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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GLOBAL EQUITY COMPOSITE REPORT

	2013			Annualized as of June 30, 2013						
	YTD	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since 9/30/1984
Polaris Capital Global Equity Composite gross	12.89%	2.57%	10.06%	25.08%	16.56%	6.54%	10.32%	8.41%	11.78%	12.63%
Polaris Capital Global Equity Composite net	12.60%	2.44%	9.92%	24.43%	15.91%	5.91%	9.56%	7.57%	10.90%	11.68%
MSCI World Index, gross dividends reinvested	8.79%	0.85%	7.87%	19.27%	14.36%	3.30%	7.82%	4.20%	7.07%	9.92%

Q2 2013 composite returns are preliminary pending third-party verification. Past performance is not indicative of future results.

The Global Equity Composite outperformed its benchmark, the MSCI World Index, with nearly a quarter of portfolio holdings posting double digit returns. The Global Equity Composite (gross of fees) gained 2.57%, advancing 1.72% above the MSCI World Index (gross), which was up 0.85% for the quarter. Year-to-date, the Global Equity Composite is up 12.89% compared to 8.79% for the Index.

Global markets proved volatile during the second quarter; the MSCI World Index (net) advanced 3.15% in April, followed by returns in May of 0.04% and June at -2.46%. The MSCI Europe Australasia Far East (EAFE) Index declined -0.73% for the quarter. The MSCI Japan Index advanced 4.42% as investors continued to chase the promise of liquidity gains based on the Bank of Japan's (BOJ) actions to inflate its money supply to reverse 15 years of deflation. The Yen reversed its losses and appreciated 5.22% for the quarter calling into question the effectiveness of the BOJ actions.

The U.S. economy has continued to expand with firmer domestic demand, lower natural gas prices and a resumption in consumer spending. U.S. treasury rates moved up strongly in the quarter causing declines in bond prices after the U.S. Federal Reserve signaled the central bank may start retracting its stimulus program if the U.S economic recovery proves sustainable. This also triggered a selloff in many emerging markets and their currencies. In June, the growing speculation about scaling back the Fed's quantitative easing, in combination with worries about the Chinese economy, weighed on Asian equities.

After research trips to Asian countries during the quarter, we returned with impressions that economic growth will continue in Asia but in a saw tooth pattern. We left concerned about liquidity in the Chinese banking system. However, we identified investment ideas, which proved even more attractive on valuation when the MSCI Emerging Market Index declined -7.95% in the quarter.

PERFORMANCE ANALYSIS

The global portfolio's continued success against the benchmark was attributed to positive absolute performance in 7 of 10 sectors, led by defensive holdings in consumer discretionary, health care, telecommunications services and consumer staples. Greencore Group, Carter's Inc., Barratt Developments and WellPoint Inc. bolstered returns. Detractors stemmed from energy, materials and industrials sectors, with individual stocks Marathon Petroleum Corp., Samsung Electronics and Infosys impeding results.

Consumer discretionary stocks topped performance, with children clothing manufacturer Carter's up on stronger overseas and online sales. Carter's was able to expand margins from lower cotton raw material prices. The company instituted a quarterly dividend and approved a $300 million share buyback to direct excess capital to shareholders. British homebuilders also added to the sector's returns, with Barratt Developments, Persimmon and Taylor Wimpey capitalizing on rising home purchases due to the U.K. government's Funding for Lending Scheme to improve mortgage availability.

The global portfolio's two U.S. healthcare companies, WellPoint Inc. and UnitedHealth Group, experienced a tangential boost toward quarter end when Tenet announced the acquisition of Vanguard Health. The passage of the Affordable Care Act spurred a recent spate of M&A activity. WellPoint is a likely survivor of this industry consolidation, having previously acquired Amerigroup to take advantage of pending Medicare/Medicaid changes under the Act. Both insurers also benefited from the news that Medicare Advantage products will be reimbursed at a higher rate in 2014 than originally proposed by the Centers for Medicare & Medicaid Services.

Irish food producer Greencore Group was the best performing stock within consumer staples. The company reported first half results through March, with revenues of $871 million and adjusted earnings per share up 11%. Greencore completed the integration of Uniq in the U.K. with the restructuring of the dessert business and disposal of one facility, and successfully launched its food-to-go at Starbucks and 7-11 in the U.S. Analyst reports from Davy Securities and Investec, both of which referenced earnings trajectory on the U.S., further advanced the stock price.

Japan's second largest mobile phone operator KDDI buoyed the telecommunications sector, followed by Deutsche Telekom. The introduction of discounted bundled services, as well as new customers and lower churn numbers, helped KDDI. Deutsche Telekom's subsidiary, T-Mobile U.S.A., introduced the iPhone to its network and successfully merged with MetroPCS in April, gaining a larger share of airwave licenses to more effectively compete with bigger carriers. Deutsche Telekom owned 74% of the new T-Mobile USA, which listed on the NYSE at the end of April. In addition, German customers are replacing basic mobile phones with smart phones, prompting an increase in product upsell.

Other notable stock contributions came from financials, including Astoria Financial Corp, International Bancshares Corp and Ameris Bancorp. Ameris gained more than 17% in the quarter, due to strong March 31, 2013 quarter end earnings with a 30%-plus net income increase quarter over quarter. On May 2, Ameris announced the acquisition of The Prosperity Banking Company, expanding Ameris' asset base and Southeastern footprint into several Florida markets.

The energy sector detracted from the global portfolio's returns, with Marathon Petroleum down on profit taking after a strong run. However, select refiners may continue to profit from structural changes such as WTI-Brent spread, cheap natural gas, and increasing diesel and gasoline exports. French oil and gas explorer Maurel et Prom was subjected to speculation regarding tax litigation in Gabon. A New York consulting firm stated that Maurel might be the next target of a government crackdown in Gabon over production contracts. The company categorically denied such insinuation, pointing out that it exceeds contractual commitments in the region. However, other media sources reporting on this issue negatively impacted the stock.

The materials sector was a portfolio laggard, as the majority of sector stocks were in negative territory. No one specific stock had a heavily detrimental impact on returns; rather, the entire sector was generally impacted by soft demand in China and less robust construction activities in developed countries.

Information technology results proved a dichotomy, with some of the global portfolio's best performers in Microsoft and Western Union offset by some of worst returns in Infosys and Samsung. Microsoft's shares managed to escape the fallout from weak computer sales data. The company's March 2013 quarter sales beat consensus estimates due to cost controls and business and server software sales. Though its new Windows 8 software has not caught on, its next project, Windows Blue, is attracting attention as a new business model. Instead of major project launches every several years, Microsoft will frequently update operating software and applications to merge smartphones, tablets and personal computers, as the company moves into the Internet services market. Toward the end of June, Oracle Corp and Microsoft teamed up to bolster their cloud-computing services aimed at businesses. Microsoft's Windows Azure will run Oracle's database software, Java programming tools and application-connecting middleware. With this partnership, Microsoft can now better compete with Amazon Web Services in the cloud market. This was a big strategic turn of events, as Oracle and Microsoft typically compete against each other.

At the other end of the spectrum was Indian business consulting and tech company, Infosys, which reported quarterly revenues slightly below expectations due to product price erosion. Disappointing revenue guidance and management's declination to predict fiscal year 2014 profit margins and earnings-per-share only exacerbated the situation. The share price dropped more than 19% in a single day, but has since recovered some of its losses as founder N.R. Narayana Murthy rejoined the company as executive chairman. The company is increasing its consulting and product development business and intends to use its significant cash reserve to pursue this strategy.

Samsung Electronics dropped in the second quarter, as its sales of its Galaxy S4 smartphone (released in late April) fell short of expectations. Numerous analysts went on to cut second quarter earnings and sales forecasts for the company; the stock slipped to its lowest valuation since 2007 in response to the analyst reports. As deep value managers of the Global Equity Composite, we considered this a timely buying opportunity, as Samsung retained its fundamental strengths (market share gains, recent deals, strong intellectual property and product R&D, healthy free cash flows and balance sheets), only hindered by investor reaction to negative news.

CURRENT ASSET ALLOCATION

When U.S.-based H.J. Heinz was acquired by Berkshire Hathaway and 3G Capital, the global portfolio's holdings in the company were sold for cash. In a transaction valued at $28 billion, H.J. Heinz shareholders received $72.50 per share in cash; the per share price represented a 19% premium to Heinz's all-time high share price.

The global portfolio's position in Questcor Pharmaceuticals was eliminated after company management continued to sell shares, stopped providing prescription details and prescriptions declined for multiple sclerosis. In addition, we decided to preserve value in the event the investigation into sales practices is negative. The global portfolio made substantial profits on the stock and would consider repurchasing the stock pending timely resolution of the investigation. The stock advanced after the company announced an acquisition.

Cash from these sales was deployed to existing holdings and two new stocks, Ipsos SA of France and U.S.-based Regal Entertainment. Ipsos conducts market research for global consumer product companies in different geographies utilizing local talent. Firmly seated in the defensive consumer discretionary sector, Ipsos has offered relatively stable cash flows and healthy business projections.

Regal Entertainment operates the largest movie theater chain in the U.S., specializing in multi-screen theaters in mid-sized metropolitan markets and suburban growth areas. It owns and operates 7,358 screens in 579 locations in 42 states under the Regal Cinemas, United Artists, and Edwards brand names.

The following table shows the asset allocation for a representative global portfolio as of June 30, 2013.

Representative Global Portfolio Allocation

	Portfolio Weighting	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecom. Services	Cash
N. America	39.1%	3.1%	2.8%	2.9%	1.7%	2.5%	1.4%	5.8%	9.8%	6.5%	2.7%	0.0%
Japan	5.4%	0.0%	0.0%	1.3%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	1.7%	0.0%
Other Asia	6.5%	1.3%	0.9%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	0.0%	0.0%
Europe & Israel	33.3%	1.1%	0.0%	7.6%	0.9%	11.0%	1.6%	3.0%	3.9%	1.4%	2.8%	0.0%
Scandinavia	8.8%	0.0%	0.0%	0.0%	3.9%	0.5%	0.0%	0.0%	4.4%	0.0%	0.0%	0.0%
Africa & South America	1.4%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	5.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.5%
Portfolio Totals	**100.0%**	**6.9%**	**3.7%**	**13.1%**	**6.5%**	**14.1%**	**5.5%**	**8.8%**	**18.0%**	**10.8%**	**7.2%**	**5.5%**

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

Global markets and economies remain mixed, as indicated by slightly positive U.S. macro-economic conditions, flat European markets and turbulent emerging country dynamics. We expect this level of variability to continue in the coming quarters, as economies around the world grow in fits and starts.

Our research screens are pointing to potential investment opportunities in Asia. As a result, our analysts have traveled to Indonesia, Singapore, China, Taiwan and South Korea to assess industry conditions, competitive advantages, profitability, operating and financial leverage and the quality of management of various companies in an effort to identify new companies that may enhance the global portfolio's performance. Meetings with select Asian company management teams provided invaluable insight to product developments and market demand. However, headwinds prevail with liquidity constraints in China and ongoing weakness in other Asian countries. Success in volatile markets may depend on bottom-up stock selection, focusing on individual companies with strong fundamentals. We are committed to the task at hand, resolute in our quest to maintain the global portfolio's outperformance.

As always, we welcome your 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.