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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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SECOND QUARTER 2021 GLOBAL EQUITY COMPOSITE REPORT

Information presented is supplemental to the annual disclosure presentation.
For composite performance and a fully compliant presentation, visit: www.polariscapital.com/global-equity

GLOBAL EQUITY COMPOSITE REPORT

	2021			Annualized as of June 30, 2021				
	YTD	**QII**	**QI**	**1 Yr**	**3 Yrs**	**5 Yrs**	**10 Yrs**	**Since 9/30/1984**
Polaris Global Equity Composite gross	**14.56%**	**2.96%**	**11.26%**	**51.61%**	**10.28%**	**13.50%**	**10.66%**	**12.31%**
Polaris Global Equity Composite net	**14.27%**	**2.83%**	**11.12%**	**50.87%**	**9.71%**	**12.95%**	**10.12%**	**11.46%**
MSCI World Index, gross dividends reinvested	13.33%	7.89%	5.04%	39.67%	15.57%	15.43%	11.25%	10.45%

Composite returns are preliminary. Past performance is not indicative of future results.

Recent progress in COVID-19 vaccination rollouts in the U.S. and other developed countries raised expectations for a global economic recovery. The International Monetary Fund revised 2021 gross domestic product (GDP) projections upward for the U.S., Western Europe and China, citing unprecedented fiscal and monetary stimulus in conjunction with higher vaccination rates. In line with the GDP figures, the latest economic reports indicate inflation is rising globally, which central banks and investors will monitor closely. Uneven vaccine rollout remains problematic worldwide as many countries face supply shortfalls and upticks in COVID-19 cases. Vaccination rates are leading to an uneven economic recovery. Global markets mirrored this "uneven" trend, with value stocks outperforming in April and May only to lose steam in June. Investors rotated back into defensives and growth stocks following the Federal Reserve's hawkish policy statements. In this context, the Polaris Global Equity Composite returned 2.96% for the quarter, underperforming the MSCI World Index, which rose 7.89%. The push/pull of growth versus value outperformance continues to persist, partly due to vaccine limitations, global supply chain shortages, inflation questions, talk of new taxes and fits and spurts of short-term GDP weakness. In the long run, we believe value earnings and multiples should benefit as economic growth increases and interest rates normalize to positive real rates. The inverse is typically true for growth stock multiples, which may be pressured by higher real interest rates.

SECOND QUARTER 2021 PERFORMANCE ANALYSIS

Portfolio holdings in information technology (IT), materials and real estate underperformed the sector benchmarks on a relative basis. Industrials, energy and utilities outperformed, along with notable contributions from consumer discretionary, health care and communication services. On a country basis, emerging markets declined, impacted by the aforementioned vaccine distribution issues, with losses in out-of-benchmark holdings in Chile (Antofagasta), Taiwan (Catcher Technology), Thailand (Siam Commercial Bank) and Colombia (Bancolombia). Holdings in the U.S. contributed to the vast majority of portfolio gains, followed by South Korea, France, Norway, Austria and Finland. Half of the top ten contributors were from the U.S., including: Crocs Inc., Capital One Financial, Marathon Petroleum, Microsoft Corp. and Carter's Inc.

The global portfolio was underweight the IT sector and underperformed due to lackluster results from Intel Corp., Catcher Technology and Brother Industries. After a run-up earlier in the year, Intel retrenched on subpar quarterly earnings. Overall revenue exceeded expectations, but data center revenue and operating income were down. A turnaround is in the works: aware of increased competition from the likes of AMD, Intel has announced plans to invest $20 billion in microchip manufacturing plants. Microsoft Corp. partially offset IT sector losses, up more than 15% during the quarter. The company announced the acquisition of voice recognition software provider Nuance, strengthening Microsoft's position in healthcare and voice recognition products.

Performance from the materials sector was underwhelming, even though we expect the sector to do better in a continued cyclical recovery, as orders pick up and higher costs are passed on to consumers. In mid-May, copper prices were at an all-time high amid an environment of tight supply but fell off by June, hurting Chilean copper miner, Antofagasta. The company was also weighed down by ongoing royalty discussions between the new Chilean administration, whereby the potential tax on the mining companies would enable the government to afford to pay for COVID-19 social funds. Following strong performance at the end of 2020, Methanex reversed course for the second quarter in a row. Even though methanol prices remain high, Methanex is hampered by gas supply constraints due to idled natural gas plants in New Zealand and Trinidad.

Among other decliners was real estate holding, Daito Trust Construction, which retrenched after significant gains from February through April. The Daito sales process is reliant on face-to-face contact; Daito encountered COVID-19 headwinds that started to abate in late Spring/early Summer, only to arise again with the Delta variant. Greencore Group announced softer-than-anticipated quarterly results, as their core city center business saw less foot traffic. Management also mentioned that earnings are not likely to recover as fast as sales due to reduced assembly line productivity per COVID-19 protocols.

On the positive side: Crocs Inc. was the single best performer, up nearly 45% after reporting record first quarter earnings and margins, driven by sales in the digital channel, Americas, and direct-to-consumer. Elsewhere in the consumer discretionary sector, Carter's trended up on sales momentum, as parents began shopping for kids' clothing in anticipation of a return to the classroom for the new school year. South Korean auto manufacturer, Kia Corp., posted excellent first quarter 2021 revenues, with improved product mix and sales of newer SUV models. Magna International posted impressive quarterly results, with an outlook for above-market growth and margins despite the current chip shortage. The sector's heady performance was slightly offset by Taylor Wimpey, the British homebuilder. While the trading update was positive with higher private sales and fewer cancellation rates than 2020, Taylor Wimpey was impacted by broader industry news about slackening new home sales in London where the company has limited exposure.

In health care, Alexion Pharmaceuticals and Fresenius SE were both up more than 14% for the quarter. AstraZeneca's pending acquisition of Alexion moved forward with the FTC and AstraZeneca's shareholders approving the deal. Despite ongoing concerns about lower hospital procedure volumes due to the pandemic, investors favored the Fresenius stock on expectations that its German hospitals and intravenous drugs/infusion therapy operations will return to growth in the second half of 2021. Current cost savings efforts have buoyed Fresenius as they await a return to normalcy. CVS Health reported better-than-expected first quarter results, mainly driven by Aetna and PBM relationships. The company's COVID response, offering both testing and vaccines, validated their strategic business model directing people into their pharmacies for healthcare procedures, not just prescriptions.

Communication services sector performance was supported by South Korean cellular carrier, LG Uplus, and French advertising and market research company, Publicis Groupe. LG Uplus posted its best quarterly earnings to date, with top line growth that outpaced operating expenses. Credit goes to its two robust business lines (mobile network business backed by strong penetration of 5G subscribers and IPTV), which continue to usurp market share. Publicis posted good quarterly earnings, with organic growth noted in U.S. and Asian operations; European operations showed sequential improvement. The company is grabbing a disproportionate amount of client investment in digital channels, e-commerce and direct-to-consumer advertising. Cineworld Group declined over worries about the lackluster U.S. theater box office; investors also discounted the stock as U.K. COVID cases increased and a possible lockdown loomed.

Babcock International rebounded from prior quarter lows, gaining more than 25% at the end of June, after the overhang on the stock was eliminated. Investors were apprehensive that the contract profitability and balance sheet review would trigger the need for a capital raise. Instead, the company will take impairments, reduce costs by restructuring and improve its balance sheet position by divesting certain businesses. Austrian industrial machinery company, Andritz, reported favorable earnings with order intake nearing pre-pandemic levels across its Pulp & Paper, Hydro Power and Metals divisions. Competitor Valmet, also a portfolio holding, reported a record number of orders received and estimated its sales will increase in 2021.

Among other winners for the quarter: Marathon Petroleum gained nearly 14% after it announced intentions to buy back $10 billion worth of equity over the next 12 to 18 months, including $4 billion in a Dutch Auction. U.S. banking institution, Capital One, continues to perform well as consumer balance sheets improved and technology initiatives paid off. The company will institute more aggressive marketing practices, signaling optimism from a company that worked diligently to insulate itself from COVID-19 economic exposure in 2020.

During the quarter, two health care companies, Alexion Pharmaceuticals and Quest Diagnostics, were sold at a profit. As previously stated, Alexion was sold after it became an acquisition target of AstraZeneca. A long-time holding, Quest Diagnostics, was sold as it reached valuation limits on positive cash flows from COVID-19 testing. Proceeds were redeployed to purchase more attractively-priced companies: Irish biopharmaceutical company, Jazz Pharmaceuticals, and Canadian base metals miner, Lundin Mining. Jazz continues to build out its novel product pipeline in neuroscience and oncology, while acquiring GW Pharmaceutical, which specializes in cannabinoid-based medicines. A pullback in copper prices afforded the perfect opportunity to add Lundin Mining to the portfolio. This Canadian listed miner has a portfolio of mines in South America and Europe, is conservatively managed and has growing free cash flow.

The table reflects sector/regional allocation for a representative global equity portfolio as of June 30, 2021.

	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	*70.7%*	39.7%	2.6%	1.8%	2.7%	1.8%	4.4%	1.9%	6.8%	11.4%	4.2%	2.1%	0.0%	0.0%
Japan	*6.8%*	8.9%	0.0%	0.0%	0.7%	1.2%	2.1%	1.0%	0.0%	0.9%	1.1%	0.9%	1.1%	0.0%
Other Asia	*3.4%*	11.2%	0.0%	0.0%	0.0%	0.9%	2.8%	0.6%	0.0%	2.2%	3.7%	1.1%	0.0%	0.0%
Europe	*16.7%*	28.1%	0.0%	0.0%	7.3%	3.7%	5.8%	1.8%	2.9%	2.9%	0.0%	3.7%	0.0%	0.0%
Scandinavia	*2.4%*	7.9%	0.0%	0.0%	1.4%	2.6%	0.3%	0.0%	0.0%	3.6%	0.0%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	1.9%	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.2%
Portfolio Totals		100.0%	2.6%	1.8%	13.4%	10.1%	15.3%	5.3%	9.7%	21.6%	9.1%	7.7%	1.1%	2.2%
MSCI World Weight	*100.0%*		*3.2%*	*2.7%*	*4.4%*	*10.6%*	*12.0%*	*7.0%*	*12.5%*	*13.6%*	*22.1%*	*9.1%*	*2.7%*	*0.0%*

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

Over the next year or two, we expect an uneven economic recovery as COVID-19 laden countries will take longer to recover than those with higher vaccination rates. Add to this equation cautious governments and businesses that may mandate short-term shutdowns as the Delta variant and other COVID-19 mutations circulate. On this backdrop, we expect some global market volatility, as evidenced by the stock market run-up in late 2020, followed by a period of flattening prices from January-May 2021, followed by another growth push in June 2021. Sector rotation has swung wildly during this period, from value-oriented materials and financials seeing strong gains in the early part of 2021, only to be replaced by tech high-flyers with overheated growth multiples. Volatility will continue as stimulus measures subside and economies adjust, with spurts of inflation expected. We are aware of these macro-economic trends while remaining true to our bottom-up stock picking discipline.

Shortages, bottlenecks and a year-long bull market in commodities has been pushing materials prices higher; those supply issues have been amplified by a boom in demand, as consumer confidence rose on a post-pandemic future. As a result, companies that previously absorbed price increases, by boosting efficiency in their production or service processes, are passing along those price increases to customers. Price increases are here for longer than we normally expect, as demand continues to outpace slowly ramping-up logistics/supply chains, especially those in geographies with unbalanced vaccine rollout. This outlook is a departure from the deflationary forces we have discussed in prior outlooks. Portfolio companies that can manage in a deflationary economy are aptly positioned to take advantage of higher price trends, especially those in price-sensitive consumer discretionary and materials sectors. We are very satisfied with our holdings across the portfolio, reluctant to sell any of these companies in favor of those on our research watch list. Without a doubt, we are finding some great opportunities, pinpointing fundamentally solid companies at attractive valuations. But we believe the current portfolio has just those type of names, with good upside potential and lesser downside risk, that will enable us to navigate a post-COVID world.

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, measures the performance of a diverse range of global stock markets in the United States, Canada, Europe, Australia, New Zealand and the Far East. One cannot invest directly in an index.