121 High Street
Boston, Massachusetts 02110
Telephone (617) 951-1365
polariscapital.com

This composite commentary is provided as part of our historical archive and not intended for current marketing or advertising use. The entirety of the respective quarterly commentary will be available on the ensuing pages. Should you have questions/concerns, please contact Polaris Capital via our **website** or call the office directly. For more information, **Contact Our Team**.

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Additional data specific to Polaris' global and international investments is available as follows:

For current global equity performance, **please click here**

For current international equity performance, **please click here**

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For current global equity performance commentary, **please click here**

For current international equity performance commentary, **please click here**

POLARIS CAPITAL MANAGEMENT, LLC

Information presented is supplemental to the annual disclosure presentation. For composite performance and a fully compliant presentation, visit: www.polariscapital.com/international-equity

INTERNATIONAL EQUITY COMPOSITE REPORT

	2018		Annualized as of March 31, 2018				
	YTD	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since 6/30/1984
Polaris Capital International Equity Composite gross	**-1.77%**	**-1.77%**	**16.21%**	**8.32%**	**10.01%**	**6.37%**	**12.06%**
Polaris Capital International Equity Composite net	**-1.88%**	**-1.88%**	**15.62%**	**7.75%**	**9.41%**	**5.72%**	**11.21%**
MSCI EAFE Index, gross dividends reinvested	-1.41%	-1.41%	15.32%	6.04%	6.98%	3.22%	9.24%

Q1 2018 composite returns are preliminary. Past performance is not indicative of future results.

Global markets were volatile during the first quarter of 2018. Markets rose in January on the back of tax reform, synchronized global growth and consumer spending. By February, U.S. stock indices experienced the largest decline since August 2011. Investors were concerned that rising inflation would force interest rates higher, and erode profitability for companies already trading at elevated valuations. Fiscal tightening was signaled by the European Central Bank and Bank of Japan, leading to similar company-level worries. In March, trade wars between the U.S. and China shifted sentiment, with tariffs exacted by both countries. Amid these geopolitical risks, the Polaris International Equity portfolio underperformed the MSCI EAFE Index, which returned -1.41%, in 1Q2018.

Gains in financials, information technology (IT), utilities and energy were offset by losses attributable to consumer-driven sectors. Puerto Rican bank Popular Inc. had double digits returns, showing resilience in the wake of Hurricanes Irma and Maria. Standouts in IT included Nexon Co., Ltd and Infosys Ltd. Positive developments at Japanese brewer Asahi Group Holdings Ltd. couldn't mitigate declines among other consumer staples stocks, namely Greencore Group PLC. Other detractors included German telecom Freenet AG; Swedish cash handling company, Loomis AB; Israel's Teva Pharmaceutical; and varied materials companies.

PERFORMANCE ANALYSIS

Japanese video game company, Nexon, rose after posting its highest-ever quarterly sales, leading to good year-end results. Nexon upped its sales and operating profit forecast for the first quarter of 2018, as the company expects high margin business from its widely-popular Chinese game, Dungeon & Fighter. Nexon also improved the monetization of its subscriber base. IT consulting company, Infosys, continued its turnaround by posting stable quarterly earnings under the watchful eye of new CEO Salil Parekh. Infosys' employee utilization increased to an all-time high of 84.9%, and attrition rates decreased as Mr. Parekh promoted professionals internally. Japanese online social networking company, Mixi Inc., was the only notable IT sector detractor. Mixi's net sales and operating income declined on a quarterly and yearly basis, with fewer growth drivers in play. Sales of flagship game, Monster Strike, were lackluster and the Ticket Camp business was closed after the government effectively outlawed secondary ticket sales.

Puerto Rico continued to navigate through the hurricane aftermath, restoring power to nearly 70% of residents. Popular acquired Wells Fargo's auto finance business in Puerto Rico for $1.7 billion, procuring a high-yielding portfolio with modest credit quality risk. With an improving net interest margin, dominant market position, heavy presence in auto trade and a strong capital base, the bank should be able to handle ongoing challenges in the Commonwealth.

With a foothold in the thriving Singapore economy, United Overseas Bank recorded impressive fourth quarter results. The bank cited higher profits than last year, pointing to increased mortgage pricing, greater fee-based income and fewer non-performing loan provisions. Hannover Re declared solid earnings, with premium volumes and prices surpassing previous year metrics. The German reinsurer had limited exposure to catastrophe claims from the spate of hurricanes in the Caribbean and U.S. The stock was up, as the street speculated about issuance of a special dividend in 2018.

Detractors were largely relegated to select industrials, materials and previously referenced consumer sectors. In industrials, Loomis AB sold off as investors overlooked its excellent results in the U.S. and focused on the 0.8% decline in European margins. Declining European and international sales were mainly due to the end of the note/coin exchange program in Sweden and competition in France.

Shares of Japanese beer brewer Asahi Group Holdings were up after the company released 2017 numbers that showed strong operating profit. The company noted strong volumes in Europe and good headway in the domestic market, as consumers adjusted to price hikes. In contrast, Irish convenience food producer, Greencore Group, plunged during the quarter. Although the company’s fourth quarter 2017 sales grew in both the U.K. and U.S., concerns arose about the U.S. business. Greencore was unable to cultivate new U.S. customers, as evidenced by single-digit volume growth and underutilized facilities. The company plans to restructure its U.S. network to match capacity to its commercial pipeline. Due to the delayed timing of this rationalization, Greencore expects U.S. profits to remain stagnant for the first half of 2018.

U.K. clothing/accessories retailer NEXT PLC was a recent consumer discretionary portfolio addition. The stock gained ground after a positive trading update. Management quickly migrated to a multichannel strategy with a substantial emphasis on online sales; NEXT now leads the industry relative to peers in this customer channel. U.K. homebuilders, Bellway PLC and Taylor Wimpey PLC, dropped during the quarter, although all indications were positive. Recent trading updates alluded to higher revenues/volumes, attractive average selling prices and new land plots under contract. Declines were likely due to profit taking, after homebuilder stock prices rose markedly in recent quarters.

Teva Pharmaceutical continued to face headwinds, with sluggish generic product introductions and pricing pressures. With a new CEO at the helm, Teva launched a comprehensive restructuring plan to shore up its balance sheet. The company enacted layoffs and plant closures, optimized its generics portfolio and reviewed of its R&D and drug pipeline. Consistent with this agenda, Teva announced the termination of its CGRP migraine drug discovery and development pact with Sosei. The company also renegotiated some of its debt at higher interest rates than previous. Neither of these actions was well received by the market.

German telecommunication reseller Freenet AG reported mid-single digit increases in both sales and profitability within its TV and media business. Average revenue-per-subscriber was stable in its core mobile communication business, which added subscribers at the margin. Yet, analysts were skeptical about the momentum of the core mobile business, due to longer handset life cycles and lower market churn. The stock trended down during the quarter. In late 2017, South Korean mobile phone providers, including LG Uplus Corp., faced governmental regulations that demanded 25% fee discounts. While the news didn’t impede December 2017 quarter end returns at LG Uplus, analysts believe that 2018 numbers will be impacted, weakening profitability.

The following table reflects the sector and regional allocation for a representative international equity portfolio as of March 31, 2018.

	MSCI EAFE Weight	Portfolio Weight	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecom. Services	Real Estate	Cash
N. America	*0.0%*	6.5%	0.0%	0.0%	2.3%	0.0%	2.3%	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%
Japan	*24.6%*	8.9%	0.0%	1.9%	0.0%	0.0%	0.0%	2.4%	0.0%	0.0%	2.7%	1.9%	0.0%	0.0%
Other Asia	*11.7%*	17.4%	1.1%	0.0%	2.2%	0.0%	2.9%	0.0%	0.0%	4.4%	5.6%	1.3%	0.0%	0.0%
Europe	*57.6%*	49.2%	0.0%	0.0%	12.6%	8.0%	12.2%	1.3%	3.8%	7.6%	0.0%	3.7%	0.0%	0.0%
Scandinavia	*6.2%*	10.5%	0.0%	0.0%	1.9%	1.5%	1.0%	0.0%	0.0%	6.1%	0.0%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	3.9%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	3.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.6%
Portfolio Totals		100.0%	3.1%	1.9%	19.0%	9.4%	18.3%	3.7%	3.8%	21.9%	8.2%	6.9%	0.0%	3.6%
MSCI EAFE Weight	*100.0%*		*5.3%*	*3.3%*	*8.0%*	*14.6%*	*12.6%*	*11.1%*	*10.2%*	*21.1%*	*6.6%*	*3.8%*	*3.5%*	*0.0%*

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

Positive momentum continues in nearly all global economies, both developed and emerging. Recent company meetings echoed this drive, pointing to good business demand, inventory restocking and new purchasing trends. Raw material/commodity prices are rising, and supply-demand metrics are proving favorable, especially in electronics and tech components. As a result, select IT companies remain on our radar, as do financial, consumer discretionary and industrial sector stocks. Generally speaking, we already have a healthy weighting in many of these named sectors or applicable sub-sectors; therefore, we may seek to replace current portfolio holdings with more attractively-valued companies at opportune periods. Regardless of sector, the majority of undervalued, but fundamentally strong, companies remain centralized in Asia (China, Japan, Korea, Taiwan) and the U.S. We benefit from a globally diverse analyst team, all of whom conduct on-the-ground research, meet with companies/competitors, visit manufacturing plants, and carefully analyze prospective companies using local and global accounting standards. We continue to believe in the merits of this bottom-up investment philosophy, and strive to improve the valuation and risk profile of the portfolio. As always, we welcome your questions and comments.

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 World and EAFE Indexes, gross dividends reinvested, measure the performance of a diverse range of global stock markets in the United States, Canada, Europe, Australia, New Zealand and the Far East. The MSCI World and EAFE Indexes measure the performance of stock markets in these geographic areas including reinvestment of gross dividends. The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks.