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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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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

	2017			Annualized as of June 30, 2017				
	YTD	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since 6/30/1984
Polaris Capital International Equity Composite gross	14.03%	6.21%	7.36%	30.00%	3.85%	13.81%	4.46%	12.05%
Polaris Capital International Equity Composite net	13.74%	6.07%	7.23%	29.33%	3.31%	13.17%	3.81%	11.19%
MSCI EAFE Index, gross dividends reinvested	14.23%	6.37%	7.39%	20.83%	1.61%	9.17%	1.50%	9.19%

Q2 2017 composite returns are preliminary. Past performance is not indicative of future results.

In the second quarter of 2017, the Polaris International Equity Composite returned 6.21%, lagging the MSCI EAFE Index, which gained 6.37%. The composite's results were encouraging, considering that global growth stocks appreciably outperformed value stocks during the period. Strong performance can be attributed to careful stock selection, as more than two thirds of portfolio holdings were in positive territory for the quarter. More than fifteen portfolio companies had double-digit gains. Among the top individual performers were British homebuilders, Persimmon and Bellway; information technology (IT) company Samsung Electronics; Austrian industrial holding, Andritz; and chemical companies, LANXESS AG and Solvay SA. Detractors were mainly limited to select materials companies impacted by lower commodity prices; Italian engineering and drilling firm, Trevi Finanziaria; and financial institutions, Sberbank and Siam Commercial Bank.

The international equity portfolio posted absolute positive returns in 10 sectors. As would be expected in a defined growth quarter, cyclical sectors did well, with contributions from consumer discretionary, financials, industrials, materials and IT.

PERFORMANCE ANALYSIS

U.K. homebuilders continued to show resilience despite BREXIT concerns. Steady volume and price trends persisted in 2017, with projections for higher reservation rates and forward sales bookings. The U.K. government's help-to-buy scheme and attractive mortgage rates may spur on even greater customer demand in the coming months, boding well for homebuilders including Persimmon, Bellway, Barratt Developments and Taylor Wimpey. We remain vigilant about the potential for government programs to overstimulate the market. Elsewhere in the consumer discretionary sector, Michelin stock rose more than 10% after announcing solid results, pointing to sustained original equipment, replacement tire and mining tire demand. The company went on to confirm 2017 guidance. We sold Christian Dior at a profit, after the Arnault family announced plans to purchase the remaining shares of Christian Dior they did not own at a 15% premium, thereby consolidating control over the LVMH Moet Hennessy Louis Vuitton luxury empire.

Andritz AG, the Austrian supplier of plants and services for hydropower, pulp/paper and metals, gained nearly 20% after noting robust sales and healthy bookings across of all its business lines. European customers sought to modernize existing pulp mills, while emerging market prospects engaged Andritz for hydropower project plans. Loomis AB continued to trend positively, supported by higher volumes in the U.S. in cash management services and Cash-In-Transit, as well as ongoing efficiency improvements. First quarter 2017 financial metrics were encouraging, with organic growth and operating margins up. Conversely, Trevi Finanziaria, tumbled after it submitted a request to its main financing banks, calling for a standstill agreement in order to restructure its oil drilling division. The company's order book on foundations proved stable, but its capital equipment business lagged.

German specialty chemicals manufacturer LANXESS AG led gains in the materials sector, as the stock price rose after Warren Buffett's General Reinsurance unit bought a 3% stake in the company. Industrial gas company, Linde AG, posted good results, with revenues and profits that beat analyst consensus. Positive trends were attributable to sales in EMEA (Europe, Middle East & Africa) and Asia/Pacific countries, as well as higher revenues in the engineering division. On June 1, Linde's supervisory board signed off on the $73 billion merger with U.S. rival Praxair, combining forces to create the world's largest supplier of industrial gases. News of the merger, which reunites a global Linde group split apart by World War I, sent Linde shares higher. By the end of June 2017, the stock price was up more than 15%. Belgian multi-specialty chemical company, Solvay AG, announced impressive first quarter numbers, with net sales up nearly 10%, margins at 21% and free cash flow from operations at nearly $181 million. Solvay has been actively transforming its portfolio to become the market leader in specialty polymers and other high performance chemicals, divesting non-core business lines. The business strategy appeared to be reaping rewards. Abovementioned gains in materials were partially offset by losses at Methanex Corp., Yara International and BHP Billiton. Methanol prices topped out at $500 a ton in March 2017, and subsequently retracted to $320 a ton, negatively affecting the outlook at Methanex. Similarly, Yara declined on weak urea prices and softness in Brazil. Lower commodity prices also impacted BHP Billiton, which simultaneously had to fend off activist investor Elliott Management. BHP is currently responding to a series of proposals set forth by Elliott.

Samsung Electronics had two consecutive quarters of double-digit gains, driven by its DRAM and NAND flash memory chips. Total semiconductor sales were up 40% year over year, and the division generated $5.6 billion in operating income, doubling from 2016 comparable period. Management anticipates accelerated sales in the mobile phone business upon the launch of the Galaxy S8 in the second half of the year. Infosys Ltd. detracted from IT returns, as it began transitioning its business to more value-added projects, which require skilled employees with higher salaries. The original Infosys founders, no longer affiliated with the company, complained about this strategy and management pay hikes in the media. This negative news, in combination with concerns surrounding U.S. H-1B visas, depressed the stock price.

Among financials, Norway's Sparebank 1 SR gained nearly 17% on the quarter, due to a revival of Norwegian loan growth and an uptick on lending margins. The bank's capital and credit quality is improving because of a recovery in the shipping industry. Sberbank declined on lower oil prices, but mainly suffered on negative sentiment surrounding Russia.

In an effort to lower the international portfolio's risk profile, we sought out new investment opportunities. Our research team has been traveling the globe to identify companies with low beta characteristics, strong cash flow profiles and stable business models. We found multiple opportunities in Asian countries, leading to the purchase of two Japanese computer and mobile game developers, Mixi Inc. and Nexon Co.; one Korean auto parts supplier Hyundai Mobis; and LG Uplus, the third largest Korean telecommunication company with a foothold in the 4G/LTE mobile market and IPTV. We purchased Japan's Kansai Electric Power as the company received approval to restart its nuclear plants. We invested in Magna International, a Canadian automotive parts manufacturer, and Bancolombia, the largest Colombian bank with stable deposit and commercial lending businesses.

To accommodate new portfolio holdings, we reduced our exposure to three categories of companies: 1. Those facing operating headwinds and low trading liquidity, including YIT and Caverion; 2. Companies that reached our valuation targets, namely Showa Denko and Konecranes; and 3. Companies like International Game Technology, which experienced elevated debt levels relative to cash flows as a result of M&A activity and changes in core business economics.

The following table reflects the sector and country allocation for a representative international equity composite portfolio as of June 30, 2017.

	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%*	8.2%	0.0%	0.0%	2.1%	0.0%	2.1%	0.0%	0.0%	4.1%	0.0%	0.0%	0.0%	0.0%
Japan	*23.5%*	8.8%	0.0%	2.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	3.2%	1.6%	0.0%	0.0%
Other Asia	*12.0%*	18.5%	3.7%	0.0%	1.9%	0.0%	3.0%	0.0%	0.0%	4.3%	4.3%	1.4%	0.0%	0.0%
Europe	*58.2%*	47.8%	0.0%	0.0%	12.9%	6.3%	12.2%	2.1%	3.3%	7.1%	0.0%	3.8%	0.0%	0.0%
Scandinavia	*6.4%*	12.7%	0.0%	0.0%	1.8%	3.7%	1.2%	0.0%	0.0%	6.0%	0.0%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	1.6%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%
Portfolio Totals		100.0%	5.3%	2.0%	18.6%	10.0%	18.6%	4.1%	3.3%	21.5%	7.4%	6.8%	0.0%	2.3%
MSCI EAFE Weight	*100.0%*		*4.7%*	*3.4%*	*7.5%*	*14.5%*	*12.1%*	*11.5%*	*10.8%*	*21.5%*	*6.1%*	*4.3%*	*3.6%*	*0.0%*

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

Multiple data points indicate reasonably strong underlying global economic growth. Asian markets appear to be accelerating. European countries are moving through an inflection point from very low growth to sustainable positive fundamentals. The U.S. continues its upward trajectory, with private consumption increasing on the back of low oil prices, unemployment rates and inflation. Increased demand has helped balance a decade-long period of global overcapacity in many sectors. Early-cycle and mid-cycle companies (in sectors like consumer discretionary, energy, materials, industrials and technology) are capitalizing on this supply-demand trend to raise prices slightly, adding to cash flow outlooks. Although companies' anecdotal evidence suggests a rosy outlook, we must expect periods of volatility.

Central banks are tailoring back accommodative monetary policies, allowing interest rates to rise to more normalized levels relative to inflation, which we expect will continue to be low to negative. We think companies that have the ability to deliver cost savings to customers will grow in a modestly deflationary environment. For example, the global proliferation of technology has created demand for complex products at competitive pricing. Suppliers capable of producing inexpensive, yet cutting-edge products at high volumes and profitable yields will thrive in this economic cycle. We have already witnessed efforts to step up capacity investments and boost the supply chain in anticipation of technology goods demand. Our research team has identified numerous potential "deflation beaters" across many sectors, and portfolio changes in 2017 reflect our findings.

As always, we welcome your questions and comments.

DISCLOSURES & 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 the Europe, Australia, New Zealand and the Far East. The MSCI EAFE Index measures the performance of stock markets in these geographic areas including reinvestment of gross dividends.