an independent mutual fund research and rating service. Each Lipper average represents an index of quarterly results for all global or international funds as published in the Lipper Special Quarterly Summary Report. The Lipper averages and all indices are not investment products available for purchase.