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

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GLOBAL EQUITY COMPOSITE REPORT

	2014				Annualized as of September 30, 2014						
	YTD	Q3	Q2	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since 9/30/1984
Polaris Capital Global Equity Composite gross	1.21%	-5.55%	2.66%	4.38%	12.67%	20.75%	13.14%	8.49%	9.90%	11.81%	12.77%
Polaris Capital Global Equity Composite net	0.86%	-5.66%	2.55%	4.26%	12.16%	20.15%	12.54%	7.80%	9.09%	10.93%	11.85%
MSCI World Index, gross dividends reinvested	4.33%	-2.05%	5.05%	1.40%	12.80%	18.60%	11.47%	7.71%	4.64%	7.47%	10.22%

Q3 2014 composite returns are preliminary. Past performance is not indicative of future results.

PERFORMANCE ANALYSIS

Global equity markets had an auspicious start in 2014, up more than 6% in the first half of the year as represented by the MSCI World Index (gross). However, markets ceded some of these gains in the third quarter. U.S. stocks continued a slow recovery, bolstered by improved economic readings related to rising GDP, increased business investment and new job growth. Federal Reserve Chair Janet Yellen pointed to improving labor market conditions as an impetus for interest rates hikes. Foreign markets contrasted, with slowing economic growth and continued deflationary pressures. Headwinds in the Euro zone countries prompted the European Central Bank to introduce new stimulus measures, namely the purchase of asset-backed securities. The Euro fell to an 11-month low against the dollar during the quarter. In Japan, stocks declined under the weight of April's sales tax hike. By September, the Yen hit a six-year low against the U.S. dollar. Geopolitical tensions involving Russia and Ukraine, and ensuing sanctions, caused the Ruble to hit its lowest level ever against the U.S. dollar.

In local currency terms, the MSCI World Index (gross) advanced 0.4%. However, the U.S. dollar appreciated against other currencies, resulting in lower returns for non-U.S. equities in dollar terms. Therefore, the MSCI World Index (gross) was down -2.05% for the quarter in U.S. dollars. The Polaris Global Equity Composite (gross of fees) lagged the MSCI benchmark, down -5.55%. Approximately two-thirds of the portfolio's negative return was due to foreign currency translation, with nearly 60% of the portfolio invested in non-U.S. equities. Year to date, the Polaris Global Equity Composite was up +1.21%, compared to the MSCI World Index's return of +4.33%.

With currency devaluation hampering returns on foreign stocks, most of the global portfolio's top performers originated from the U.S. WellPoint, Frontier Communications, Microsoft, General Dynamics, Carter's and Marathon Petroleum posted strong results. Detractors included Tullow Oil, BASF, Ipsos and Maurel et Prom, as well as previously-perennial leaders Greencore Group and Duni AB.

On a sector basis, the portfolio's healthcare holdings posted positive results. On July 1, Actavis announced the completion of its acquisition of Forest Laboratories Inc. (a portfolio holding), in a cash and equity transaction valued at approximately $28 billion. We maintained a position in Actavis, as its pro-forma financial statements fit the Polaris valuation profile. As one of the largest generic pharmaceutical companies, Actavis is expected to broaden its product platform with the Forest acquisition, increase operating cash flow and realize $1 billion in cost synergies. The global portfolio's other healthcare stocks also did well, with WellPoint Inc and UnitedHealth Group gaining memberships and controlling health care cost increases.

Information technology also made a positive contribution to portfolio performance, led by Microsoft, Infosys, Xerox and Hewlett-Packard (H-P). Microsoft announced strong earnings, promoting its cloud strategy and game console sales. The company has also spent extensive time and resources developing an integrated operating system for laptops, tablets, phones, etc. that may stem attrition from Microsoft products. As companies resume IT spending, Infosys has maintained full year guidance for revenue growth of 7-9% on operating margins of 24-25%. Often criticized for its cash hoarding approach, Infosys has begun to spend from its coffers, hiring three experienced research and development professionals from SAP, developing intellectual property and pursuing acquisitions. Easing headwinds related to its services business boosted Xerox, which reported better than expected second quarter results. H-P posted solid quarter-end revenues on the back of broad-based PC revenue growth of 12% year-on-year and unit growth of 13%. The company generated strong free cash flow, of which half will be returned to shareholders.

In utilities, absolute positive performance for Guangdong Investment was not enough to compensate for weakness in NextEra Energy and Allete. NextEra reported flat year-on-year growth in adjusted earnings per share for the second quarter. Capital projects for NextEra's subsidiary, Florida Power & Light, remain on schedule and second quarter earnings per share rose slightly compared to the first quarter.

In the telecom sector, Frontier Communications' stock price surged 16% on the day that its direct competitor, Windstream Holdings, announced a restructuring plan. Windstream intends to spin off its fiber and copper networks into a publicly traded REIT not subject to federal income tax. If Windstream proves successful in this endeavor, other rural carriers may follow suit. Frontier subsequently reported strong second quarter 2014 earnings, with revenue trajectory from residential customers and stability in the small, medium and enterprise business lines. The company is also preparing for the fourth quarter close of the AT&T Connecticut wireline acquisition. At the other end of the spectrum: Sprint and its parent, Japanese telecom operator SoftBank, ended their pursuit of portfolio holding Deutsche Telekom's U.S. subsidiary, T-Mobile, after conceding that antitrust regulators may block a deal. Deutsche Telekom's stock price fell upon this news; however, it should be noted that T-Mobile's organic growth continues as it builds a U.S. subscriber base. Freenet also dropped as competition increased in the German reseller space. During the quarter, we purchased U.S. regional telecom operator FairPoint Communications, which may benefit from a shift to Ethernet from legacy lines amongst New England businesses.

Meiji Holdings, a Japanese dairy products company, could not offset declines in other consumer staples stocks. Regulations by the Japanese government resulted in increased prices for milk used in cheese processing. Meiji responded by raising prices of butter and cheese, successfully passing on the higher costs to consumers. On the other hand, in late September, Greencore Group saw its stock price decline in response to negative news on the U.K. retail grocery market. Greencore subsequently released a statement reaffirming full year guidance projecting growth in the ready-to-eat/food-to-go market, which is the fastest growing category of U.K. grocery store sales. We believe investors unfairly penalized Greencore on broader market news that was not applicable.

Energy sector results varied. Marathon Petroleum was one of the top 10 contributors to global portfolio performance, after reporting strong second quarter results at the end of July that buoyed its share price. Tullow Oil was among the greatest detractor, after announcing a $95 million loss for the first six months of 2014 following more than $400 million in write-offs for exploration costs. However, the company's oil fields already in production have an estimated worth of about $7.6 billion, and the future looks promising with new projects in Ghana and Kenya. Tullow and its Kenyan exploration partner, Africa Oil, recently discovered 600 million barrels of oil in the South Lokichar Basin.

Declines in the industrials sector could be attributed to general economic weakness, lower industrial capital equipment spending and volatile geopolitics. Konecranes issued subpar results, with lower year-on-year sales and orders, pointing to diminished demand for heavy-duty cranes and hoists, especially in process industries. The prolongation of the Ukraine crisis and stagnation in Finnish construction negatively impacted YIT's stock price. YIT lowered guidance for 2014, projecting revenue will grow to 0-5% while keeping its operating margin outlook unchanged at 7.5-8%. Since the spin-off from YIT, Caverion Corp. has encountered a number of loss-making legacy projects in Norway and Denmark. The company is making strides to complete these contracts quickly, making room for new bookings with profitability. General Dynamics was the only positive performer in the sector, as the company capitalized on three business trends: 1) its Gulfstream business jet sales reached pre-recession levels, with a strong order book; 2) it received a $300 million contract from the U.S. Navy to build nuclear submarines (with the prospect for orders of more than $1.5 billion) and 3) it signed a $5.7 billion deal with the British government for new armored fighting vehicles. In a world of continued geopolitical turmoil, General Dynamics' defense business has been an effective hedger and performer.

In consumer discretionary, Carter's Inc. had double digit gains after posting strong second quarter results and raising its 2014 guidance. The company is benefitting from falling cotton prices due to bumper U.S. harvests and increased demand for apparel, resulting in healthy same store sales and new store openings. By contrast, French market research services provider Ipsos dropped after reporting 6-month operating profit fell 20% year-on-year. Duni declined during the quarter, even though the company reported strong second quarter results, with good organic growth and the seamless integration of recently acquired the German company Paper+Design. One new buy in the sector was Hong Kong-listed Rexlot, an established operator in the fast-growing Chinese lottery development and distribution market.

Georgia-based banks, Ameris Bancorp and Colony Bankcorp, along with Norway's DNB Bank, were positive contributors to the financial sector results. Colony's second quarter earnings per share more than doubled year-on-year, driven by a reduction in loan loss provisions, and an increase in net interest income and non-interest income. DNB was up slightly for the quarter, benefitting from improving margins in mortgages and lending. During the quarter, the global portfolio initiated a position in Sberbank, the largest bank in Russia with a 45% market share. The conservatively-managed bank is driven entirely by deposit funding and loans, making it one of the country's most resilient financial institutions. Polaris' valuation profile of Sberbank compensates for the geopolitical risks present in Russia. We bought a partial position, anticipating further negative events that may make the stock even more attractive on a valuation level.

Commodity prices declined in the third quarter, impacting materials companies dealing in iron ore, chemicals and metals. Higher geopolitical risk and lower energy prices caused contraction at BASF, where nearly half of its energy business as well as its energy sourcing are Russian-based. One bright spot in the sector was Methanex, which was the third largest individual contributor to overall performance this quarter. Methanex saw its stock price rebound from June quarter lows, while simultaneously benefitting from stabilizing methanol prices.

The following table shows the asset allocation for a representative global equity composite portfolio as of September 30, 2014.

	MSCI World Index	Portfolio Weight	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecom. Services	Cash
N. America	*60.6%*	40.5%	2.8%	2.7%	2.7%	1.6%	1.8%	1.1%	5.4%	11.8%	6.9%	3.5%	0.0%
Japan	*8.3%*	4.7%	0.0%	0.0%	0.7%	0.0%	0.0%	2.8%	0.0%	0.0%	0.0%	1.2%	0.0%
Other Asia	*4.8%*	6.5%	1.0%	1.1%	1.1%	0.0%	0.4%	0.0%	0.0%	0.0%	2.8%	0.0%	0.0%
Europe & Middle East	*23.9%*	34.1%	2.1%	0.0%	9.2%	1.9%	8.7%	1.4%	3.3%	4.1%	0.9%	2.6%	0.0%
Scandinavia	*2.5%*	12.3%	0.0%	0.0%	1.5%	3.9%	1.0%	0.0%	0.0%	5.9%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	1.3%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%
Portfolio Totals		100.0%	7.1%	3.8%	15.3%	7.4%	12.0%	5.3%	8.7%	21.8%	10.7%	7.4%	0.6%

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

After global markets experienced stellar results in 2013, we lowered expectations for 2014 projecting single digit total returns for stocks. That outlook has proven accurate year to date. We are still facing global market volatility, with the U.S. as a modest growth driver offset by weakness in emerging markets and some European economies. There are signs of recovery in some previously hard-hit countries, including Spain, Portugal and Ireland, but it will take time for these regions to gain traction. In this environment, many foreign companies are reporting unimpressive but stable results, impacted by slack demand from emerging markets, worldwide geopolitical risks and currency devaluation. Importantly, the fundamentals of most of the global portfolio's holdings have not changed; our research continues to support investment in well-run companies with substantial free cash flow and conservative balance sheets. Between market declines and weak economic trends, many companies are undervalued, resulting in more prospects for investment. The research team has been actively pursuing these opportunities.

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.