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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

	2019					Annualized as of December 31, 2019				
	YTD	QIV	QIII	QII	QI	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	Since 9/30/1984
Polaris Global Equity Composite gross	**23.40%**	**9.20%**	**-0.86%**	**3.21%**	**10.44%**	**23.40%**	**9.98%**	**8.88%**	**11.20%**	**12.21%**
Polaris Global Equity Composite net	**22.81%**	**9.06%**	**-0.98%**	**3.09%**	**10.31%**	**22.81%**	**9.43%**	**8.36%**	**10.64%**	**11.34%**
MSCI World Index, gross dividends reinvested	28.40%	8.68%	0.66%	4.20%	12.65%	28.40%	13.20%	9.35%	10.08%	10.05%

Q4 2019 composite returns are preliminary. Past performance is not indicative of future results.

Global equity markets ended the year on a bullish note, with the MSCI World Index up 8.68% in the fourth quarter of 2019. The Polaris Global Equity Composite returned 9.20%; outperformance was largely due to U.K. market gains. This was a welcome reversal from the past few years, when overweight positions in the U.K. and other European countries paled in comparison to robust returns in the United States, where the global portfolio is underweight.

In October, the U.K. and European Union reached an agreement on the conditions of the U.K.'s departure from the EU (BREXIT). Then in December, U.K. Prime Minister Boris Johnson won the general election in a resounding victory; years of BREXIT uncertainty gave way to inevitability. A revaluation of British stocks followed, as investors renewed interest in fundamentally strong companies. Stock prices of U.K.-based Bellway PLC, Taylor Wimpey PLC, Babcock International Group, Next PLC and Mondi PLC rose in excess of 20% for the quarter. Holdings in Sweden, Ireland, Colombia, Finland and Belgium also had double-digit gains. The portfolio's sole holding in India, Infosys Ltd., declined on whistleblower claims.

Cyclical sectors drove performance: financials, consumer discretionary, industrials and materials added measurably. Detractors were relegated to information technology and communication services where sector returns were positive but lagged the benchmark. Strength in most foreign currencies relative to the United States Dollar helped during the quarter.

FOURTH QUARTER 2019 PERFORMANCE ANALYSIS

Financials contributed most to portfolio performance due to a substantial overweight relative to the benchmark. JPMorgan Chase & Co. announced outsized quarterly earnings, with third-quarter profits up 8% and record revenue on the strength of its consumer lending and corporate investment banking divisions. German reinsurer, Munich Re, posted good results despite some catastrophe losses. At Hannover Re's capital markets day, the reinsurer emphasized its cost leadership and explained investment portfolio risk mitigation in a low interest rate environment. Bancolombia SA moved higher on steady net interest income, good cost control, low credit costs and expanding non-interest income. Conversely, Franklin Resources, Inc. declined on net asset outflows and lackluster performance due to Argentinian bond market exposure. Yet, Franklin achieved decent earnings, reporting higher income on lower expenses and taxes. Chubb Ltd.'s net income decreased due to realized losses in its variable annuity portfolio and a flat combined ratio; otherwise, the Swiss property and casualty insurer's net premiums and underwriting income increased.

U.K. stocks dominated the consumer discretionary sector. At a granular level, retailer Next reported strong online sales and growth in overseas business, guiding up for January 2020 ended sales. Homebuilder Taylor Wimpey released a solid trading update after reporting slightly higher volumes in home sales albeit slightly lower operating margins. In the U.S., Carter's Inc. advanced after third quarter earnings. Although the children's apparel manufacturer wrote down its investment in Skip Hop, which lost key customer Toys "R" Us, the underlying sales, earnings, and margins all increased.

In industrials, Babcock International had a tangential bump after the U.K. elections, but rose markedly on earnings news. Babcock confirmed full year guidance, pointing to a strong order book that included a new $1.6 billion ship building contract with the U.K. Ministry of Defense. SKF AB's third quarter results were lackluster, but the market lauded the company's resilience when compared to other bearings/seal manufacturing competitors. U.S.-based WESCO International gained more than 20%, after bidding to acquire rival wholesale distributor Anixter.

Rallies from two managed care organizations boosted the health care sector. UnitedHealth Group (UNH) was the single best contributor in the portfolio, up 35% for the quarter, after releasing conservative but robust 2020 guidance. In December, UNH's OptumRx announced a $304 million cash acquisition of Diplomat, a specialty pharmacy/home infusion service. Despite a higher medical loss ratio, Anthem Inc.'s Medicaid business improved, medical enrollment increased and SG&A expenses declined.

Within the consumer staples sector, Greencore Group gained ~25% while JM Smucker and Asahi Group lagged. Greencore hosted a capital markets day in September, where management boasted of new customer wins while managing its acquisition of salad/snacking manufacturer, Freshtime UK. Conversely, Asahi declined after reporting lower fiscal year sales and profits due to unfavorable foreign exchange and slowing domestic liquor and soft drinks business. Questions surrounded Asahi's acquisition of Australia's Carlton & United Breweries; regulators raised objections to the deal due to monopoly concerns in the Australian cider/beer market. Double-digit returns from Microsoft Corp, Western Union, Samsung Electronics and SK Hynix offset modest losses from Infosys and Avnet Inc. Western Union continued to trade positively after the company announced cost-cutting measures. Samsung gained on expectations that the highly-cyclical semiconductor market will ramp up again in 2020, especially in DRAM and NAND. Indian-based Infosys declined as whistleblowers accused the CEO and other executives of unethical practices to boost revenue and profits in the short-term. Management denied these claims, welcoming an independent audit. The stock price of Avnet, Inc. dropped after Texas Instruments (TI) announced it will end its relationship with Avnet in December 2020; TI accounted for 10% of Avnet's sales.

With the vast majority of portfolio holdings in absolute positive territory, the negative outliers were few and far between. French advertising company, Publicis; German telecom, Deutsche Telekom; and South Korean tobacco manufacturer, KT&G, declined. Publicis reported weak organic growth and implied flat to negative organic growth for 2020. The advertising agency, which struggled with client attrition, acquired Epsilon in an attempt to improve its product offerings. Deutsche Telekom cut its dividend for 2019 to preempt uncertainty over the outcome of its stalled U.S. mega-merger (DT's T-Mobile and Sprint) and to cover the heavy costs of building 5G networks. KT&G Corp.'s operating profits fell in the third quarter amid waning sales of e-cigarettes due to health hazard concerns.

Table reflects sector/regional allocation for a representative global equity portfolio as of December 31, 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	*66.7%*	38.4%	1.4%	3.2%	1.1%	2.4%	3.2%	2.5%	6.2%	11.7%	5.4%	1.3%	0.0%	0.0%
Japan	*8.2%*	5.4%	0.0%	1.0%	0.5%	0.0%	0.0%	1.3%	0.0%	1.3%	0.0%	1.3%	0.0%	0.0%
Other Asia	*3.9%*	11.8%	0.0%	0.0%	1.4%	0.0%	2.0%	0.6%	0.0%	3.5%	3.6%	0.8%	0.0%	0.0%
Europe	*19.2%*	31.8%	0.0%	0.0%	7.9%	4.9%	7.1%	1.1%	1.3%	5.7%	0.0%	3.8%	0.0%	0.0%
Scandinavia	*2.0%*	9.3%	0.0%	0.0%	1.2%	3.9%	0.4%	0.0%	0.0%	3.8%	0.0%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%
Portfolio Totals		100.0%	1.4%	4.2%	12.0%	11.1%	12.7%	5.4%	7.5%	27.4%	8.9%	7.3%	0.0%	1.9%
MSCI World Weight	*100.0%*		*4.9%*	*3.4%*	*4.4%*	*11.0%*	*10.3%*	*8.3%*	*13.0%*	*15.7%*	*17.4%*	*8.4%*	*3.2%*	*0.0%*

Table may not cross foot due to rounding.

2019: YEAR IN REVIEW

Global markets closed the decade on a bullish note, with fourth-quarter gains marking a year of unexpected strength given the considerable trade headwinds faced. Yet, the combination of low interest rates, continued resilience of the U.S. consumer, and strong election results in the U.K. fueled higher equity prices. The growth vs. value disparity loomed large, with the MSCI World Growth Index up 34.14% vs. 22.74% for the MSCI World Value Index in calendar year 2019. However, that trend may be at an end if the WeWork IPO was any indication. In September, the IPO was valued at close to $40 billion; by the time it was cancelled, the valuation dropped to $8 billion. Public markets were unwilling to support the heated venture-capitalist valuations.

Since that time, growth momentum started to slow. Whether this was the turning point in an unusually long growth/value cycle has yet to be determined, but we welcomed more valuation-based investment behavior.

We achieved outperformance in the fourth quarter, but lagged the MSCI World benchmark in the prior three quarters. Much of this was attributable to the portfolio underweight in the U.S. market, which continued to outpace most non-U.S. markets. We were overweight and outperformed in the vast majority of other countries, including European developed regions of the U.K., Germany, Sweden, Norway, Ireland and Finland. At the sector level, contributions came from financials, consumer discretionary, information technology and industrials, keeping trend with cyclicals that typically do well in a high-growth economy. Communications services and energy lagged; we were underweight these sectors.

The longest-running bull market in history celebrated its 10-year anniversary in 2019. Although such market dynamics do not typically favor disciplined value managers, we were gratified to outperform the MSCI World Index for the 10-year period. The Polaris Global Equity Composite was up 11.20% vs. 10.08% for the Index over the period. Disciplined stock picking, focusing on attractively priced companies with good free cash flow, stands at the core of this long-term success.

INVESTMENT ENVIRONMENT AND STRATEGY

Competing trends continue to muddle the direction of the global economy. Industrial production figures are slowing down, which indicates that industrials and similarly-positioned sectors (like materials and construction) could get weaker. Yet the service sectors, which comprise up to 75% of gross domestic product in many countries, show considerable strength. Corporate capital spending has slowed, as companies are wary of on-going U.S.-China trade frictions and weak bellwether industry metrics like industrial production and trade flow data. Yet retail spending has continued unabated, with consumers seemingly unfazed by the trade tensions. With no clear trajectory, markets may experience volatility in coming quarters, and we will capitalize on downturns to purchase watch list stocks.

As we enter a new decade, we are excited about the changes in technology, advances in healthcare, continued emerging market growth, and all the opportunities and disruptions that will ensue. We are also mindful of the headwinds we may face: excessive deficit spending, geopolitical upheaval, potential asset bubbles and liquidity crises to name a few. At Polaris, we remain committed to our value discipline and believe that buying good companies at attractive valuations continues to be a prudent strategy for the decades.

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. One cannot invest directly in an index. 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.