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This composite commentary is provided as part of our historical archive and not intended for current marketing or advertising use. The entirety of the respective quarterly commentary will be available on the ensuing pages. Should you have questions/concerns, please contact Polaris Capital via our **website** or call the office directly. For more information, **Contact Our Team**.

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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**

For current international equity performance, **please click here**

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For current global equity performance commentary, **please click here**

For current international equity performance commentary, **please click here**

POLARIS
CAPITAL MANAGEMENT, LLC

GLOBAL EQUITY COMPOSITE REPORT

	2019			Annualized as of June 30, 2019				
	YTD	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since 9/30/1984
Polaris Capital Global Equity Composite gross	**13.99%**	**3.21%**	**10.44%**	**0.84%**	**12.31%**	**6.60%**	**12.73%**	**12.14%**
Polaris Capital Global Equity Composite net	**13.72%**	**3.09%**	**10.31%**	**0.26%**	**11.76%**	**6.10%**	**12.16%**	**11.27%**
MSCI World Index, gross dividends reinvested	17.38%	4.20%	12.65%	6.94%	12.39%	7.20%	11.33%	9.91%

Q2 2019 composite returns are preliminary. Past performance is not indicative of future results.

The Polaris Global Equity Composite returned 3.21% in the second quarter of 2019, underperforming the MSCI World Index, which rose 4.20%. Despite weakening consumer and business sentiment in Europe, stock performance for the quarter was upbeat. Cyclical sector holdings generally performed better than defensives, led by financials, materials and industrials. Stock declines in Kansai Electric Power (utilities) and Teva Pharmaceutical (health care) accounted for their respective sector underperformance. The portfolio's U.S. holdings outpaced the benchmark; however, the portfolio's underweight position held back returns. Foreign exchange was favorable to performance, as the U.S. dollar weakened against many currencies for the quarter.

It is worth noting the continued gap between growth and value sub-indexes. For the quarter, the MSCI World Growth Index was up +5.63% while the MSCI World Value Index was up +2.72%. The year-to-date performance was more dramatic with the Growth Index up +21.38% and Value Index up +13.41%.

SECOND QUARTER 2019 PERFORMANCE ANALYSIS

Financials contributed nearly half of the +3.21% gain, with six holdings posting double-digit returns. Two German reinsurers, Hannover Re and Munich Re, reported better-than-anticipated pricing on annual renewals, while catastrophic losses were limited in the 2019 first quarter. Standard Chartered, an international banking group, announced a $1 billion share buyback and a 10% jump in profits due to a surge in corporate banking income. JPMorgan Chase had solid results, with net revenue growth driven by its consumer divisions.

The second largest sector contributor was materials, where the portfolio was both overweight and outperformed. Yara International rose 20% as the company reported good quarterly revenues on the back of increased nitrate/urea product pricing. Yara also curtailed its capital expenditure cycle; the resultant heavy free cash flow should be allocated to dividends over the next few years. Linde PLC recorded better profitability due to synergies achieved as a combined organization (Praxair-Linde). Linde signed a deal to supply gas to ExxonMobil's Singapore manufacturing complex, marking the largest gas contract in Linde's history. Canada's Methanex Corp. detracted, as methanol prices were weak. The company faced a proxy fight with one of its largest investors who opposed a large expansion project and demanded a board shakeup.

Industrial sector results were solid, with Kone Oyj, SKF AB and BBA Aviation each advancing more than 10% during the quarter. Finnish elevator/escalator maker Kone reported first quarter earnings that met sales growth expectations. The stock price jumped higher on news that Kone may bid on ThyssenKrupp's $15 billion elevator division. SKF, the Swedish ball bearing manufacturer, demonstrated the resiliency of its diversified business model. While automotive bearing sales were modestly lower, the company still delivered organic growth due to industrial bearings. Conversely, Andritz AG's metals stamping segment was pressured by weak auto industry demand.

Consumer discretionary sector results were middle of the road, with Kia Motors and Duni AB among the top contributors, offset by British homebuilders relegated to the bottom of the portfolio. Kia, the South Korean automobile manufacturer, posted robust quarterly results, led by a recovery in the U.S. auto market and launch of new sport utility vehicles. Duni's sustainable tabletop products showed stronger growth as the company will phase out plastic products by year-end. U.K. homebuilders, Bellway and Taylor Wimpey, declined on building supplier reports suggesting volume weakness and build cost inflation.

The portfolio was overweight and underperformed in the utilities sector mainly due to the stock decline of Japanese electricity supplier Kansai Electric Power. The Japan Nuclear Regulation Authority was resolute in not issuing extensions for retrofitting nuclear reactors; the industry may struggle to meet the aggressive deadlines, resulting in nuclear facility shutdowns.

Double-digit gains from Quest Diagnostics and Allergan PLC helped temper losses in health care, which were entirely attributable to Teva Pharmaceutical. The Israeli-based generic drug manufacturer faced multiple legal battles. The Connecticut Attorney General led more than 40 states in a 500+ page lawsuit against Teva and competitors for generic drug price fixing. A separate generic price fixing criminal investigation may be filed by the Justice Department. Furthermore, Teva settled one of its outstanding opioid lawsuits with Oklahoma for $85 million. The Teva position was in the process of being liquidated, which is now complete.

Three of the 10 largest detractors came from communication services, namely Japanese video game developer Nexon Co., U.K. listed movie theater operator Cineworld Group and South Korean telecommunications operator LG Uplus Corp. Nexon shares came under pressure after an offer from Nexon's founder to sell his NXC stake came to a halt with potential suitors over price disagreement. Nexon, however, remains fundamentally strong as evidenced by increasing mobile game sales of Dungeon & Fighter in China and MapleStory in Korea. After the end of a Marvel Avengers franchise era and more streaming movie options, investors are skeptical of Cineworld's ability to drive attendance to the theatre. The company also reported delays in its theater refurbishment plans. LG Uplus waned due to slower than expected benefits from 5G offerings and higher costs related to 5G expenses. On a positive note, Japanese telecom KDDI Corporation rebounded as it launched a rollout of new non-subsidized cell phone plans.

Table reflects sector and regional allocation for a representative global equity portfolio as of June 30, 2019.

	MSCI World Weight	Portfolio Weight	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Comm. Services	Real Estate	Cash
N. America	*66.1%*	36.7%	1.4%	3.2%	1.4%	2.2%	3.3%	2.8%	6.0%	10.2%	5.0%	1.3%	0.0%	0.0%
Japan	*8.0%*	6.3%	0.0%	1.0%	0.0%	0.0%	0.0%	1.3%	0.0%	1.2%	0.0%	2.7%	0.0%	0.0%
Other Asia	*4.3%*	12.4%	0.0%	0.0%	1.6%	0.0%	2.0%	0.8%	0.0%	3.7%	3.5%	0.9%	0.0%	0.0%
Europe	*19.5%*	28.6%	0.0%	0.0%	6.6%	4.0%	5.9%	0.9%	1.4%	5.6%	0.0%	4.1%	0.0%	0.0%
Scandinavia	*2.0%*	9.4%	0.0%	0.0%	1.4%	3.7%	0.4%	0.0%	0.0%	3.9%	0.0%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%
Portfolio Totals		100.0%	1.4%	4.2%	11.0%	10.0%	11.7%	5.8%	7.4%	25.9%	8.5%	9.0%	0.0%	5.1%
MSCI World Weight	*100.0%*		*5.7%*	*3.3%*	*4.6%*	*11.2%*	*10.5%*	*8.5%*	*12.6%*	*15.8%*	*16.3%*	*8.3%*	*3.2%*	*0.0%*

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

Geo-political risks have dominated headline news for more than a year, with more recent worries over U.S.-China trade frictions, threatened Mexico tariffs and the ouster of U.K. Prime Minister Theresa May for failing to finalize a Brexit agreement with Parliament. Technology and materials stocks are sensitive to trade frictions. Signs of declining demand and new product postponements are already noticeable in technology. Year-to-date, the materials sector has been fairly impervious to the macro-economic threats, with decent volumes and pricing. Materials may still experience a downdraft; at that point, we intend to buy attractively-valued stocks that have been prominently featured in our screens. As value managers who have endured an outsized growth decade, we welcome markets that display a bit of stress; such periods typically present some of the best value opportunities.

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 Index, 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 Index measures the performance of stock markets in these geographic areas including reinvestment of gross dividends. The MSCI World Growth Index and MSCI World Value Index capture large- and mid-cap securities exhibiting overall growth and value style characteristics, respectively, across 23 developed market countries. One cannot invest directly in an index.