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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 composite report.
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INTERNATIONAL EQUITY COMPOSITE COMMENTARY

	2021				Annualized as of September 30, 2021				
	YTD	QIII	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since 6/30/1984
Polaris International Equity Composite gross	**8.96%**	**-1.67%**	**1.75%**	**8.92%**	**38.08%**	**5.56%**	**8.76%**	**11.01%**	**11.44%**
Polaris International Equity Composite net	**8.56%**	**-1.79%**	**1.62%**	**8.78%**	**37.39%**	**4.99%**	**8.19%**	**10.39%**	**10.61%**
MSCI EAFE Index, gross dividends reinvested	8.79%	-0.35%	5.38%	3.60%	26.29%	8.12%	9.32%	8.59%	9.03%

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

International (ex U.S.) equity markets slowed their strong performance streak of the past few quarters; for the three-month period ending September 30, 2021, the MSCI EAFE Index returned -0.35%, while the Polaris International Equity Composite underperformed at -1.67%. Markets rotated in favor of value stocks midway through the year, only to revert back to a growth bias in June, July and August, as the COVID-19 Delta variant raged on. By September, vaccination rates rose, while the global economy continued to reopen in fits and starts – evidence of which was noted in everything from manufacturing to travel to the classrooms. The prospect of rising interest rates and higher commodity prices followed, both of which should bode well for cyclical value stocks.

THIRD QUARTER 2021 PERFORMANCE ANALYSIS

While markets tilted towards value stocks in September, performance from high-growth oriented companies still dominated the index for the majority of the quarter, led by information technology (IT) and health care; the portfolio was underweight and underperformed in these sectors. The portfolio outperformed in traditional value sectors, including financials, real estate and materials, which comprise almost 40% of the portfolio. From a country perspective, strong returns were noted in Japan, Belgium, France and out-of-benchmark regions, including Colombia, Thailand and India. However, this was offset by underperformance in Ireland, South Korea, Switzerland, Austria, Italy and the Nordic region.

Financials contributed the most to performance this quarter, with Siam Commercial, Sumitomo Mitsui Trust and Bancolombia posting double-digit returns. Siam Commercial Bank was up 19% after the company converted into a holding company, with the bank separated from its fintech subsidiaries. This structure allows the company's higher growth fintech businesses to be more flexible and nimble, less affected by banking regulations. Macroeconomic recovery in Colombia boosted the share price of its dominant banking institution, Bancolombia, which also caters to other Latin America jurisdictions. The main profitability drivers for the next few quarters will be loan growth and net interest margin expansion. One caveat: provisions may increase as Panama ends its moratorium, but Bancolombia is well positioned to absorb these losses without detriment.

Communication services was the second largest sector contributor to the international portfolio. French marketing and advertising firm, Publicis Groupe SE, reported strong six-month results through June 30, 2021, recovering revenue lost in 2020 and capturing strong organic growth driven by U.S. and Asian geographies. U.S. subsidiaries – Epsilon, PMX and Sapient – all delivered 25%+ growth. Publicis went on to upgrade 2021 guidance. Japanese telecom, KDDI Corporation, was up after reporting quarterly results in line with operating revenue and income expectations. The company detailed how lower telecommunication revenues were supplemented by new growth fields, including life design domain and business service segments. The market viewed these strategic developments favorably.

Daito Trust Construction Co., the sole real estate holding in the portfolio, had an 8% gain during the quarter. We purchased the Japanese construction and real estate company in the first quarter of 2021 at a discount, when face-to-face sales lagged due to COVID-19; the company continued to encounter headwinds in the second quarter. We were vindicated in our timing, as Daito Trust recovered by the end of September on the back of decent new order numbers and higher real estate rental housing occupancy. Additionally, Japan has seen new COVID cases subsiding rapidly, with close to 68% of its population having received at least one dose of the vaccine, which should spur resumption of normal business operations.

Substantial gains from Canadian methanol producer, Methanex Corp., counterbalanced losses elsewhere in the materials sector. Methanol prices rose nearly 10% from last quarter, an outcome of supply/demand constraints. Methanex was a prime beneficiary, even though one of its own plants in New Zealand contributed to the supply shortage. The company also announced the expansion of their Geismar 3 project in Louisiana, pointing to constructive economics assuming higher methanol prices. Even with the plant expansion, Methanex put together a share buyback of 5% of the company, indicating that the company is well capitalized. By contrast, HeidelbergCement and Lundin Mining Corp. declined. Copper producer Lundin Mining cited decent production with slightly better cost performance and a strengthening balance sheet. However, the company reduced guidance for its Candelaria copper-gold mine in Chile on lower throughput and grade dilution assumptions related to processing issues that we believe will be resolved.

Among consumer staples stocks, Greencore Group offered a markedly improved trading update, as the U.K. economy reopened and mobility restrictions eased. The company pointed to growth in food-to-go and convenience categories, new business wins and late-stage development of an eco-friendly sandwich skillet. Sector results were tarnished by declines at KT&G Corp and Coca-Cola Europacific Partners (CCEP). Management at CCEP indicated that revenue per case was above pre-pandemic levels. Sales and revenues are predicted to be even greater in 2022, with the acquisition of Coca-Cola Amatil, adding a footprint in Australia, Pacific and Indonesia. Yet concerns about inflation on key items such as packaging, transportation and sweeteners weighed on investor sentiment. Commodity inflation is expected to be in the mid to high single digits even with hedging; the company intends to pass on most of these costs as price increases in 2022.

The only noteworthy stock in industrials, U.K.-based Babcock International Group bounced back after its fiscal year earnings announcement, up more than 25%. The company negated the need for an equity raise, while pointing to improved sales and growth prospects with a healthy pipeline of naval export contracts to Ukraine, Greece, Indonesia and Poland. Babcock set the expectation for higher margins, based on a post COVID-19 workforce recovery and proactive cost-cutting measures.

The largest sector detractor was consumer discretionary, where the portfolio was overweight and underperformed. Strong gains from Sony Group Corp., up nearly 15%, and D'Ieteren Group, up nearly 22%, couldn't mitigate losses elsewhere in the sector. Japanese company Sony announced resilient quarterly results across all divisions (TVs, cameras, sensor imaging) and revised up full-year guidance. Additionally, Sony is anticipating record sales of its PlayStation 5, while also introducing five blockbuster video games in 2022. D'Ieteren, the Belgian automobile distribution and vehicle glass company, gained ground after announcing the acquisition of a 40% stake in TVH Parts, which will expand it footprint in spare parts for commercial vehicles. Just a few days after the acquisition was announced, Belron's (50.01% owned by D'Ieteren) second-largest shareholder, Clayton, Dubilier & Rice sold a minority stake in Belron to three private equity funds; the premium priced deal values Belron at an equity value of $19.8 billion, implying that D'Ieteren's Belron stake is valued at $9.9 billion whereas D'Ieteren's total equity market capitalization is $9.0 billion. Conversely, Magna International, a Canadian auto parts supplier, declined more than 18% during the quarter. The company announced a bid for Veoneer; investors questioned the rational for a transaction that will be dilutive to earnings in the short-term. Subsequently, they were outbid by Qualcomm, which bid $4.2 billion. Magna also revised down 2022 North American auto production due to recent semiconductor chip shortages. However, we believe this disruption to be temporary and that lost production volumes will likely be recouped. Concerns about semiconductor shortages and elevated raw material costs also weighed on South Korea's Kia Corp. and Hyundai Mobis.

Health care was another underperformer, due mostly to Jazz Pharmaceuticals, which declined more than 26% during the quarter. The Irish company launched Xywav in 2020, and has outperformed estimates for four consecutive quarters. A "product of its own success", Jazz now faces near-term competition from authorized generics ahead of the slated 2023 timeframe. The market is interpreting this news as an intellectual property threat to Jazz's oxybate franchise; however, we view this as a positive as recent surveys suggest most patients prefer Jazz's Xywav formulation over the generic version.

Solid results from Brother Industries could not offset IT sector losses attributable to SK Hynix and Samsung Electronics. Brother Industries was up approximately 12% after posting results that exceeded very conservative estimates. Work-from-home trends spurred on consumers to purchase new printers and ink supplies; Brother took advantage of the current demand trends, raising average selling prices. Additionally, its industrial machinery division order book has picked up. SK Hynix posted quarterly profits that beat analyst estimates and gave a bullish outlook for the rest of the year. Strong memory chip demand is projected through the end of 2021 on data center build-outs and the use of more sophisticated chips in mobile devices. Samsung reported a 73% year-on-year jump in second quarter 2021 net profit as demand for electronics prolonged a global chip shortage. Yet investors are concerned that memory chip demand may flag if a global shortage of processing and other microchips continues, curtailing production of other drivers of revenue. This weighed down the stock price of both Korean companies, which are the world's largest two memory chipmakers.

During the quarter, the portfolio exited Germany's diversified chemical company, Lanxess AG, and Finnish pulp machinery maker Valmet as each met or exceeded Polaris' valuation targets. Grupo Aeroportuario Del Centro Norte was also sold to make room for new buys, including LG Electronics (LGE). LGE, a global leader in home appliances, continues to take market share from existing global powerhouses such as Whirlpool and Electrolux. Another new buy, Tisco Financial is a Thai bank specializing in auto title loans. The company remains one of the best quality Thai banks in terms of credit costs and return on equity. Alrosa PJSC, a low-cost producer of rough diamonds, was purchased on favorable supply/demand constraints, as well as appealing fundamentals (healthy balance sheet, dividend yields greater than 10% and aggressive free cash flow payout structure). The industry is a duopoly with Alrosa and De Beers controlling two thirds of the rough diamond market.

The following table reflects the sector and regional allocation for a representative international equity portfolio as of September 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%*	9.4%	0.0%	0.0%	4.1%	0.0%	1.9%	0.0%	0.0%	3.4%	0.0%	0.0%	0.0%	0.0%
Japan	*24.2%*	13.3%	0.0%	0.0%	0.7%	1.7%	3.3%	1.7%	0.0%	1.6%	1.5%	1.4%	1.5%	0.0%
Other Asia	*11.3%*	19.5%	0.0%	0.0%	0.0%	1.3%	4.9%	1.1%	0.0%	4.6%	6.2%	1.5%	0.0%	0.0%
Europe	*56.5%*	42.7%	0.0%	0.0%	10.3%	5.8%	10.0%	2.6%	4.4%	3.2%	0.0%	6.3%	0.0%	0.0%
Scandinavia	*8.0%*	10.9%	0.0%	0.0%	1.7%	2.4%	0.6%	0.0%	0.0%	6.2%	0.0%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	2.7%	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%
Portfolio Totals		100.0%	0.0%	0.0%	18.1%	11.1%	20.7%	5.4%	4.4%	20.4%	7.7%	9.2%	1.5%	1.5%
MSCI EAFE Weight	*100.0%*		*3.5%*	*3.3%*	*7.3%*	*15.8%*	*12.7%*	*10.2%*	*12.7%*	*17.2%*	*9.6%*	*4.8%*	*2.9%*	*0.0%*

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

We are cautiously optimistic about the global economy, challenges notwithstanding. Ongoing waves of COVID-19 may cause headwinds, but we believe that rising vaccination rates should dull the impact. People are returning to the workforce, which should ease the supply chain bottlenecks currently faced. In the interim, supply/demand constraints will continue to tax companies reliant on raw materials; the winners will be materials, industrials, chemicals and oil refiners that can charge higher commodity prices. We believe many companies in our portfolio will be able to leverage this short-term demand. Our bottom-up stock research continues to identify a number of potential investment opportunities across myriad sectors; we anticipate adding a handful of fundamentally sound, attractively-priced companies in the coming months. Such efforts are expected to enhance the valuation, risk profile, and ultimately performance, of the international portfolio.

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.