POLARIS
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GLOBAL EQUITY COMPOSITE COMMENTARY

	2026			Annualized as of June 30, 2026				
	YTD	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since 9/30/1984
Polaris Global Equity Composite (net of fees)	**19.95%**	**13.26%**	**5.91%**	**34.81%**	**21.05%**	**11.06%**	**12.00%**	**11.41%**
Polaris Global Equity Composite (gross of fees)	**20.25%**	**13.40%**	**6.04%**	**35.49%**	**21.66%**	**11.61%**	**12.55%**	**12.22%**
MSCI World Index, gross dividends reinvested	9.94%	13.90%	-3.47%	21.81%	19.74%	11.97%	13.69%	10.63%

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

Global equities delivered a very strong second quarter, with the MSCI World Index posting double-digit gains over the three-month period. A modest pullback in June, driven mainly by profit-taking in U.S. mega-cap tech stocks and AI-linked semiconductor names, did little to detract from what remained an earnings-led, AI-powered rally. While U.S. and Asia-Pacific large caps lagged late in the quarter, regional leadership broadened out, with European markets outperforming in local currency terms.

During the quarter, a hawkish U.S. Federal Reserve held interest rates steady, in contrast to the European Central Bank and Bank of Japan, both of which raised rates — the ECB's first hike in nearly three years and the BoJ's move to its highest level since 1995 — to counter persistent inflationary pressures. Overall, interest rates are expected to remain “higher for longer”; this greater clarity on policy boosted global equity markets even as borrowing costs stayed elevated.

De-escalation signals in the Middle East pushed oil prices off their earlier peaks by quarter end, supporting a more stable macro backdrop even though the situation remained tenuous. Late in the quarter, a firmer U.S. dollar, together with renewed investor scrutiny of AI capital spending, coincided with a rotation away from high-growth technology names and into more defensive and income-oriented sectors. Against this backdrop, the Polaris Global Equity Composite was largely in line with the MSCI World Index, posting gains of 13.26% (net of fees) versus 13.90% for the benchmark. For the year-to-date period through June 30, 2026, the Composite is well ahead of the Index, returning 19.95% (net of fees) versus 9.94%.

Outsized IT gains (led by AI plays and memory chip suppliers) drove performance, followed by financials, healthcare, and industrials. Consumer staples and energy lagged, though energy beat the benchmark. From a country perspective, off-benchmark holdings in South Korea contributed most to gains, followed by notable outperformance in the United Kingdom, Ireland and a handful of other regions. China was the largest detractor, mainly due to investments in Alibaba Group Holding and Ping An Insurance Group. A few laggard stocks in Norway, Switzerland and the Netherlands also hampered results.

SECOND QUARTER 2026 PERFORMANCE ANALYSIS

In IT, an AI-driven upcycle in memory and related equipment drove much of the strength. SK hynix and Samsung Electronics were standout performers, riding demand for commodity and high-bandwidth memory (HBM) chips. SK hynix sold out its 2026 HBM capacity and joined the $1 trillion market-cap club; in June its shares surged after announcing plans to issue 17.79 million new Nasdaq ADRs, raising about $28–29 billion for expansion. Samsung hit record highs on 12-layer HBM4E sample distribution. MKS Inc. and Arrow Electronics also benefited, both posting strong results; Arrow authorized a $1 billion buyback, while MKS rallied on robust earnings and a pre-announced second-quarter beat, reaching our target and prompting an exit at a substantial profit. We added Adobe Inc., trading well below its 2021 peak, given its “sticky” professional user base and well-received Firefly integration into Photoshop and Illustrator. Fujifilm Holdings Corp. was another value opportunity, with the market underpricing its contract drug-manufacturing and semiconductor-materials businesses relative to its stable healthcare and imaging cash flows.

In financials, company-specific catalysts drove performance. Orix Corp. continued to deliver under its new CEO, selling Orix Bank to Daiwa Securities for ~$2.3 billion, funding a buyback and raising FY2027 profit guidance. It also generated gains via its OQCI Fund, along with a boost from its holding in Toshiba, which itself booked large gains selling down its stake in chipmaker Kioxia. Popular Inc. rose on higher earnings expectations and a more supportive local rate outlook, confident that an eventual easing in U.S./Puerto Rico rates would lower funding costs. By contrast, AIA Group was hampered by tighter scrutiny from Beijing on cross-border capital flows, including limits on mainland-customer account openings in Hong Kong. One new addition: UniCredit SpA was purchased, as we deemed it a strong Italian franchise with pan-European prospects after it acquired a stake in Commerzbank and launched an unsolicited ~$41 billion all-share takeover bid of the same.

The Composite markedly outperformed in health care, with five holdings posting double-digit gains. Lantheus Holdings Inc. advanced on multiple fronts — strong quarterly earnings, the FDA approval of PYLARIFY TruVu cementing its radiopharmaceutical diagnostics leadership, and intensified M&A interest via a potential $7 billion takeover bid from PE-backed Curium Pharma. CVS Health Corp. launched a comprehensive GLP-1 program in June 2026, combining lower-cost access, personalized pharmacist support, and tailored over-the-counter products to manage medication side effects. Investors broadly welcomed the strategy as a way to capture a meaningful share of the surging weight-loss market. Jazz Pharmaceuticals delivered strong topline growth, led by Zepzelca, and secured FDA priority review for Ziihera. We added Cytokinetics to our portfolio, a U.S. biopharma company with FDA approval for Myqorzo for hypertrophic cardiomyopathy; Myqorzo is seen as superior to Bristol Myers Squibb's Camzyos, offering better symptom relief with simpler dosing.

Among industrials, HD Hyundai Electric initially surged on power-equipment demand tied to AI data-center growth, then retreated on a shipment miss and paused expansion plans; we sold in June at a rich valuation, rotating into Astor Transformator Enerji, a Turkey-based transformer producer with a large backlog. Airlines gained on strong demand and fuel hedging, helped by lower oil prices following the U.S.–Iran interim deal. LATAM Airlines posted record net income and grew passenger and cargo volumes; International Airlines Group's operating profit increased year-on-year; Ryanair carried 61 million guests for the quarter, hit record June traffic, became debt-free and aimed to undercut competitors on price. DHL Group surprised positively with resilient express air-freight performance and cost savings. Marubeni Corp., a perennially strong Japanese trading house, lagged after weak guidance and rising costs, with pressure continuing on concerns over chemical-product shortages and cash-flow risk from its growth plans. Fellow Local Japanese competitor Itochu Corp. was also down. We exited Swedish ball-bearing manufacturer SKF AB, a long-term holding that reached multi-year highs following news of its pending industrial/automotive spin-off.

Consumer discretionary holdings landed in the middle of the pack, with Next PLC, Michelin and F&F Co. Ltd. posting double-digit gains. Next PLC rallied on a first-quarter trading beat and a profit upgrade that reinforced its standing as a UK retail bellwether. At the other end of the spectrum: Kia Corp. fell on South Korean market volatility and profit-taking, overshadowing record global sales. Alibaba Group Holding faced multiple headwinds, including a U.S. military blacklist designation, concern that its $1.5 billion bid for grocery-delivery firm Pupu would deepen exposure to low-margin price-war segments, and distillation allegations from Anthropic that could invite U.S. technology sanctions. Booking Holdings, a leading online travel platform, was added during the quarter. Middle East conflict headlines and an AI-related selloff dragged the stock down; this overreaction created an opportunistic entry point into a business we believe to be well positioned for long-term global travel growth.

Materials were also middling. Yara International weakened on falling fertilizer prices, an analyst downgrade, and its cancelled Louisiana Clean Energy Complex ammonia acquisition; investors expressed concern about capital allocation. Those concerns were unfounded as two days later (in early July), it agreed to buy a "better fit" ammonia facility in Texas City from Gulf Coast Ammonia for $1.3 billion, with the plant expected to reach full capacity by year-end. Eastman Chemical and Lundin Mining were also in negative territory. Daicel Corp. was sold after failing to deliver on growth capex. One sector bright spot: Smurfit Westrock rebounded after delisting from the London Stock Exchange, eliminating dual-regulatory costs and consolidating liquidity onto the New York Stock Exchange.

In consumer staples, idiosyncratic events pressured stocks. Barry Callebaut saw relief as cocoa prices cooled, but volumes remained weak and the new CEO lowered medium-term growth guidance, citing overcapacity and supply disruption. Irish convenience foods producer Greencore Group completed its acquisition of Bakkavor and reported a loss due to one-off integration costs, even though sales increased. Koninklijke Ahold Delhaize declined on CEO Frans Muller's retirement and margin pressure in U.S. banners (Stop & Shop, Food Lion, Giant), as price cuts by Walmart and Kroger forced a competitive response. Ingredion's results were pressured by production disruptions and a thermal event at its Argo facility, prompting a guidance cut, even as management pursued a $3.6 billion all-cash takeover of Tate & Lyle.

Holdings in the energy sector were down, but better than the benchmark. Brent crude traded near $100 per barrel through the spring as the Strait of Hormuz was partly closed by the Iran conflict, then eased by June as the U.S. and Iran agreed to interim shipping-lane terms. Despite the supportive oil backdrop, both ENI SpA and TotalEnergies finished the quarter lower, as investors focused on softer forward price expectations, lingering geopolitical and regulatory risks, and profit-taking after strong prior-period gains. ENI raised its buyback and accelerated offshore expansion in Ivory Coast with Vitol Group, while TotalEnergies increased its dividend and reported higher net income despite shut-in production in Qatar, Iraq and the UAE. These company-specific positives were not enough to offset broader sector headwinds.

The table reflects the sector and regional allocation for the Polaris Global Equity Composite as of June 30, 2026.

	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	*75.8%*	35.4%	2.7%	1.2%	1.6%	2.2%	2.0%	1.9%	10.4%	9.6%	2.7%	0.0%	1.0%	0.0%
Japan	*5.7%*	9.6%	0.0%	0.0%	0.0%	2.3%	0.9%	0.0%	1.0%	2.9%	1.6%	0.9%	0.0%	0.0%
Other Asia	*2.4%*	17.6%	0.0%	0.0%	0.0%	1.0%	2.0%	0.0%	0.0%	5.4%	9.1%	0.0%	0.0%	0.0%
Europe	*14.4%*	29.9%	2.6%	1.4%	2.5%	6.9%	3.4%	3.1%	2.5%	5.3%	0.0%	2.2%	0.0%	0.0%
Scandinavia	*1.7%*	4.0%	0.0%	0.0%	0.8%	0.8%	0.2%	0.0%	0.0%	2.3%	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%*	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%
Portfolio Totals		100.0%	5.2%	2.5%	4.9%	14.7%	8.5%	5.1%	13.9%	25.6%	13.5%	3.1%	1.0%	2.1%
MSCI World Weight	*100.0%*		*3.6%*	*2.6%*	*3.3%*	*11.6%*	*8.9%*	*5.0%*	*9.1%*	*15.9%*	*30.3%*	*8.1%*	*1.7%*	*0.0%*

Table may not cross foot due to rounding.

INVESTMENT ENVIRONMENT AND STRATEGY

Global equity markets are trading under a fragile truce in the Iran conflict, and investors increasingly see this "peace dividend" as limited rather than transformative. Energy prices are likely to stay higher than in a fully stable environment, supporting headline inflation and keeping rate expectations elevated. Even as major indices sit near all-time highs, recent gains over the full quarter have been driven by a narrow group of large growth stocks, leaving many fundamentally sound, cash-generative businesses — including some historically "too expensive" U.S. names — at more attractive valuations and creating dislocations across sectors and regions.

This mix of macro risk, rate policy, and concentrated market leadership argues for a constructive but selective outlook, with periods of heightened volatility likely if the truce frays or inflation stays sticky. The case for value and international equities is increasingly compelling, with non-U.S. markets offering more situations where prices diverge meaningfully from underlying fundamentals. We believe we are still in the early innings of what could be a multi-year opportunity to own under-appreciated, cash-generative businesses that are well positioned to compound through a tougher macro backdrop.

IMPORTANT INFORMATION: The Polaris Global Equity Composite was established on April 1, 1995 with a performance inception date of September 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 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.