

# Polaris

## Global Value Fund

Dear Fellow Shareholder,

April 12, 2010

Following benchmark-beating 2009 results, the quarter ended March 31, 2010 continued the trend of outperformance with the Polaris Global Value Fund (“the Fund”) returning 6.14% versus the MSCI World Index, which returned 3.24%. At 2.9 percentage points above the benchmark, the Fund’s first quarter success was largely attributed to industrial, financial and energy stocks; nine out of ten industries posted positive returns.

By maintaining a disciplined approach during the downturn, we identified fundamentally-strong companies with good cash flows and positive business conditions that could survive volatile markets. We are pleased that our approach has been successful, resulting in strong 2009 and first quarter 2010 performance.

The following table summarizes total returns through March 31, 2010.

	2010		Annualized As of March 31, 2010					
	YTD	Q1	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	ITD*
<b>Polaris Global Value Fund</b>	<b>6.14%</b>	<b>6.14%</b>	<b>71.98%</b>	<b>-10.71%</b>	<b>0.26%</b>	<b>6.87%</b>	<b>9.86%</b>	<b>8.99%</b>
MSCI World Index, net dividends reinvested	3.24%	3.24%	52.37%	-5.41%	2.89%	-0.03%	5.92%	5.61%

\*Inception-to-date

*Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Returns greater than one year are annualized. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. For the most recent month end performance, please call (888) 263-5594 or visit the Fund's website at [www.polarisfunds.com](http://www.polarisfunds.com). As stated in the current prospectus, the Fund's annual operating expense ratio (gross) is 1.43%. Quarter end expense ratio is 1.37%; this ratio is based on amounts incurred during the most recent quarter, divided by the average assets for the period multiplied by 365 and divided by the number of days in the quarter. Shares redeemed or exchanged within 180 days of purchase will be charged a 1.00% fee. Fund performance returns shown do not reflect this fee; if reflected, the returns would have been lower. See pages 3&4 for additional disclosure.*

*The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.*

The table above shows that the Fund’s long-term performance has exceeded benchmark returns with lower market risk, as measured by the beta statistic of 0.91 since the Fund’s inception (volatility measurement relative to the MSCI World Index).

### FIRST QUARTER 2010 PERFORMANCE ANALYSIS:

Strong first quarter performance was broad based, with contributions coming from nearly every industry; in particular, the Fund achieved strong results from industrials, financials, energy, materials and healthcare.

Shipping companies, typically considered among the leading indicators of economic activity and global trade, rebounded strongly this quarter, boosting the Fund’s industrial sector performance. In particular, Japan’s Iino Kaiun Kaisha and Nippon Yusen produced healthy returns on an anticipated recovery in global trade. Bear in mind that shipping often grows at a faster rate than GDP (gross domestic product) growth; many investors anticipate that earnings may recover faster in the shipping companies.

Over the past two years, industrial company stocks experienced mixed performance; however, in this quarter, nearly 90% of our industrial holdings reached positive territory. Such returns may signal a more sustained recovery, further substantiated by our recent discussions with company managements, whereby many industrials indicated that March 2010 was a turning point in order flows.

During 2009, the Fund achieved positive contributions from most industries with the exception of financials. While the industry remains vulnerable to volatility in commercial real estate markets and tough industry regulations, we are cautiously optimistic about the outlook for bank stock performance in 2010, as valuations among small-/mid-sized banks remain quite compelling. It is important to note bank stock price performance may likely trend upward before profitability improvements are realized.

With the exception of the Bank of India, which retrenched slightly after strong performance in 2009, all other Fund financial holdings were in positive territory. The first quarter of 2010 marked the beginning of a correction, backed by small-/mid-sized banks that started normalizing after weak 2009 performance. Ambiguity about these banks dissipated, as some underwent regulatory exams, raised capital or acquired failed institutions. In particular, Webster Financial Corp. raised capital several times last year, allowing the company to facilitate bank expansion and to work through problem loans. Another survivor in the consolidation between failed and healthy banks, Ameris Bancorp demonstrated its strength with the recent acquisition of two failed institutions in Georgia. Through these acquisitions, Ameris achieved expansion at little to no cost. The company has indicated that it will raise additional capital to participate in future FDIC-assisted transactions.

Energy sector stocks traded at fair valuations based on continued high oil prices and crude demand. The exception was refining companies, which continued to trade at low valuations. The Fund has benefitted from this sub-sector of the industry. For example, Thai Oil's complex refineries benefitted from increasing petroleum demand in Asian markets. In addition, higher oil prices coupled with lower construction and materials costs resulted in increased interest in large project activity. Bid activity has increased, however firm orders have yet to materialize. France's Technip SA stock rose in anticipation that bid activity will eventually lead to new orders and project revenues.

In the materials sector, the Fund profited from its investment in commodities (copper, coal, iron ore), which have experienced a tighter supply/demand balance, partially due to increased demand from emerging markets. Further bolstering our materials performance was German flavor and fragrance producer Symrise AG, which was first added to the portfolio in 2009.

Resolution of health insurance reform in the U.S. removed a level of uncertainty in the industry; many industry experts now expect required individual insurance coverage will lead to higher insurance company sales. We remain interested in this sector, with the intention of investing further after extensive review of the reform bill.

Consumer discretionary stocks posted the Fund's only negative sector returns, impacted by Greece's sovereign debt crisis, which renewed concerns about credit availability across Europe. During the month of March, some of this concern abated. Coupled with steady earnings announcements, homebuilders rebounded from declines earlier in the quarter. Outside of homebuilders, all other consumer discretionary stocks, including Autoliv, the Swedish developer of automotive safety systems, and Duni AB, the provider of tabletop goods to restaurants, posted strong returns.

#### FIRST QUARTER 2010 ASSET ALLOCATION:

During the quarter, we sold holdings in the healthcare, industrial and utility sectors that had reached their valuation limits or where analysis revealed deterioration in individual company fundamentals. These sales improved the valuation of the portfolio and reduced exposure in some sectors that may experience further weakness.

New investments were made in two community banks with exposure to Massachusetts and the tri-state area of Ohio, West Virginia and Kentucky. Both institutions have strong capital ratios and good loan quality, with the ability to gain market share at the expense of their weaker competitors.

The following table shows the Fund's asset allocation at March 31, 2010.

Polaris Global Value Fund Asset Allocation

Portfolio	Weighting	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Info. Tech.	Telecom Services	Other	Cash
N. America	33.88%	1.22%	2.04%	3.50%	7.30%	0.00%	3.01%	4.04%	11.89%	0.00%	0.89%	0.00%	0.00%
Japan	7.10%	0.00%	0.86%	0.73%	1.99%	0.24%	2.36%	0.00%	0.00%	0.00%	0.92%	0.00%	0.00%
Other Asia	8.78%	2.00%	0.00%	2.21%	0.00%	0.00%	0.00%	0.00%	1.48%	2.13%	0.96%	0.00%	0.00%
Europe	33.42%	2.33%	0.00%	9.04%	5.76%	9.03%	1.94%	1.34%	3.99%	0.00%	0.00%	0.00%	0.00%
Scandinavia	12.04%	0.00%	0.00%	0.00%	4.93%	2.90%	0.00%	0.00%	4.21%	0.00%	0.00%	0.00%	0.00%
Africa & S. America	2.15%	1.63%	0.00%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	2.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.63%
Industry Totals	100.00%	7.18%	2.90%	15.99%	19.98%	12.17%	7.30%	5.38%	21.56%	2.13%	2.78%	0.00%	2.63%

Table may not cross foot due to rounding.

**INVESTMENT ENVIRONMENT AND STRATEGY:**

Over the past 15 years, world economies aligned, with most growing strongly for more than a decade. This trend abruptly stopped with the recent financial crisis. Analysis on individual companies (rather than geographies or sectors) takes on added importance in this environment. In conversations with companies worldwide, no prevalent trend persists; the global economy remains mixed. Some companies are showing stability and steady cash flows, while others are relying on diminishing order books. Buoyed by government stimulus, many of these companies are concerned about sustainable demand when stimulus spending dissipates.

While mixed results define the developed world, faster domestic growth rates are being seen in the BRIC (Brazil, Russia, India and China) countries, specifically in India and China. Even in emerging markets, growth expectations are mitigated by a potential real estate bubble in China and the developed world's capacity to increase consumption and imports from low-cost countries. We remain concerned that the massive and simultaneous borrowing by governments worldwide will be limited by a finite pool of savings to fund such large deficits.

Rather than predict volatile macro-economic conditions, we continue to seek out companies we believe are able to weather economic downturns. We carefully assess the fundamental strengths of individual holdings, noting that the outlook for many of the portfolio companies' cash flows is promising. Dramatic downsizing during the recession resulted in much leaner organizations; many of the Fund's holdings can generate cash flows on modest incremental growth. We are pleased with the current quarter outperformance versus the benchmark, and will continue to seek out investments that may withstand volatility and provide strong returns in a recovery.

As always, we welcome your questions and comments.

Sincerely,

Bernard R. Horn, Jr.  
Portfolio Manager

Please note: Shareholder statements are now mailed separately from this quarterly commentary. The quarterly commentary and fact sheets are both available prior to the mailing at [www.polarisfunds.com](http://www.polarisfunds.com). The site also provides updates on the Fund's investment outlook and strategy during the current market cycle.

**The Fund invests in securities of foreign issuers, including issuers located in countries with emerging capital markets. Investments in such securities entail certain risks not associated with investments in domestic securities, such as volatility of currency exchange rates, and in some cases, political and economic instability and relatively illiquid markets.** Fund performance includes reinvestment of dividends and capital gains. During the period, some of the Fund's fees were waived or expenses reimbursed. In the absence of these waivers and reimbursements, performance figures would be lower.

On June 1, 1998, a limited partnership managed by the adviser reorganized into the Fund. The predecessor limited partnership maintained an investment objective and investment policies that were, in all material respects, equivalent to those of the Fund. The Fund's performance for the periods before June 1, 1998 is that of the limited partnership and includes the expenses of the limited partnership. If the limited partnership's performance had been readjusted to reflect the second year expenses of the Fund, the Fund's performance for all the periods would have been lower. The limited partnership was not registered under the Investment Company Act of 1940 ("1940 Act") and was not subject to certain investment limitations, diversification requirements, and other restrictions imposed by the 1940 Act and the Internal Revenue Code, which, if applicable, may have adversely affected its performance.

*As of March 31, 2010, the Fund's largest equity holdings and the percentages they represent in the Fund's portfolio market value are as follows:*

<u>Issuer</u>	<u>Percentage of Total Net Assets</u>	<u>Issuer</u>	<u>Percentage of Total Net Assets</u>
Technip SA	2.33%	Christian Dior SA	1.87%
BHP Billiton, Ltd., ADR	2.21%	Symrise AG	1.86%
Kone Oyj, Class B	2.17%	Ameris Bancorp	1.85%
Methanex Corp.	2.08%	Wellpoint, Inc.	1.82%
Trevi Finanziaria SpA	2.07%	Astoria Financial Corp.	1.81%
Barratt Developments PLC	2.06%	Duni AB	1.77%
Mac-Gray Corp.	2.05%	The Chubb Corp.	1.77%
Thai Oil PCL	2.00%	Taylor Wimpey PLC	1.68%
Greencore Group PLC	1.94%	Smurfit Kappa Group PLC	1.66%
Persimmon PLC	1.88%	Toro Co.	1.66%

The MSCI World, EAFE, and USA Indexes, net 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. The MSCI World Index is unmanaged and does include the reinvestment of dividends, net of withholding taxes. One cannot invest directly in an index or an average.

The views in this letter were those of the Fund manager as of March 31, 2010, and may not reflect the views of the manager on the date this letter is second published or anytime thereafter. These views are intended to assist shareholders of the Fund in understanding their investment and do not constitute investment advice.

*Before investing, you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling (888) 263-5594 or visit the Fund's website at [www.polarisfunds.com](http://www.polarisfunds.com). Please read the prospectus carefully before you invest.*

Forside Fund Services, LLC, is the Fund's Distributor.

Historical Calendar Year Annual Returns (years ended December 31)

	<u>Polaris Global Value Fund</u>	<u>MSCI World Index</u>		<u>Polaris Global Value Fund</u>	<u>MSCI World Index</u>
2009	35.46%	29.99%	1999	16.50%	24.93%
2008	-46.19%	-40.71%	1998	-8.85%	24.34%
2007	-3.97%	9.04%	1997	34.55%	15.76%
2006	24.57%	20.07%	1996	23.34%	13.48%
2005	10.52%	9.49%	1995	31.82%	20.72%
2004	23.63%	14.72%	1994	-2.78%	5.08%
2003	47.06%	33.11%	1993	25.70%	22.50%
2002	3.82%	-19.89%	1992	9.78%	-5.23%
2001	2.21%	-16.82%	1991	17.18%	18.28%
2000	-5.82%	-13.18%	1990	-11.74%	-17.02%

# Polaris

## Global Value Fund

Dear Fellow Shareholder,

July 16, 2010

The Polaris Global Value Fund (“the Fund”) outperformed the benchmark MSCI World Index by nearly 2.8 percentage points in the quarter ended June 30, 2010, continuing progress made in 2009 and 1Q 2010. For the quarter, the Fund returned -9.88% versus the MSCI World Index, which posted -12.67%. For the year-to-date, the Fund declined -4.35% while the MSCI World Index declined -9.84%.

Seven out of the Fund’s ten sectors beat their respective MSCI sector benchmarks. Importantly, stock selection was the primary driver for our outperformance, rather than sector or country weightings. The quarter marks six consecutive quarters of outperformance.

The following table summarizes total returns through June 30, 2010.

	2010			Annualized As of June 30, 2010					
	YTD	Q2	Q1	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	ITD*
<b>Polaris Global Value Fund</b>	<b>-4.35%</b>	<b>-9.88%</b>	<b>6.14%</b>	<b>17.99%</b>	<b>-14.32%</b>	<b>-1.75%</b>	<b>5.68%</b>	<b>8.31%</b>	<b>8.34%</b>
MSCI World Index, net dividends reinvested	-9.84%	-12.67%	3.24%	10.20%	-11.46%	0.06%	-1.02%	4.68%	4.86%

\*Inception-to-date

*Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Returns greater than one year are annualized. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. For the most recent month end performance, please call (888) 263-5594 or visit the Fund's website at [www.polarisfunds.com](http://www.polarisfunds.com). As stated in the current prospectus, the Fund's annual operating expense ratio (gross) is 1.46%. Quarter end expense ratio is 1.39%; this ratio is based on amounts incurred during the most recent quarter, divided by the average assets for the period multiplied by 365 and divided by the number of days in the quarter. Shares redeemed or exchanged within 180 days of purchase will be charged a 1.00% fee. Fund performance returns shown do not reflect this fee; if reflected, the returns would have been lower. See pages 4 & 5 for additional disclosure.*

*The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.*

The table above shows that the Fund’s long-term performance has exceeded benchmark returns. The risk associated with the ITD return is measured by the beta statistic of 0.91 (volatility measurement relative to the MSCI World Index). For nearly the Fund’s entire history, the beta statistic has remained less than .80; therefore, we have devoted considerable attention to reversing this recent increase. The beta increase is due to the stock prices of our holdings going up and/or down more than the overall market. The holdings that account for this volatility can be split into two categories: 1) companies where we believe the increased volatility is unjustified and will revert lower and 2) stocks where further analysis leads to the conclusion that the holdings should be reduced to minimize risk in the portfolio.

One factor causing an increased beta in 2007-08 results from investors driving down the stock prices of companies more than the market on concerns that business models would suffer in the 2008 crisis. Examination of actual post-crash cash flows of these companies has shown that business models withstood the recession and, although cash flows were more volatile than pre-crisis, they did not suffer to the extent stock prices would have predicted. The stock prices of these firms since recovered more than the market. By calculation, greater volatility (on the downside and upside) increased the beta of the Fund.

Prior to the crisis, the beta of these holdings was less than 1.0 because cash flow volatility was low, a desirable attribute in the Polaris investment requirements. We expect the betas of these holdings will revert to lower levels. We do not want to sell a good company on the basis of an increased beta precipitated on other investors' panicked behavior. We are willing to accept that the increased Fund beta is temporary and will revert lower.

We have focused most of our risk management efforts to those holdings where fundamentals or other factors have or may result in increased investment risk. Since the Fall of 2008, we have made many portfolio changes (based on analysis of fundamentals) seeking to minimize portfolio risk, and such efforts are one reason the risk/return profile has improved in the last six quarters. We will relentlessly pursue the goal of reducing portfolio risk.

#### SECOND QUARTER 2010 PERFORMANCE ANALYSIS:

In the June 2010 quarter, the Fund's outperformance can be attributed to positive absolute returns in utilities, as well as benchmark-beating returns in information technology, financials and consumer staples.

Typically defined as a "defensive" sector, utilities proved the top contributor to performance with all holdings generating positive returns. We proactively reduced risk in the portfolio, adding defensive stocks to provide a "cushion" in down markets – a strategy that proved profitable this quarter.

Information technology experienced an early-stage recovery, as demand for new consumer electronics boosted the sector. Recent research pinpointed numerous undervalued IT companies with strong financials, cash-rich balance sheets, little debt and positive earnings. During the quarter, we opportunistically added IT companies to the portfolio, as we continue to believe that the sector will benefit from growth in corporate capital spending, outsourcing and consumer electronics purchases.

The Fund's financial holdings significantly outperformed the sector benchmark due to the strength of small- and mid-cap U.S. banks. Southwest Bancorp returned 60%, attributable to a capital raise that strengthened the balance sheet, while Ameris Bancorp and Colony Bankcorp posted returns in excess of 15% for similar reasons. While many U.S. community banks/thrifts suffered in 2007-08, this year has thus far signaled a return to better valuations. However, credit risk concerns in the general economy continue to hinder some banks, which are trading at a discount to book value – a strong value proposition. Attention now focuses on financial reform, as debate centers on penalizing larger banks with higher fees (i.e. FDIC premiums) to reflect the systematic risks and substantial costs that large banks cause upon failure. Such reform is not expected to substantially impede the success of smaller U.S. banks; in fact, it may provide slight cost advantages at the margin.

Hampering better financial performance, European banks surrendered gains from the previous year as loan portfolios underwent "stress testing" – following in the footsteps of their U.S. counterparts. Due to concerns about possible financial crises in Spain and Ireland, we previously sold those countries' bank stocks, thereby preserving value. Remaining European bank holdings, including DNB Nor (partially government owned) and Svenska Handelsbanken, declined less than sector averages as these banks may likely withstand the European stress test analysis.

Of the overall quarter performance, approximately 30% of the decline was attributable to currency losses, mainly stemming from the Euro. Over longer time periods, currency fluctuations tend to even out, yet there are certain quarters when currencies will have a more pronounced effect.

General macro-economic concerns overwhelmed the many positive earnings reports announced from a broadly diversified group of companies. Sectors considered sensitive to economic weakness declined including consumer discretionary, materials and industrials.

Within the consumer discretionary sector, British homebuilders were weak as concerns that ongoing European credit problems might further constrict lending, and thereby impede consumers' ability to obtain mortgages. However, the fundamental shortage of UK housing quickly stabilized the market, improved prices and allowed homebuilders' cash flows to recover. Duni AB, a provider of tabletop goods to restaurants, retracted from prior quarter gains due to an expected margin reduction caused by rising pulp prices. Margins should recover after Duni publishes its annual catalog, with price increases reflective of the rising raw material costs.

Widespread market declines in May impacted materials and industrials. Although the Fund is composed of well-diversified stocks in both sectors, performance lagged. In materials, BHP Billiton experienced pressure premised on Australian proposals for a super-profits tax for mining companies. However, on June 24, Australian Prime Minister Kevin Rudd stepped down and the new Prime Minister Julia Gillard launched her leadership with a conciliatory tone toward taxing the mining industry. The stock recovered late in the quarter and, in our opinion, remains one of the best positioned materials companies worldwide.

Many industrial company management teams reported March 2010 as a turning point in business conditions. Yet, a disconnect exists between real economy progress and nervous volatility in financial markets, causing a lag in this sector. For the second quarter in a row, Toro Co., a lawn/landscape equipment manufacturer, announced strong results with positive guidance, especially in consumer lines. Konecranes Oyj, a crane manufacturer, and Tognum AG, a supplier of engines, propulsion systems and distributed energy systems, were also notable performers. Sector returns were offset by Japanese shipping companies, as well as Finnish and Italian construction/ building corporations; importantly, these companies continue to report solid business conditions.

#### SECOND QUARTER 2010 ASSET ALLOCATION:

In an on-going effort to minimize portfolio risk, we purchased new holdings in defensive sectors. In healthcare, we bought a U.S. company that manufactures ACTH, an orphan drug effective for infantile spasms and numerous other diseases, and a French biotech company designing therapeutic vaccines for pre-cancerous cervical lesions, non-small cell lung cancer and Hepatitis C.

Other new investments included a German manufacturer of banking machines and point of sale hardware and software, and a U.S. based company that serves the semiconductor industry. Information technology also offers an interesting value proposition, as we identified numerous companies with strong free cash flow, promising growth and cash rich balances sheets with little debt. We will seek to buy opportunistically, taking advantages of volatility to purchase positions in down markets and reduce positions in market advances. This strategy was deployed actively in the first half of 2010.

The following table shows the Fund's asset allocation at June 30, 2010.

Polaris Global Value Fund Asset Allocation

	Portfolio Weighting	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Info. Tech.	Telecom Services	Other	Cash
N. America	37.01%	1.46%	2.53%	3.15%	7.37%	0.00%	3.57%	3.95%	12.94%	1.06%	0.98%	0.00%	0.00%
Japan	7.87%	0.00%	1.12%	0.72%	2.02%	0.28%	2.69%	0.00%	0.00%	0.00%	1.04%	0.00%	0.00%
Other Asia	7.46%	1.52%	0.00%	1.38%	0.00%	0.00%	0.00%	0.00%	1.43%	2.12%	1.00%	0.00%	0.00%
Europe	33.99%	2.03%	0.00%	9.06%	6.76%	6.71%	1.98%	2.13%	4.00%	1.32%	0.00%	0.00%	0.00%
Scandinavia	10.95%	0.00%	0.00%	0.00%	4.11%	2.64%	0.00%	0.00%	4.20%	0.00%	0.00%	0.00%	0.00%
Africa & S. America	1.92%	1.40%	0.00%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.81%
<b>Industry Totals</b>	<b>100.00%</b>	<b>6.42%</b>	<b>3.64%</b>	<b>14.82%</b>	<b>20.26%</b>	<b>9.63%</b>	<b>8.24%</b>	<b>6.08%</b>	<b>22.57%</b>	<b>4.50%</b>	<b>3.03%</b>	<b>0.00%</b>	<b>0.81%</b>

Table may not cross foot due to rounding.

#### INVESTMENT ENVIRONMENT AND STRATEGY:

Our conversations with companies worldwide indicate mixed economic progress. Some industries and countries are stabilizing, while others experience only sparse improvement. Inventory cycles appear ambiguous. Economic growth remains modest to stagnant in developing countries, while emerging market demand appears strong and sustainable. Concerned about uneven economic growth, we are attempting to reduce portfolio exposure to countries or sectors facing a protracted recovery. Over the past few years, we have made a conscious effort to minimize portfolio risk, increasing "defensive" positions in energy, utilities and healthcare to better balance the portfolio and reduce cyclical exposure.

We believe economic ambiguity expected throughout this year may create more normalized market volatility – unlike the abnormal upward trajectory evidenced in the 1990s-2000s. Faced with normal volatility, Fund management remains steadfast to the pure value investment strategy that governs the portfolio. The Fund may harvest gains in more cyclical companies, hold cash as a buffer, and reinvest in new purchases when the markets undervalue fundamentally-strong stocks. Maintaining this buy/sell discipline over these past twelve months proved advantageous, and we intend to continue executing this strategy.

Note: Shareholders may want to consider establishing or rolling an existing IRA into a Roth IRA before year end 2010, as the modified Adjusted Gross Income (AGI) and filing status requirements for converting a traditional IRA to a Roth IRA are eliminated in 2010. Consult your tax adviser and IRS Publication 590 at [www.irs.gov](http://www.irs.gov) for more information.

As always, we welcome your questions and comments.

Sincerely,



Bernard R. Horn, Jr.  
Portfolio Manager

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**The Fund invests in securities of foreign issuers, including issuers located in countries with emerging capital markets. Investments in such securities entail certain risks not associated with investments in domestic securities, such as volatility of currency exchange rates, and in some cases, political and economic instability and relatively illiquid markets.** Fund performance includes reinvestment of dividends and capital gains. During the period, some of the Fund's fees were waived or expenses reimbursed. In the absence of these waivers and reimbursements, performance figures would be lower.

On June 1, 1998, a limited partnership managed by the adviser reorganized into the Fund. The predecessor limited partnership maintained an investment objective and investment policies that were, in all material respects, equivalent to those of the Fund. The Fund's performance for the periods before June 1, 1998 is that of the limited partnership and includes the expenses of the limited partnership. If the limited partnership's performance had been readjusted to reflect the second year expenses of the Fund, the Fund's performance for all the periods would have been lower. The limited partnership was not registered under the Investment Company Act of 1940 ("1940 Act") and was not subject to certain investment limitations, diversification requirements, and other restrictions imposed by the 1940 Act and the Internal Revenue Code, which, if applicable, may have adversely affected its performance.

*As of June 30, 2010, the Fund's largest equity holdings and the percentages they represent in the Fund's portfolio market value are as follows:*

<u>Issuer</u>	<u>Percentage of Total Net Assets</u>	<u>Issuer</u>	<u>Percentage of Total Net Assets</u>
Southwest Bancorp, Inc.	2.73%	AMETEK, Inc.	1.84%
Mac-Gray Corp.	2.47%	BASF SE	1.76%
Kone Oyj, Class B	2.27%	Andritz AG	1.76%
Trevi Finanziaria SpA	2.13%	H.J. Heinz Co.	1.70%
Technip SA	2.03%	Christian Dior SA	1.64%
Greencore Group PLC	1.98%	Praxair, Inc.	1.58%
Symrise AG	1.97%	Methanex Corp.	1.57%
Smurfit Kappa Group PLC	1.97%	Ameris Bancorp	1.55%
The J.M. Smucker Co.	1.87%	Thai Oil PCL	1.52%
Tognum AG	1.86%	Samsung Electronics Co., Ltd	1.52%

The MSCI World, EAFE, and USA Indexes, net 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. The MSCI World Index is unmanaged and does include the reinvestment of dividends, net of withholding taxes. One cannot invest directly in an index or an average.

The views in this letter were those of the Fund manager as of June 30, 2010, and may not reflect the views of the manager on the date this letter is second published or anytime thereafter. These views are intended to assist shareholders of the Fund in understanding their investment and do not constitute investment advice.

*Before investing, you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling (888) 263-5594 or visit the Fund's website at [www.polarisfunds.com](http://www.polarisfunds.com). Please read the prospectus carefully before you invest.*

Foreside Fund Services, LLC, is the Fund's Distributor.

Historical Calendar Year Annual Returns (years ended December 31)

	<u>Polaris Global Value Fund</u>	<u>MSCI World Index</u>		<u>Polaris Global Value Fund</u>	<u>MSCI World Index</u>
2009	35.46%	29.99%	1999	16.50%	24.93%
2008	-46.19%	-40.71%	1998	-8.85%	24.34%
2007	-3.97%	9.04%	1997	34.55%	15.76%
2006	24.57%	20.07%	1996	23.34%	13.48%
2005	10.52%	9.49%	1995	31.82%	20.72%
2004	23.63%	14.72%	1994	-2.78%	5.08%
2003	47.06%	33.11%	1993	25.70%	22.50%
2002	3.82%	-19.89%	1992	9.78%	-5.23%
2001	2.21%	-16.82%	1991	17.18%	18.28%
2000	-5.82%	-13.18%	1990	-11.74%	-17.02%

# Polaris

Global Value Fund

Dear Fellow Shareholder,

October 6, 2010

The Polaris Global Value Fund (“the Fund”) outperformed the benchmark MSCI World Index for the quarter ended September 30, 2010. For the quarter, the Fund returned 14.26% versus the MSCI World Index, which posted 13.78%. Year-to-date, the Fund is up 9.29% while the MSCI World Index is up 2.58%.

Market volatility defined the third quarter, as July and September positive performance sandwiched the negative month of August. This quarter exemplified the mixed market results and normalized volatility investors may expect going forward. However, August volatility heavily impacted many investors, leading to the withdrawal of nearly \$11.6 billion from equity mutual funds during the month (data: Investment Company Institute). Yet, the quarter was actually quite successful; investors who left the market in August may have missed an opportunity to benefit from the double digit return global markets achieved by quarter end.

The following table summarizes total returns through September 30, 2010.

	2010				Annualized As of September 30, 2010					
	YTD	Q3	Q2	Q1	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	ITD*
<b>Polaris Global Value Fund</b>	<b>9.29%</b>	<b>14.26%</b>	<b>-9.88%</b>	<b>6.14%</b>	<b>10.53%</b>	<b>-9.63%</b>	<b>-0.51%</b>	<b>7.50%</b>	<b>8.55%</b>	<b>8.92%</b>
MSCI World Index, net dividends reinvested	2.58%	13.78%	-12.67%	3.24%	6.76%	-8.29%	1.30%	0.78%	5.20%	5.44%

\*Inception-to-date (Inception 07/31/1989)

*Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Returns greater than one year are annualized. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. For the most recent month end performance, please call (888) 263-5594 or visit the Fund's website at [www.polarisfunds.com](http://www.polarisfunds.com). As stated in the current prospectus, the Fund's annual operating expense ratio (gross) is 1.46%. Quarter end expense ratio is 1.39%; this ratio is based on amounts incurred during the most recent quarter, divided by the average assets for the period multiplied by 365 and divided by the number of days in the quarter. Shares redeemed or exchanged within 180 days of purchase will be charged a 1.00% fee. Fund performance returns shown do not reflect this fee; if reflected, the returns would have been lower. See pages 4 & 5 for additional disclosure.*

*The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.*

The table above shows that the Fund's long-term performance has exceeded benchmark returns with lower market risk, as measured by the beta statistic of 0.92 since the Fund's inception (volatility measurement relative to the MSCI World Index).

### THIRD QUARTER 2010 PERFORMANCE ANALYSIS:

Late cycle companies (primarily industrial companies that depend on capital spending) contributed most to the Fund's outperformance this quarter. During the 2008 – 2010 period, these companies generated positive cash flow despite the recession due to longer-term order books. We placed these firms on close watch on concerns that their order books were not being replenished by new orders. We contemplated selling several holdings. However, over the last two quarters, discussions with company management teams pointed to increases in pre-order activity, some of which resulted in new orders. This was confirmed in second quarter earnings announcements and conference calls with portfolio companies. In this case, our research efforts led us to be patient and hold these stocks in the volatile May and August months that tested

many investors' confidence. The patience and decisions paid off as many of the industrial companies advanced strongly. In general, the strength of these late cycle companies is a good sign of underlying economic growth, especially due to non-U.S. economies.

In the third quarter, industrials such as Konecranes, YIT Oyj, Kone Oyj and Andritz posted returns in excess of 20%, as their order books and revenue streams were stronger than expected. The top-performing Scandinavian companies were all export-oriented, with competitive global business models that were able to capitalize on growth in emerging markets. Many of the industrial and material companies in the portfolio have substantial exposure to emerging markets, which was driving a strong recovery in sales and cash flow.

Materials companies, whose products are in strong demand due to the base growth of developed economies compounded by growth in emerging countries, also contributed strongly to results. We have positioned the portfolio toward those materials companies, which cannot supply enough to keep up with increased demand despite sluggish worldwide growth. Nine out of eleven portfolio companies posted double digit returns in the materials sector; six of the nine posted gains in excess of 20%. Symrise AG, a German maker of ingredients in the beverage, food and fragrance industry, benefited from consumer demand for healthier foods and reduction in salt and high fructose corn syrup. Other materials companies expressed surprise at the negative macro-economic media reports, as their businesses indicated recovery. Companies such as Smurfit Kappa (resilient demand for boxes for food and other products in Europe and Latin America), Methanex (strong demand for methanol from China) and Solvay continued to report strong earnings and cash flows. Importantly, many companies across the entire portfolio have executed such effective cost cutting that the small increases in business are resulting in much stronger increases in cash flow and profitability.

The only materials stock in negative absolute territory was CRH, the Irish building materials group. The company's European business remained strong, but performance has been impinged by weak U.S. business. Although the U.S. government provides stimulus for infrastructure, many projects have not been executed because state and local governments remain cash strapped. As a result, CRH's U.S. volumes have declined. However, the federal government recently announced that it would undertake even more highway and infrastructure spending in an attempt to offset weakness at the state and local level.

Financials benefited from State Bank of India and a number of Scandinavian banks, including DNB Nor and Svenska Handelsbanken; these financial institutions performed well in relatively healthy, growing economies. Completion of European bank stress testing induced a relief rally, with most European economies (outside of Spain, Portugal, Italy and Ireland) showing signs of modest growth and stability. Strong foreign performance was partially offset by weaker results in U.S. banks.

After two strong quarters, U.S. banks retracted as earnings reports were weaker than expected, raising concerns about a double dip in credit quality. However, discussions with various banks' management teams were encouraging, as reports emerged of resolved net charge offs (NCOs), lower loan loss provisions and stabilization in credit quality. For example, at its investor day, New England-based Webster Financial Corp. offered an optimistic prognosis for resolving loan losses and NCOs, while promoting a growth business model. Although the bank's stock price declined during the quarter, the Fund benefited by writing options on Webster. We maintained conservative projections for Colony Bancorp Inc. and Ameris Bancorp, as Georgia is prone to protracted loan losses and elevated NCOs. However, banks in other regions (namely the Northeast and Pennsylvania) showed promise.

In the consumer discretionary sector, Autoliv capitalized on growth in the global auto industry that has been boosted by emerging market (namely China) car sales. Christian Dior and Duni AB contributed to sector outperformance. We invest in luxury goods companies, as sales of luxury goods are often resilient in a recession. French luxury retailer Christian Dior, which also controls Moët Hennessy Louis Vuitton (LVMH), benefitted from this trend. In yet another example the world economy is decoupling, emerging economies are contributing to the strength in luxury sales. Wine merchants are reporting that 2009 Bordeaux futures prices are at all time high due to heavy Chinese buying. Eleanor Marsh, Polaris analyst on the job researching companies in France, reported lines outside LVMH stores in Paris as Chinese shoppers were allowed to only buy a limited number of items. As projected last quarter, Duni's margins recovered after publishing its annual catalog with price increases to offset raw material costs.

The fundamental results of companies in the aforementioned three sectors (industrials, materials and consumer discretionary) declined during the recession, some more than others. Yet we have chosen companies whose business

models were far more resilient than investors expected in late 2008 and early 2009. Unfortunately these stocks contributed to the variance in portfolio returns more than they should based on how well cash flow held up in the downturn and recovered subsequently. The extensive research Polaris performed on these companies has helped keep an objective stance in these volatile and emotional markets and thus allowed fellow shareholders to enjoy the strong rebounds in performance.

The Fund's energy stocks posted strong returns, backed by stabilized Asian refining companies and higher global oil prices, which boosted Thai Oil, Sasol and Marathon Oil. The British Petroleum disaster highlighted insufficient U.S. deep water drilling standards; further drilling activity will require more careful and sophisticated monitoring. Technip SA directly addresses this need, with its technologically advanced flexible piping systems that allow oil companies to track substantial amounts of data and lift crude from deep water wells. The stock rose 38% this quarter, attributable to new interest by U.S. companies and a recent initial contract win in Brazil.

In healthcare, both health insurers and pharmaceuticals posted positive returns with the exception of Questcor. Questcor has proven to be a strong industry winner with an orphan drug. The dip in price resulted from the delayed approval of H.P. Acthar Gel, used for treatment of multiple sclerosis, infantile spasms and numerous other diseases. Another recent purchase, French biopharma company Transgene was up more than 30% after the company announced partnerships with Jennerex for a treatment of solid tumors and with Ventana Medical Systems on a non-small cell lung cancer immunotherapy product.

Comprising approximately 20% of the portfolio, defensive sectors (consumer staples, healthcare, telecom, utilities) were not the strongest performers, yet each had meaningful gains. As referenced in prior reports, we added to our defensive names to help reduce risk in the portfolio and to seek admirable returns in down markets.

#### THIRD QUARTER 2010 ASSET ALLOCATION:

In the third quarter, we added a U.S.-based children's clothing manufacturer. The company is capitalizing on a very favorable demographic trend – the "baby boomer" era is now a big buyer of grandchildren's clothing. The stock added stability to the portfolio and offered an attractive valuation. A new commitment was made to a telecommunication company servicing rural America, an underserved segment of the population.

On the other end of the spectrum, Japan's Culture Convenience was eliminated from the portfolio due to concerns about the video rental industry. The Fund had only a small weighting in the stock that was slowly reduced over the past six months as fundamentals deteriorated.

We will seek to buy opportunistically, purchasing positions in down markets and selling positions at a profit in market advances. This strategy has been deployed actively throughout this year as market volatility persisted.

The following table shows the Fund's asset allocation at September 30, 2010.

Polaris Global Value Fund Asset Allocation

	Portfolio Weighting	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Info. Tech.	Telecom Services	Cash
N. America	36.77%	1.43%	2.37%	3.14%	6.39%	1.45%	3.44%	4.49%	10.44%	1.15%	2.47%	0.00%
Japan	7.38%	0.00%	1.02%	0.69%	2.00%	0.00%	2.71%	0.00%	0.00%	0.00%	0.96%	0.00%
Other Asia	7.79%	1.78%	0.00%	1.38%	0.00%	0.00%	0.00%	0.00%	1.64%	1.93%	1.05%	0.00%
Europe	32.72%	2.55%	0.00%	8.65%	5.53%	6.69%	1.62%	2.16%	4.09%	1.41%	0.00%	0.00%
Scandinavia	12.18%	0.00%	0.00%	0.00%	4.62%	3.14%	0.00%	0.00%	4.43%	0.00%	0.00%	0.00%
Africa & S. America	2.06%	1.42%	0.00%	0.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	1.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.11%
<b>Industry Totals</b>	<b>100.00%</b>	<b>7.19%</b>	<b>3.39%</b>	<b>14.51%</b>	<b>18.54%</b>	<b>11.27%</b>	<b>7.77%</b>	<b>6.65%</b>	<b>20.61%</b>	<b>4.50%</b>	<b>4.48%</b>	<b>1.11%</b>

Table may not cross foot due to rounding.

#### INVESTMENT ENVIRONMENT AND STRATEGY:

The Polaris strategy over the last 24 months is based on the view that the economic recovery will be slow, steady and mixed. We expect that there will be periods of good and bad news, reflecting a more traditional business cycle. In our opinion, such volatility is normal; the early 1990s through 2007 period proved an anomaly when virtually all sectors experienced unprecedented, strong growth. Reflecting this growth, security markets generated abnormally high

investment returns. The average annual return for the S&P 500 Index from 1991 through 2007 was 11.4% when inflation was 2.7% for a real return of 8.7% compared to the well-accepted historical average of 5.5% after inflation.<sup>1</sup>

However, more normal business cycles and security markets have returned. Expectations of individuals, corporations, and governments will be more cautious, conservative, and likely result in a more sustainable path to growth. Such economic behavior and environment can still result in very satisfactory investment returns, just not excessive and unsustainable returns.

The Fund's nine-month return of 9.29% is a satisfactory return in the context of a low inflation economy (inflation through August was 1.1%). We have always believed in long-term investing based on the assumption that historical security returns seem to lie between two boundaries. The "low-risk" end of the risk/return band (Treasury Bills) has historically earned investors a 0.98% return after inflation; the upper end of the band, representing a portfolio of world equities (based on a 16-country world equity index (1900-2000)<sup>2</sup>; MSCI World Index (2001-2009)), has returned about 5.5% after inflation (data 1900-2009).<sup>3</sup> We believe that this compelling historical data is likely to persist and persevere with a similar range of risks and returns. As for investment strategy, we continue to look forward to the ups and downs of the current market, whereby we strive to align ourselves to take advantage of market advances to sell holdings while seeking profits. At the same time, we patiently await market declines to buy good companies at compelling valuations.

As always, we welcome your questions and comments.

Sincerely,



Bernard R. Horn, Jr.  
Portfolio Manager

Please note: Shareholder statements are now mailed separately from this quarterly commentary. The quarterly commentary and fact sheets are both available prior to the mailing at [www.polarisfunds.com](http://www.polarisfunds.com). The site also provides updates on the Fund's investment outlook and strategy during the current market cycle.

**The Fund invests in securities of foreign issuers, including issuers located in countries with emerging capital markets. Investments in such securities entail certain risks not associated with investments in domestic securities, such as volatility of currency exchange rates, and in some cases, political and economic instability and relatively illiquid markets.** Fund performance includes reinvestment of dividends and capital gains. During the period, some of the Fund's fees were waived or expenses reimbursed. In the absence of these waivers and reimbursements, performance figures would be lower.

On June 1, 1998, a limited partnership managed by the adviser reorganized into the Fund. The predecessor limited partnership maintained an investment objective and investment policies that were, in all material respects, equivalent to those of the Fund. The Fund's performance for the periods before June 1, 1998 is that of the limited partnership and includes the expenses of the limited partnership. If the limited partnership's performance had been readjusted to reflect the second year expenses of the Fund, the Fund's performance for all the periods would have been lower. The limited partnership was not registered under the Investment Company Act of 1940 ("1940 Act") and was not subject to certain investment limitations, diversification requirements, and other restrictions imposed by the 1940 Act and the Internal Revenue Code, which, if applicable, may have adversely affected its performance.

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<sup>1</sup> Source: Polaris Capital Management

<sup>2</sup> Source: Elroy Dimson, Paul Marsh and Mike Staunton, *The Triumph of the Optimists: 101 Years of Global Investment Returns*, 2001

<sup>3</sup> Source: Dimson, et al. 2001; Polaris Capital Management

As of September 30, 2010, the Fund's largest equity holdings and the percentages they represent in the Fund's total net assets are as follows:

<u>Issuer</u>	<u>Percentage of Total Net</u>		<u>Issuer</u>	<u>Percentage of Total Net</u>	
	<u>Assets</u>			<u>Assets</u>	
Kone Oyj, Class B	2.38%		Trevi Finanziaria SpA	1.65%	
Technip SA	2.21%		State Bank of India, GDR	1.64%	
Symrise AG	2.10%		Greencore Group PLC	1.62%	
Smurfit Kappa Group PLC	1.95%		DnB Nor ASA	1.61%	
Mac-Gray Corp.	1.86%		Christian Dior SA	1.57%	
Thai Oil PCL	1.78%		BASF SE	1.55%	
The J.M. Smucker Co.	1.73%		Carter's Inc.	1.45%	
Praxair, Inc.	1.73%		Svenska Handelsbanken AB, Class A	1.44%	
H.J. Heinz Co.	1.71%		Autoliv, Inc.	1.44%	
Duni AB, Class A	1.70%		Marathon Oil Corp.	1.43%	

The MSCI World, EAFE, and USA Indexes, net 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. The MSCI World Index is unmanaged and does include the reinvestment of dividends, net of withholding taxes. One cannot invest directly in an index or an average.

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Historical Calendar Year Annual Returns (years ended December 31)

	<u>Polaris Global Value Fund</u>	<u>MSCI World Index</u>		<u>Polaris Global Value Fund</u>	<u>MSCI World Index</u>
2009	35.46%	29.99%	1999	16.50%	24.93%
2008	-46.19%	-40.71%	1998	-8.85%	24.34%
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2002	3.82%	-19.89%	1992	9.78%	-5.23%
2001	2.21%	-16.82%	1991	17.18%	18.28%
2000	-5.82%	-13.18%	1990	-11.74%	-17.02%

# Polaris

## Global Value Fund

Dear Fellow Shareholder,

January 7, 2011

For the year ended December 31, 2010, the Polaris Global Value Fund (“the Fund”) returned a very satisfactory 20.64%, outperforming the MSCI World Index, which returned 11.76%. The Fund’s fourth quarter return of 10.38% also beat the benchmark, which advanced 8.95%.

The Fund’s annual results, which exceeded the benchmark by 8.88%, can be credited to strategic bottom-up stock picking, as our research identified fundamentally-sound companies that not only survived the recession, but emerged stronger in the early recovery phase of the world economy. Importantly, many of the portfolio companies underwent restructuring during the recession, streamlining business units and creating efficiencies. As a result, companies posting even slow sales growth generated higher percentage increases in cash flows. Further bolstering the Fund’s results, we purchased 11 new companies during the year, nine of which posted double digit returns by year end.

The following table summarizes total returns through December 31, 2010.

						Annualized As of December 31, 2010						
	YTD	QIV	QIII	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	ITD*
<b>Polaris Global Value Fund</b>	<b>20.64%</b>	<b>10.38%</b>	<b>14.26%</b>	<b>-9.98%</b>	<b>6.14%</b>	<b>20.64%</b>	<b>-4.20%</b>	<b>1.02%</b>	<b>8.41%</b>	<b>9.16%</b>	<b>10.76%</b>	<b>9.31%</b>
MSCI World Index, net dividends reinvested	11.76%	8.95%	13.78%	-12.67%	3.24%	11.76%	-4.85%	2.43%	2.31%	5.48%	7.01%	5.80%

\*Inception-to-date (Inception 7/31/1989)

*Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Returns for more than one year are annualized. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. For the most recent month end performance, please call (888) 263-5594 or visit the Fund's website at [www.polarisfunds.com](http://www.polarisfunds.com). As stated in the current prospectus, the Fund's annual operating expense ratio (gross) is 1.46%. Quarter end expense ratio is 1.36%; this ratio is based on amounts incurred during the most recent quarter, divided by the average assets for the period multiplied by 365 and divided by the number of days in the quarter. Shares redeemed or exchanged within 180 days of purchase will be charged a 1.00% fee. Fund performance returns shown do not reflect this fee; if reflected, the returns would have been lower. See pages 4& 5 for additional disclosure.*

*The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.*

The table above shows that the Fund’s long-term performance has exceeded benchmark returns with lower market risk, as measured by the beta statistic of 0.92 since the Fund’s inception (volatility measurement relative to the MSCI World Index).

#### FOURTH QUARTER 2010 PERFORMANCE ANALYSIS:

The Fund’s holdings in all 10 sectors posted positive absolute returns, with the largest contributions coming from industrial, material and energy companies. In a reversal from previous quarters, developed countries saw the most substantial gains, with the Fund’s U.S., German and Austrian stocks posting strong numbers, while holdings in emerging countries experienced volatility.

The Fund’s performance was not dominated by one sector or country; the defining factors for success were individual companies’ capability to offer products that 1) beat deflation, 2) saved customers’ money or 3) targeted growing economies (both developed and emerging.)

Second only to Mac-Gray in industrial sector contribution, Andritz AG was up more than 30% this quarter. Exemplifying the money-savings principle, one Andritz division produces recovery boilers for pulp making facilities. Andritz's boilers can transform pulp mills from consuming electricity to producing electricity and selling the excess to the power grid. Overall, 15 of the Fund's 16 industrial holdings posted positive returns for the quarter, following the upward trend started by strong third quarter earnings.

The Fund benefitted from investments in materials companies that own critical raw materials required by faster growing countries. German chemical company BASF was up on news of a potential joint venture with Malaysia's Petronas, as well as news that it won European Union approval to acquire food and cosmetics ingredients maker Cognis Holding GmbH. European shutdowns of higher-polluting coal-based production increased demand for methanol production from clean natural gas – a boon to Methanex Corporation. After a difficult nine months, CRH rebounded strongly as the outlook for spending on European and U.S. infrastructure improved.

The tight supply of diesel in Asia (due to Chinese demand for cleaner fuels than coal) boosted the Fund's energy holdings. Capitalizing on the Asian supply-demand constraints and the recently loosened price controls in Thailand, Thai Oil boosted production and increased profitability. One of the Fund's newer positions, Prosafe SE also performed well, up 30% after announcing record third quarter 2010 results.

Resistant to volatile macro-economic conditions, 6 of 8 consumer discretionary stocks posted results in double-digit territory. Duni AB, a provider of tabletop goods to restaurants, has been a top contributor for each of the last two quarters. Deflation concerns did not hamper luxury goods like Christian Dior and specialty retailers like Carter's, both of which were able to defend their pricing with their strong brand names. Benefitting from global auto industry demand (spurred on by emerging country car sales), Autoliv Inc. posted strong numbers for the entire year.

For the past 10 years, the Fund has generally maintained an underweight position in information technology (IT) stocks, as analysis revealed overvalued stocks, weak growth and intense price competition. Post-recession, some fundamentally-strong IT stocks remained at depressed valuations while generating substantial free cash flow, offering a deep-value manager like Polaris an entry point. We bolstered our positions in our stalwart stocks and added two new names, Brooks Automation and Wincor Nixdorf, in 2010. With a higher portfolio weighting and strong performance, IT sector stocks became an important contributor to fourth quarter performance.

Considered a "money saving" company, Wincor Nixdorf provides ATM and point-of-sale technologies to developed and emerging countries. In particular, Indian banking institutions are utilizing ATM technologies to modernize their services/sales and to increase customer penetration. Brooks Automation provides another good example, as its technologies help reduce the costs of making semiconductor chips. As semiconductor wafer fabricators increase production capacity to satisfy electronics orders in 2011, demand for Brooks' products and services may increase.

The financial sector holdings showed mixed results. After a strong run earlier in 2010, State Bank of India dropped, as the stock was impacted by emerging market volatility. KBC Groep suffered due to its exposure in Ireland. Offsetting the negative results, re-insurers bounced back as concerns about the sovereign debt crisis in Europe abated. The Fund participated in Webster Financial's secondary offering, which sold 8.7 million shares, with proceeds used to pay back TARP; the stock responded with a more than 10% gain for the quarter. Independent Bank Corp. continued its streak of strong performance, as it weathered the financial crisis with very few charge offs and non-performing loans. On October 22, Ameris acquired from the FDIC the failed First Bank of Jacksonville; in a similar action on November 12, Ameris acquired Darby Bank & Trust Co. A positive strategy that boosted the company's assets by 33%, the market finally began to appreciate this development at Ameris – with the stock gaining more than 10% during the quarter. 2011 will likely see many opportunities for healthy banks to acquire failed banks.

Despite being a "defensive" sector, the Fund's telecommunications stocks were all in positive territory in a strong market. Ranging from the U.S. to Japan to South Korea, all of the holdings exhibited extremely good valuations and high dividend yields, which likely attracted investor interest at year end.

Also in the "defensive category", consumer staples posted positive returns with the exception of Japanese stocks. Quality consumer brands, like J.M. Smucker Co. and H.J. Heinz Co., can typically withstand deflationary forces. In mid-November, Ireland's Greencore Group announced a proposed merger with U.K.-based Northern Foods, creating a

powerful entity in the ready-made food industry. As a stand-alone company, Greencore had strong fundamentals and good business progress, but was undervalued by the markets. The merger, which had terms favorable to Greencore shareholders and management, will likely enhance company perception in the marketplace.

#### FULL YEAR 2010 PERFORMANCE ANALYSIS:

We believe that worldwide markets are generally efficient over time, but investor behavior creates volatility that leads to inefficiency somewhere in the world. This was certainly the case during the recent recession, when investor panic and the ensuing market fluctuations depressed stock prices. Recognizing that declines were unlikely to persist in fundamentally strong portfolio companies with good cash flows and positive business conditions, we held steadfast to our top holdings during the recession. We have subsequently been rewarded with benchmark beating annual returns of 35.46% for 2009 and 20.64% for 2010.

Market volatility also expanded the universe of companies for portfolio consideration. Our analyst team conducted extensive on-the-ground research, triangulation and financial modeling before new investments were added to the Fund's "watch list" of stocks. This list was narrowed to 11 stocks that were purchased during 2010, 10 of which posted positive absolute returns, while only one was in negative territory. For example:

- Frontier Communications, a telecommunication company servicing rural America, was purchased in the second quarter of 2010. The company capitalizes on the need for wirelines in rural areas where cell phone reception is limited. The stock rose more than 35% by year end.
- We purchased Questcor Pharmaceuticals, a U.S. drug manufacturer with an orphan drug for infantile spasms and multiple sclerosis, early in the second quarter of 2010. By October, the FDA approved Questcor's request to market the drug as a treatment for infantile spasms, effectively pushing the stock up 57% since our initial purchase.
- Brooks Automation, a U.S. producer of hardware and software for semiconductor fabs, saw its sales rise as semiconductor companies sought to increase capacity to meet electronics demands. Since purchase in the second quarter of 2010, the stock has risen more than 16%.
- In the third quarter, a new investment was made in Carter's, a U.S. based children's clothing manufacturer. The company has benefitting from the "baby boomer" demographic, which is now a leading buyer of grandchildren's clothing. The stock was up 25% by year end.
- A new investment was also made in Prosafe, a Norwegian accommodation rig company. The rigs serve as floating hotels, accommodating operators of oil rigs in shallow and deep water. Prosafe is one of the few players in the industry, where little additional supply is expected in coming years. Their customers include all the major oil companies, and contracts are typically long term. Since purchasing the company in the third quarter, the stock has risen 39%.

#### FULL YEAR 2010 ASSET ALLOCATION:

During the year, we sold holdings in companies that had reached their valuation limits or where analysis revealed deterioration in individual company fundamentals. Culture Convenience, the Japanese provider of music and film CDs and video games, had been facing increased competition from others who have more effectively embraced internet channels of distribution. Based on projected weaker sales, the Fund decided to realize a loss and sell this position in the third quarter of 2010.

Rich valuations were evident in Cargotec, where weak sales forecasts (due to lower sales levels in shipbuilding, container handling and port facilities) were not reflected in the current stock price. Similarly, Tokyo Electric Power became fairly valued, once we factored in the cost of higher priced non-nuclear energy generation due to higher oil prices and higher capital expenditures. In both instances, the Fund realized losses when the stocks were sold and cash was allocated to new investments and increased weightings in portfolio areas with strong growth potential. We purchased 11 new holdings (some of which are referenced above) across many sectors including financials, IT, healthcare, industrials, telecom, consumer discretionary and energy.

The following table shows the Fund's asset allocation at December 31, 2010.

	Portfolio Weighting	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Info. Tech.	Telecom Services	Cash
N. America	37.33%	1.33%	2.22%	3.24%	6.55%	1.53%	2.65%	4.59%	11.08%	1.47%	2.68%	0.00%
Japan	7.12%	0.00%	0.98%	0.77%	1.82%	0.00%	2.47%	0.00%	0.00%	0.00%	1.09%	0.00%
Other Asia	8.00%	2.14%	0.00%	1.58%	0.00%	0.00%	0.00%	0.00%	1.09%	2.18%	1.01%	0.00%
Europe	32.75%	2.66%	0.00%	8.21%	6.14%	6.70%	1.62%	1.95%	3.80%	1.67%	0.00%	0.00%
Scandinavia	12.50%	0.00%	0.00%	0.00%	4.70%	3.54%	0.00%	0.00%	4.26%	0.00%	0.00%	0.00%
Africa & S. America	2.22%	1.39%	0.00%	0.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%
Industry Totals	100.00%	7.52%	3.20%	14.64%	19.20%	11.77%	6.73%	6.54%	20.23%	5.32%	4.78%	0.08%

Table may not cross foot due to rounding.

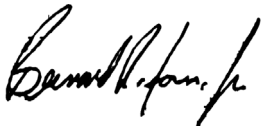
#### INVESTMENT ENVIRONMENT AND STRATEGY:

While economic conditions improve in the private sector, questions remain about the fiscal health of governments worldwide. Countries are expected to implement budget cuts, higher taxes and similar measures to mitigate rising debt levels. Such fiscal policies may negatively impact economies worldwide. Additionally, we remain concerned about the possible implosion of the Chinese real estate market, which continues to experience a boom because currency controls trap liquidity in the country and investors have nowhere to invest except stocks and real estate, thus creating unsustainable valuations. We are hard pressed to find a real estate bubble in the history of the world that has not ended badly and, despite the Chinese efforts to engineer a soft landing, we remain skeptical this bubble will escape the inevitable.

Our outlook remains consistent: we expect economic activity to be slow, steady and mixed. We are guardedly optimistic about future growth prospects, as we identify fundamentally-strong companies reporting good earnings across myriad sectors and countries. Sales growth reported among many late-cycle companies may also portend early stages of macro-economic recovery. We are taking advantage of this environment to analyze current holdings and new opportunities in an effort to mitigate potential loss of principal if the above negative developments evolve, as we continually seek to grow the value of our investments in the years to come.

As always, we welcome your questions and comments.

Sincerely,



Bernard R. Horn, Jr.  
Portfolio Manager

Please note: Shareholder statements are now mailed separately from this quarterly commentary. The quarterly commentary and fact sheets are both available prior to the mailing at [www.polarisfunds.com](http://www.polarisfunds.com). The site also provides updates on the Fund's investment outlook and strategy during the current market cycle.

**The Fund invests in securities of foreign issuers, including issuers located in countries with emerging capital markets. Investments in such securities entail certain risks not associated with investments in domestic securities, such as volatility of currency exchange rates, and in some cases, political and economic instability and relatively illiquid markets.** Fund performance includes reinvestment of dividends and capital gains. During the period, some of the Fund's fees were waived or expenses reimbursed. In the absence of these waivers and reimbursements, performance figures would be lower.

On June 1, 1998, a limited partnership managed by the adviser reorganized into the Fund. The predecessor limited partnership maintained an investment objective and investment policies that were, in all material respects, equivalent to those of the Fund. The Fund's performance for the periods before June 1, 1998 is that of the limited partnership and includes the expenses of the limited partnership. If the limited partnership's performance had been readjusted to reflect the second year expenses of the Fund, the Fund's performance for all the periods would have been lower. The limited partnership was not registered under the Investment Company Act of 1940 ("1940 Act") and was not subject to certain

investment limitations, diversification requirements, and other restrictions imposed by the 1940 Act and the Internal Revenue Code, which, if applicable, may have adversely affected its performance.

*As of December 31, 2010, the Fund's largest equity holdings and the percentages they represent in the Fund's portfolio market value are as follows:*

<u>Issuer</u>	<u>Percentage of Total Net Assets</u>	<u>Issuer</u>	<u>Percentage of Total Net Assets</u>
Kone Oyj, Class B	2.44%	Greencore Group PLC	1.63%
Mac-Gray Corp.	2.19%	Ametek, Inc.	1.62%
Thai Oil PCL	2.16%	Symrise AG	1.61%
Duni AB, Class A	1.91%	Praxair, Inc.	1.61%
BASF SE	1.87%	Frontier Communications Corp.	1.61%
Andritz AG	1.72%	BHP Billiton, Ltd., ADR	1.60%
Wincor Nixdorf AG	1.67%	Trevi Finanziaria SpA	1.60%
Methanex Corp.	1.67%	DnB NOR ASA	1.58%
Autoliv, Inc.	1.66%	Tognum AG.	1.56%
Christian Dior SA	1.64%	Carter's, Inc.	1.55%

The MSCI World, EAFE, and USA Indexes, net 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. The MSCI World Index is unmanaged and does include the reinvestment of dividends, net of withholding taxes. One cannot invest directly in an index or an average.

The views in this letter were those of the Fund manager as of December 31, 2010 and may not reflect the views of the manager on the date this letter is second published or anytime thereafter. These views are intended to assist shareholders of the Fund in understanding their investment and do not constitute investment advice.

*Before investing, you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling (888) 263-5594 or visit the Fund's website at [www.polarisfunds.com](http://www.polarisfunds.com). Please read the prospectus carefully before you invest.*

Foreside Fund Services, LLC, is the Fund's Distributor.

The Fund's annual performance as compared to the benchmark is as follows:

Historical Calendar Year Annual Returns (years ended December 31)

	<u>Polaris Global Value Fund</u>	<u>MSCI World Index</u>		<u>Polaris Global Value Fund</u>	<u>MSCI World Index</u>
2010	20.64%	11.76%	1999	16.50%	24.93%
2009	35.46%	29.99%	1998	-8.85%	24.34%
2008	-46.19%	-40.71%	1997	34.55%	15.76%
2007	-3.97%	9.04%	1996	23.34%	13.48%
2006	24.57%	20.07%	1995	31.82%	20.72%
2005	10.52%	9.49%	1994	-2.78%	5.08%
2004	23.63%	14.72%	1993	25.70%	22.50%
2003	47.06%	33.11%	1992	9.78%	-5.23%
2002	3.82%	-19.89%	1991	17.18%	18.28%
2001	2.21%	-16.82%	1990	-11.74%	-17.02%
2000	-5.82%	-13.18%			