POLARIS
CAPITAL MANAGEMENT, LLC

121 High Street
Boston, Massachusetts 02110
Telephone (617) 951-1365
polariscapital.com

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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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INTERNATIONAL EQUITY COMPOSITE REPORT

	2012					Annualized as of December 31, 2012						
	YTD	**QIV**	**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	31.83%	7.05%	11.47%	-5.80%	17.28%	31.83%	10.58%	0.89%	12.69%	9.30%	10.91%	12.22%
Polaris Capital International Equity Composite net	30.96%	6.87%	11.29%	-5.96%	17.09%	30.96%	9.84%	0.20%	11.88%	8.49%	10.06%	11.32%
International Equity Benchmarks												
MSCI EAFE Index, gross dividends reinvested	17.90%	6.60%	6.98%	-6.85%	10.98%	17.90%	4.04%	-3.21%	8.70%	4.79%	6.48%	9.54%

Q4 2012 composite returns are preliminary pending the third-party review. Past performance is not indicative of future results.

Please refer to the performance report for your portfolio

Early in the quarter, security markets were affected by a confluence of events including the U.S. presidential election and "fiscal cliff", the European recession and China's leadership transition. However, global markets rebounded toward the end of December, entering modestly positive territory, as Greece passed its budget and world GDP growth drivers (China and the U.S.) showed signs of stability. The International Equity Composite (gross of fees) outperformed the benchmark at 7.05%, with numerous individual stocks posting double digit returns during the quarter. The MSCI EAFE Index was up 6.60%.
Continued success against the benchmark could be attributed to stock performance in cyclical sectors such as consumer discretionary, materials and financials. On an individual stock level, the international portfolio's best returns came from Belgian chemical supplier Solvay, French luxury goods designer Christian Dior, U.K. homebuilders Barratt Developments and Taylor Wimpey, Irish convenience food producer Greencore Group and German reinsurer Hannover Re. Japanese consumer staples and Italian ground engineering services firm Trevi Finanziaria detracted from returns.

For the year ended December 31, 2012, the international portfolio was up 31.83%, outperforming the benchmark at 17.90%. The international portfolio outperformed the benchmark in all four quarters this year.

PERFORMANCE ANALYSIS

Consumer discretionary stocks led returns during the quarter, backed by some of the top individual stock performers. Christian Dior had strong quarter results in a relatively lackluster retail environment, further substantiating our conviction that luxury goods thrive even in depressed economic environs. In December, the company announced six-month (ending October 31, 2012) revenues, which increased 18% over the same period in 2011. Nearly all of Christian Dior's diversified business lines proved fruitful, with robust demand in wine and spirits, double-digit revenue growth for the Louis Vuitton fashion brand, momentum in its perfume and cosmetic lines and a nearly 26% boost in revenues for Christian Dior Couture.

U.K. homebuilders added to the consumer discretionary results. In November, U.K. mortgage approvals rose to the highest level in 10 months, adding to signs that the Bank of England's credit-boosting program "Funding for Lending" is helping to ease strains in lending. Barratt, Taylor Wimpey and Bellway were beneficiaries of the scheme, achieving strong quarterly returns and capping off a stellar year. During the housing crisis, many homebuilders retrenched, shoring up balance sheets, raising capital, reducing debt and focusing on margins over volumes by buying lower priced land and building higher-priced houses versus apartments. With the pending rebound in the U.K. housing market, these lean-operating homebuilders are well positioned to leverage even modest volume increases.

Most of the material holdings were in positive territory, with containerboard manufacturer Smurfit Kappa capturing healthy returns. Independent paper packaging companies unable to absorb cost increases resulting from Chinese demand for recycled paper have closed or reduced production. With fewer competitors and fewer products in the market, Smurfit Kappa was able to marginally increase prices on its product lines, thereby dissipating raw material costs.

Among other materials companies, Belgian chemical company Solvay announced healthy third quarter earnings, led by the plastics segment, and reiterated full year guidance despite a predicted fourth quarter slowdown in some end markets. BASF completed the acquisition of Becker Underwood for $1 billion, further cementing its global leadership position in biological seed treatments and crop protection. On a fundamental basis, both of these specialty chemical companies also capitalized on their non-commodity product lines and their emerging market exposure.

Canadian methanol producer Methanex also posted high returns for the quarter, as steady methanol demand and short supply have resulted in upward pressure on spot methanol prices. The company announced an increase of $43 per ton to the North American non-discounted price. Recent projects touted by Methanex (in New Zealand and Louisiana) also have the potential to increase operating capacity by approximately 2 million tons over the next few years.

Hurricane Sandy, the October storm that battered the U.S. Northeast, allowed reinsurers to maintain and, in some cases, raise renewal prices for property-catastrophe reinsurance, after a year in which natural disaster costs fell. Hannover Re and Munich Re saw increased renewal rates, further reinforced by good quarterly numbers, improved combined expense ratios and healthy investment income. Investor AB, a Swedish holding company, also contributed to the financial sector performance. The company, in conjunction with EQT IV Fund, signed an agreement to divest Gambro to the medical technology company Baxter International; total proceeds to Investor AB will be $1.6 billion.

Among industrials, Finnish escalator/elevator manufacturer Kone OYJ serviced the burgeoning affordable housing/apartments market in China. The company also expanded its service business. A leading global overhead crane/lifting equipment company, Konecranes had a healthy book of business going into 2012; high demand remained in the industrial import crane market throughout the year. Stronger sector performance was offset by a stock price decline at Italian construction company Trevi Finanziaria. The company's third quarter earnings were impacted due to a Turkish customer who broke a contract to buy the remaining seven drilling rigs of nine in the contract. The customer had suffered an accident in its cash flow-generating mining division, which led to financial difficulties in their oil division. Trevi has since sold the seven rigs to other customers but quarterly results were hurt by the contract change.

Healthcare holdings lost ground this quarter. Teva Pharmaceutical dropped after an analyst downgraded the stock following a third-quarter earnings report that outlined high litigation and R&D costs. Concerns remain about older products (Copaxone) likely to have generic competitors in the next few years.

Irish convenience foods producer Greencore Group was the star performer in consumer staples. In late November, the company issued results for the year ended September 2012, announcing 44.5% revenue growth due to acquisitions, increasing volumes in convenience foods and the successful integration of Uniq. Greencore also established a scale food-to-go business in the U.S. and signed sandwich supply agreements with Starbucks and 7-Eleven. The extra volume may improve U.S. revenues materially in 2013. However, sector returns declined due to weakness of the Japanese dairy supplier Meiji, convenience food/ food logistics company Nichirei and brewery maker Asahi. In particular, the Yen weakened 11% versus the USD in fourth quarter, reducing returns on Japanese holdings in the U.S. dollar-denominated international portfolio.

Telecom sector stocks proved the greatest detractor to portfolio performance this quarter. Deutsche Telecom had better than consensus second quarter returns and sold the lease rights to 7,100 T-Mobile USA cellphone towers to Crown Castle International, using some of the proceeds to reduce net debt. However, the stock remained depressed, due to rumors that MetroPCS, which had agreed in October to merge with T-Mobile USA, had a counter offer from Sprint Nextel.

At the end of October, the market initially hailed Sumitomo Corp./KDDI's buyout -- at a 33% premium -- of the remaining shares jointly held of Jupiter Telecommunications. Although the deal could generate synergies with KDDI's existing cable operations, and contribute to mobile subscriber numbers, investors were concerned that it also adds to net liabilities and will cause a one-off equity valuation loss. The stock dropped, even though KDDI's iPhone 5 sales are surging, and the company is seeing good adoption of pricier LTE service.

CURRENT ASSET ALLOCATION

We continued to de-risk the international portfolio with the purchase of a relatively defensive company, U.K. beverage can maker, Rexam. The company is experiencing growth in emerging markets and consolidation of the global industry, now dominated by three companies. While our research has pinpointed a few defensive investment ideas such as Rexam, we are finding a wealth of very attractive, better-valued companies in some cyclical sectors such as technology.

The following table reflects the sector and country allocation for a representative international portfolio as of December 31, 2012.

Representative International Portfolio

	MSCI EAFE Weight	Portfolio Weight	Energy	Utilities	Materials	Industrials	Consumer Discretionar	Consumer Staples	Health Care	Financials	Information Technology	Telecom. Services	Cash
N. America	*0.0%*	2.0%	0.0%	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Japan	*20.0%*	8.9%	0.0%	0.0%	1.9%	0.0%	0.0%	5.3%	0.0%	0.0%	0.0%	1.7%	0.0%
Other Asia	*14.1%*	10.2%	1.9%	1.1%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%	0.0%	0.0%
Europe & Israel	*59.9%*	45.4%	2.0%	0.0%	14.3%	1.4%	13.4%	2.3%	3.9%	4.1%	2.1%	1.9%	0.0%
Scandinavia	*6.0%*	13.8%	0.0%	0.0%	0.0%	6.3%	1.5%	0.0%	0.0%	5.9%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	1.8%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	18.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.0%
	100.0%	**100.0%**	**5.8%**	**1.1%**	**20.2%**	**7.7%**	**14.9%**	**7.6%**	**3.9%**	**10.0%**	**7.2%**	**3.6%**	**18.0%**

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

We are witnessing the beginning of a slow, protracted market recovery, with the U.S. and China driving growth forward. In the U.S., low cost energy and a healthier housing sector have helped buoy the economy; resolution of presidential elections and tax concerns may further steady U.S. markets. China's effective economic stimulus and seamless leadership transition have helped stabilize the country's economy, likely leading to a revival of material/industrial demand. Yet, we need to be cautious of credit-strapped European economies and the obvious deceleration in some emerging markets. Mixed markets will persist for the foreseeable future, with some countries and sectors doing better than others. Bottom-up stock selection, focusing on individual company fundamentals (healthy free cash flows, conservative balance sheets and strong management), remains the key to successful investing, especially when facing worldwide macro-economic volatility. In conducting research, we continue to find compelling valuations globally, although the top ranked companies in our screens have not passed further Polaris scrutiny. Nonetheless, higher quality and attractive valuations exist among companies further down our screens.

As always, we welcome questions and comments.

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. The MSCI World and EAFE Indexes measure the performance of stock markets in these geographic areas including reinvestment of gross dividends. The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks.