

# Polaris Global Value Fund

## ANNUAL REPORT

December 31, 2010

# Polaris

Capital Management, LLC

<http://www.polarisfunds.com>

(888) 263-5594

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**POLARIS GLOBAL VALUE FUND**  
A MESSAGE TO OUR SHAREHOLDERS  
DECEMBER 31, 2010

Dear Fellow Shareholder,

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, net, which returned 11.76%. 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 what we believe are fundamentally-sound companies that not only survived the recession but also emerged stronger in the early recovery phase of the world economy. 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.

	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*
Polaris Global Value Fund	20.64%	10.38%	14.26%	-9.98%	6.14%	20.64%	-4.20%	1.02%	8.41%	9.16%	10.76%	9.31%
MSCI World Index	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%. 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 page 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 0.92 since the Fund’s inception (volatility measurement relative to the MSCI World Index).

**2010 PERFORMANCE ANALYSIS:**

It is noteworthy that our most important contributions stemmed from the developed world (United States, continental Europe and Scandinavian countries). This fact seems incongruous with the tide of investor money flowing into emerging markets; however, we achieved strong returns without the level of volatility often associated with emerging markets.

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Contributing more than half of the positive results for the year, U.S. holdings performed strongly, with banks, industrials and consumer staples leading the pack. Six out of seven German holdings in the portfolio posted returns in excess of 18% during the year, while all of the portfolio's Swedish and Finnish stocks achieved double digit returns.

Turning to our more traditional sector analysis, the Fund saw some of its strongest gains from industrials, materials and energy stocks, many of which have substantial exposure to emerging markets. Finland's industrials such as Konecranes, YIT Oyj and Kone Oyj posted returns in excess of 20%, as their order books and revenue streams were stronger than we 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.

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. One of the Fund's newer positions, ProSafe SE also performed well after announcing record third quarter 2010 results.

Materials companies, whose products are in strong demand due to the 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 in the materials sector posted double digit returns. 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. Companies such as Smurfit Kappa (resilient demand for boxes for food and other products in Europe and Latin America) and Methanex (strong demand for methanol from China) continued to report strong earnings and cash flows. CRH, the Irish building materials group, detracted from better performance in this sector. The company's European business remained strong, but performance has been impinged by weak U.S. business.

The Fund's financial holdings significantly outperformed the sector benchmark due to the strength of small- and mid-cap U.S. banks. Southwest Bancorp performed well, partially attributable to a capital raise that strengthened the balance sheet, while Ameris Bancorp, Webster Financial and Astoria Financial posted double digit returns. While many U.S. community banks/thrifts suffered in 2007-08, this year signaled a return to better valuations.

Defensive sectors within the portfolio (telecom, consumer staples, healthcare and utilities) contributed positively, but less so than the cyclical counterparts. Interestingly, some of the strongest contributors were new purchases during the year, such as telecom company, Frontier Communications and healthcare sector stock, Questcor Pharmaceuticals.

While the Fund has positive absolute performance in all 10 sectors for the year, consumer discretionary stocks (namely British homebuilders) contributed the least to performance. After strong returns in the first half of the year, homebuilders stagnated in the fourth quarter when the British government announced large budget cuts. In early 2011, many of these homebuilders have posted positive earnings reports, demonstrating their ability to grow even in a slow housing market.

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**FULL YEAR 2010 ASSET ALLOCATION:**

During the year, the Fund sold holdings in companies that had reached valuation limits we set or where our 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 marginal 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.

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 (across sectors including financials, IT, health care, industrials, telecom, consumer discretionary and energy) that were purchased during 2010, 10 of which posted positive absolute returns, while only one was in negative territory.

The following table shows the Fund's asset allocation at December 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	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

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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 a myriad of sectors and countries. We believe 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

**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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A MESSAGE TO OUR SHAREHOLDERS  
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*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	2.41%	Greencore Group PLC	1.61%
Mac-Gray Corp.	2.17%	AMETEK, Inc.	1.60%
Thai Oil PCL	2.14%	Symrise AG	1.60%
Duni AB, Class A	1.90%	Praxair, Inc.	1.59%
BASF SE	1.85%	Frontier Communications Corp.	1.59%
Andritz AG	1.70%	BHP Billiton, Ltd., ADR	1.58%
Wincor Nixdorf AG	1.66%	Trevi Finanziaria SpA	1.58%
Methanex Corp.	1.66%	DnB NOR ASA	1.56%
Autoliv, Inc.	1.64%	Tognum AG	1.54%
Christian Dior SA	1.62%	Carter's, Inc.	1.54%

The MSCI World, EAFE, and USA Indexes, net dividends reinvested measure the performance of a diverse range of global stock markets in the United States, Canada, Europe, Australia, New Zealand and the Far East. The MSCI World Index is unmanaged and includes 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.

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%			

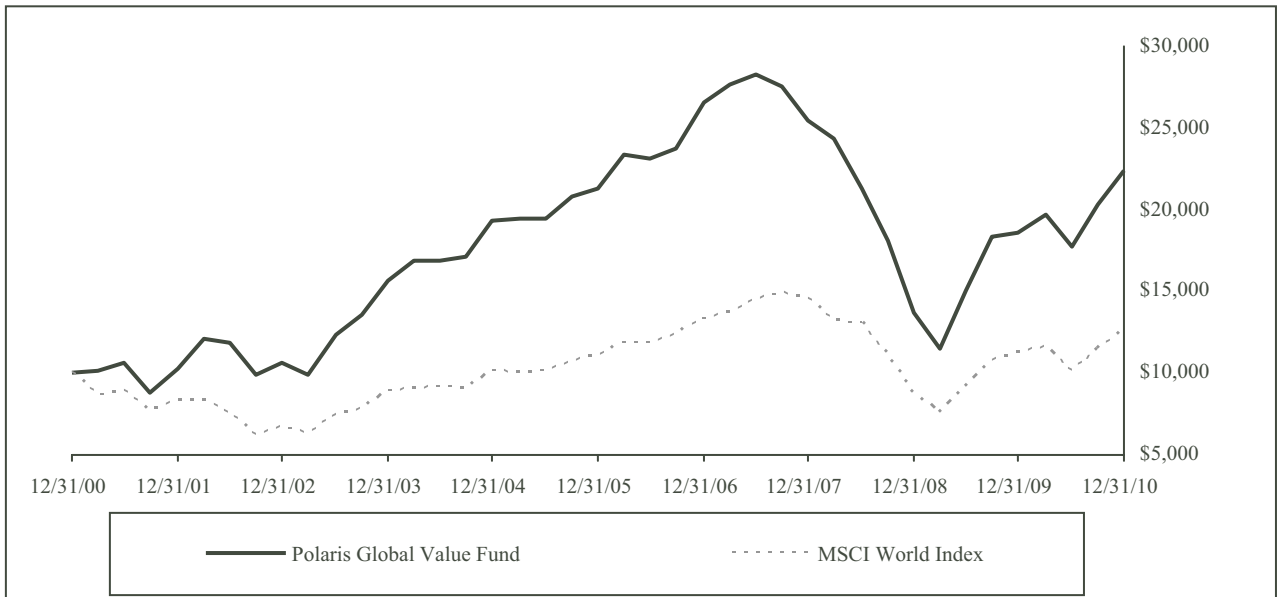
**POLARIS GLOBAL VALUE FUND**  
**PERFORMANCE CHART AND ANALYSIS**  
**DECEMBER 31, 2010**

The following chart reflects the change in the value of a hypothetical \$10,000 investment, including reinvested dividends and distributions, in the Polaris Global Value Fund (the "Fund") compared with the performance of the benchmark Morgan Stanley Capital International World Index ("MSCI World Index"), over the past ten fiscal years. The MSCI World Index 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 total return of the MSCI World Index includes reinvestment of dividends and income. The total return of the Fund includes operating expenses that reduce returns, while the total return of the MSCI World Index does not include expenses. The Fund is professionally managed while the MSCI World Index is unmanaged and is not available for investment.

*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. Investment return and principal value will fluctuate so that 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). Shares redeemed or exchanged within 180 days of purchase will be charged a 1.00% redemption fee. As stated in the Fund's prospectus, the annual operating expense ratio (gross) is 1.46%. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns greater than one year are annualized.*

<u>Annual Total Return as of 12/31/10</u>	<u>One Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Polaris Global Value Fund	20.64%	1.02%	8.41%
MSCI World Index	11.76%	2.43%	2.31%

<u>Investment Value as of 12/31/10</u>	
Polaris Global Value Fund	\$22,430
MSCI World Index	\$12,562



**POLARIS GLOBAL VALUE FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

<b>Shares</b>	<b>Security Description</b>	<b>Value</b>	<b>Shares</b>	<b>Security Description</b>	<b>Value</b>
<b>Common Stock - 99.9%</b>			<b>India - 1.8%</b>		
<b>Australia - 1.6%</b>			16,500 Infosys Technologies, Ltd., ADR \$		
32,100	BHP Billiton, Ltd., ADR	\$ 2,982,732	16,400	State Bank of India, GDR	1,255,320
					2,062,626
					<u>3,317,946</u>
<b>Austria - 1.7%</b>			<b>Ireland - 4.3%</b>		
34,932	Andritz AG	3,211,092	100,708	CRH PLC	2,106,116
			1,790,278	Greencore Group PLC	3,038,282
			296,693	Smurfit Kappa Group PLC (a)	2,894,237
					<u>8,038,635</u>
<b>Belgium - 1.7%</b>			<b>Italy - 1.6%</b>		
20,044	KBC Groep NV (a)	683,013	206,850	Trevi Finanziaria SpA	2,979,739
23,116	Solvay SA, Class A	2,463,470			
		<u>3,146,483</u>			
<b>Canada - 1.7%</b>			<b>Japan - 7.1%</b>		
102,537	Methanex Corp.	3,119,526	117,900	Asahi Breweries, Ltd.	2,284,231
			347,320	Iino Kaiun Kaisha, Ltd.	1,569,977
			356	KDDI Corp.	2,056,460
			52,416	MEIJI Holdings Co., Ltd.	2,369,340
			418,000	Nippon Yusen KK	1,853,430
			643,000	Showa Denko KK	1,449,304
			74,900	The Kansai Electric Power Co., Inc.	1,848,745
					<u>13,431,487</u>
<b>Cyprus - 1.3%</b>			<b>Norway - 1.7%</b>		
296,620	ProSafe SE	2,358,706	160,227	Camillo Eitzen & Co. ASA (a)	310,291
			209,496	DnB NOR ASA	2,940,459
					<u>3,250,750</u>
<b>Finland - 4.5%</b>			<b>South Africa - 2.2%</b>		
81,818	Kone Oyj, Class B	4,548,269	1,978,605	Metorex, Ltd. (a)	1,573,873
38,520	Konecranes Oyj	1,590,040	50,270	Sasol, Ltd.	2,642,504
95,793	YIT Oyj	2,387,353			<u>4,216,377</u>
		<u>8,525,662</u>			
<b>France - 4.4%</b>			<b>South Korea - 2.5%</b>		
21,365	Christian Dior SA	3,052,000	3,427	Samsung Electronics Co., Ltd.	2,865,647
22,254	Imerys SA	1,483,481	12,468	SK Telecom Co., Ltd.	1,906,069
28,650	Technip SA	2,645,493			<u>4,771,716</u>
62,939	Transgene SA (a)	1,177,475			
		<u>8,358,449</u>			
<b>Germany - 10.2%</b>			<b>Sweden - 6.2%</b>		
43,500	BASF SE	3,488,324	39,271	Autoliv, Inc.	3,100,053
36,300	Demag Cranes AG (a)	1,752,340	329,200	Duni AB, Class A	3,573,127
48,400	Hannover Rueckversicherung AG	2,582,873	121,102	Investor AB, Class B	2,591,062
15,900	Muenchener Rueckversicherungs AG, Class R	2,409,216	78,200	Svenska Handelsbanken AB, Class A	2,498,670
110,000	Symrise AG	3,009,682			<u>11,762,912</u>
111,400	Tognum AG	2,911,776			
38,450	Wincor Nixdorf AG	3,119,838			
		<u>19,274,049</u>			

**POLARIS GLOBAL VALUE FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>	<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
<b>Switzerland - 1.3%</b>			<b>United States – (continued)</b>		
42,300	Novartis AG	\$ 2,485,973	8,074	WESCO International, Inc. (a)	\$ 426,307
					<u>67,352,416</u>
<b>Thailand - 2.2%</b>			<b>Total Common Stock</b>		
1,555,650	Thai Oil PCL	<u>4,038,136</u>	<b>(Cost \$194,830,703)</b>		<b>188,310,479</b>
<b>United Kingdom - 6.2%</b>			<b>Principal</b>	<b>Security Description</b>	<b>Rate</b>
1,409,202	Barratt Developments PLC (a)	1,947,716	<b>Maturity</b>	<b>Value</b>	
195,123	BBA Aviation PLC	674,143	<b>Short-Term Investments - 0.0%</b>		
262,648	Bellway PLC	2,743,612	<b>Certificates of Deposit - 0.0%</b>		
1,436,273	Lloyds Banking Group PLC (a)	1,471,215	\$ 31,265	Middlesex	
361,695	Persimmon PLC	2,350,412		Federal	
5,090,040	Taylor Wimpey PLC (a)	2,500,595		Savings Bank	2.00% 11/26/11 31,265
		<u>11,687,693</u>	31,523	Stoneham	
				Savings Bank	1.50 11/24/11 31,523
<b>United States - 35.7%</b>			<b>Total Certificates of Deposit</b>		
61,600	Allete, Inc.	2,295,216	<b>(Cost \$62,788)</b>		<b>62,788</b>
262,650	Ameris Bancorp (a)	2,768,331	<b>Total Short-Term Investments</b>		
76,809	AMETEK, Inc.	3,014,753	<b>(Cost \$62,788)</b>		<b>62,788</b>
152,404	Astoria Financial Corp.	2,119,940	<b>Total Investments - 99.9%</b>		
306,153	Brooks Automation, Inc. (a)	2,776,808	<b>(Cost \$194,893,491)*</b>		<b>188,373,267</b>
2,190	Capitol Federal Financial, Inc.	26,083	<b>Other Assets &amp; Liabilities, Net – 0.1%</b>		
98,100	Carter's, Inc. (a)	2,894,931	<b>Net Assets – 100.0%</b>		<b>99,935</b>
169,774	Colony Bancorp, Inc. (a)	687,585	ADR	American Depository Receipt	
308,214	Frontier Communications Corp.	2,998,922	GDR	Global Depository Receipt	
33,317	General Dynamics Corp.	2,364,174	PCL	Public Company Limited	
49,800	H.J. Heinz Co.	2,463,108	PLC	Public Limited Company	
90,924	Independent Bank Corp.	2,459,494	(a)	Non-income producing security.	
112,063	International Bancshares Corp.	2,244,622	<b>* Cost of investments for federal income tax purposes is</b>		
273,360	Mac-Gray Corp.	4,086,732	<b>\$197,478,962 and net unrealized depreciation on investments</b>		
67,582	Marathon Oil Corp.	2,502,561	<b>consists of:</b>		
36,344	NextEra Energy, Inc.	1,889,525	Gross Unrealized Appreciation	\$	38,037,503
52,400	Peoples Bancorp, Inc.	820,060	Gross Unrealized Depreciation		<u>(47,143,198)</u>
31,449	Praxair, Inc.	3,002,436	Net Unrealized Depreciation	\$	<u>(9,105,695)</u>
45,600	Quest Diagnostics, Inc.	2,461,032			
90,257	Questcor Pharmaceuticals, Inc. (a)	1,329,486			
177,097	Southwest Bancorp, Inc. (a)	2,196,003			
40,000	The Chubb Corp.	2,385,600			
38,600	The J.M. Smucker Co.	2,534,090			
39,982	The Toro Co.	2,464,490			
71,184	UnitedHealth Group, Inc.	2,570,454			
129,700	Univest Corp. of Pennsylvania	2,486,349			
57,551	Verizon Communications, Inc.	2,059,175			
138,138	Webster Financial Corp.	2,721,319			
40,500	WellPoint, Inc. (a)	2,302,830			

**POLARIS GLOBAL VALUE FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2010.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the tables below, please refer to Note 2- Security Valuation section in the accompanying Notes to Financial Statements.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments at Value:</b>				
Common Stock				
Australia	\$ 2,982,732	\$ -	\$ -	\$ 2,982,732
Austria	3,211,092	-	-	3,211,092
Belgium	3,146,483	-	-	3,146,483
Canada	3,119,526	-	-	3,119,526
Cyprus	2,358,706	-	-	2,358,706
Finland	8,525,662	-	-	8,525,662
France	8,358,449	-	-	8,358,449
Germany	19,274,049	-	-	19,274,049
India	3,317,946	-	-	3,317,946
Ireland	8,038,635	-	-	8,038,635
Italy	2,979,739	-	-	2,979,739
Japan	13,431,487	-	-	13,431,487
Norway	3,250,750	-	-	3,250,750
South Africa	4,216,377	-	-	4,216,377
South Korea	4,771,716	-	-	4,771,716
Sweden	11,762,912	-	-	11,762,912
Switzerland	2,485,973	-	-	2,485,973
Thailand	-	4,038,136	-	4,038,136
United Kingdom	11,687,693	-	-	11,687,693
United States	67,352,416	-	-	67,352,416
Certificates of Deposit	-	62,788	-	62,788
<b>Total Investments at Value</b>	<b><u>\$ 184,272,343</u></b>	<b><u>\$ 4,100,924</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 188,373,267</u></b>

**PORTFOLIO HOLDINGS**

% of Total Investments

Consumer Discretionary	11.8%
Consumer Staples	6.7%
Energy	7.5%
Financials	20.3%
Health Care	6.6%
Industrials	19.2%
Information Technology	5.3%
Materials	14.6%
Telecommunication Services	4.8%
Utilities	3.2%
Short-Term Investments	0.0%
	<u>100.0%</u>

See Notes to Financial Statements.

**POLARIS GLOBAL VALUE FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2010**

**ASSETS**

Total investments, at value (Cost \$194,893,491)	\$ 188,373,267
Cash	51,509
Foreign currency (Cost \$33,427)	33,427
Receivables:	
Fund shares sold	138,027
Dividends and interest	420,945
Prepaid expenses	11,795
<b>Total Assets</b>	<b><u>189,028,970</u></b>

**LIABILITIES**

Payables:	
Fund shares redeemed	229,833
Distributions payable	80,991
Accrued Liabilities:	
Investment adviser fees	158,273
Trustees' fees and expenses	114
Fund service fees	47,789
Compliance services fees	2,083
Other expenses	36,685
<b>Total Liabilities</b>	<b><u>555,768</u></b>

<b>NET ASSETS</b>	<b><u>\$ 188,473,202</u></b>
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**COMPONENTS OF NET ASSETS**

Paid-in capital	\$ 311,222,117
Undistributed net investment income	1,584,508
Accumulated net realized loss	(117,819,543)
Net unrealized depreciation	(6,513,880)

<b>NET ASSETS</b>	<b><u>\$ 188,473,202</u></b>
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**SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)**

**13,462,560**

<b>NET ASSET VALUE, OFFERING AND REDEMPTION PRICE* PER SHARE</b>	<b><u>\$ 14.00</u></b>
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\*Shares redeemed or exchanged within 180 days of purchase are charged a 1.00% redemption fee.

**POLARIS GLOBAL VALUE FUND**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2010**

**INVESTMENT INCOME**

Dividend income (Net foreign withholding taxes of \$363,407)	\$ 4,130,751
Interest income	18,340
Total Investment Income	<u>4,149,091</u>

**EXPENSES**

Investment adviser fees	1,829,788
Fund service fees	482,852
Custodian fees	51,443
Registration fees	16,054
Professional fees	57,217
Trustees' fees and expenses	6,245
Compliance services fees	40,610
Miscellaneous expenses	52,089
Total Expenses	<u>2,536,298</u>
Fees waived	<u>(15,561)</u>
Net Expenses	<u>2,520,737</u>

<b>NET INVESTMENT INCOME</b>	<u>1,628,354</u>
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**NET REALIZED AND UNREALIZED GAIN (LOSS)**

Net realized gain (loss) on:	
Investments	(9,517,988)
Foreign currency transactions	(36,057)
Written options	61,979
Net realized loss	<u>(9,492,066)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments	42,250,248
Foreign currency translations	6,410
Net change in unrealized appreciation (depreciation)	<u>42,256,658</u>
<b>NET REALIZED AND UNREALIZED GAIN</b>	<u>32,764,592</u>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<u>\$ 34,392,946</u>

**POLARIS GLOBAL VALUE FUND**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	For the Year Ended December 31, 2010	For the Year Ended December 31, 2009
<b>OPERATIONS</b>		
Net investment income	\$ 1,628,354	\$ 1,530,893
Net realized loss	(9,492,066)	(61,717,796)
Net change in unrealized appreciation (depreciation)	42,256,658	107,975,488
Increase in Net Assets Resulting from Operations	<u>34,392,946</u>	<u>47,788,585</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>		
Net investment income	<u>(2,012,912)</u>	<u>(20,598)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Sale of shares	11,634,190	17,990,755
Reinvestment of distributions	1,931,922	20,598
Redemption of shares	(48,899,792)	(50,652,983)
Redemption fees	29,239	8,622
Decrease in Net Assets from Capital Share Transactions	<u>(35,304,441)</u>	<u>(32,633,008)</u>
Increase (Decrease) in Net Assets	<u>(2,924,407)</u>	<u>15,134,979</u>
<b>NET ASSETS</b>		
Beginning of Year	191,397,609	176,262,630
End of Year (Including line (a))	<u>\$ 188,473,202</u>	<u>\$ 191,397,609</u>
<b>SHARE TRANSACTIONS</b>		
Sale of shares	929,098	1,750,618
Reinvestment of distributions	137,994	2,742
Redemption of shares	(3,916,671)	(5,790,642)
Decrease in Shares	<u>(2,849,579)</u>	<u>(4,037,282)</u>
(a) Undistributed net investment income.	<u>\$ 1,584,508</u>	<u>\$ 2,002,230</u>

**POLARIS GLOBAL VALUE FUND**  
**FINANCIAL HIGHLIGHTS**

These financial highlights reflect selected data for a share outstanding throughout each year.

	For the Years Ended December 31,				
	2010	2009	2008	2007	2006
<b>NET ASSET VALUE, Beginning of Year</b>	\$ 11.73	\$ 8.66	\$ 17.51	\$ 19.98	\$ 16.20
<b>INVESTMENT OPERATIONS</b>					
Net investment income (a)	0.11	0.09	0.25	0.20	0.17
Net realized and unrealized gain (loss)	2.31	2.98	(8.41)	(0.94)	3.80
Total from Investment Operations	2.42	3.07	(8.16)	(0.74)	3.97
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>					
Net investment income	(0.15)	—(b)	(0.31)	(0.26)	(0.16)
Net realized gain	—	—	(0.38)	(1.49)	(0.04)
Total Distributions to Shareholders	(0.15)	—	(0.69)	(1.75)	(0.20)
<b>REDEMPTION FEES (a)</b>	—(b)	—(b)	—(b)	0.02	0.01
<b>NET ASSET VALUE, End of Year</b>	\$ 14.00	\$ 11.73	\$ 8.66	\$ 17.51	\$ 19.98
<b>TOTAL RETURN</b>	20.64%	35.46%	(46.19)%	(3.97)%	24.57%
<b>RATIOS/SUPPLEMENTARY DATA</b>					
Net Assets at End of Year (000's omitted)	\$ 188,473	\$ 191,398	\$ 176,263	\$ 602,703	\$ 608,053
Ratios to Average Net Assets:					
Net investment income	0.89%	0.91%	1.74%	0.99%	0.93%
Net expense	1.38%	1.45%	1.43%	1.19%	1.23%
Gross expense (c)	1.39%	1.46%	1.43%	1.19%	1.23%
<b>PORTFOLIO TURNOVER RATE</b>	10%	22%	16%	46%	5%

(a) Calculated based on average shares outstanding during the year.

(b) Less than \$0.01 per share.

(c) Reflects the expense ratio excluding any waivers and/or reimbursements.

**Note 1. Organization**

The Polaris Global Value Fund (the “Fund”) is a diversified portfolio of Forum Funds (the “Trust”). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940 (the “Act”), as amended. Under its Trust Instrument, the Trust is authorized to issue an unlimited number of the Fund’s shares of beneficial interest without par value. The Fund commenced operations June 1, 1998 after it acquired the net assets of Global Value Limited Partnership (the “Partnership”), in exchange for Fund shares. The Partnership commenced operations on July 31, 1989. The Fund seeks capital appreciation.

**Note 2. Summary of Significant Accounting Policies**

These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of increase and decrease in net assets from operations during the fiscal year. Actual amounts could differ from those estimates. The following summarizes the significant accounting policies of the Fund:

**Security Valuation** – Exchange-traded securities and over-the-counter securities are valued using the last quoted sale or official closing price, provided by independent pricing services as of the close of trading on the market or exchange for which they are primarily traded, on each Fund business day. In the absence of a sale, such securities are valued at the mean of the last bid and ask price provided by independent pricing services. Non-exchange traded securities for which quotations are available are valued using the last quoted sales price, or in the absence of a sale at the mean of the last bid and ask prices provided by independent pricing services. Debt securities may be valued at prices supplied by a fund’s pricing agent based on broker or dealer supplied valuations or matrix pricing, a method of valuing securities by reference to the value of other securities with similar characteristics such as rating, interest rate and maturity. Forward currency contracts are generally valued at the mean of bid and ask prices for the time period interpolated from rates reported by an independent pricing service for proximate time periods. Exchange-traded options for which there were no sales reported that day are generally valued at the mean of the last bid and ask prices. Options not traded on an exchange are generally valued at broker-dealer bid quotation. Shares of open-end mutual funds are valued at net asset value (“NAV”). Short-term investments that mature in sixty days or less may be valued at amortized cost.

The Fund values its investments at fair value pursuant to procedures adopted by the Trust’s Board of Trustees (the “Board”) if (1) market quotations are insufficient or not readily available or (2) the adviser believes that the values available are unreliable. Fair valuation is based on subjective factors and as a result, the fair value price of an investment may differ from the security’s market price and may not be the price at which the asset may be sold. Fair valuation could result in a different NAV than a NAV determined by using market quotes.

The Fund has a three-tier fair value hierarchy. The basis of the tiers is dependent upon the various “inputs” used to determine the value of the Fund’s investments. These inputs are summarized in the three broad levels listed below:

Level 1 — quoted prices in active markets for identical assets

Level 2 — other significant observable inputs (including quoted prices of similar securities, interest rates, prepayment speeds, credit risk, etc.)

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**POLARIS GLOBAL VALUE FUND**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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Level 3 — significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The aggregate value by input level, as of December 31, 2010, for the Fund's investments is included at the end of the Fund's Schedule of Investments.

**Security Transactions, Investment Income and Realized Gain and Loss** – Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as possible after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. Income and capital gains on some foreign securities may be subject to foreign withholding taxes, which are accrued as applicable. Interest income is recorded on an accrual basis. Premium and discount is amortized and accreted in accordance with GAAP. Identified cost of investments sold is used to determine the gain and loss for both financial statement and federal income tax purposes.

**Foreign Currency Translations** – Foreign currency amounts are translated into U.S. dollars as follows: (i) assets and liabilities at the rate of exchange at the end of the respective period; and (ii) purchases and sales of securities and income and expenses at the rate of exchange prevailing on the dates of such transactions. The portion of the results of operations arising from changes in the exchange rates and the portion due to fluctuations arising from changes in the market prices of securities are not isolated. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

The Fund may enter into transactions to purchase or sell foreign currencies to protect the U.S. dollar value of its underlying portfolio securities against the effect of possible adverse movements in foreign exchange rates. Principal risks associated with such transactions include the movement in value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. Fluctuations in the value of such forward currency transactions are recorded daily as unrealized gain or loss; realized gain or loss includes net gain or loss on transactions that have terminated by settlement or by a fund entering into offsetting commitments. These instruments involve market risk, credit risk, or both kinds of risks, in excess of the amount recognized in the Statement of Assets and Liabilities. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates.

**Foreign Currency Transactions** – The Fund may enter into transactions to purchase or sell foreign currency contracts and options on foreign currency. Forward currency contracts are agreements to exchange one currency for another at a future date and at a specified price. A fund may use forward currency contracts to facilitate transactions in foreign securities and to manage a fund's foreign currency exposure. These contracts are intrinsically valued daily based on forward rates, and a fund's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is recorded as a component of net asset value. Due to the risk associated with these transactions, a fund could incur losses up to the entire contract amount, which may exceed the net unrealized value included in its net asset value.

The volume of open currency positions may vary on a daily basis as the Fund transacts currency contracts in order to achieve the exposure desired by the Adviser. During the year ended December 31, 2010, the Fund entered into an aggregated total notional value of \$32,196,463 of forward currency contracts. Additionally, the Fund entered into a total value of \$10,334,486 of spot currency contracts for the year ended December 31, 2010. There were no currency contracts outstanding as of December 31, 2010.

**POLARIS GLOBAL VALUE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**Written Options** – When a fund writes an option, an amount equal to the premium received by the fund is recorded as a liability and is subsequently adjusted to the current value of the option written. Premiums received from writing options that expire unexercised are treated by the fund on the expiration date as realized gain from written options. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the fund has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the fund. The fund, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. Written options are non-income producing securities.

The volume of open positions may vary on a daily basis as the Fund transacts written options in order to achieve the exposure desired by the adviser. The Fund entered into a total value of \$101,787 of written options for the year ended December 31, 2010. Transactions in options written during the year ended December 31, 2010, were as follows:

	<u>Calls</u>	
	<u>Number of Contracts</u>	<u>Premiums</u>
<i>Options Outstanding, December 31, 2009</i>	-	\$ -
Options written	1,119	101,787
Options terminated in closing transactions	(275)	(24,791)
Options exercised	(211)	(39,808)
Options expired	(633)	(37,188)
<i>Options Outstanding, December 31, 2010</i>	<u>-</u>	<u>\$ -</u>

**Derivatives Transactions** - The Fund's use of derivatives during the year ended December 31, 2010, was limited to forward currency contracts and written options. Following is a summary of how the derivatives are treated in the financial statements and their impact on the Fund.

There were no open derivatives on December 31, 2010, and thus there was no disclosure on the Statement of Assets and Liabilities.

Realized and unrealized gains and losses on derivatives contracts entered into during the year ended December 31, 2010, by the Fund are recorded in the following locations in the Statement of Operations:

<u>Contract Type/Primary Risk Exposure</u>	<u>Location of Gain or (Loss) on Derivatives</u>	<u>Realized Gain (Loss) on Derivatives</u>	<u>Change in Unrealized Appreciation (Depreciation) on Derivatives</u>
Equity Contracts	Realized Gain (Loss) – Written options	\$ 61,979	\$ -
Forward Currency Contracts	Realized Gain (Loss) – Foreign currency transactions	93,633	-

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**POLARIS GLOBAL VALUE FUND**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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**Distributions to Shareholders** – Distributions to shareholders of net investment income and net capital gains, if any, are declared and paid at least annually. Distributions are based on amounts calculated in accordance with applicable federal income tax regulations, which may differ from GAAP. These differences are due primarily to differing treatments of income and gain on various investment securities held by the Fund, timing differences and differing characterizations of distributions made by the Fund.

**Federal Taxes** – The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all its net investment income and capital gains, if any, the Fund will not be subject to a federal excise tax. Therefore, no federal income or excise tax provision is required.

As of December 31, 2010, there are no uncertain tax positions that would require financial statement recognition, de-recognition, or disclosure. The Fund's federal tax returns filed in the three-year period ended December 31, 2010, remain subject to examination by the Internal Revenue Service.

**Income and Expense Allocation** – The Trust accounts separately for the assets, liabilities and operations of each of its investment portfolios. Expenses that are directly attributable to more than one investment portfolio are allocated among the respective investment portfolios in an equitable manner.

**Redemption Fees** – A shareholder who redeems or exchanges shares within 180 days of purchase will incur a redemption fee of 1.00% of the current net asset value of shares redeemed or exchanged, subject to certain limitations. The fee is charged for the benefit of the remaining shareholders and will be paid to the Fund to help offset transaction costs. The fee is accounted for as an addition to paid-in capital. The Fund reserves the right to modify the terms of or terminate the fee at any time. There are limited exceptions to the imposition of the redemption fee.

**Commitments and Contingencies** – In the normal course of business, the Fund enters into contracts that provide general indemnifications by the Fund to the counterparty to the contract. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote.

### **Note 3. Advisory Fees, Servicing Fees and Other Transactions**

**Investment Adviser** – Polaris Capital Management, LLC (the "Adviser") is the investment adviser to the Fund. Pursuant to an investment advisory agreement, the Adviser receives an advisory fee from the Fund at an annual rate of 1.00% of the Fund's average daily net assets.

**Shareholder Service Plan** – The Trust has adopted a shareholder service plan for the Fund under which the Fund may reimburse the Fund's administrator for amounts paid by the administrator for providing shareholder service activities that are not otherwise provided by the Transfer Agent. The Fund's administrator may make such payments to various financial institutions, including the Adviser, that provide shareholder servicing to their customers invested in the Fund in amounts of up to 0.25% annually of the average daily net assets of the shares held by such customers. During the year ended December 31, 2010, the Fund did not make any payments under the Shareholder Service Plan.

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**POLARIS GLOBAL VALUE FUND**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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**Distribution** – Foreside Fund Services, LLC serves as the Fund’s distributor (the “Distributor”). The Distributor receives no compensation from the Fund for its distribution services. The Distributor is not affiliated with the Adviser or Atlantic Fund Administration, LLC (d/b/a Atlantic Fund Services) (“Atlantic”) or their affiliates.

**Other Service Providers** – Atlantic provides fund accounting, fund administration, and transfer agency services to the Fund. Atlantic also provides certain shareholder report production, and EDGAR conversion and filing services. Pursuant to an Atlantic services agreement, the Fund pays Atlantic customary fees for its services. Atlantic provides a Principal Executive Officer, a Principal Financial Officer, a Chief Compliance Officer, and an Anti-Money Laundering Officer to the Fund, as well as certain additional compliance support functions.

**Trustees and Officers** – The Trust pays each independent Trustee an annual retainer fee of \$40,000 for service to the Trust (\$60,000 for the Chairman). In addition, the Chairman receives a monthly stipend of \$500 to cover certain expenses incurred in connection with his duties to the Trust. The Trustees and Chairman may receive additional fees for special Board meetings. Each Trustee is also reimbursed for all reasonable out-of-pocket expenses incurred in connection with his duties as a Trustee, including travel and related expenses incurred in attending Board meetings. The amount of Trustees’ fees attributable to the Fund is disclosed in the Statement of Operations. Certain officers of the Trust are also officers or employees of the above named service providers, and during their terms of office received no compensation from the Fund.

**Note 4. Fees Waived**

During the period, certain fund service providers have voluntarily agreed to waive a portion of their fees. These voluntary waivers may be reduced or eliminated at any time. For the year ended December 31, 2010, fees waived were \$15,561.

**Note 5. Security Transactions**

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments for the year ended December 31, 2010, were \$18,610,266 and \$54,601,101, respectively.

**Note 6. Federal Income Tax and Investment Transactions**

Distributions during the fiscal years as noted were characterized for tax purposes as follows:

	<u>2010</u>	<u>2009</u>
Ordinary Income	\$ 2,012,912	\$ 20,598

As of December 31, 2010, distributable earnings (accumulated losses) on a tax basis were as follows:

Undistributed Ordinary Income	\$ 2,381,071
Unrealized Appreciation (Depreciation)	(9,099,351)
Capital and Other Losses	<u>(116,030,635)</u>
Total	<u>\$ (122,748,915)</u>

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**POLARIS GLOBAL VALUE FUND**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to wash sales and investments in passive foreign investment companies.

For tax purposes, the current year post-October loss was \$2,893 (realized during the period November 1, 2010, through December 31, 2010). This loss will be recognized for tax purposes on the first business day of the Fund's next fiscal year, January 1, 2011.

As of December 31, 2010, capital loss carryforwards to offset future capital gains were as follows with the respective expiration dates:

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 41,240,428	\$ 59,164,411	\$ 15,622,903

On the Statement of Assets and Liabilities, as a result of permanent book to tax differences, certain amounts have been reclassified for the year ended December 31, 2010. The following reclassification was the result of currency gain/loss and has no impact on the net assets of the Fund.

Accumulated Net Investment Income (Loss)	\$	(33,164)
Undistributed Net Realized Gain (Loss)		33,164

**Note 7. Recent Accounting Pronouncements**

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2010-06 "Improving Disclosures about Fair Value Measurements." ASU No. 2010-06 clarifies existing disclosure and requires additional disclosures regarding fair value measurements. Effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years, entities will need to disclose information about purchases, sales, issuances and settlements of Level 3 securities on a gross basis, rather than as a net number as currently required. Management is currently evaluating the impact ASU No. 2010-06 will have on financial statement disclosures.

**Note 8. Subsequent Events**

Subsequent events occurring after the date of this report through the date these financial statements were issued have been evaluated for potential impact and the Fund has had no such events.

**To the Board of Trustees of Forum Funds and the Shareholders of Polaris Global Value Fund**

We have audited the accompanying statement of assets and liabilities of Polaris Global Value Fund (the “Fund”), a series of shares of beneficial interest in the Forum Funds, including the schedule of investments, as of December 31, 2010, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two year period then ended, and the financial highlights for each of the years in the three year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for each of the years in the two year period ended December 31, 2007 were audited by other auditors whose report dated February 26, 2008, expressed an unqualified opinion on such financial highlights.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2010 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Polaris Global Value Fund as of December 31, 2010, and the results of its operations for the year then ended, the changes in its net assets for each of the years in the two year period then ended and its financial highlights for each of the years in the three year period then ended, in conformity with accounting principles generally accepted in the United States of America.

*BBD, LLP*

**BBD, LLP**

**Philadelphia, Pennsylvania  
February 18, 2011**

### **Proxy Voting Information**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling (888) 263-5594 and on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's proxy voting record for the most recent twelve-month period ended June 30 is available, without charge and upon request, by calling (888) 263-5594 and on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Availability of Quarterly Portfolio Schedules**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available, without charge and upon request on the SEC's website at [www.sec.gov](http://www.sec.gov) or may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1(800) SEC-0330.

### **Shareholder Expense Example**

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including redemption fees and exchange fees, and (2) ongoing costs, including management fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund, and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from July 1, 2010, through December 31, 2010.

**Actual Expenses** – The first line in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during the period.

**Hypothetical Example for Comparison Purposes** – The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending balance or expenses you paid for the period. You may use this information to compare the ongoing cost of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees and exchange fees. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs had been included, your costs would have been higher.

**POLARIS GLOBAL VALUE FUND**  
**ADDITIONAL INFORMATION (Unaudited)**  
**DECEMBER 31, 2010**

	<b>Beginning Account Value July 1, 2010</b>	<b>Ending Account Value December 31, 2010</b>	<b>Expenses Paid During Period *</b>	<b>Annualized Expense Ratio *</b>
Actual	\$ 1,000.00	\$ 1,261.23	\$ 7.87	1.38%
Hypothetical (5% return before expenses)	\$ 1,000.00	\$ 1,018.25	\$ 7.02	1.38%

\* Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year divided by 365 to reflect the half-year period.

**Federal Tax Status of Dividends Declared during the Tax Year**

The Fund designates 45.95% of its income dividend distributed as qualifying for the corporate dividends-received deduction (DRD) and 100.00% for the qualified dividend rate (QDI) as defined in Section 1(h)(11) of the Internal Revenue Code. The Fund also designates 0.08% as qualified interest income exempt from US tax for foreign shareholders (QII).

**Trustees and Officers of the Trust**

The Board is responsible for oversight of the management of the Trust's business affairs and of the exercise of all the Trust's powers except those reserved for the shareholders. The following table provides information about each Trustee and certain officers of the Trust. Each Trustee and officer holds office until the person resigns, is removed, or is replaced. Unless otherwise noted, the persons have held their principal occupations for more than five years. The address for all Trustees and officers is Three Canal Plaza, Suite 600, Portland, Maine 04101, unless otherwise indicated. Each Trustee oversees twenty-three portfolios in the Trust. Mr. Keffer is considered an Interested Trustee due to his affiliation with Atlantic. Mr. Keffer is also an Interested Director of Wintergreen Fund, Inc. The Fund's Statement of Additional Information includes additional information about the Trustees and is available, without charge and upon request, by calling (888) 263-5594.

<b>Name and Year of Birth</b>	<b>Position with the Trust</b>	<b>Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>
<b>Independent Trustees</b> J. Michael Parish Born: 1943	Chairman of the Board; Trustee; Chairman, Nominating Committee and Qualified Legal Compliance Committee	Since 1989 (Chairman since 2004)	Retired since 2003.
Costas Azariadis Born: 1943	Trustee; Chairman, Valuation Committee	Since 1989	Professor of Economics, Washington University since 2006; Professor of Economics, University of California- Los Angeles 1992-2006.

**POLARIS GLOBAL VALUE FUND**

ADDITIONAL INFORMATION (Unaudited)

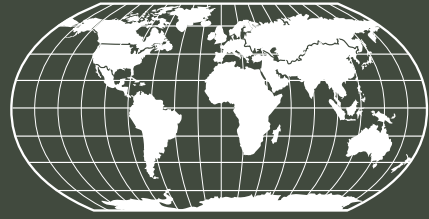
DECEMBER 31, 2010

<b>Name and Year of Birth</b>	<b>Position with the Trust</b>	<b>Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>
James C. Cheng Born: 1942	Trustee; Chairman, Audit Committee	Since 1989	President, Technology Marketing Associates (marketing company for small- and medium-sized businesses in New England) since 1991.
<b>Interested Trustee</b> John Y. Keffer <sup>1</sup> Born: 1942	Trustee; Vice Chairman	Since 1989	Chairman, Atlantic since 2008; President, Forum Foundation (a charitable organization) since 2005; President, Forum Trust, LLC (a non-depository trust company chartered in the State of Maine) since 1997.
<b>Officers</b> Stacey E. Hong Born: 1966	President; Principal Executive Officer	Since 2008	President, Atlantic since 2008; Director, Consulting Services, Foreside Fund Services 2007; Elder Care, 2005-2006.
Karen Shaw Born: 1972	Treasurer; Principal Financial Officer	Since 2008	Senior Manager, Atlantic since 2008; Section Manager/Vice President, Enterprise Support Services, Citigroup 2003-2008.
David Faherty Born: 1970	Vice President	Since 2009	Senior Counsel, Atlantic since 2009; Vice President, Citi Fund Services Ohio, Inc. 2007-2009; Associate Counsel, Investors Bank & Trust Co. 2006-2007.
Michael J. McKeen Born: 1971	Vice President	Since 2009	Senior Manager, Atlantic since 2008; Vice President, Citigroup 2003-2008.
Joshua LaPan Born: 1973	Vice President	Since 2009	Manager, Atlantic since 2008; Vice President, Citigroup 2003-2008.
Timothy Bowden Born: 1969	Vice President	Since 2009	Manager, Atlantic since 2008; Vice President, Citigroup 2005-2008.
Lina Bhatnagar Born: 1971	Secretary	Since 2008	Senior Administration Specialist, Atlantic since 2008; Regulatory Administration Specialist, Citigroup 2006-2008.

<sup>1</sup> Since 1997, John Y. Keffer has been president and owner of Forum Trust, LLC. Prior to January 1, 2010, Atlantic was a wholly owned subsidiary of Forum Trust, LLC. Effective January 1, 2010, Atlantic became a wholly owned subsidiary of Forum Holdings Corp., a Delaware corporation that is wholly owned by Mr. Keffer.

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## **Polaris** Global Value Fund

### **INVESTMENT ADVISER**

Polaris Capital Management, LLC  
125 Summer Street  
Boston, MA 02110

### **DISTRIBUTOR**

Foreside Fund Services, LLC  
Three Canal Plaza, Suite 100  
Portland, ME 04101  
[www.foreside.com](http://www.foreside.com)

### **TRANSFER AGENT**

Atlantic Fund Services  
P.O. Box 588  
Portland, ME 04112

This report is submitted for the general information of the shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus, which includes information regarding the Fund's risks, objectives, fees and expenses, experience of its management and other information.

## **ANNUAL REPORT** December 31, 2010

225-ANR-1210

**Polaris**  
Capital Management, LLC  
<http://www.polarisfunds.com>  
(888) 263-5594