POLARIS
CAPITAL MANAGEMENT, LLC

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INTERNATIONAL EQUITY COMPOSITE COMMENTARY

	2025			Annualized as of June 30, 2025				
	YTD	**QII**	**QI**	**1 Yr**	**3 Yrs**	**5 Yrs**	**10 Yrs**	**Since 6/30/1984**
Polaris Intl. Equity Composite (net of fees)	**18.82%**	**12.40%**	**5.72%**	**14.72%**	**14.74%**	**11.90%**	**6.06%**	**10.15%**
Polaris Intl. Equity Composite (gross of fees)	**19.13%**	**12.55%**	**5.85%**	**15.30%**	**15.31%**	**12.46%**	**6.61%**	**10.95%**
MSCI EAFE Index, gross dividends reinvested	19.92%	12.07%	7.01%	18.33%	16.55%	11.71%	7.03%	8.90%

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

Global markets delivered strong gains in the second quarter, with U.S. equities leading the charge after a relatively tame first quarter. The primary catalysts were geopolitical in nature, as evidenced by the de-escalation of tariffs between the U.S. and China, while progress in U.S.-European Union trade talks reduced recession concerns. The June ceasefire between Iran and Israel further fed into the rally, as did expectations for interest rate cuts. The Polaris International Equity Composite gained 12.40% (net of fees), outperforming the MSCI EAFE Index that returned 12.07%.

SECOND QUARTER 2025 PERFORMANCE ANALYSIS

Outperformance in industrials, consumer discretionary, information technology and materials was tempered by modest losses in health care, mainly regarding two biopharma companies that had drug pipeline setbacks.

At the country level, the portfolio outperformed in the United Kingdom, Norway, Sweden and Belgium along with double-digit gains in off-benchmark locales including South Korea, Canada, Taiwan, Chile and Puerto Rico. Of particular note: South Korea's presidential election resulted in a long-awaited leadership change, with the new administration delivering pro-market legislative reforms aimed at eliminating the country's "valuation discount." As a result, the KOSPI Composite Index rose 23.80% during the quarter; Polaris' South Korean portfolio holdings rose even higher during the period. Holdings in Switzerland, China and Thailand ended up in negative territory.

International Consolidated Airlines Group was the top contributor in industrials, up more than 40% after a posting strong first quarter 2025 revenues and operating profits, cost efficiencies and lower fuel prices. Similarly, LATAM Airlines reported record first-quarter profits, driven by strong demand, disciplined cost management and robust cargo performance. Airport concessioner Vinci rose on a faster-than-expected recovery in European airport traffic—now above 95 percent of 2019 levels—and a record $84 billion construction order book that solidified multi-year revenue visibility. It appears that international airlines and lateral services are capitalizing on the travel trend away from the U.S. Elsewhere in industrials, Japanese trading house Marubeni Corp. reported good earnings and stable guidance, while diversifying with the addition of a pharma platform. The company also announced a significant share buyback program, signaling management's confidence in Marubeni's value and commitment to shareholder returns.

The top-weighted financial sector benefitted from a geographically-diverse set of holdings. South Korea's Shinhan Financial was up more than 40% for the quarter following strong quarterly results, with rising net income and better-than-expected earnings per share. The company embraced South Korea's Value-Up Plan, which targets higher return-on-equity and enhanced shareholder returns. Puerto Rico based Popular Inc. and Taiwan's Chailease Holding Co. added to gains.

In consumer discretionary, Canadian Tire was up more than 30% after reporting strong first-quarter results (retail revenue growth with a "buy Canadian" mantra) and business developments (selling Helly Hanson and acquiring Hudson Bay). Investors applauded Canadian Tire's transformative "True North" growth strategy — which includes new store concepts, Triangle Rewards partnerships, and organizational restructuring. U.K.-based NEXT PLC cited strong online sales both domestically and internationally (seeking to become an Amazon-like marketplace), highlighting demand for warm-weather apparel. South Korean auto maker, Kia Corp., gained on continued SUV momentum and rollout of new electric vehicle models.

SK Hynix Inc. was the top overall portfolio contributor, capitalizing on its leadership in high-bandwidth memory (HBM) chips and disciplined DRAM supply. The South Korean semiconductor supplier had record-breaking first-quarter results, highlighted by a 323% year-over-year surge in net profit and an operating margin of 42%. Samsung Electronics, while trailing SK Hynix in HBM technology, also benefited from DRAM price strength, HBM3E supply to non-Nvidia customers, and attractive valuation.

The de-escalation of U.S.- Chinese tariffs boosted confidence in cyclical sectors like materials, which are sensitive to global trade and economic growth. Lundin Mining had robust first-quarter results, attributable to firm prices for copper and gold. The company reiterated its commitment to copper production expansion, low production costs, and strong shareholder returns. Yara International cited favorable supply-demand metrics (less competition as Chinese/Iran fertilizer exports dwindled) boosting fertilizer prices. Conversely, Methanex Corp. and Smurfit Westrock had another quarter of unremarkable results. Canadian methanol producer Methanex was still reeling from the unplanned outage in its Geismar 3 plant that will impact quarterly results. Smurfit was weighed down by lower box volumes as economic activity remains muted.

Consumer staples were middle of the pack, as Greencore Group was among the top 10 contributors, offset by Nomad Foods and Barry Callebaut, which languished in the bottom 10. U.K.-based Greencore advanced as ingredient and packaging inflation eased, lifting operating margins. The company announced two long-term sandwich and salad contracts with major U.K. grocers, while also making a bid for Bakkavor. With cocoa prices reaching record levels, chocolatier Barry Callebaut struggled to rein in rising costs coupled with overall volume declines. Nomad Foods declined following a downward revision of full-year guidance, citing greater-than-expected retailer destocking and higher input costs.

Health care holdings detracted most from portfolio performance. Jazz Pharmaceuticals reported a first quarter 2025 earnings and revenue miss. Sanofi disappointed as news hit on May 30th that its COPD pipeline drug succeeded in one Phase 3 trial, but failed in a second, throwing FDA approval timeline into doubt.

Widespread volatility presented ample opportunity to enhance the risk/return profile of our portfolio; as such we exited four companies and added five new names. We liquidated our positions in flatexDEGIRO, Tisco Financial, OpenText Corp and LG Electronics. We bought coffee conglomerate JDE Peets NV at an attractive valuation, mispriced due to market concerns over pricing/volume. We purchased Bankinter SA, a top European bank with an affluent customer base, strong fee income and careful cost efficiencies. Utilities company Endesa SA was added to reach an attractive Spanish economy; long-term electricity demand is on the rise on the back of a green energy transition and AI developments. Mitsubishi UFJ Financial was another new buy, offering stable recurring income and long-term growth potential amidst rising interest rates in Japan. Robust free cash flow and a favorable capital allocation policy strengthened the case to add Capgemini to the portfolio, underpinned by strong capabilities in AI, cloud and consulting services.

The following table reflects the sector and regional allocation for the Polaris International Equity Composite as of June 30, 2025.

	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%*	9.4%	0.0%	0.0%	3.4%	0.0%	3.8%	0.0%	0.0%	2.2%	0.0%	0.0%	0.0%	0.0%
Japan	*21.8%*	14.4%	0.0%	0.0%	0.5%	4.0%	2.0%	0.0%	2.0%	3.8%	0.3%	1.8%	0.0%	0.0%
Other Asia	*10.8%*	15.3%	0.0%	0.0%	0.0%	0.0%	4.2%	0.0%	0.0%	6.1%	5.1%	0.0%	0.0%	0.0%
Europe	*59.8%*	48.2%	3.7%	1.9%	4.8%	7.9%	6.3%	6.8%	5.2%	4.9%	2.1%	4.6%	0.0%	0.0%
Scandinavia	*7.6%*	9.8%	0.0%	0.0%	2.0%	3.3%	0.5%	0.0%	0.0%	4.0%	0.0%	0.0%	0.0%	0.0%
Africa & South America	*0.0%*	1.4%	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	*0.0%*	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%
Portfolio Totals		100.0%	3.7%	1.9%	10.8%	16.5%	16.8%	6.8%	7.2%	21.1%	7.5%	6.5%	0.0%	1.4%
MSCI EAFE Weight	*100.0%*		*3.2%*	*3.5%*	*5.6%*	*19.0%*	*9.8%*	*8.0%*	*11.3%*	*23.8%*	*8.5%*	*5.5%*	*1.9%*	*0.0%*

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

Tariff concerns, rising U.S. debt levels, and slower growth projections are pushing investors toward attractive options in Europe and emerging markets. In fact, U.S. equity funds recorded net outflows of $24.7 billion in May 2025 according to a June 11th *Reuters* article, with capital redirected to European funds and select emerging markets.

Investors are finally jumping on a trend we have long heralded; U.S. growth stocks and, in particular the "Magnificent 7", are overvalued and overweight in the indices, while the more cyclically-oriented international markets were generally ignored – but not by us. If the Mag 7 lose their luster, investors will continue to rotate to more diversified portfolios (via country, sector and market cap). The attraction is simple: European markets look relatively stable, with government stimulus spurring on domestic spending. EU GDP growth is unremarkable (in line with last year's numbers); however, this compares favorably to the downward trajectory expected of U.S. GDP per International Monetary Fund forecasts. We continue to carefully research companies in both developed and emerging markets, as valuations remain very compelling.

IMPORTANT INFORMATION: The Polaris International Equity Composite was established on April 1, 1995 with a performance inception date of June 30, 1984. Performance from the inception date through March 31, 1995 represents the portfolio track record established by Portfolio Manager Bernard Horn while affiliated with a prior firm. 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, gross dividends reinvested, 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. One cannot invest directly in an index.