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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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FIRST QUARTER 2009 - GLOBAL PORTFOLIOS

Faced with a global recession, investors have experienced unpalatable returns throughout the market, regardless of industry or country. As significant shareholders in our funds, we were disappointed by recent results. However, many of Polaris' tenets may offer reason for optimism:

- Value Trumps Growth: Over the course of many economic and market cycles, value investing has generated the highest return with the lowest risk among large/small and international companies. 2008 Societe Generale research found that the cheapest 20% of all stocks - regardless of industry or geographical location - delivered an average return of 18% a year over the period from 1985 to 2007. The most expensive stocks over the same period generated an average return of less than 3% a year. (Chen[1]) Research dating back to 1998 (Fama/French[2]) and replicated in 2004 (Chan[3]) all comes to the same conclusion: value trumps growth.
- For value investors, the best stock valuations often arise in markets displaying distress, as high volatility translates into opportunity.
- We continue to be focused on identifying high quality companies with the most undervalued streams of sustainable cash flow, which may be able to weather the current macro-economic conditions and gain a competitive advantage upon a market recovery. In late 2008-early 2009, the investment team pinpointed bargains around the world including Europe, where we have added to our positions of Italy-based Trevi Group, one of the leaders in the foundation engineering field and in the design and construction of advanced systems in geotechnical and hydrocarbons' drilling sectors.

We are taking proactive steps to bolster portfolios and we appreciate the support of our clients, who have allowed us to continue our commitment to the sound investment strategy and philosophy – an approach that has proven generally successful over the past 19 years. Moreover, the valuations of individual stocks in the portfolio are as compelling as they have been since the early 1980s after extremely difficult months in the late 1970s.

Footnotes: (1) Chen, Gabriel, "Going For Value Stocks Pays Off In Long Run," Straits Times, February 15, 2009; (2)Fama, Eugene and French, Kenneth, "Value Versus Growth: The International Evidence," The Journal of Finance, December 1998; (3) Chan, Louis and Lakonishok, Josef, "Value and Growth Investing: Review and Update," Financial Analysts Journal, January 2004.

FIRST QUARTER 2009 PERFORMANCE ANALYSIS:

The portfolios' underperformance was primarily due to U.S. banks but the overall results mask certain strong performance and positive developments in company fundamentals.

Market volatility, endemic to most of 2008, followed course in the first quarter of 2009, backed mainly by concerns in the financial sector. Discussions about bank nationalization, the Troubled Asset Relief Program (TARP) and constricted credit contributed to declines in all bank stocks, regardless of fundamentals. The portfolios remain focused on fundamentally strong smaller community banks; historically, when markets are recovering, smaller banks can rebound substantially. We cut back on non-U.S. financials due to dilution that may be accompanied by additional capital injections by governments. Accumulated cash was slowly reallocated to other sectors with strong long-term prospects.

Credit concerns permeated other sectors that rely on global trade and infrastructure financing, namely industrials and materials. Industrials saw a substantial divergence in stock performance this quarter; some companies found a market bottom and began to see steady cash flows. Buybacks ensued. Yet other industrials, uncertain about future product demand and mispriced due to pessimistic market perception, continued to suffer. While many of the portfolios' industrial holdings had weak performance, meetings with some companies suggested that fundamentals remained strong. In fact, a number of the weakest performers more recently reported strong results.

Stocks in the materials sector remained soft worldwide, trading in-line with macro-economic conditions. To counterbalance general sector weakness, we held materials companies that are low cost producers. These select companies continued to generate cash, while competitors lost money and/or closed operations – laying the foundation for a possible rebound when the economy recovers.

Defensive sector holdings, comprised of telecommunications and utilities, proved to be low risk stocks that buffered market volatility in 2008. In the beginning of 2009, however, investors began selling these off to take more risk in other industries. As a consequence, the portfolios' holdings in these sectors were negatively impacted.

The portfolios experienced sector outperformance versus some of MSCI World Index sector benchmarks during the quarter. Topping the list were consumer discretionary (namely U.K. homebuilders that performed poorly in 2008) stocks and Scandinavian and Austrian industrials. U.K. homebuilders rebounded strongly, with all but one showing double-digit returns for the quarter in a down market. Based on cash generating business models, these homebuilders continued to be proactive in their stabilizing efforts, by renegotiating their debts covenants in some cases and generating cash through sales. First calendar quarter sales volumes and home prices were better than expected.

Backed by flexible business models with a base level of service business, Scandinavian and Austrian industrial holdings also benefited during the quarter. Historically, such repair and service activities provided stable margins and sustainable cash flow even in the worst of economic conditions.

FIRST QUARTER 2009 ASSET ALLOCATION:

During the quarter, we trimmed holdings in non-U.S. financials, Japanese domestic-oriented stocks and a few materials and industrials, where analysis revealed deterioration in fundamentals in relation to evolving market dynamics. Japanese domestic-oriented stocks were trimmed late in the fourth quarter of 2008 and into the first quarter of 2009. The investment team had concerns about a pending economic slowdown in the country due to a stronger yen, and sold off or took profits. This action proved prescient as the Japanese economy subsequently slowed – affecting even defensive holdings in the utilities and telecommunications sectors.

We have aggressively raised cash in three ways: i) selling companies whose cash flow and financial strength would take an extended time to recover, ii) selling Japanese and other companies that performed well in 2008 and were vulnerable to correction, and iii) selling banks that may suffer from deterioration in the general economy. These actions raised a comfortable buffer of cash.

By executing sells, we were able to improve the valuation of the portfolio and reduce exposure in some sectors that may experience further weakness. Preservation of capital remains a top priority in the current strategy. The portfolio remained underweight in the U.S. and overweight in Scandinavian countries.

The following table shows the asset allocation at March 31, 2009.

	World Market Weighting	Representative Global Portfolio Asset Allocation												
		Portfolio Weighting	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecom. Services	Other	Cash
N. America	*54.16%*	36.55%	1.38%	3.14%	4.66%	8.43%	0.00%	0.00%	3.75%	13.61%	0.00%	1.57%	0.00%	0.00%
Japan	*11.72%*	12.43%	0.00%	2.54%	2.28%	2.80%	0.65%	2.70%	0.00%	0.00%	0.00%	1.45%	0.00%	0.00%
Other Asia	*4.50%*	6.04%	1.32%	0.00%	1.81%	0.00%	0.00%	0.00%	0.00%	0.00%	1.56%	1.34%	0.00%	0.00%
Europe	*27.36%*	32.69%	1.83%	0.00%	6.90%	5.87%	9.75%	1.33%	0.00%	7.00%	0.00%	0.00%	0.00%	0.00%
Scandinavia	*2.27%*	10.02%	0.00%	0.00%	0.00%	6.22%	1.43%	0.00%	0.00%	2.37%	0.00%	0.00%	0.00%	0.00%
Africa & S. America	*0.00%*	2.03%	1.79%	0.00%	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	*0.00%*	0.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.26%
Industry Totals		100.00%	6.32%	5.69%	15.90%	23.33%	11.82%	4.02%	3.75%	22.98%	1.56%	4.36%	0.00%	0.26%
Market Weighting	*100.00%*		*12.45%*	*5.73%*	*6.13%*	*10.22%*	*9.22%*	*11.60%*	*12.26%*	*15.57%*	*11.36%*	*5.46%*	*0.00%*	*0.00%*

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY:

In the first quarter of 2009, we made portfolio changes, selling stocks where future prospects may jeopardize cash flow. The investment team remains vigilant in their research effort, as ever-changing market dynamics and increased unemployment point to continued volatility. There are early indications that the economy is flattening out in certain sectors, yet the overall economy is not likely to recover until unemployment figures begin to level off or improve.

We are being conservative in portfolio strategy, carefully scrutinizing new buying opportunities and deploying cash during periods of extreme market weakness, when quality companies can be bought at low valuations.

We remain confident that the firm's investment philosophy, discipline and current strategy results in investments that should be fundamentally sound in the current economic crisis. Growing evidence indicates that portfolio companies with healthy cash flows and manageable debt levels may gain strength as the credit crisis persists and competitors struggle or fail. When the markets normalize, the portfolio should be well situated with admirably performing companies.

As always, we welcome your questions and comments.