POLARIS
CAPITAL MANAGEMENT, LLC

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INTERNATIONAL EQUITY COMPOSITE REPORT

	2015					Annualized as of December 31, 2015				
	YTD	QIV	QIII	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since 6/30/1984
Polaris Capital International Equity Composite gross	0.64%	4.69%	-10.93%	1.76%	6.07%	0.64%	9.34%	7.90%	6.38%	11.94%
Polaris Capital International Equity Composite net	0.13%	4.55%	-11.05%	1.63%	5.94%	0.13%	8.71%	7.24%	5.70%	11.06%
MSCI EAFE Index, gross dividends reinvested	-0.39%	4.75%	-10.19%	0.84%	5.00%	-0.39%	5.46%	4.07%	3.50%	9.14%

Q4 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, at 4.69%, while the Index was up 4.75%. Although slightly lagging the benchmark, the portfolio achieved strong absolute performance and positive returns in nine of 10 sectors. Performance contribution was widely dispersed throughout sectors, with most notable results from industrials, consumer discretionary and energy.

Consumer staples holding Greencore Group was the top contributor to the international portfolio, benefiting from continued growth in U.K. food-to-go sales and supply contracts. Bellway PLC was up, after the company announced a corporate initiative to raise the full year dividend by 48%. With one of the industry's largest drug pipelines in registration, Teva Pharmaceuticals' stock ticked up on reported earnings and recent M&A news. IT companies Wincor Nixdorf and Samsung Electronics cracked the top 15 individual stock performers. Infosys, Ltd. detracted from IT sector gains, due to weaker currency and sluggish year-end corporate tech planning. In energy, gains from oil refiner Thai Oil were offset by losses at Australian engineering and design company Worley Parsons, Ltd.

On a year-to-date basis, the international portfolio continued to exceed the MSCI EAFE Index, gross, at 0.64% vs. -0.39%. We are pleased with the outperformance in this volatile year, as well as our benchmark-beating performance over all longer time periods as reflected above.

PERFORMANCE ANALYSIS

Among industrials, the Swedish armored car services company Loomis AB posted a solid third quarter, especially in the U.S. where organic growth was up 9% (7% adjusted for fuel surcharges). The company's cash management business was especially strong. Italian construction and engineering company, Trevi Finanziara, saw its stock rebound more than 50% for the quarter. Trevi reported it is the only qualified bidder in an estimated $2 billion contract to repair the Mosul Dam in Iraq. In 2007, the U.S. Army Corps of Engineers found that the dam had an exceptionally high probability of failure, which would cause major damage to downstream populous cities. The Italian government announced it will support Trevi's efforts, sending 500 soldiers to help reinforce the security surrounding the dam.

After multiple quarters of strong performance, British homebuilders retracted slightly, with the exception of Bellway PLC (as referenced above). Most were weaker on profit taking, despite the U.K. government's plans to double the housing budget and extend its housing schemes. Duni AB, a Swedish supplier of paper goods and tableware, was up on earnings news, growth in its core table top disposables, efficient operation of its paper mill and favorable exchange rates. In June 2015, Duni closed unproductive divisions in favor of capital redeployment to paper mill equipment. The strategy reaped rewards in the subsequent two quarters. The main detractor in the consumer discretionary sector was Christian Dior. In announcing less-than-stellar earnings, company management expressed concerns that slowing global economic growth could hurt discretionary spending on luxury goods.

Commodity price declines continued to impact the global energy market. Recognizing the tenuous condition of the sector, the international portfolio made substantial changes to its holdings. Oil exploration and production companies Tullow Oil and Maurel et Prom were sold. Refining company Thai Oil was retained, based on the premise that lower crude oil input prices will help refining margins. Thai Oil ticked up more than 20% during the quarter. At the other end of the spectrum, WorleyParsons was negatively affected by continued weakness in oil and mining. The company's new CFO intends to focus on cost structure and to provide better forecasts as the firm navigates the volatile energy and mining industries.

Information technology was buoyed by Wincor Nixdorf and Samsung Electronics. U.S.-based Diebold succeeded in a takeover offer for Wincor, which is intended to make Diebold the world's largest ATM maker. Samsung Electronics posted good performance in its semiconductor business, largely helped by a weak Korea Won. Samsung also initiated positive corporate governance changes including a stock buyback and increased dividends. In the third quarter, Infosys was up nearly 20%, after announcing strong earnings while outlining efforts to alleviate employee attrition. In the fourth quarter, the company relinquished half of its prior quarter gains. However, Infosys continues to meet its growth objectives under CEO Dr. Vishal Sikka.

Teva Pharmaceutical achieved strong quarterly profits, noting better-than-expected Copaxone sales. The company's strategic initiatives, including the takeover of Allergan's Actavis generic drug business and the joint venture with Takeda in Japan, were well received. This will further cement Teva's position as the global leader in generics and help the company negotiate with its customers. Novartis was the international portfolio's only healthcare stock in negative territory, as the Swiss drug maker mulled the sale of its contact lens care unit due to a market shift to daily disposable lenses.

Amongst financials, German reinsurers Hannover Re and Munich Re had fewer catastrophic claims to pay out in 2015, favorably affecting earnings. In contrast, Standard Chartered, with its heavy Asian emerging markets exposure, was under pressure. The bank's new CEO launched a $4.8 billion rights offering, on the heels of their dividend cut in August. This was a precautionary move to shore up capital ahead of potential higher non-performing loans and regulatory issues. DNB Bank management expressed caution about 2016 and the likelihood of increasing impairment losses linked to oil-related activities; this issue proved impactful to fellow Norwegian bank, SpareBank 1 SR. Svenska Handelsbanken AB, one of the largest banks in Sweden, dealt with weaker net interest income due to a negative yield environment in its local economy.

BHP Billiton impinged on materials sector returns, as the company faced concerns about lower iron ore prices due to reduced China demand and higher supply coming on stream in Australia. An iron ore joint venture between BHP and Brazil's Vale experienced extreme difficulties. The JV, which is managed and controlled by Samarco, experienced a failure of multiple tailing dams that sent reservoir waste downstream resulting in loss of life and long-term environmental remediation costs. Germany's Linde Group, a multinational industrial gases and engineering company, was down on news of weak industrial production, lower construction business (which is relegated to oil/gas/chemical plants) and decreased government reimbursement for its U.S. oxygen/healthcare products.

The following table reflects the sector and country allocation for a representative international equity composite portfolio as of December 31, 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%*	1.6%	0.0%	0.0%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Japan	*23.4%*	6.9%	0.0%	0.0%	1.9%	0.0%	0.0%	2.2%	0.0%	0.0%	0.0%	2.8%	0.0%
Other Asia	*11.3%*	13.5%	3.4%	1.7%	1.8%	0.0%	2.4%	0.0%	0.0%	0.0%	4.2%	0.0%	0.0%
Europe	*59.0%*	55.8%	0.0%	0.0%	14.4%	2.7%	18.0%	2.5%	4.5%	6.7%	2.3%	4.8%	0.0%
Scandinavia	*6.2%*	19.1%	0.0%	0.0%	2.0%	7.8%	2.2%	0.0%	0.0%	7.2%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	1.2%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%
Portfolio Totals		100.0%	4.6%	1.7%	21.8%	10.4%	22.5%	4.8%	4.5%	13.9%	6.5%	7.6%	1.8%

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

The fourth quarter recovery was a welcome respite from the stock market volatility prevalent in the third quarter. However, we will continue to see cross winds amongst the companies in which we invest. Industrial and materials companies may see further weakness, likely offset by gains in consumer discretionary and consumer staples stocks. Lower commodity and energy prices will eventually flow through to the end prices of consumer goods. As costs go down consumption may rise, boding well for the U.S. economy as evidenced by record U.S. car sales and solid housing demand. Other developed markets will likely follow the stronger U.S. economy, although the time lag is two to three years. However, the same can't be said for emerging markets, which have suffered credit risks, and in some cases currency collapse, related to U.S. dollar borrowing. We are also watching the corporate credit and high yield markets. Credit markets are often first to identify economic problems, which are then later reflected in equity markets.

In the meantime, our research team continues to pinpoint potential investments, many of which are small- and mid-cap companies. Market volatility has increased the number of companies passing our year-end screens and into January 2016; many of the new companies are good quality businesses.

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.