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**

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For current global 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

INTERNATIONAL EQUITY COMPOSITE REPORT

	2019					Annualized as of December 31, 2019				
	YTD	QIV	QIII	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since 6/30/1984
Polaris International Equity Composite gross	**20.71%**	**10.19%**	**-2.44%**	**2.41%**	**9.64%**	**20.71%**	**10.19%**	**7.65%**	**9.76%**	**11.65%**
Polaris International Equity Composite net	**20.10%**	**10.05%**	**-2.56%**	**2.28%**	**9.50%**	**20.10%**	**9.59%**	**7.07%**	**9.12%**	**10.81%**
MSCI EAFE Index, gross dividends reinvested	22.66%	8.21%	-1.00%	3.97%	10.13%	22.66%	10.11%	6.18%	5.99%	8.99%

Q4 2019 composite returns are preliminary. Past performance is not indicative of future results.

Global equity markets ended the year on a bullish note, with the MSCI EAFE Index up 8.21% in the fourth quarter of 2019. The Polaris International Equity Composite returned 10.19%; outperformance was largely due to U.K. market gains. In October, the U.K. and European Union reached an agreement on the conditions of the U.K.'s departure from the EU (BREXIT). Then in December, U.K. Prime Minister Boris Johnson won the general election in a resounding victory; years of BREXIT uncertainty gave way to inevitability. A revaluation of British stocks followed, as investors renewed interest in fundamentally strong companies. Stock prices of U.K.-based Bellway PLC, Taylor Wimpey PLC, Babcock International Group, Next PLC and Mondi PLC rose in excess of 20% for the quarter. Holdings in Sweden, Ireland, Colombia, Finland and Belgium also had double-digit gains. The portfolio's sole holding in India, Infosys Ltd., declined on whistleblower claims.

Cyclical sectors drove performance: consumer discretionary, financials, materials and industrials added measurably. Detractors were relegated to information technology and health care where sector returns were positive but lagged the benchmark. Strength in most foreign currencies relative to the United States Dollar helped during the quarter.

FOURTH QUARTER 2019 PERFORMANCE ANALYSIS

U.K. stocks dominated the consumer discretionary sector. At a granular level, retailer Next reported strong online sales and growth in overseas business, guiding up for January 2020 ended sales. Homebuilder Taylor Wimpey released a solid trading update after reporting slightly higher volumes in home sales albeit slightly lower operating margins.

In financials, German reinsurer, Munich Re, posted good results despite some catastrophe losses. At Hannover Re's capital markets day, the reinsurer emphasized its cost leadership and explained investment portfolio risk mitigation in a low interest rate environment. Bancolombia SA moved higher on steady net interest income, good cost control, low credit costs and expanding non-interest income.

UK-based pulp and paper company, Mondi PLC, rose more than 20%, leading materials sector gains. The company cited softer demand in key paper grade markets, but growth in its corrugated and consumer packaging. Mondi's industrial packaging order book grew in the second half of the quarter, likely a function of constructive U.S.-China trade talks. Overall, the stock was flat for nearly the entire quarter, but saw a price spike after the U.K. elections. The share price for South African energy/chemical company, Sasol Ltd., rose after the company announced that it had resolved operational issues with the Lake Charles ethane cracker, and reported an increase in production rates. Yara International announced satisfactory earnings, but investors expressed concerns about 2020 risks including fertilizer demand and energy costs, sending the stock lower. On a positive note, urea prices appeared to bottom out (due to curtailment of Chinese supply), leading to price increase projections for 2020.

In industrials, Babcock International had a tangential bump after the U.K. elections, but rose markedly on earnings news. Babcock confirmed full year guidance, pointing to a strong order book that included a new $1.6 billion ship building contract with the U.K. Ministry of Defense. SKF AB's third quarter results were lackluster, but the market lauded the company's resilience when compared to other bearings/seal manufacturing competitors.

Within the consumer staples sector, Greencore Group gained ~25% while Asahi Group lagged. Greencore hosted a capital markets day in September, where management announced new customer wins while managing its acquisition of salad/snacking manufacturer, Freshtime UK. The company hinted at further acquisitions in the highly-profitable fresh snacking space. Conversely, Asahi declined after reporting lower fiscal year sales and profits due to unfavorable foreign exchange and slowing domestic liquor and soft drinks business. Questions surrounded Asahi's acquisition of Australia's Carlton & United Breweries; regulators raised objections to the deal due to monopoly concerns in the Australian cider/beer market.

Double-digit returns from Samsung Electronics and SK Hynix offset the modest decline at Infosys, Ltd. Samsung gained on expectations that the highly-cyclical semiconductor market will ramp up again in 2020, especially in DRAM and NAND. Samsung's cell phone division focused on meeting 5G demand in an ever-competitive handset market. Indian-based Infosys declined as whistleblowers accused the CEO and other executives of unethical practices to boost revenue and profits in the short-term. Management denied these claims, welcoming an independent audit.

With the vast majority of portfolio holdings in absolute positive territory, the negative outliers were few and far between. French advertising company, Publicis; German telecom, Deutsche Telekom; and South Korean tobacco manufacturer, KT&G, declined. Publicis reported weak organic growth and implied flat to negative organic growth for 2020. The advertising agency, which struggled with client attrition, acquired Epsilon in an attempt to improve its product offerings. Deutsche Telekom cut its dividend for 2019 to preempt uncertainty over the outcome of its stalled U.S. mega-merger (DT's T-Mobile and Sprint) and to cover the heavy costs of building 5G networks. KT&G Corp.'s operating profits fell in the third quarter amid waning sales of e-cigarettes due to health hazard concerns. However, the company's market share in Korea's traditional combustible cigarette industry reached an all-time high. Brisk sales came as KT&G improved its competitiveness in the heated tobacco industry by launching new and limited-release products that captured customer demand.

The following table reflects the sector and regional allocation for a representative international equity portfolio as of December 31, 2019.

	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%*	7.4%	0.0%	0.0%	1.7%	0.0%	2.1%	0.0%	0.0%	3.5%	0.0%	0.0%	0.0%	0.0%
Japan	*24.5%*	8.1%	0.0%	1.5%	0.7%	0.0%	0.0%	1.8%	0.0%	2.0%	0.0%	2.0%	0.0%	0.0%
Other Asia	*11.8%*	17.6%	0.0%	0.0%	2.1%	0.0%	3.0%	1.1%	0.0%	5.2%	4.9%	1.3%	0.0%	0.0%
Europe	*57.5%*	46.7%	0.0%	0.0%	11.8%	7.6%	11.1%	2.0%	2.0%	6.5%	0.0%	5.8%	0.0%	0.0%
Scandinavia	*6.1%*	15.8%	0.0%	0.0%	2.9%	6.1%	0.9%	0.0%	0.0%	6.1%	0.0%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.2%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.2%
Portfolio Totals		100.0%	0.0%	1.5%	19.1%	13.7%	17.0%	4.8%	2.0%	25.5%	4.9%	9.2%	0.0%	2.2%
MSCI EAFE Weight	*100.0%*		*4.9%*	*3.7%*	*7.1%*	*15.0%*	*11.6%*	*11.3%*	*12.2%*	*18.6%*	*7.1%*	*5.2%*	*3.5%*	*0.0%*

Table may not cross foot due to rounding.

2019: YEAR IN REVIEW

Global markets closed the decade on a bullish note, with fourth-quarter gains marking a year of unexpected strength given the considerable trade headwinds faced. Yet, the combination of low interest rates, continued resilience of the U.S. consumer, and strong election results in the U.K. fueled higher equity prices. The growth vs. value disparity loomed large, with the MSCI EAFE Growth Index up 28.43% vs. 16.83% for the MSCI EAFE Value Index in calendar year 2019. However, that trend may be at an end if the U.S.-based WeWork IPO was any indication. In September, the IPO was valued at close to $40 billion; by the time it was cancelled, the valuation dropped to $8 billion. Public markets were simply unwilling to support the heated venture-capitalist valuations. Since that time, growth momentum started to slow. Whether this was the turning point in an unusually long growth/value cycle has yet to be determined, but we welcomed more valuation-based investment behavior.

We achieved outperformance in the fourth quarter, but lagged the MSCI EAFE benchmark in the prior three quarters. However, we were overweight and outperformed in the vast majority of countries, including European developed regions of the U.K., Germany, Sweden, Norway, Ireland and Finland. Detractors of note included South Africa and Israel. At the sector level, contributions came from consumer discretionary, financials and industrials, keeping trend with cyclicals that typically do well in a high-growth economy. Health care, communications services and utilities lagged.

The longest-running bull market in history celebrated its 10-year anniversary in 2019. Although such market dynamics do not typically favor disciplined value managers, we were gratified to outperform the MSCI EAFE Index for the 10-year period. The Polaris International Equity Composite was up 9.76% vs. 5.99% for the Index over the period. Disciplined stock picking, focusing on attractively priced companies with good free cash flow, stands at the core of this long-term success.

INVESTMENT ENVIRONMENT AND STRATEGY

Competing trends continue to muddle the direction of the global economy. Industrial production figures are slowing down, which indicates that industrials and similarly-positioned sectors (like materials and construction) could get weaker. Yet the service sectors, which comprise up to 75% of gross domestic product in many countries, show considerable strength. Corporate capital spending has slowed, as companies are wary of on-going U.S.-China trade frictions and weak bellwether industry metrics like industrial production and trade flow data. Yet retail spending has continued unabated, with consumers seemingly unfazed by the trade tensions. With no clear trajectory, markets may experience volatility in coming quarters, and we will capitalize on downturns to purchase watch list stocks.

As we enter a new decade, we are excited about the changes in technology, advances in healthcare, continued emerging market growth, and all the opportunities and disruptions that will ensue. We are also mindful of the headwinds we may face: excessive deficit spending, geopolitical upheaval, potential asset bubbles and liquidity crises to name a few. At Polaris, we remain committed to our value discipline and believe that buying good companies at attractive valuations continues to be a prudent strategy for the decades.

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 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. The MSCI EAFE Index measures the performance of stock markets in these geographic areas including reinvestment of gross dividends. The MSCI EAFE Growth Index and MSCI EAFE Value Index capture large- and mid-cap securities exhibiting overall growth and value style characteristics, respectively, across 21 developed markets, excluding the U.S. and Canada.