POLARIS CAPITAL MANAGEMENT, LLC

121 High Street
Boston, Massachusetts 02110
Telephone (617) 951-1365
polariscapital.com

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**.

***

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**

***

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

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

POLARIS CAPITAL MANAGEMENT, LLC
125 Summer Street, 14th Floor – Boston, MA 02110
617-951-1365 or info@polariscapital.com

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

	2009					Annualized as of December 31, 2009				
	YTD	QIV	QIII	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
Polaris Capital Global Equity Composite gross	40.68%	1.08%	22.75%	28.88%	-12.02%	40.68%	-8.92%	1.47%	7.58%	11.61%
Polaris Capital Global Equity Composite net	39.82%	0.92%	22.57%	28.69%	-12.17%	39.82%	-9.51%	0.75%	6.70%	10.63%
MSCI World Index, gross dividends reinvested	30.79%	4.18%	17.57%	21.05%	-11.78%	30.79%	-5.09%	2.57%	0.23%	6.50%

Past performance is not indicative of future results.

The year 2009 marked the end of the first decade of the new millennium. It was an inauspicious start as 2000-2009 was the worst decade since 1900 (110 years) for U.S. equities and the second worst for global equities. With annualized returns of 7.58% during the decade, the Polaris Capital Management Global Composite (gross of fees) outperformed the 0.23% annualized return for the MSCI World Index. Polaris' success may be credited to strong bottom-up stock picking, as our research identified fundamentally-strong industrials, materials, energy and other companies that not only weathered difficult operating conditions, but thrived by addressing demands from emerging markets.

FOURTH QUARTER 2009 PERFORMANCE ANALYSIS

Detracting from strong annual performance, the global composite's fourth quarter return of 1.08% (gross of fees) trailed the MSCI World Index, which advanced 4.18%. Fourth quarter underperformance was attributable to lackluster financial and consumer discretionary stocks. However, the portfolios achieved healthy contributions from industrials and materials companies.

During the fourth quarter, portfolios were bolstered by materials, healthcare, industrials and energy holdings. Smurfit Kappa Group, the Irish producer of cardboard boxes, remained one of the most undervalued materials companies in our portfolios. The slow improvement in economic conditions highlighted the company's business model as having less downside risk and more upside potential. Metals companies experienced strong growth, mainly due to demand for raw materials in China. In fact, the supply/demand situation in many commodities remains tight due to emerging country growth and development.

Industrial holdings with strong order books and service business components performed well. Such holdings included Kone OYJ, Andritz AG and Ametek Inc. Repair and service activities typically provide stable margins and sustainable cash flow even in the worst of economic conditions; this helped several of the portfolios' companies in 2009. Meetings with various companies' managers indicated that third quarter 2009 results appeared to mark the bottom of the economic cycle; many industrial companies expected fourth quarter business to improve. Camillo Eitzen & Co., an international shipping company, experienced an 88% stock boost on news of a buyout offer from an Indonesian company.

Defined as a "defensive sector", the portfolios' healthcare stocks outperformed the sector benchmark with all but one holding posting double-digit returns. The sector profited from a relief rally as it became clear that the government-proposed health insurance program was less threatening to the portfolios' healthcare insurance holdings.

In energy, France's Technip SA continued to benefit from news of a Saudi Arabian refinery order. The decline in construction costs is motivating some national and private oil companies to renew exploration and development work, which may bode well for energy holdings.

The two main deterrents to better performance were financial and consumer discretionary stocks. The portfolios' smaller U.S. bank holdings (unfettered from subprime problems) have not recovered on scale with financial institutions that survived due to government intervention. Portfolios experienced mixed results among U.S. regional banks, with some in Texas and Oklahoma emerging as strong performers, while others in

Georgia languished. We believe that fundamentally-strong smaller banks will experience a more robust rebound in 2010. We are already seeing signs of recovery, as healthier banks are emerging as strong performers, ranging from Astoria and International Bancshares in the U.S. to Svenska Handelsbanken, a Swedish bank that resisted overly aggressive lending policies and is now usurping market share from competitors. Ameris Bancorp rebounded from previous lows, posting a relatively strong return as it acquired two banks in FDIC-assisted deals. Virtually all U.S. banks in the portfolios may participate in FDIC assisted deals – a potential boon for the acquiring banks.

Bank of Ireland, a strong performer throughout the year, retrenched in the fourth quarter, due to uncertainty surrounding the company's participation in a government sponsored bailout plan. In the U.K., Lloyds TSB Group issued a rights offering to raise capital, which had a negative impact on its stock price during the offering period. Lloyds successfully completed the £13.5 billion rights issue in mid-December, using the proceeds to increase its capital base and to effectively keep the U.K. government from taking a controlling stake.

In the consumer discretionary sector, Barratt Developments issued a £720 million rights offering in September. The U.K.'s second-biggest homebuilder is seeking the money to cut its debt and take advantage of cut-price land deals. This action depressed the company's stock price in the short-term. Other U.K. homebuilders were affected by Barratt's announcement, contributing to a decline among all U.K. homebuilders. In positive territory, Duni AB and Autoliv Inc. produced double-digit returns, as both offer good values with improving fundamentals.

CALENDAR YEAR 2009 PERFORMANCE ANALYSIS

For the year ended December 31, 2009, the Polaris Capital Management Global Composite (gross of fees) returned 40.68%, outperforming the MSCI World Index, which returned 30.79%. Avoiding the pitfalls of investor panic and the drive to conservative investments, we carefully analyzed our portfolios by selling challenged companies in favor of long-standing fundamentally strong holdings. Maintaining our strict value strategy allowed us to execute purchases in a volatile first quarter 2009, many of which thrived by year-end.

Two examples of this purchase strategy were Novartis and Infosys Technologies. Novartis is a successful Swiss pharmaceutical and healthcare products company with a franchise in cardiovascular and oncology drugs. A high percentage of recent sales are from drugs developed in the past two years, and the influence of the faster growing emerging markets is having a favorable influence on results. Selling at an unusually low price to maintenance cash flow multiple, the addition of Novartis added substantially to the diversification of the portfolios.

Infosys is an Indian company that is a well known leader in global information technology solutions. Essentially a provider of outsourced IT services to hundreds of companies both large and small throughout the world, its IT services deal with the entire range of issues that confront large companies: conception, design, development, engineering, maintenance, integration and operation. The company has enjoyed a fast rate of earnings and cash flow growth, but the worldwide economic crisis temporarily depressed revenue and earnings. An accompanying stock price decline provided an excellent opportunity to invest in a company likely to benefit from the resumption of growth expected in 2010 and beyond.

We continue to cultivate diversified portfolios that may withstand volatility. For the year ended December 31, 2009, positive returns were broad-based, with sector benchmark outperformance in industrials, materials, consumer discretionary, consumer staples, energy, healthcare and IT.

In the materials sector, portfolios profited from their investments in commodities (copper, coal, iron ore), which have experienced a tighter supply/demand balance, partially due to increased demand from emerging markets. Stimulus packages in Asia and the U.S. fueled infrastructure activity in both regions, clearly benefitting holdings in CRH and other building supplies. Chemical companies, such as BASF, proved to be strong performers as demand renewed somewhat unexpectedly due to large scale production cutbacks in the industry.

Stimulus packages also provided a boon for industrials involved in infrastructure, such as CRH, YIT OYJ, Kone OYJ and Trevi Finanziaria. Trevi Finanziaria won large dam repair contracts in the U.S. In addition, service-based industrial businesses proved resilient, retaining stable margins and sustainable free cash flows. U.S.-based Mac-Gray Corporation saw its stock price appreciate during the year, rebounding after the company's annual meeting and conclusion of a proxy contest. Overall, industrials were the largest contributor to outperformance for the year.

Within consumer discretionary, U.K. homebuilders proved nimble in production schedules and reduced supply, which resulted in firmer U.K. housing prices. Additionally, many of these companies reinforced their financial strength to prepare for the resumption of the growth expected in the U.K. housing sector. Interestingly, the U.S. is in a multi-year correction process, but it has taken less than one year for the U.K. housing market to correct. Three of four U.K. homebuilders in the portfolios more than doubled in value during the year, rebounding from large declines in 2008.

When investors ignored consumer staples stocks in favor of cyclical companies in 2009, we saw the opportunity to buy good brand names with stable cash flows at exceptionally good values. Top names on our “watch list”, such as The J.M. Smucker Company and Heinz, were purchased in early 2009.

Financials detracted from even better performance, as smaller U.S. banks, not plagued by the mortgage crisis, fell in sympathy with the larger industry trends. We expect U.S. banks to be a source of outperformance based on bank valuations, after adjustment for normalized insurance premiums, repayment of high-cost TARP (Troubled Asset Relief Program) funding and post-peak loan losses. As the portfolios’ holdings in industrials and materials companies have outperformed anticipating economic recovery, it is our belief that bank shares will experience normalized fundamentals long before they appear in reported results.

Defensive holdings, namely telecommunications and utilities, proved to be low risk stocks that buffered market volatility in 2008. In 2009, however, investors began selling these off to take more risk in other sectors. Consequently, the portfolios’ holdings in these sectors were negatively impacted. We will continue to opportunistically identify undervalued defensive names that offer diversification, reduced cyclical exposure and potentially strong returns over the long-term.

YEAR END 2009 ASSET ALLOCATION

During the calendar year 2009, we trimmed holdings in financials, materials and industrials, where analysis revealed deterioration in fundamentals in relation to evolving market dynamics. The shares of geographically diverse banks in Spain and Ireland were liquidated as we remained concerned about worsening economic conditions in both regions. Additional sell decisions were executed throughout the year, as we identified companies expected to be challenged going forward, and we retained companies that suffered short-term cash flow reductions, but which have strong long-term fundamentals. Cash proceeds were allocated to new investment ideas and increased weightings in portfolio areas with strong growth potential.

We invested in three new financials, including an Indian bank, State Bank of India, a Swedish bank, Svenska Handelsbanken and one eastern U.S. institution, Univest Pennsylvania. In the materials sector, we added a German flavor and fragrance producer, Symrise, which sells product to food processors, cosmetics and other consumer staples companies. Within industrials, a fourth quarter investment was made in the third largest chemical transportation company in the world based on number of vessels. The company was previously affected by reduced chemical demand and a new-build commitment that had to be renegotiated. The company sought new funds to bolster its cash reserves and we bought shares at an opportune price. The shares advanced 47% since its discounted offering price on November 27th. We also made initial investments in an Indian information technology company, Infosys Systems, and two consumer staples companies.

We continue to see better values overseas; consequently, the portfolios remained underweight in North America relative to the World Index. The portfolios’ Scandinavian and European holdings were weighted greater than the benchmark.

The following table shows the asset allocation at December 31, 2009 for a representative global portfolio.

	World Market Weighting	Portfolio Weighting	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Information Technology	Telecom. Services	Other	Cash
N. America	*53.04%*	32.52%	1.26%	2.18%	3.37%	6.72%	0.00%	3.07%	5.31%	9.61%	0.00%	0.99%	0.00%	0.00%
Japan	*9.71%*	7.36%	0.00%	1.57%	0.67%	1.43%	0.30%	2.40%	0.00%	0.00%	0.00%	0.98%	0.00%	0.00%
Other Asia	*5.80%*	8.59%	1.73%	0.00%	2.19%	0.00%	0.00%	0.00%	0.00%	1.62%	2.10%	0.95%	0.00%	0.00%
Europe	*28.95%*	35.45%	2.36%	0.00%	9.57%	5.58%	10.51%	2.14%	1.41%	3.87%	0.00%	0.00%	0.00%	0.00%
Scandinavia	*2.50%*	13.76%	0.00%	0.00%	0.00%	6.88%	2.66%	0.00%	0.00%	4.22%	0.00%	0.00%	0.00%	0.00%
Africa & S. America	*0.00%*	2.32%	1.66%	0.00%	0.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	*0.00%*	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%
Industry Totals		100.00%	7.01%	3.75%	16.46%	20.62%	13.48%	7.61%	6.73%	19.33%	2.10%	2.93%	0.00%	-0.01%
Market Weighting	*100.00%*		*10.93%*	*4.61%*	*7.52%*	*10.43%*	*9.34%*	*10.16%*	*10.07%*	*20.59%*	*11.96%*	*4.41%*	*0.00%*	*0.00%*

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

Recent discussions with portfolio companies indicate that the economic recovery is mixed, with industrials and materials experiencing slow growth in North America and Europe and moderate growth in Asia and Latin America. Late-stage companies still do see growth for several years. Until the recovery extends to more industries and markets and unemployment is reduced, we expect historically aggressive monetary and fiscal stimulus by central banks and governments around the world to continue. If massive government borrowing creates future inflation, the portfolios' holdings in real assets (such as materials and industrials) should provide a hedge. However, we do not claim an ability to accurately forecast macro-economic trends, preferring our long-standing commitment to bottom-up stock picking.

Current bottom-up analysis indicates that many companies are returning to more normalized valuation levels. As fair valuations return, our research team will dig deep to unearth undervalued companies across sectors and countries. We continue to identify a mix of companies poised to benefit from the general market recovery. Undervalued opportunities are pinpointed on a case-by-case basis.

As uncertainty and volatility remain in the global market, we have worked diligently to design sector and country diversified portfolios, with companies that are likely to continue to generate strong cash flows in various macro-economic environments.

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.