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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**

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FIRST QUARTER 2019 INTERNATIONAL EQUITY COMPOSITE REPORT

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

	2019		Annualized as of March 31, 2019				
	YTD	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since 6/30/1984
Polaris Capital International Equity Composite gross	**9.64%**	**9.64%**	**-2.59%**	**9.55%**	**4.13%**	**14.77%**	**11.61%**
Polaris Capital International Equity Composite net	**9.50%**	**9.50%**	**-3.20%**	**8.94%**	**3.57%**	**14.09%**	**10.76%**
MSCI EAFE Index, gross dividends reinvested	10.13%	10.13%	-3.22%	7.80%	2.81%	9.46%	8.86%

Q1 2019 composite returns are preliminary. Past performance is not indicative of future results.

The Polaris International Equity Composite gained 9.64% for the first quarter of 2019, underperforming the MSCI EAFE Index, which returned 10.13%. During the quarter, defensive sectors were generally weak; cyclicals fared better with portfolio outperformance in consumer discretionary, financials and information technology. At the country level, the portfolio benefited from its investments in the United Kingdom, Norway, Germany, Canada and Ireland. Out-of-benchmark holdings in emerging markets, including Colombia and India, added to gains.

PERFORMANCE ANALYSIS

The portfolio was overweight and outperformed in financials, led by Bancolombia, Norway's DNB ASA and Sparebank 1 SR, and Puerto Rico's Popular, Inc. An optimistic two-year outlook for Colombia's economy, driven by commercial and infrastructure activity, emboldened the local stock market. Bancolombia was one beneficiary, noting volume and consumer loan growth, as well as credit and operating cost controls. DNB reported robust quarterly results and profits, lifted by commission and fee income in capital markets, credit/security brokerage and asset management. Sparebank 1 SR was similarly positioned, bouncing back with better net interest margins (NIMs) and solid credit quality. 2019 appears promising for both Norwegian banks, based on regional GDP growth and an uptrend in petroleum investments. Popular, Inc. reported top-line growth and improving NIMs, while discharging more non-performing loans. Income contributions from the acquisition of Wells Fargo's auto finance business, Reliable Financial Services, further boosted results.

U.K. companies were among the best performers within the consumer discretionary sector, as stock prices rose in excess of 20% for Next PLC, Bellway and Taylor Wimpey. BREXIT fears were seemingly allayed in early 2019, as consumer confidence returned. Quarterly results from clothing retailer, Next PLC, met market expectations with strong online and overseas sales that mitigated declines in brick-and-mortar stores. The company's cost restructuring, via rent reductions and sales transfers from shuttered stores, helped bottom-line growth. Homebuilders recovered from fourth quarter 2018 lows, citing solid forward sales indicators and strong order books in all U.K. locales outside of Central London. Michelin, the French tire manufacturer, relied on its specialty lines (mining, aviation) to bolster revenues, while tire sales were flat. Management was able to increase prices and volumes through a more lucrative product mix.

In materials, supply-demand metrics worked in BHP Group's favor, as competitor Vale's iron ore tailings dam failed in January. Iron prices rose from the low $70s to mid-$80s due to the supply disruption. Linde PLC unveiled ambitious buyback plans for the next three years, in addition to sizeable dividend payouts. In industrials, VINCI SA's stock traded up throughout the quarter, rebounding from the Yellow Vest social unrest in Paris. Fiscal year numbers were respectable, with higher airport concessions and stable construction business.

Only a handful of portfolio holdings had negative returns for the quarter, predominantly focused in the communication services sector. LG Uplus, the only decliner of more than 10%, ceded the heady gains of 2018, dropping in lockstep with its Korean industry peers. Although LG Uplus is slated to launch its 5G services commercially in April, the broader telecom industry is adjusting the timeline for 5G implementation, pushing it out to 2020. This trend, in addition to a sector rotation out of defensives, hurt the majority of telecom companies. Japan's KDDI Corporation faced numerous headwinds: handset discounts to entice subscribers; possible government regulations to limit the discount practice; competitor NTT Docomo's plan to lower mobile charges, which KDDI will likely be forced match; and looming competition from fourth mobile carrier entrant, Rakuten. French advertising and PR firm, Publicis Groupe, missed its quarterly organic revenue estimates, due to some client losses. Guidance was understandably muted. Publicis won recent accounts that will likely contribute to better earnings in the latter half of 2019, and has been proactive in moving toward digital/online advertising to meet client demand. There were a few bright spots in the communication services sector: Japanese video game publisher, Nexon Co Ltd, and British theater group, Cineworld, were up in excess of 13%. Founder Kim Jung-ju is set to divest his entire stake of the holding company NXC, which holds 47.78% of Nexon's stock. The transaction is estimated at 10 trillion Korean won, a substantial premium above the stock price. Potential buyers include Tencent Kakao and various PE firms. This sale and the possible 2019 release of Dungeon & Fighter Mobile in China were favorable developments.

The following table reflects the sector and regional allocation for a representative international equity portfolio as of March 31, 2019.

	Portfolio Weight	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Comm. Services	Real Estate	Cash
N. America	6.2%	0.0%	0.0%	2.1%	0.0%	2.1%	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%
Japan	8.1%	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%	0.0%	4.2%	0.0%	0.0%
Other Asia	19.9%	0.0%	0.0%	2.4%	0.0%	2.7%	1.2%	1.7%	5.3%	5.3%	1.4%	0.0%	0.0%
Europe	44.4%	0.0%	0.0%	9.6%	7.0%	10.2%	1.8%	2.5%	6.3%	0.0%	6.9%	0.0%	0.0%
Scandinavia	14.1%	0.0%	0.0%	1.9%	5.4%	0.7%	0.0%	0.0%	6.0%	0.0%	0.0%	0.0%	0.0%
Africa & South America	4.0%	0.0%	0.0%	1.8%	0.0%	0.0%	0.0%	0.0%	2.2%	0.0%	0.0%	0.0%	0.0%
Cash	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.3%
Portfolio Totals	100%	0.0%	2.0%	17.8%	12.4%	15.8%	3.0%	4.1%	23.7%	5.3%	12.5%	0.0%	3.3%

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

The growth/value disparity was obvious in the first quarter of 2019, with the MSCI EAFE Growth Index (+12.18%) outperforming the MSCI EAFE Value Index (+8.08%) by more than 400 basis points. We posit that these growth drivers may not be sustainable, as many portfolio companies with which we meet are projecting sluggish business conditions. We are already seeing signs of this at a macro-economic level, with China's economy slowing, compounded by worries in Europe. Stocks may become attractively priced as volatility persists. As value managers, we intend to capitalize on these periods to add high-quality, undervalued companies to 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 EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The MSCI EAFE Index measures the performance of stock markets in these geographic areas including reinvestment of gross dividends. The MSCI EAFE Growth Index and MSCI EAFE Value Index capture large- and mid-cap securities exhibiting overall growth and value style characteristics, respectively, across Developed Market countries around the world, excluding the U.S. and Canada.