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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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POLARIS CAPITAL MANAGEMENT, LLC

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INTERNATIONAL EQUITY COMPOSITE REPORT

	2021			Annualized as of June 30, 2021				
	YTD	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since 6/30/1984
Polaris International Equity Composite gross	10.82%	1.75%	8.92%	45.85%	6.75%	11.86%	8.62%	11.57%
Polaris International Equity Composite net	10.54%	1.62%	8.78%	45.12%	6.17%	11.27%	8.00%	10.74%
MSCI EAFE Index, gross dividends reinvested	9.17%	5.38%	3.60%	32.92%	8.76%	10.79%	6.38%	9.11%

Composite returns are preliminary. Past performance is not indicative of future results.

Recent progress in COVID-19 vaccination rollouts in the U.S. and other developed countries raised expectations for a global economic recovery. The International Monetary Fund revised 2021 gross domestic product (GDP) projections upward for the U.S., Western Europe and China, citing unprecedented fiscal and monetary stimulus in conjunction with higher vaccination rates. In line with the GDP figures, the latest economic reports indicate inflation is rising globally, which central banks and investors will monitor closely. Uneven vaccine rollout remains problematic worldwide as many countries face supply shortfalls and upticks in COVID-19 cases. Vaccination rates are leading to an uneven economic recovery. Global markets mirrored this "uneven" trend, with value stocks outperforming in April and May only to lose steam in June. Investors rotated back into defensives and growth stocks following the Federal Reserve's hawkish policy statements. In this context, the Polaris International Equity Composite returned 1.75% for the quarter, underperforming the MSCI EAFE Index, which rose 5.38%. The push/pull of growth versus value outperformance continues to persist, partly due to vaccine limitations, global supply chain shortages, inflation questions, talk of new taxes and fits and spurts of short-term GDP weakness. In the long run, we believe value earnings and multiples should benefit as economic growth increases and interest rates normalize to positive real rates. The inverse is typically true for growth stock multiples, which may be pressured by higher real interest rates.

SECOND QUARTER 2021 PERFORMANCE ANALYSIS

Portfolio holdings in information technology, materials and real estate underperformed the sector benchmarks on a relative basis. Industrials, communication services and health care outperformed, along with notable contributions from the consumer sectors. On a country basis, emerging markets declined largely due to the aforementioned vaccine distribution issues, with losses in out-of-benchmark holdings in Chile (Antofagasta), Taiwan (Catcher Technology), Thailand (Siam Commercial Bank) and Colombia (Bancolombia). Holdings in South Korea (LG Uplus and Kia Motors), France (Publicis and Michelin), Norway (banks) and Austria (Andritz) contributed to the vast majority of portfolio gains.

The portfolio was underweight the information technology sector and underperformed, due to lackluster results from Catcher Technology and Brother Industries. Infosys Corp. partially offset IT sector losses, up nearly 14% after an upbeat earnings season. The Indian IT outsourcer pointed to strong net profits and revenue, while guiding for fiscal year 2022 revenue growth of 12-14% and operating margin guidance of more than 20% as the company signs new customer deals ($2.1 billion alone in Q4 2021).

Performance from the materials sector was underwhelming, even though we expect the sector to do better in a continued cyclical recovery, as orders pick up and higher costs are passed on to consumers. In mid-May, copper prices were at an all-time high amid an environment of tight supply but fell off by June, hurting Chilean copper miner, Antofagasta. The company was also weighed down by ongoing royalty discussions between the new Chilean administration, whereby the potential tax on the mining companies would enable the government to afford to pay for COVID-19 social funds. We will continue to assess whether the tax might become permanent or have a long-term structural change to the company's underlying business. Following strong performance at the end of 2020, Methanex reversed course for the second quarter in a row. Even though methanol prices remain high, Methanex is hampered by gas supply constraints due to idled natural gas plants in New Zealand and Trinidad.

Among other decliners was real estate holding, Daito Trust Construction, which retrenched after significant gains from February through April. The Daito sales process is reliant on face-to-face contact; Daito encountered COVID-19 headwinds that started to abate in late Spring/early Summer, only to arise again with the Delta variant. Investors also appear wary of a near-term recovery due to a limited landbank, increased competition for urban developments and higher cost of materials.

Outperformance in industrials was attributable to double-digit gains from Andritz, Babcock International and Valmet OYJ. Austrian industrial machinery company, Andritz, reported favorable earnings with order intake nearing pre-pandemic levels across its Pulp & Paper, Hydro Power and Metals divisions. Despite slightly lower revenues, operating profit and margins increased significantly from the prior year period, due to positive business developments in Pulp & Paper and costs adjustments in the Metals division. Competitor Valmet, also a portfolio holding, reported a record number of orders received and estimated its sales will increase in 2021, raising its previously issued guidance. Babcock International rebounded strongly from prior quarter lows, gaining more than 25% at the end of June, after the overhang on the stock was eliminated. Investors were apprehensive that the contract profitability and balance sheet review would trigger the need for a capital raise. Instead, the company will take impairments, reduce costs by restructuring its operating model and improve its balance sheet position by divesting certain businesses.

Communication services sector performance was supported by South Korean cellular carrier, LG Uplus, and French advertising/market research company, Publicis Groupe. LG Uplus posted its best quarterly earnings to date, with top line growth that outpaced operating expenses. Credit goes to its two robust business lines (mobile network business backed by strong penetration of 5G subscribers and IPTV), which continue to usurp market share. Bolstered by record earnings, LG Uplus announced an $88 million share buyback and interim dividend payments; this shareholder return policy is a positive corporate governance development. Publicis posted good quarterly earnings, with organic growth noted in U.S. and Asian operations; European operations showed sequential improvement. The company is grabbing a disproportionate amount of client investment in digital channels, e-commerce and direct-to-consumer advertising. Cineworld Group declined over worries about the lackluster U.S. theater box office; investors also discounted the stock as U.K. COVID cases increased and a possible lockdown loomed.

In the consumer discretionary sector, South Korean auto manufacturer, Kia Corp., posted excellent first quarter 2021 revenues, with improved product mix and sales of newer SUV models. Magna International posted impressive quarterly results, with an outlook for above-market growth and margins despite the current chip shortage. Magna continues to benefit from the electronic vehicle push, by offering complete systems and e-components in the Chinese market – a competitive advantage. The sector's heady performance was slightly offset by Taylor Wimpey, the British homebuilder. While the trading update was positive with higher private sales and fewer cancellation rates than 2020, Taylor Wimpey was impacted by broader industry news about slackening home sales in London where the company has limited exposure.

In consumer staples, Asahi Group reported higher-than-expected first quarter 2021 business profits, as the soft drinks and mainstay brands performed very well and continued shedding fixed costs within the business. Coca-Cola European Partners unveiled a new name, Coca-Cola Europacific Partners, to reflect the company's geographic reach with the acquisition of Coca-Cola Amatil in Australia. The company had a good trading update early in the quarter, while also providing clarity on the Amatil deal which will make Coca-Cola Europacific Partners the largest Coca-Cola bottler in the world, serving more than 2 million customers in 26 countries. The market responded positively to the news of the pending deal completion. Conversely, Greencore Group announced softer-than-anticipated quarterly results, as their core city center business saw less foot traffic. Management also mentioned that earnings are not likely to recover as fast as sales due to reduced assembly line productivity per COVID protocols. Nevertheless, a robust pipeline of contract wins (from failed competitors) and renewals will bolster Greencore's position in salads and ready-to-go offerings.

During the quarter, French minerals company, Imerys SA, was sold on concerns about lackluster organic growth and lingering effects of talc litigation. Holdings in Mexican airports were exited, as valuations rose reflective of a full recovery. Proceeds were redeployed to purchase more attractively-priced companies: Irish biopharmaceutical company, Jazz Pharmaceuticals, and Canadian base metals miner, Lundin Mining. Jazz continues to build out its novel product pipeline in neuroscience and oncology, while acquiring GW Pharmaceutical, which specializes in cannabinoid-based medicines. A pullback in copper prices afforded the perfect opportunity to add Lundin to the portfolio. This Canadian listed miner has a portfolio of mines in South America and Europe, is conservatively managed and has growing free cash flow.

The following table reflects the sector and regional allocation for a representative international equity portfolio as of June 30, 2021.

	MSCI EAFE Weight	Portfolio Weight	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Comm. Services	Real Estate	Cash
N. America	*0.0%*	9.1%	0.0%	0.0%	2.4%	0.7%	2.6%	0.0%	0.0%	3.5%	0.0%	0.0%	0.0%	0.0%
Japan	*23.2%*	12.8%	0.0%	0.0%	0.7%	1.8%	3.1%	1.7%	0.0%	1.5%	1.3%	1.3%	1.4%	0.0%
Other Asia	*11.8%*	18.4%	0.0%	0.0%	0.0%	1.3%	4.0%	1.0%	0.0%	3.3%	7.2%	1.6%	0.0%	0.0%
Europe	*57.0%*	43.0%	0.0%	0.0%	10.8%	5.6%	10.1%	2.6%	4.7%	3.1%	0.0%	6.1%	0.0%	0.0%
Scandinavia	*8.0%*	12.3%	0.0%	0.0%	1.9%	3.7%	0.7%	0.0%	0.0%	6.1%	0.0%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	2.5%	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%
Portfolio Totals		100.0%	0.0%	0.0%	17.0%	13.0%	20.5%	5.3%	4.7%	18.6%	8.5%	9.0%	1.4%	1.9%
MSCI EAFE Weight	*100.0%*		*3.2%*	*3.4%*	*7.9%*	*15.5%*	*13.0%*	*10.5%*	*12.4%*	*17.0%*	*9.1%*	*4.9%*	*3.0%*	*0.0%*

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

Over the next year or two, we expect an uneven economic recovery as COVID-19 laden countries will take longer to recover than those with higher vaccination rates. Add to this equation cautious governments and businesses that may mandate short-term shutdowns as the Delta variant and other COVID-19 mutations circulate. On this backdrop, we expect some global market volatility, as evidenced by the stock market run-up in late 2020, followed by a period of flattening prices from January-May 2021, followed by another growth push in June 2021. Sector rotation has swung wildly during this period, from value-oriented materials and financials seeing strong gains in the early part of 2021, only to be replaced by tech high-flyers with overheated growth multiples. Volatility will continue as stimulus measures subside and economies adjust, with spurts of inflation expected. We are keenly aware of these macro-economic trends while remaining true to our bottom-up stock picking discipline.

Shortages, bottlenecks and a year-long bull market in commodities has been pushing materials prices higher; those supply issues have been amplified by a boom in demand, as consumer confidence rose on a post-pandemic future. As a result, companies that previously absorbed price increases, by boosting efficiency in their production or service processes, are passing along those price increases to customers. Price increases are here for longer than we normally expect, as demand continues to outpace slowly ramping-up logistics/supply chains, especially those in geographies with unbalanced vaccine rollout. This outlook is a departure from the deflationary forces we have discussed in prior outlooks. Portfolio companies that can manage in a deflationary economy are aptly positioned to take advantage of higher price trends, especially those in price-sensitive consumer discretionary and materials sectors. We are very satisfied with our holdings across the portfolio, reluctant to sell any of these companies in favor of those on our research watch list. Without a doubt, we are finding some great opportunities, pinpointing fundamentally solid companies at attractive valuations. But we believe the current portfolio has just those type of names, with good upside potential and lesser downside risk, that will enable us to navigate a post-COVID world.

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, 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. One cannot invest directly in an index.