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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**

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INTERNATIONAL PORTFOLIOS

THIRD QUARTER 2008 PERFORMANCE ANALYSIS:

Volatility continued to hamper stock exchanges worldwide: financial institution upheaval affected the general economy. Focused on identifying conservatively-managed companies with strong earnings potential and sustainable free cash flow, we successfully avoided direct investment in mismanaged financial companies. However, selection of better managed companies did not matter, as stocks in almost every market sector fell in reaction to recent developments.

The international portfolios' underperformance can be attributed mainly to two sectors, financials and industrials. U.S. and international financial company failures have led to a lack of trust in the financial system. This has contributed to a severe credit market crisis and historic declines in global stock exchanges. While the portfolios' financial bank holdings are fundamentally strong, and generally unmarred by the lending issues of many U.S. mega-banks, these stocks fell in sympathy with the overall industry on concerns banks have limited funding sources in the credit crisis. Irish bank holdings were among the hardest hit.

Polaris Capital Management successfully avoided investments in financial firms and banks that engaged in the risky business practices that led to spectacular failures that have made headlines globally. In fact, the portfolios hold Lloyds TSB that is taking over HBOS in England in a government sponsored merger. Some of the portfolios' strongest banks were the weakest performers in the quarter, largely due to the panic selling worldwide in the last week of the quarter. When the world markets return to more normal times these strong companies should rebound with far greater operating results as weaker companies will cease to exist or be ineffective competitors.

Softening industrial construction in European markets, namely Scandinavian countries, caused industrial sector weakness. YIT suffered due to a recent report that indicated slower building activity in the Baltics (a small part of their business) and the delay in projects in Russia. Finnish companies, including crane operator, Konecranes Oyj, and cargo handling company, Cargotec Corp., were impacted more by investor concern than declining fundamentals, although Cargotec's division is exposed to U.S. contraction equipment.

After a strong second quarter, materials holdings across myriad countries hindered the portfolios' results, due to slower demand in a weakening global economy. Depressed stock prices were evident worldwide, ranging from Australia's diversified commodities company, BHP Billiton, to South Africa holdings, Metorex and Sappi. Although in negative territory, the portfolios' materials holdings outperformed the overall materials sector, attributable to lower declines in paper and chemical company investments.

Within the consumer discretionary sector, British homebuilders were some of the best quarterly performers. Since December 2007, homebuilders have been burdened by lagging sales; investors responded with hysteria and irrational selling. With stock prices pushed to new lows, the builders proved to be good values, as prices weren't reflective of company or industry fundamentals. July 2008 quarterly reports indicated that many of the homebuilders will continue to be able to manage their cash flows in the declining cycle; that news helped three of the four homebuilders in the portfolio rebound dramatically. Another top performer in this sector was Culture Convenience, a Japan-based holding company engaged in the operation of video and music soft rental chain shops.

In the utilities sector, the portfolios' Japanese stocks held ground on news that nuclear generators are closer to restarting, after a lengthy shutdown following a 2007 earthquake. The possibility of raising electricity tariffs to compensate for higher energy costs also boosted the stocks. Utilities and telecommunications stocks proved strong defensive plays, as investors sought stocks with steady cash flows.

THIRD QUARTER 2008 ASSET ALLOCATION:

During the quarter, we sold one holding in the financial sector when analysis revealed limited potential for continued cash flow upside in volatile markets. Material sector holdings were also reduced.

The portfolio remained overweight in Scandinavian countries and emerging markets.

The following table shows a representative international portfolio's asset allocation at September 30, 2008.

	EAFE Weighting	Portfolio Weighting	Energy	Utilities	Materials	Industrials	Consumer Discretion'y	Consumer Staples	Health Care	Financials	Information Technology	Telecom. Services	Other	Cash
N. America	*0.00%*	3.62%	0.00%	0.00%	3.62%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Japan	*22.14%*	19.81%	0.00%	4.15%	3.78%	4.49%	0.60%	4.47%	0.00%	0.00%	0.00%	2.32%	0.00%	0.00%
Other Asia	*9.66%*	8.04%	2.00%	0.00%	1.70%	0.00%	0.00%	0.00%	0.00%	0.00%	2.19%	2.16%	0.00%	0.00%
Europe	*62.84%*	44.93%	1.88%	0.00%	8.69%	8.25%	11.57%	2.01%	0.00%	12.54%	0.00%	0.00%	0.00%	0.00%
Scandinavia	*5.36%*	15.45%	0.00%	0.00%	0.26%	7.69%	3.48%	0.00%	0.00%	4.01%	0.00%	0.00%	0.00%	0.00%
Africa & S. America	*0.00%*	5.29%	2.07%	0.00%	3.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	*0.00%*	2.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.86%
Industry Totals		100.00%	5.95%	4.15%	21.26%	20.43%	15.65%	6.48%	0.00%	16.55%	2.19%	4.47%	0.00%	2.86%
Market Weighting	*100.00%*		*11.59%*	*4.86%*	*6.43%*	*10.80%*	*9.12%*	*10.28%*	*10.46%*	*21.59%*	*10.57%*	*4.31%*	*0.00%*	*0.00%*

INVESTMENT ENVIRONMENT AND STRATEGY:

Managing a portfolio in times of extreme volatility is difficult to say the least. Objective analysis is required to determine individual company valuations, in light of potential market mispricing due to investor panic. While we have held steadfast to the value strategy that preserved capital in other severe markets, it simply did not matter in this historic economic decline. Virtually, all company valuations have fallen by two to three times a normal market standard deviation, which we measure at 22%. In other words, many stocks have fallen 40% to more than 60%.

Based on investment analysis that relies on strict valuation guidelines and thorough evaluation of company management and other qualitative criteria, such large and rapid declines appear unjustified. Fundamentally-strong companies have experienced unwarranted price declines, as systemic events influence prices. It is well documented that country and industry factors can be responsible for two thirds of stock price movements. Greed drives security valuations to become overvalued; fear drives security prices to be extremely undervalued. We often note that irrational buying and selling behavior creates the market inefficiencies upon which we find undervalued investment opportunities.

One such opportunity arose during the quarter, when we were able to purchase stock in an existing portfolio holding from a distressed investor at below prevailing prices. This stock price has fallen from over €4.00 ($5.40) to €1.68 ($2.27) the day the investor sold a 10% holding in the company. We were able to purchase an additional stake in the company at €1.30 ($1.75). We believe the company's fair value may be over €7.00 ($9.45). In the current market, there are many more examples of such buying opportunities.

At Polaris, we maintain our investment discipline of buying companies worldwide that we believe can generate strong and sustainable cash flow for shareholders. Recent upheaval in financial markets will impact credit liquidity, and by association, company cash flows. We are paying particular attention to those portfolio companies that may be affected, considering even the most extreme cases of economic decline. Analyses indicates that the cash flows of the portfolio companies will be somewhat affected by economic conditions, but it may not be to the extent that would trigger a sale based on the current value of the companies. Portfolio strategy dictates that we continue to hold the investment or buy more at depressed valuations. Where analysis shows the value of the company has more downside risk than recovery, the position has been, or will be, sold.

We remain confident in our investment philosophy, the investment process that is built on sound and objective investment analysis, and our ability to execute the strategy in this market environment. The value of having fellow investors who understand and act in accordance with this philosophy cannot be over-emphasized. Investors tend to buy when returns have been positive, and sell when returns turn negative. Yet, it is in these down markets that investment management believes it should be buying undervalued companies to potentially create positive long term returns. We appreciate our clients, who have allowed us buy, rather than sell in this market. Indeed, based on a strong belief in the compelling portfolio valuations and what we believe to be historic buying opportunities, the portfolio management team has made even greater personal financial commitments in some of the mutual funds we manage.

As always, we want to thank our long-term clients for their continued support that allows us to achieve the investment objectives in many market cycles and we look forward to a return to more appropriate values for world security markets.