POLARIS
CAPITAL MANAGEMENT, LLC

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INTERNATIONAL EQUITY COMPOSITE REPORT

	2015				Annualized as of September 30, 2015				
	YTD	QIII	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since 6/30/1984
Polaris Capital International Equity Composite gross	**-3.87%**	**-10.93%**	**1.76%**	**6.07%**	**-5.33%**	**10.16%**	**8.98%**	**6.36%**	**11.87%**
Polaris Capital International Equity Composite net	**-4.23%**	**-11.05%**	**1.63%**	**5.94%**	**-5.82%**	**9.51%**	**8.31%**	**5.68%**	**10.99%**
MSCI EAFE Index, gross dividends reinvested	-4.91%	-10.19%	0.84%	5.00%	-8.27%	6.08%	4.44%	3.44%	9.05%

Q3 2015 composite returns are preliminary. Past performance is not indicative of future results.

The Polaris International Equity Composite, gross underperformed the MSCI EAFE Index, gross benchmark in the quarter. The international portfolio returned -10.93% while the Index dropped -10.19%. The quarter was marked by volatility in commodity prices, which had a negative short-term effect on some materials and energy companies. Ultimately, we believe lower oil prices will have a positive effect on consumer purchasing power worldwide; however, we must first weather this spate of volatility.

Stocks that contributed positively to the portfolio's performance included India's IT company, Infosys, Ltd., which had double digit gains after announcing impressive quarterly results and projected growth that triggered revised upward guidance. A more recent portfolio addition, Kia Motors Corp., benefited from new car model launches and top safety ratings from J.D. Powers and Associates. These gains could not offset losses elsewhere in the portfolio, including energy stocks WorleyParsons, Ltd., Tullow Oil and Maurel et Prom. Perennial outperformer, Canada's Methanex Corp., saw methanol prices drop more than 30% due to lower commodity prices. Lower prices of coal used to produce methanol in China impacted the stock.

On a year-to-date basis, the international portfolio continued to exceed the MSCI EAFE Index, gross, at -3.87% vs. -4.91%. We are pleased with the outperformance YTD, as well as our benchmark-beating performance over all longer time periods as reflected above.

PERFORMANCE ANALYSIS

Information technology company Infosys, Ltd. was among the top contributors for the quarter, as it announced stellar quarterly results and notable growth rates. Issues that previously plagued Infosys, Ltd. dissipated. Attrition declined due to targeted measures by management to provide employees with better training and salaries. Legal battles over the visa program concluded, with no findings of misuse by Infosys, Ltd. The stock price responded, up approximately 20% during the quarter. Sector gains were essentially negated by Samsung Electronics Co., Ltd., which has yet to turnaround the market share declines in the smart phone division.

Consumer discretionary holdings, Kia Motors Corp., Duni AB and the majority of British homebuilders, were in positive territory for the quarter. Duni AB, a Swedish supplier of paper goods and table settings, was up on earnings news. The company noted increasing net sales for the 3- and 6-month periods ending June 2015, as well as decreased net debt. Duni AB shuttered the hygiene production business, and reinvested capital to upgrade paper machines for increased capacity. The on-going initiatives contributed to better profitability of operations. Homebuilders experienced consistent sales progress in a more favorable regulatory environment than we have seen in years, which allowed the stocks to hold up in a volatile market. Chinese lottery company REXLot Holdings, Ltd. was the main sector detractor, as the trading suspension continued due to accusations of accounting irregularities. REXLot Holdings also faces bond repayment demands due to the suspension in its stock trading and reported limited cash flow availability from its China operations.

Hong Kong water utility Guangdong Investment, Ltd. intends to deploy capital to acquire further earning assets from its parent company, including toll roads and water treatment facilities. Investors were excited about prospects for the water treatment plant.

Among financials, German reinsurer Hannover Re posted strong interim results and raised full year guidance, despite industry competition. Both Hannover Re and Munich Re had fewer catastrophic claims to pay out in 2015, benefitting their respective balance sheets. On the opposite end of the spectrum, U.K.-based Standard Chartered was down after facing pressure in three different geographies. The company was impacted by rising impairment levels in India, significant exposure (loans and credit lines) to commodity traders in Europe and lesser emerging-market lending. In the face of these headwinds, Standard Chartered management felt it prudent to halve dividends to ensure sufficient capital on hand. Norway was no longer impervious to slumping oil prices, as evidenced by rising unemployment (to about 3.8%) and a slowing economy. The country's biggest bank, DNB Bank, beat second quarter profit expectations, but increased loan loss projections through year end. DNB Bank management expressed caution about 2016 and the likelihood of increasing impairment losses linked to oil-related activities.

Deutsche Telekom's stock price ticked up, after reporting double-digit growth for the second quarter of 2015. Net revenues rose by more than 15% and free cash flow improved to nearly $1.6 billion. Deutsche Telekom's retail broadband customers increased in Germany and subsidiary T-Mobile U.S. continued to outpace peers in capturing new subscribers.

Among consumer staples stocks, Asahi Group Holdings, Ltd. experienced a tangential boost from news of a possible merger of two of the world's biggest beer makers, AB InBev and SABMiller. Should monopoly issues arise with the merger, a spin-off of certain beverage lines might occur. Asahi Group Holdings could capitalize on this action, picking up overseas assets for continued growth. Greencore Group was down this quarter due to labor cost pressures in the U.K. and one-off start-up charges for its U.S. facilities.

Commodity price declines understandably hindered the global energy market. At the portfolio level, we sought to diversify holdings amongst both oil exploration/production (E&P) and refining businesses. Companies in refining, like Thai Oil, proved a good hedge of lower oil prices. Yet many other companies suffered, including Maurel et Prom, which had operational issues that obstructed its ability to export oil. WorleyParsons, Ltd., an Australian engineering and design company, saw slowing customer demand as its business is largely comprised of E&P companies.

Materials companies including Methanex Corp., Yara International and Solvay SA have been among the international portfolio's top performers in prior reporting periods; each was uniquely impacted by lower commodity prices this quarter. Norwegian nitrogen giant Yara International faced increasing competitive pressure from Chinese low-cost producers of urea. Early in the year, global urea prices fell to multi-year lows below $260 a ton, and China continued a torrid pace of urea exports. Although Solvay SA reported admirable second quarter earnings and margin improvement, the stock dropped based on weak results in the company's Novecare business line. Three of Solvay's four main business lines executed well for the quarter with increased sales and volumes, yet all focus surrounded Novecare. The contraction in the U.S. oil and gas industry supply chain dampened Novecare's sales. Demand diminished for stimulation, drilling and cementing activities. In a case of inopportune timing, Solvay announced prior to the earnings release that it built a state-of-the-art oil and gas lab in Singapore intended to internationalize Novecare's business.

The following table reflects the sector and country allocation for a representative international equity composite portfolio as of September 30, 2015.

	MSCI EAFE Weight	Portfolio Weight	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecom. Services	Cash
N. America	*0.0%*	1.5%	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Japan	*22.5%*	6.5%	0.0%	0.0%	1.7%	0.0%	0.0%	2.4%	0.0%	0.0%	0.0%	2.4%	0.0%
Other Asia	*10.9%*	13.8%	3.0%	1.9%	1.8%	0.0%	2.6%	0.0%	0.0%	0.0%	4.5%	0.0%	0.0%
Europe	*60.4%*	55.4%	1.4%	0.0%	13.3%	1.8%	19.2%	2.1%	4.4%	6.3%	1.9%	4.9%	0.0%
Scandinavia	*6.2%*	18.6%	0.0%	0.0%	2.0%	7.4%	2.0%	0.0%	0.0%	7.2%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	1.3%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%
Portfolio Totals		100.0%	5.7%	1.9%	20.3%	9.2%	23.8%	4.5%	4.4%	13.5%	6.4%	7.3%	2.9%

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

Our outlook remains constructive over the medium term. From a corporate perspective, the reset of commodity prices at lower levels will make it difficult for higher cost materials and energy producers, but will usher in a wave of disruptive technologies and lower-priced, efficient competitors. At the consumer level, lower gasoline prices may ultimately have a positive effect on purchasing power. There is clear evidence of this trend in the U.S. with record car sales and solid housing demand. In Japan, lower prices have encouraged spending even in the face of Japan's consumption tax hike. India imports roughly 85% of its oil. Cheaper oil prices helped to lower India's chronically high inflation rate and, given large government energy subsidies, aided the country's fiscal position.

Lower commodity prices were a short-lived boon for China, as cheaper raw materials spurred on transportation and building projects. However, commodity demand has since lessened in the country. Data suggests a significant and continuing slowdown in China's fixed assets investments and manufacturing, especially in heavy industries and capital goods. Taxes eroded the full benefits of lower gasoline prices in Europe. Unraveling the recent fiscal crises and faced with modestly rising unemployment in countries like Greece and France, Eurozone inflation fell to -0.1% by September. The European Central Bank has indicated a willingness to increase its stimulus program to ward off deflation.

We believe that deflation is far more present in the global economy than most investors, companies and central bankers like to believe. We don't consider this a negative trend. The deflationary elements in the economy continue to keep interest rates down, which is impeding bank interest margins, but is also helping to dramatically improve credit quality among borrowers. Businesses that cut costs or are low-cost producers may thrive in a deflationary environment. "Deflation beaters" can promote productivity, while typically avoiding excess capacity and holding low debt levels.

A pillar of our investment strategy has been to retain "deflation beaters" or similar companies that have the potential to prosper in a lower price environment and thrive in a market recovery. In the coming quarters, our research team will continue to evaluate individual companies to ensure they remain good values backed by strong fundamentals (free cash flow, notable management, etc.). In doing so, we seek to achieve long-term benchmark beating performance, as we have accomplished to date.

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.