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**

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**

SECOND QUARTER 2020 INTERNATIONAL EQUITY COMPOSITE REPORT

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

	2020			Annualized as of June 30, 2020				
	YTD	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since 6/30/1984
Polaris Capital International Equity Composite gross	**-21.26%**	**17.45%**	**-32.96%**	**-15.35%**	**-2.60%**	**1.07%**	**8.08%**	**10.75%**
Polaris Capital International Equity Composite net	**-21.46%**	**17.31%**	**-33.05%**	**-15.78%**	**-3.13%**	**0.53%**	**7.45%**	**9.92%**
MSCI EAFE Index, gross dividends reinvested	-11.07%	15.08%	-22.72%	-4.73%	1.29%	2.54%	6.22%	8.51%

Q2 2020 composite returns are preliminary. Past performance is not indicative of future results.

The Polaris International Equity Composite gained 17.45% in the second quarter of 2020, outperforming its benchmark, the MSCI EAFE Index that returned 15.08%. Portfolio holdings in the U.K., Germany, Sweden, France, Norway, Italy, Finland and Australia were top contributors to performance. At the sector level, materials, consumer discretionary and industrials topped results, while utilities and consumer staples lagged.

Portfolio performance was buoyed by a slate of new stocks purchased in the past four months. At the beginning of the COVID-19 crisis, management conducted an intensive research effort, selling richly valued companies and raising cash in anticipation of a market downturn. Cash was redeployed starting in late March to invest in higher quality companies on Polaris' watchlist. During the quarter, more than a third of portfolio holdings posted returns in excess of 20%, with detractors few and far between.

Despite challenging market conditions, several portfolio companies stepped up to aid in the COVID-19 crisis. Fresenius SE ramped up testing and medical guidance, while Babcock International offered medical helicopter rides. U.K. homebuilders gave back government aid, hopeful that it would be reissued to other recipients in greater need. While such goodwill did not necessarily reflect in higher stock prices, these social responsibility efforts have not gone unnoticed.

Year-to-date performance has been lackluster, with Composite returns down -21.26% versus the MSCI EAFE Index at -11.07%. Much of this attrition was due to a few holdings, such as the U.K. homebuilders and oil-dependent companies, that declined precipitously in the first quarter, only to recover some ground in the second. During the six-month period, we reduced portfolio weightings in companies more sensitive to the downturn. Companies deemed less susceptible to market volatility were not reduced during this period; yet many of these did not prove to be defensive safe havens as expected.

SECOND QUARTER 2020 PERFORMANCE ANALYSIS

Materials sector holdings contributed most to second quarter performance, with the vast majority of sector holdings posting double-digit returns. French minerals supplier, Imerys, and German specialty chemicals company, LANXESS, were resilient due to their respective diversified businesses. Imerys' industrial market losses were mitigated by its paper market and consumer divisions. LANXESS' weakness in the automotive sector was offset by robust results in consumer protection and specialty additives.

Diversification among products, geographies and customers was key to auto part supplier Magna International's resilience during the downturn. Although car volumes fell 20-30% in the first quarter of 2020, Magna's auto technology sales remained stable due to the company's broad mix. Elsewhere in consumer discretionary, British homebuilders, Taylor Wimpey PLC and Bellway PLC, recouped some of their losses from the first quarter, with both issuing positive trading updates.

The portfolio outperformed in the industrials sector, further benefitting from its overweight position. The sector leader was Italian engineering and foundation driller, Trevi Finanziaria. This long-standing investment struggled in recent years due to weakness in end markets and an ill-fated venture into the oil drilling sector. The company underwent a complete financial and operational restructuring, in which Polaris played an instrumental role. With a recapitalized balance sheet and more disciplined management focus, the business may be better positioned for the current environment and well placed when demand improves. SKF rallied on prospects for a quicker recovery that could help stabilize margins and volumes. The Swedish bearings and seals manufacturer reported favorable quarterly results, and announced cost-cutting steps in light of current macro conditions. One of the few sector detractors was U.K. engineering services firm, Babcock International. The company's divisions were declared COVID-19 critical; however, profits declined due to new distancing requirements on worksites. Babcock's helicopter division provided air support to North Sea offshore oil and gas platforms; the March collapse in oil prices limited demand for these services. Concerns also arose about Babcock's forward orders considering an anemic British defense budget for 2021.

With inklings of a COVID-19 crisis unfolding in the months of December 2019 and January 2020, Polaris identified medical testing companies as critical in diagnosing potential spread of the virus. The portfolio added Germany's Fresenius SE in the first quarter; the company has since generated robust returns as it increased supply of essential drugs through Fresenius Kabi, and hospital chain Fresenius Helios shared mask purification methods.

Financials were buoyed by German reinsurers, Munich Re and Hannover Re. Both firms moved higher on expectations for increased premium pricing to compensate for industry-wide 2019 catastrophe losses.

Greencore Group, the Irish/U.K. sandwich maker, was the main detractor in the portfolio. Greencore announced first half results, noting a material decline in the food-to-go category as most of their output is sold near offices where people are not currently working. The company offered some insight into improving sales and volumes month over month; however, it will be a slightly longer recovery than anticipated. In the long run, Greencore management believes the pandemic will boost business due to demand for pre-made sandwiches at groceries and convenience stores; competitors may lag due to social distancing restrictions that slow made-to-order sandwiches on site.

During the quarter, four stocks were sold in favor of companies with better valuations. Kone was one of Polaris' longest and most favored companies with a great management team; however, the stock valuation was more than Polaris' fair value metric, so it was sold. The same premise applied to BHP Holdings, which was sold at a healthy profit on continued strong results, but an uncertain outlook due to moderating steel production in China. Kansai Electric Power was exited due to high leverage and extensive spending necessary to meet the ever-changing Japanese safety regulations for nuclear reactors. British multinational banking and financial services company, Standard Chartered, was sold due to valuation concerns and increased emerging market credit risks.

Cash was opportunistically redeployed to buy new companies, including: Capri Holdings, which houses Michael Kors as well as Versace and Jimmy Choo luxury brands; Dometic Group, an equipment supplier for the RV and marine markets, which has seen strong demand as people look for alternative ways to vacation; Zhongsheng Group, one of the largest Chinese car dealership with great secular tailwinds in luxury car sales, aftermarket products and dealer services; Coca-Cola European Partners, the European bottling and distribution company for Coca-Cola products; Weichai Power Co, one of the largest and most reputable Chinese engine makers for heavy trucks and offload vehicles; and Sony, the Japanese electronics and entertainment group, which has shed its staid image to become a top global player in console gaming, image sensors and music publishing.

Investments were also made in three publicly-listed airports in Mexico (Grupo Aeroportuario del Cent, Grupo Aeroport Del Pacific and Grupo Aeroport Del Sureste). The airports have strong passenger volume growth, increased penetration with the introduction of low-cost carriers, and concessions business with 30-year contracts. All three recorded strong commercial activities, from duty free food and beverage to car rentals. Lastly, the Mexican tourist market is the seventh largest in the world; we expect travel to this destination will resume in the next two to four years. Other new additions were: Jumbo SA, a Greek retailer of toy and children products, with a strong market position in the country, as well as Romania; and D'Ieteren SA, a Belgian Volkswagen distributor with a dominant position in the auto glass repair business.

The following table reflects the sector and regional allocation for a representative international equity portfolio as of June 30, 2020.

	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%*	8.0%	0.0%	0.0%	1.0%	0.0%	2.3%	0.0%	0.0%	4.8%	0.0%	0.0%	0.0%	0.0%
Japan	*25.4%*	10.4%	0.0%	0.0%	0.9%	3.4%	1.5%	1.8%	0.0%	1.7%	0.0%	1.2%	0.0%	0.0%
Other Asia	*11.6%*	15.7%	0.0%	0.0%	0.0%	0.0%	3.9%	1.2%	0.0%	3.3%	5.7%	1.6%	0.0%	0.0%
Europe	*56.1%*	50.3%	0.0%	0.0%	12.5%	11.0%	11.0%	2.6%	3.3%	4.7%	0.0%	5.2%	0.0%	0.0%
Scandinavia	*6.9%*	10.9%	0.0%	0.0%	1.9%	0.9%	2.2%	0.0%	0.0%	6.0%	0.0%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	2.4%	0.0%	0.0%	1.5%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%
Portfolio Totals		100.0%	0.0%	0.0%	17.8%	16.0%	20.8%	5.6%	3.3%	20.5%	5.7%	8.0%	0.0%	2.3%
MSCI EAFE Weight	*100.0%*		*3.4%*	*4.0%*	*7.3%*	*14.5%*	*11.3%*	*12.0%*	*14.5%*	*16.1%*	*8.3%*	*5.4%*	*3.2%*	*0.0%*

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

At the beginning of the COVID-19 crisis, we pro-actively increased our cash position, quickly disbursing that money to new investments that further diversify the portfolio. We purchased fundamentally-strong, but severely depressed companies, some down 50% or more, that we believe might recover and advance over a two- to four-year time horizon. Returns of that nature would likely meet Polaris' investment objectives. The lion's share of new investments was made in sectors like retail and healthcare, which may rebound in the near term, thereby balancing the portfolio for potential short-term and long-term gains.

Much will depend on the path of the coronavirus, as we expect two or three waves of infection in the coming months. Preparedness is on the rise, with greater ability and capacity within the healthcare and immunology systems worldwide. We must also consider human behavior in estimating any recovery; can the coronavirus mandated work-from-home habits and consumption patterns, formed over these past months, revert back to the norm? How long will that take?

While we can't predict the macro-economic impact as we enter each new wave of the coronavirus pandemic, we can prepare for it and work through it with careful stock research, cash generation and opportunistic buys. We expect that portfolio turnover could be higher than normal over this period, as our research screens and subsequent due diligence lead us to invest in companies that have long been on our watchlist, but out of reach due to valuation. Simultaneously, we will be keeping a close eye on certain industries (i.e. global insurers) that may face potential headwinds in the COVID-19 era.

Although the news of an effective vaccine could dramatically shift the new economic demand and supply curves, absent this, we expect the global economy to re-open slowly, in measured phases, a subsequent recession and eventual recovery beginning in 2021. As such, we are being nimble in our approach, structuring the portfolio accordingly.

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.