



POLARIS

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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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Information presented is supplemental to the annual disclosure presentation.
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GLOBAL EQUITY COMPOSITE REPORT

	2015		Annualized as of March 31, 2015						
	YTD	Q1	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	30 Yrs	Since 9/30/1984
<i>Polaris Capital Global Equity Composite gross</i>	5.13%	5.13%	5.07%	16.33%	13.43%	7.72%	11.42%	11.68%	12.84%
<i>Polaris Capital Global Equity Composite net</i>	5.01%	5.01%	4.59%	15.78%	12.84%	7.07%	10.65%	11.07%	11.92%
MSCI World Index, gross dividends reinvested	2.45%	2.45%	6.60%	12.82%	10.61%	6.97%	7.44%	9.90%	10.16%

Q1 2015 composite returns are preliminary. Past performance is not indicative of future results.

PERFORMANCE ANALYSIS

The Polaris Global Equity Composite (gross of fees) outperformed the MSCI World Index in the quarter, up 5.13% while the Index advanced 2.45%. Overall, we were pleased with the performance, as the majority of our holdings achieved gains. These results reaffirm our commitment to fundamental stock picking, identifying companies across country, sector and market capitalization that prove resilient in volatile markets, and rebound in healthier macro-economic conditions.

A rebound in the material sector drove performance, with the majority of sector holdings posting double-digit returns. Closely following was financials, benefitting from gains among Germany reinsurers. The healthcare sector was boosted by U.S. companies Anthem and UnitedHealth Group, which added new customers on the back of the Affordable Care Act (ACA). In fact, seven of 10 sectors were in absolute positive territory for the quarter.

Most of the material sector stocks had positive returns this quarter, a turnaround from the end of 2014. Although declining oil prices resulted in lower methanol demand for energy applications, Methanex Corp.'s competitive cost structure enabled the company to maintain its leading market position. The stock price of U.K. beverage can maker Rexam rose as it entered talks regarding a possible sale to U.S. competitor Ball Corp. Multiple tailwinds aided Norwegian fertilizer company Yara International. The company maintained good product pricing across its business lines, while benefitting from lower gas prices. Additionally, Yara's South American expansion is going as planned. Praxair Inc. was one of the few materials sector stock in negative territory, as it reported below consensus earnings and noted softness in order books due to lower oil prices.

In the financial sector, Germany reinsurers Hannover Re and Munich Re had notable returns, attributable to increased premiums and investment income in combination with fewer claims in a benign storm season. Healthy cash generation resulted, and both companies have dedicated reinvestment strategies that include dividends and share buybacks. A new CEO was announced at Standard Chartered. The bank reported modest positive results and stabilized credit quality across its books. This news offset negative sentiment surrounding the New York Department of Financial Services investigation and potential further credit weakness in its slower growth markets. Webster Financial Corp. was up more than 10% after acquiring J.P. Morgan's health savings account (HSA) business, gaining more than \$1.3B in new HSA deposits. Ameris Bancorp's stock price rose following the January purchase announcement of 18 Bank of America branches in southern Georgia and northern Florida, as well as the acquisition of Merchants & Southern Bank in Florida. By contrast, other U.S. regional banks including Astoria Financial, International Bancshares and Peoples Bancorp declined slightly despite decent earnings results.

Anthem, the second largest U.S. health insurer, had strong underlying performance, deploying its capital in the form of share buybacks and quarterly dividends. Similarly, UnitedHealth reported better-than-consensus fourth quarter 2014 earnings, with upside in both Optum and the health care segment. As referenced above, profits at both companies should continue to grow in 2015 on increased customer enrollment due to ACA. Merger and acquisition activity boosted the stock price of Actavis Plc, as the company announced the completion of the \$70.5 billion Allergan, Inc. transaction after the 2014 Forest Labs buyout.

All of the global portfolios' telecom holdings posted solid returns, led by Deutsche Telekom. The company announced good earnings and highlighted increased subscribers in its U.S. T-Mobile division, although profitability remained challenging. Consolidation in the German telecom market has moved in favor of incumbent providers like Deutsche Telekom. In mid-February 2015, union members ratified an agreement to end a four-month-long strike by 1,700 workers at FairPoint Communications, a landline telecom provider in New England. Investors were pleased with the development, and the stock price rose more than 20%. Another U.S. telecom, Frontier, reported 2014 free cash flow above guidance on broadband net additions.

Meiji Holdings led the consumer staples sector, announcing price hikes for some of its dairy products to help offset higher raw material costs. Investors were most excited not by the dairy/confection business, but by Meiji's advances in the drug business. Meiji entered into a licensing agreement with Roche and Fedora for the development and commercialization of a beta-lactamase inhibitor that fights antibiotic resistant bacteria. Greencore Group continued to execute well on its convenience foods business in the U.S. and England; the company reported good quarterly results and provided upbeat guidance.

Konecranes OYJ boosted returns in the industrial sector. In recent publications, the company highlighted growing order books for both the equipment and services businesses. Konecranes is confident in its 2015 guidance, expecting better revenues and profitability than in prior years. Caverion Corp. is in the early stages of a turnaround, as the new CEO has focused on margin improvement based on disciplined project bids and project management. Trevi Finanziaria, General Dynamics and BBA Aviation were among the few negative performers in the sector. Trevi has deployed working capital to fulfill oil rig orders it has received. However, since the oil price decline, customers have tried to delay payment for the delivery of these rigs. The rough New England winter likely increased BBA's commercial plane de-icing services; conversely, those same weather conditions grounded or delayed many planes, thereby reducing BBA's jet fuel sales.

As referenced in the fourth quarter 2014 report, we purchased French tire manufacturer Michelin. We anticipated greater replacement tire demand, as lower gas prices encouraged more driving. This premise held true, as Michelin reported inventory restocking and higher demand in passenger car, light truck and truck segments in North America and China. U.K. homebuilders, Barratt Developments and Taylor Wimpey, also boosted the consumer discretionary sector. U.K. home prices rose 10% in 2014 on the back of affordable mortgages and a shortage of homes under construction in the country. The ongoing recovery of the U.K. economy, employment and wage growth and reform of the stamp duty on property purchases will continue to provide a supportive backdrop to the homebuilders. Christian Dior benefitted from the Hermes spin-off completed last quarter. As shareholders of Christian Dior, the global portfolios received shares of Hermes, which proved to be a richly-valued stock that we subsequently sold. At the other end of the spectrum, Duni AB, Bellway PLC and GTECH SPA had modest declines. GTECH was in the final stages of a merger with International Game Technology, making it the world's largest end-to-end lottery and gaming company.

Utilities, energy and information technology sectors detracted from better performance. In utilities, NextEra Energy was down shortly after filing an application to acquire Hawaiian Electric for \$4.3 billion. As a stipulation to get regulatory approval for the deal, NextEra agreed to a four-year rate freeze. Similarly, Allete, Inc. announced a definitive agreement to purchase U.S. Water Services, Inc., an integrated industrial water management company.

In the energy sector, Thai Oil recovered while non-oil refining counterparts in the energy sector did not fare as well, with Maurel et Prom and Tullow Oil among the underperformers.

In information technology, Infosys' outsourcing business increased and the company has redoubled its efforts to focus more on profitability and growth. Western Union guided for continued improvement in operating profit margins, mainly driven by restructuring savings, lower compliance expenses and favorable foreign currency hedging. However, these gains could not mitigate losses elsewhere in the sector. Microsoft's shares fell after reporting in-line second quarter results for fiscal year 2015 with an outlook that was lower than expectations. A stronger U.S. dollar, tougher comparisons in the second half due to the Windows XP-related PC refresh cycle, and macroeconomic issues offset robust performance in cloud services. However, Microsoft management said the remaining \$31 billion of share repurchase authorizations would be accelerated and executed over the next eight quarters. Hewlett-Packard lowered its fiscal year guidance, blaming the resilient U.S. dollar and high costs related to splitting itself into two separate companies. In addition, the rise of cloud computing is taking share from H-P's traditional storage equipment.

The following table reflects the sector and regional allocation for a representative global equity composite portfolio as of March 31, 2015.

	MSCI World Index	Portfolio Weight	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecom Services	Cash
N. America	61.2%	40.2%	2.6%	3.0%	2.3%	1.2%	2.1%	1.3%	6.8%	12.1%	5.7%	3.1%	0.0%
Japan	8.6%	5.0%	0.0%	0.0%	0.7%	0.0%	0.0%	3.0%	0.0%	0.0%	0.0%	1.4%	0.0%
Other Asia	4.7%	6.0%	1.0%	1.2%	0.9%	0.0%	0.3%	0.0%	0.0%	0.0%	2.7%	0.0%	0.0%
Europe & Middle East	23.1%	34.9%	0.9%	0.0%	10.5%	1.8%	9.7%	1.7%	3.0%	4.0%	0.8%	2.4%	0.0%
Scandinavia	2.4%	12.0%	0.0%	0.0%	1.5%	4.1%	1.1%	0.0%	0.0%	5.2%	0.0%	0.0%	0.0%
Africa & South America	0.0%	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%
Portfolio Totals		100.0%	5.3%	4.2%	15.9%	7.1%	13.3%	5.9%	9.8%	21.3%	9.2%	6.9%	1.1%

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

In recent quarters, lower oil prices have had a marginally positive effect on the U.S. consumer; other countries have not reaped benefits from lower commodity prices, largely due to the rapid devaluation of non-USD currencies including the Euro and Yen. However, at the beginning of 2015, depreciated currencies appear to be having a constructive impact on companies based in those currencies. We are starting to see the beginning of better economic activity. Conversely, the strong USD is having a deteriorating effect on multi-national earnings of U.S. companies, dampening heady projections for the U.S. economy.

We remain attentive to the slowing GDP trends in China, and the conceivable deceleration of the Chinese real estate industry. In Brazil, a possible drought looms over both living conditions and economic growth in the region. Notwithstanding these potential "black swan" events, we remain optimistic about global markets in 2015, but expect slow growth instead of a robust recovery. We will continue to make investments for the global portfolios based on this outlook and hope to report similarly admirable performance in the quarters ahead.

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 World, gross dividends reinvested, measures the performances of a diverse range of global stock markets in the United States, Canada, Europe, Australia, New Zealand and the Far East. The MSCI World Index measures the performance of stock markets in these geographic areas including reinvestment of gross dividends. The MSCI EAFE Index (Europe, Australia and the Far East) is an equity index, which captures large and mid cap representation across Developed Markets countries around the world, excluding the U.S. and Canada.