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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**

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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 COMPOSITE REPORT

	2012				Annualized as of September 30, 2012						
	YTD	**QIII**	**QII**	**QI**	**1 Yr**	**3 Yrs**	**5 Yrs**	**10 Yrs**	**15 Yrs**	**20 Yrs**	**Since 6/30/1984**
Polaris Capital International Equity Composite gross	23.15%	11.47%	-5.80%	17.28%	25.24%	8.65%	-1.82%	13.00%	8.13%	10.58%	12.07%
Polaris Capital International Equity Composite net	22.54%	11.29%	-5.96%	17.09%	24.41%	7.92%	-2.49%	12.18%	7.32%	9.74%	11.16%
International Equity Benchmarks											
MSCI EAFE Index, gross dividends reinvested	10.59%	6.98%	-6.85%	10.98%	14.33%	2.59%	-4.77%	8.69%	3.78%	5.94%	9.38%

Q3 2012 composite returns are preliminary pending the third-party audit. Past performance is not indicative of future results.

International markets recorded healthy gains throughout the quarter, as evidenced by the 6.98% return for the MSCI EAFE Index. Much of this positive momentum was attributed to stimulus measures embraced by central banks worldwide. During the quarter, the European Central Bank (ECB) and People's Bank of China cut their benchmark borrowing costs. The Bank of England resumed buying bonds in a third round of quantitative easing. The U.S. Federal Reserve also signaled it could continue Operation Twist. ECB President Draghi's pledge to preserve the euro gave a further boost to international equities.

The International Equity Composite (gross of fees) returned 11.47%, far surpassing the MSCI EAFE Index benchmark. Significant outperformance can be attributed to stock selection that beat the benchmark in all 10 sectors, with top contributors to performance coming from consumer discretionary, materials and financials. Drilling down to an individual stock level, 93% of the portfolio companies posted absolute positive returns for the quarter. The best individual contributors were containerboard manufacturer Smurfit Kappa and U.K. homebuilders. Japan's Showa Denko was one of only a handful of companies in negative territory for the quarter.

PERFORMANCE ANALYSIS

Consumer discretionary stocks led international portfolio performance, with U.K. homebuilders Persimmon and Barratt Developments posting strong returns during the quarter. Persimmon reported a 65% pre-tax profit increase for the six month period ended June 30, 2012, validating their strategic plan of completing more new homes, attracting more viewers and selling homes for a higher fee. In similar fashion, Barratt announced a 159% jump in pre-tax profits while halving net debt in its annual results for the year ending June 30, 2012.

Many of the U.K. homebuilders had previously reduced operating expenses and debts, allowing even modest sales increases to translate to strong cash flows. Improved margins and higher cash generation allowed builders to invest in cheaper development land. While U.K. builders are relishing this progress, concerns remain about the general economy and low levels of mortgage availability. Housing volumes are not expected to return to pre-2008 standards until European banks resolve capital constraints, shore up their balance sheets and return to normal lending practices.

Both the best and worst performing stocks of the quarter stemmed from the materials sector. Smurfit Kappa was the top individual stock performer for the second consecutive quarter. The leading containerboard and corrugated packaging producer in Europe had returns in the double digits, reaping the benefit of cost cutting, better pricing, debt restructuring and better-than-expected second quarter 2012 earnings. Lower margins in recycled paper operations were offset by higher earnings in Europe thanks to stable volumes, and the company reaffirmed its full-year guidance for 2012. Smurfit went on to announce an interim dividend.

In late September, Smurfit announced the acquisition of Orange County Container Group, a private corrugated/containerboard manufacturer with operations in Mexico and Southern U.S., for $340 million. The transaction, which will be funded from Smurfit's existing cash resources, is expected to increase demographic exposure into Latin America, boost earnings and create nearly $14 million in synergies within two years.

German chemical and oil company BASF SE was up for the quarter, after announcing plans to acquire Iowa-based Becker Underwood. Becker is a provider of technologies for biological seed treatment, seed treatment colors and polymers, as well as products in the areas of biological crop protection, turf and horticulture, animal nutrition and landscape colorants and coatings.

On the other end of the spectrum, Japanese chemical company Showa Denko suffered from slowing demand for petrochemicals, especially in China. Showa's diversified materials product base extends to electronics, specializing in hard disc drive media for personal computers. Sluggish PC sales negated demand for hard disc drives; however, Showa is expanding its marketing/sales to high volume servers and cloud systems to avoid reliance on personal computer demand.

European banks rallied due to the ECB's bond buying program announcement. DNB Bank and Svenska Handelsbanken were both beneficiaries of this trend, further bolstered by healthy balance sheets and lower loan loss provisions.

Munich Re reported a consolidated profit of approximately $1 billion, improving on the same period last year. In addition to stronger-than-expected underwriting business, claims expenditures were lower than in the same period last year due to 2011's natural catastrophes. Hannover Re was similarly positioned, reporting strong operating profit and net income as a result of increased renewals in non-life and life/health reinsurance, as well as fewer loss situations.

Japanese brewery Asahi Group and refrigerated food storage and transport company Nichirei propelled the performance of the consumer staples sector. Asahi lowered interim operating profit guidance mainly due to heavy sales promotional spending for domestic soft drinks. However, the company posted an extraordinary gain on a change in equity in Chinese soft drink affiliate, Tingyi-Asahi Beverages, which entered a strategic alliance with PepsiCo. Nichirei continues to see stable demand for its convenience foods and food logistics services, and could benefit from eased U.S.-produced beef import restrictions later this year.

Although Japanese telecommunications provider KDDI experienced weak first quarter results on greater discounting to attract mobile subscribers, its strategic decision is already reaping rewards. Higher volumes of non-iPhone products are offsetting lower pricing and, combined with cost reductions, confer modest operating profit growth. The company has also started wireless service bundling, a process that can't be easily replicated by competitors.

Among industrial holdings, Finnish companies Kone OYJ, YIT OYJ and Konecranes OYJ all produced double digit returns. In particular, YIT's construction business was bolstered by continued infrastructure and homebuilding in Russia and Finland.

During the quarter, Italian ground engineering services company Trevi Finanziaria announced six-month earnings ending June 30, 2012, with revenues increasing 23% from the same period in 2011. The company also reported new international orders and a healthy backlog, further substantiated by a September announcement of new contracts worth $48 million. Among the projects are civil engineering works and foundations in Thailand, foundation services in West Africa and engineering in Venezuela.

In telecommunications, Samsung Electronics posted 15% gains during the quarter, seemingly impervious to the recent $1 billion verdict against them for intellectual property infringement.

CURRENT ASSET ALLOCATION

While there were no new purchases or sales this quarter, we did add to our positions in Japanese telecommunications company KDDI and Italian industrial Trevi Finanziaria.

The following table reflects the sector and country allocation for a representative international portfolio as of September 30, 2012.

	MSCI EAFE Weight	Portfolio Weight	Representative International Portfolio Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecom. Services	Cash
N. America	*0.00%*	1.86%	0.00%	0.00%	1.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Japan	*20.06%*	9.88%	0.00%	0.00%	1.83%	0.00%	0.00%	6.01%	0.00%	0.00%	0.00%	2.05%	0.00%
Other Asia	*14.10%*	10.62%	1.91%	1.40%	1.76%	0.00%	0.00%	0.00%	0.00%	0.00%	5.55%	0.00%	0.00%
Europe & Middle East	*59.69%*	44.94%	1.84%	0.00%	13.01%	1.83%	13.67%	2.15%	4.47%	4.16%	1.96%	1.88%	0.00%
Scandinavia	*6.15%*	14.87%	0.00%	0.00%	0.00%	6.88%	1.72%	0.00%	0.00%	6.27%	0.00%	0.00%	0.00%
Africa & South America	*0.00%*	2.17%	2.17%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	*0.00%*	15.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	15.66%
Portfolio Totals		100.00%	5.92%	1.40%	18.46%	8.71%	15.39%	8.15%	4.47%	10.43%	7.50%	3.92%	15.66%

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

Although international markets recorded healthy gains this quarter, stagnant macro-economic activity and slow global trade will be cause for concern in the quarters ahead. China GDP growth is slowing and export sales to Europe are lessening. In India, a lack of government productivity will materially slow project development. With the Brazilian currency especially strong, the export of the country's products will become less profitable. Among developed countries, the U.S. economy will continue to experience fits and starts, benefitting from low cost energy and service sectors, offset by a troubled housing market and mixed job reports.

As long as government stimulus measures artificially buoy economies, uncertainty will remain in the market. Slower sales/volumes will ensue, as businesses err on the side of caution, depleting inventory rather than creating demand. We expect no easy solution to these general macro-economic concerns, but rather anticipate continued volatility. It is at these moments that we conduct bottom-up research to pinpoint some of the most fundamentally-strong, but undervalued companies worldwide.

Recent months of positive international market returns are clearly not reflective of current uncertain conditions. Rather, international markets are anticipating economic activity six to 12 months in the future -- and the outlook is decidedly brighter. Today, we seek out companies that can weather current tumultuous markets and potentially outperform when markets recover.

As always, we welcome questions, comments and referrals.

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.