

# Polaris Global Value Fund

## ANNUAL REPORT

December 31, 2009

# 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, 2009**

Dear Fellow Shareholder,

For the year ended December 31, 2009, the Polaris Global Value Fund (“the Fund”) returned 35.46%, outperforming the MSCI World Index, which returned 29.99%. Strong results can be attributed to pre-crisis stock picking and the decision to hold and add to investments in 2009, many of which had declined substantially in 2008. We maintained a calm, disciplined approach during the downturn, recognizing that declines in fundamentally strong portfolio companies with good cash flows and positive business conditions would not persist. During 2009, the majority of Fund holdings rebounded dramatically, with 21% of portfolio companies’ stock prices doubling in value.

The following table summarizes total returns through December 31, 2009.

						As of December 31, 2009					
	YTD	QIV	QIII	QII	QI	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	ITD*
Polaris Global Value Fund	35.46%	1.13%	21.98%	31.35%	-16.40%	35.46%	-11.21%	-0.74%	5.76%	9.81%	8.78%
MSCI World Index, net dividends reinvested	29.99%	4.07%	17.45%	20.75%	-11.92%	29.99%	-5.63%	2.01%	-0.24%	6.02%	5.52%

\* 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 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 dated May 1, 2009, the Fund’s annual operating expense ratio (gross) is 1.43%. 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 6 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). It is worth noting that the Fund’s beta increased during 2007 and 2008 as the beta of many holdings increased substantially along with overall market volatility.

The year 2009 marked the end of the first decade of the new millennium. It was an inauspicious start as 2000-2009 was the worst decade since 1900 (110 years) for U.S. equities and the second worst for global equities. With annualized returns of 5.76% during the decade, the Fund outperformed the -0.24% return for the MSCI World Index. More indications of the Fund’s long-term outperformance versus various benchmarks are evident in the chart below. The Fund’s success may be credited to strong bottom-up stock picking, as our research identified fundamentally-strong industrials, materials, energy and other companies that not only weathered difficult operating conditions, but thrived by addressing demands from emerging markets.

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	US-CPI	US-TBills	US-Bonds	US-Equity	World-Equity	EAFE-Equity	Polaris Global Value Fund
1990 – 1999	2.9%	4.6%	8.1%	19.0%	12.0%	7.3%	12.4%
2000 – 2009	2.5%	2.7%	6.0%	-1.5%	-0.2%	1.4%	5.8%

*All returns are in nominal terms.*

*Source: US CPI: The Wall Street Journal; US TBills: The Wall Street Journal; US Bonds: Barclays Capital US Aggregate Bond Index; US Equity: MSCI USA Index; World Equity: MSCI World Index (gross dividends reinvested); EAFE Equity: MSCI EAFE Index*

The BRIC countries (Brazil, Russia, India, China) played a larger role in the global markets. Many of these countries first entered the market economy at the end of the 1990s, starting from a low base and undervalued assets not priced by investors. The past 10 years saw these countries' markets revalued upwards substantially from their debut, with China, India, Russia and most Latin American countries tipping into double-digit annualized returns.

### **2009 PERFORMANCE ANALYSIS:**

Avoiding the pitfalls of investor panic and the drive to conservative investments, we carefully analyzed our portfolio by selling challenged companies in favor of long-standing fundamentally strong holdings. Maintaining our strict value strategy allowed us to execute purchases in a volatile first quarter 2009, many of which thrived by year-end.

Two examples of this purchase strategy were Novartis and Infosys Technologies. Novartis is a successful Swiss pharmaceutical and healthcare products company with a franchise in cardiovascular and oncology drugs. A high percentage of recent sales are from drugs developed in the past two years, and the influence of the faster growing emerging markets is having a favorable influence on results. Selling at an unusually low price to maintenance cash flow, the addition of Novartis added substantially to the diversification of the portfolio. Since purchasing the stock in the second quarter 2009, the stock has risen more than 30%.

Infosys is an Indian company that is a well known leader in global information technology solutions. Essentially a provider of outsourced IT services to hundreds of companies both large and small throughout the world, its IT services deal with the entire range of issues that confront large companies: conception, design, development, engineering, maintenance, integration, and operation. The company has enjoyed a fast rate of earnings and cash flow growth, but the worldwide economic crisis temporarily depressed revenue and earnings. An accompanying stock price decline provided an excellent opportunity to invest in a company likely to benefit from the resumption of growth expected in 2010 and beyond. Since purchasing the stock in the second quarter 2009, this holding has risen over 95%.

We continue to cultivate a diversified portfolio that may withstand volatility. For the year ended December 31, 2009, positive returns were broad-based, with sector benchmark outperformance in industrials, materials, consumer discretionary, consumer staples, energy, healthcare and IT.

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.

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Stimulus packages in Asia and the U.S. fueled infrastructure activity in both regions, clearly benefitting the Fund's holdings in CRH and other building supplies. Chemical companies, such as BASF, proved to be strong performers as demand renewed somewhat unexpectedly due to large scale production cutbacks in the industry.

Stimulus packages also proved a boon for industrials involved in infrastructure, such as CRH, YIT OYJ, Kone OYJ and Trevi Finanziaria, which won large dam repair contracts in the U.S. In addition, service-based industrial businesses proved resilient, retaining stable margins and sustainable free cash flows. U.S.-based Mac-Gray Corporation saw its stock price appreciate during the year, rebounding after the company's annual meeting and conclusion of a proxy contest. Overall, industrials were the largest contributor to outperformance for the year, with the portfolio's holdings contributing more than 11% to the Fund's return.

Within consumer discretionary, U.K. homebuilders proved nimble in production schedules and reduced supply, which resulted in firmer U.K. housing prices. Additionally, many of these companies reinforced their financial strength to prepare for the resumption of the growth expected in the U.K. housing sector. Interestingly, the U.S. is in a multi-year correction process, but it has taken less than one year for the U.K. housing market to correct. Three of four U.K. homebuilders in the portfolio more than doubled in value during the year, rebounding from large declines in 2008.

When investors ignored consumer staples stocks in favor of cyclical companies in 2009, we saw the opportunity to buy good brand names with stable cash flows at exceptionally good values. Top names on our "watch list", such as The J.M. Smucker Company and Heinz, were purchased in early 2009 and subsequently produced strong returns.

Financials detracted from even better performance, as smaller U.S. banks, not plagued by the mortgage crisis, have fallen in sympathy with the larger industry trends. We expect U.S. banks to be a source of outperformance based on bank valuations, after adjustment for normalized insurance premiums, repayment of high-cost TARP (Troubled Asset Relief Program) funding and post-peak loan losses. As the Fund's holdings in industrials and materials companies have outperformed anticipating economic recovery, it is our belief that bank shares will experience normalized fundamentals long before they appear in reported results.

Defensive holdings, including telecommunications and utilities, proved to be low risk stocks that buffered market volatility in 2008. In 2009, however, investors began selling these off to take more risk in other sectors. Consequently, the Fund's holdings in these sectors were negatively impacted. We will continue to opportunistically identify undervalued defensive names that offer diversification, reduced cyclical exposure and potentially strong returns over the long-term.

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The following table illustrates the Fund's summary performance attribution by country and sector:

Country	Full Year 2009%	Sector	Full Year 2009%
Finland	6.6	Industrials	11.7
United Kingdom	6.0	Materials	10.0
Ireland	5.0	Consumer Discretionary	8.5
France	3.8	Energy	4.0
United States	2.8	Health Care	2.6
Sweden	2.7	Consumer Staples	2.2
Germany	1.8	Information Technology	1.3
Canada	1.5	Utilities	(0.4)
Austria	1.4	Telecommunications	(0.4)
Australia	1.3	Financials	(4.0)
Italy	1.2		
Thailand	1.1		
South Africa	1.1		
Belgium	1.0		
India	0.8		
South Korea	0.8		
Norway	0.8		
Switzerland	0.5		
Spain	(2.0)		
Japan	(2.6)		
Cash & Equivalents	0.1	Cash & Equivalents	0.1
	<u>35.5%</u>		<u>35.5%</u>

Table may not foot due to rounding.

**2009 ASSET ALLOCATION:**

During the calendar year 2009, we trimmed holdings in financials, materials and industrials, where analysis revealed deterioration in fundamentals in relation to evolving market dynamics. The shares of geographically diverse banks in Spain and Ireland were liquidated as we remained concerned about worsening economic conditions in both regions. Additional sell decisions were executed throughout the year, as we identified companies expected to be challenged going forward, while retaining companies that suffered short-term cash flow reductions, but which have strong long-term fundamentals. Cash was allocated to new investment ideas and increased weightings in portfolio areas with strong growth potential.

We invested in three new financials, including an Indian bank, a Swedish bank and one eastern U.S. institution. In the materials sector, we added a German flavor and fragrance producer, which sells product to food processors, cosmetics and other consumer staples companies. Within industrials, a fourth quarter investment was made in the third largest chemical transportation company in the world based on number of vessels. The company was previously affected by reduced chemical demand and a new-build commitment that had to be renegotiated. The company sought new funds to bolster its cash reserves and the Fund bought shares at an opportune price. The shares advanced 47% since its discounted offering price on November 27th.

We also made initial investments in an Indian information technology company and two consumer staples companies. We continue to see better values overseas; consequently, the Fund remained underweight in North America relative to the World Index. The Fund's Scandinavian and European holdings were weighted greater than the benchmark.

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The following table shows the Fund's asset allocation at December 31, 2009.

Polaris Global Value Fund Asset Allocation														
	<i>World Market Weighting</i>	<i>Portfolio Weighting</i>	Energy	Utilities	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	Info. Tech.	Telecom Services	Other	Cash
N. America	53.04%	32.52%	1.26%	2.18%	3.37%	6.72%	0.00%	3.07%	5.31%	9.61%	0.00%	0.99%	0.00%	0.00%
Japan	9.71%	7.36%	0.00%	1.57%	0.67%	1.43%	0.30%	2.40%	0.00%	0.00%	0.00%	0.98%	0.00%	0.00%
Other Asia	5.80%	8.59%	1.73%	0.00%	2.19%	0.00%	0.00%	0.00%	0.00%	1.62%	2.10%	0.95%	0.00%	0.00%
Europe	28.95%	35.45%	2.36%	0.00%	9.57%	5.58%	10.51%	2.14%	1.41%	3.87%	0.00%	0.00%	0.00%	0.00%
Scandinavia	2.50%	13.76%	0.00%	0.00%	0.00%	6.88%	2.66%	0.00%	0.00%	4.22%	0.00%	0.00%	0.00%	0.00%
Africa & S. America	0.00%	2.32%	1.66%	0.00%	0.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	0.00%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%
Industry Totals		100.00%	7.01%	3.75%	16.46%	20.62%	13.48%	7.61%	6.73%	19.33%	2.10%	2.93%	0.00%	-0.01%
<i>Market Weighting</i>	<u>100.00%</u>		<u>10.93%</u>	<u>4.61%</u>	<u>7.52%</u>	<u>10.43%</u>	<u>9.34%</u>	<u>10.16%</u>	<u>10.07%</u>	<u>20.59%</u>	<u>11.96%</u>	<u>4.41%</u>	<u>0.00%</u>	<u>0.00%</u>

Table may not cross foot due to rounding.

**INVESTMENT ENVIRONMENT AND STRATEGY:**

Recent discussions with portfolio companies indicate that the economic recovery is mixed, with industrials and materials experiencing slow growth in North America and Europe and moderate growth in Asia and Latin America. Late-stage companies still expect to see growth for several years. Until the recovery extends to more industries and markets and unemployment is reduced, we expect historically aggressive monetary and fiscal stimulus by central banks and governments around the world to continue. If massive government borrowing creates future inflation, the Fund's holdings in real assets (such as materials and industrials) should provide a hedge. However, we do not claim an ability to accurately forecast macro-economic trends, preferring our long-standing commitment to bottom-up stock picking.

Current bottom-up analysis indicates that many companies are returning to more normalized valuation levels. In fact, there is no better indication of the returning fair valuations than a review of our own Fund. The Fund was at a yearly low on March 9, 2009, subsequently returning 91.06% (cumulative) by year-end (compared to a cumulative 75.22% return for the MSCI World Index). *Past performance is not indicative of future results.*

As fair valuations return, our research team will dig deep to unearth undervalued companies across sectors and countries. We continue to identify a mix of companies poised to benefit from the general market recovery. We see a number of these smaller banking institutions ripe for a rebound in 2010 and beyond. Other undervalued opportunities are pinpointed on a case-by-case basis.

As uncertainty and volatility remain in the global market, we have worked diligently to design a portfolio diversified across sectors and countries, with companies that can continue to generate strong cash flows in various macro-economic environments.

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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.

*As of December 31, 2009, the Fund's largest equity holdings and the percentages they represent in the Fund's portfolio market value are as follows:*

Issuer	Percentage of Total Net Assets	Issuer	Percentage of Total Net Assets
Barratt Developments PLC	2.80%	Christian Dior SA	1.88%
Technip SA	2.36%	CRH PLC	1.85%
Kone Oyj, Class B	2.34%	Smurfit Kappa Group PLC	1.84%
BHP Billiton, Ltd., ADR	2.19%	Bellway PLC	1.81%
Greencore Group PLC	2.13%	The Chubb Corp.	1.75%
Persimmon PLC	2.10%	Symrise AG	1.74%
Trevi Finanziaria SpA	1.99%	Solvay SA	1.74%
Mac-Gray Corp.	1.95%	Thai Oil PCL	1.73%
Methanex Corp.	1.95%	WellPoint, Inc.	1.71%
Taylor Wimpey PLC	1.93%	BASF SE	1.71%

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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The views in this letter were those of the Fund manager as of December 31, 2009, 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>
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%

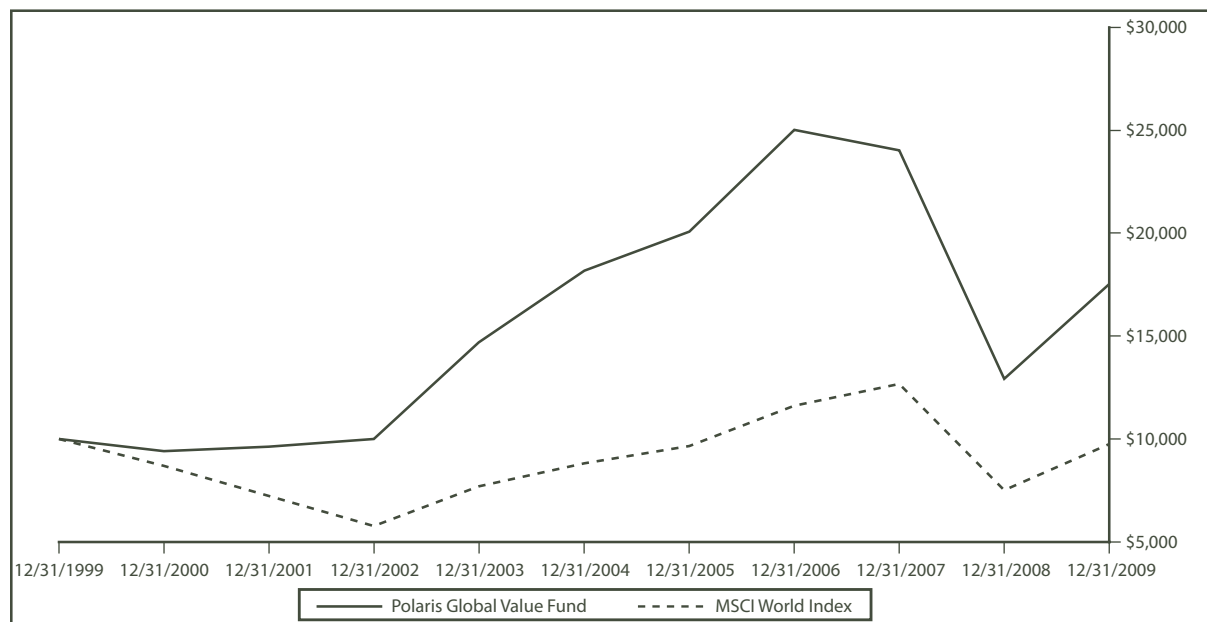
**POLARIS GLOBAL VALUE FUND**  
**PERFORMANCE CHART AND ANALYSIS**  
**DECEMBER 31, 2009**

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 Morgan Stanley Capital International (“MSCI”) World Index (“Index”), net dividends reinvested, over the past ten fiscal years. The 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 Fund includes operating expenses that reduce returns, while the total return of the Index does not include expenses. The Fund is professionally managed while the Index is unmanaged and is not available for investment. **Past performance is not predictive of, nor a guarantee of future results. Market volatility can significantly impact short-term performance. 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.**

<u>Annual Total Return as of 12/31/09</u>	<u>One Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Polaris Global Value Fund	35.46%	(0.74)%	5.76%
MSCI World Index	29.99%	2.01%	(0.24)%

Investment Value on 12/31/09

Polaris Global Value Fund	\$17,511
MSCI World Index	\$ 9,759





**POLARIS GLOBAL VALUE FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2009**

Shares	Security Description	Value	Principal Amount	Security Description	Value
<b>United States – 30.6%</b>			<b>Short-Term Investments – 0.0%</b>		
69,100	Allele, Inc.	\$ 2,258,188	<b>Certificates of Deposit – 0.0%</b>		
404,495	Ameris Bancorp	2,896,184	\$31,265	Middlesex Savings Bank, 2.00%, 11/26/11	\$ 31,265
74,906	AMETEK, Inc.	2,864,405	31,523	Stoneham Savings Bank, 1.50%, 11/24/11	31,523
249,204	Astoria Financial Corp.	3,097,606	<b>Total Certificates of Deposit (Cost \$62,788)</b>		
169,774	Colony Bancorp, Inc.	786,054	<b>62,788</b>		
36,344	FPL Group, Inc.	1,919,690	<b>Total Short-Term Investments</b>		
39,317	General Dynamics Corp.	2,680,240	<b>(Cost \$62,788)</b>		
110,200	Health Net, Inc.(a)	2,566,558	<b>62,788</b>		
64,400	H.J. Heinz Co.	2,753,744	<b>Total Investments – 100.1%</b>		
131,263	International Bancshares Corp.	2,484,809	<b>(Cost \$240,425,437)</b>		
50,800	J.M. Smucker Co.	3,136,900	<b>\$191,654,966</b>		
363,060	Mac-Gray Corp.(a)	3,739,518	<b>Other Assets and Liabilities, Net – (0.1)%</b>		
77,082	Marathon Oil Corp.	2,406,500	<b>(257,357)</b>		
34,049	Praxair, Inc.	2,734,475	<b>Net Assets – 100.0%</b>		
34,400	Quest Diagnostics, Inc.	2,077,072	<b>\$191,397,609</b>		
335,997	Southwest Bancorp, Inc.	2,331,819			
68,100	The Chubb Corp.	3,349,158			
67,382	Toro Co.	2,817,241			
74,184	UnitedHealth Group, Inc.	2,261,128			
122,900	Univest Corp. of Pennsylvania	2,154,437			
57,551	Verizon Communications, Inc.	1,906,665			
111,738	Webster Financial Corp.	1,326,330			
56,300	WellPoint, Inc.(a)	3,281,727			
29,174	WESCO International, Inc.(a)	787,990			
		<u>58,618,438</u>			
<b>Total Common Stock (Cost \$240,362,649)</b>		<b><u>191,592,178</u></b>			

ADR American Depositary Receipt

GDR Global Depositary Receipt

PCL Public Company Limited

PLC Public Limited Company

(a) Non-income producing security.

(b) Security fair valued in accordance with procedures adopted by the Board of Trustees.  
At the period end, the value of these securities amounted to \$0 or 0.00% of net assets.

**POLARIS GLOBAL VALUE FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2009**

\* Cost for Federal income tax purposes is \$242,219,343 and net unrealized depreciation consists of:

Gross Unrealized Appreciation	\$ 25,267,709
Gross Unrealized Depreciation	<u>(75,832,086)</u>
Net Unrealized Depreciation on Investments	<u><u>\$(50,564,377)</u></u>

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2009:

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 table below, refer to Note 2 – Security Valuation section in the accompanying Notes to Financial Statements.

Valuation Inputs	Level 1	Level 2	Level 3	Total
Investments At Value:				
Common Stocks				
Australia	\$ 4,200,566	\$ –	\$–	\$ 4,200,566
Austria	2,970,127	–	–	2,970,127
Belgium	4,199,485	–	–	4,199,485
Canada	3,732,383	–	–	3,732,383
Finland	12,385,290	–	–	12,385,290
France	9,462,506	–	–	9,462,506
Germany	15,882,774	–	–	15,882,774
India	4,022,779	–	–	4,022,779
Ireland	11,145,302	–	–	11,145,302
Italy	3,800,428	–	–	3,800,428
Japan	14,097,927	–	–	14,097,927
Norway	3,054,641	–	–	3,054,641
South Africa	4,444,203	–	–	4,444,203
South Korea	4,921,015	–	–	4,921,015
Sweden	10,906,231	–	–	10,906,231
Switzerland	2,709,072	–	–	2,709,072
Thailand	–	3,315,433	–	3,315,433
United Kingdom	17,723,578	–	–	17,723,578
United States	58,618,438	–	–	58,618,438
Certificates of Deposit	–	62,788	–	62,788
Total Investments at Value:	<u>\$188,276,745</u>	<u>\$3,378,221</u>	<u>\$–</u>	<u>\$191,654,966</u>

**Portfolio Holdings**

% of Total Investments

Industrials	20.6%
Financials	19.3%
Materials	16.5%
Consumer Discretionary	13.5%
Consumer Staples	7.6%
Energy	7.0%
Health Care	6.7%
Utilities	3.8%
Telecommunication Services	2.9%
Information Technology	2.1%
Short-Term Investments	0.0%
Total	<u>100.0%</u>

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**POLARIS GLOBAL VALUE FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2009**

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**ASSETS**

Total investments, at value (Cost \$240,425,437)	\$ 191,654,966
Receivables:	
Fund shares sold	110,165
Interest and dividends	405,990
Prepaid expenses	8,002
Total Assets	<u>192,179,123</u>

**LIABILITIES**

Payables:	
Dividends	1,103
Fund shares redeemed	448,574
Due to custodian	74,405
Accrued Liabilities:	
Investment adviser fees	162,088
Fund service fees	62,809
Compliance services fees	2,062
Trustees' fees and expenses	216
Other expenses	30,257
Total Liabilities	<u>781,514</u>

**NET ASSETS** \$ 191,397,609

**COMPONENTS OF NET ASSETS**

Paid-in capital	\$ 346,526,558
Accumulated net investment income	2,002,230
Accumulated net realized loss on investments and foreign currency transactions	(108,360,641)
Net unrealized depreciation on investments and foreign currency translations	<u>(48,770,538)</u>

**NET ASSETS** \$ 191,397,609

**NET ASSET VALUE AND OFFERING PRICE PER SHARE**

**Based on net assets of \$191,397,609 and 16,312,139 shares outstanding at \$0.000 par value  
(unlimited shares authorized)** \$ 11.73

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**POLARIS GLOBAL VALUE FUND**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2009**

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**INVESTMENT INCOME**

Dividend income (net of foreign withholding taxes \$451,335)	\$ 3,967,091
Interest income	<u>4,064</u>
Total Investment Income	<u>3,971,155</u>

**EXPENSES**

Investment adviser fees	1,684,092
Fund service fees	521,869
Custodian fees	59,487
Professional fees	61,033
Registration fees	18,946
Trustees' fees and expenses	6,146
Compliance services fees	43,902
Miscellaneous expenses	<u>61,577</u>
Total Expenses	2,457,052
Fees waived	<u>(16,790)</u>
Net Expenses	<u>2,440,262</u>

**NET INVESTMENT INCOME** 1,530,893

**NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS  
AND FOREIGN CURRENCY TRANSACTIONS**

Realized Gain (Loss) on:	
Investments	(62,295,438)
Foreign currency transactions	552,483
Written options	<u>25,159</u>
Net Realized Loss on Investments and Foreign Currency Transactions	<u>(61,717,796)</u>

Change in Unrealized Appreciation (Depreciation) on:	
Investments	107,975,873
Foreign Currency Translations	<u>(385)</u>
Net Change in Unrealized Appreciation on Investments and Foreign Currency Translations	<u>107,975,488</u>

**NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS  
AND FOREIGN CURRENCY TRANSACTIONS** 46,257,692

**INCREASE IN NET ASSETS RESULTING FROM OPERATIONS** \$ 47,788,585

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

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>OPERATIONS</b>		
Net investment income	\$ 1,530,893	\$ 6,576,581
Net realized loss on investments and foreign currency transactions	(61,717,796)	(45,571,300)
Net change in unrealized appreciation (depreciation) on investments and foreign currency translations	<u>107,975,488</u>	<u>(169,906,296)</u>
Increase (Decrease) in Net Assets Resulting from Operations	<u>47,788,585</u>	<u>(208,901,015)</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>		
Net investment income	(20,598)	(6,185,088)
Net realized gain on investments	<u>—</u>	<u>(7,917,460)</u>
Total Distributions to Shareholders	<u>(20,598)</u>	<u>(14,102,548)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Sale of shares	17,990,755	41,080,925
Reinvestment of distributions	20,598	13,259,942
Redemption of shares	(50,652,983)	(257,888,101)
Redemption fees	<u>8,622</u>	<u>110,167</u>
Decrease in Net Assets from Capital Share Transactions	<u>(32,633,008)</u>	<u>(203,437,067)</u>
Increase (Decrease) in Net Assets	15,134,979	(426,440,630)
<b>NET ASSETS</b>		
Beginning of Year	<u>176,262,630</u>	<u>602,703,260</u>
End of Year(a)	<u>\$191,397,609</u>	<u>\$ 176,262,630</u>
<b>SHARE TRANSACTIONS</b>		
Sale of shares	1,750,618	2,725,384
Reinvestment of distributions	2,742	1,656,696
Redemption of shares	<u>(5,790,642)</u>	<u>(18,462,084)</u>
Decrease in Shares	<u>(4,037,282)</u>	<u>(14,080,004)</u>
(a) Amount includes undistributed (distributions in excess of) net investment income	<u>\$ 2,002,230</u>	<u>\$ (60,548)</u>

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

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

	Year Ended				
	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005
<b>NET ASSET VALUE, Beginning of Year</b>	<u>\$ 8.66</u>	<u>\$ 17.51</u>	<u>\$ 19.98</u>	<u>\$ 16.20</u>	<u>\$ 14.80</u>
<b>INVESTMENT OPERATIONS</b>					
Net investment income(a)	0.09	0.25	0.20	0.17	0.19
Net realized and unrealized gain (loss) on investments, options and foreign currency transactions	<u>2.98</u>	<u>(8.41)</u>	<u>(0.94)</u>	<u>3.80</u>	<u>1.36</u>
Total from Investment Operations	<u>3.07</u>	<u>(8.16)</u>	<u>(0.74)</u>	<u>3.97</u>	<u>1.55</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>					
Net investment income	–(b)	(0.31)	(0.26)	(0.16)	(0.16)
Net realized gain on investments, options and foreign currency transactions	<u>–</u>	<u>(0.38)</u>	<u>(1.49)</u>	<u>(0.04)</u>	<u>–</u>
Total Distributions to Shareholders	<u>–</u>	<u>(0.69)</u>	<u>(1.75)</u>	<u>(0.20)</u>	<u>(0.16)</u>
<b>REDEMPTION FEE(a)</b>	<u>–(b)</u>	<u>–(b)</u>	<u>0.02</u>	<u>0.01</u>	<u>0.01</u>
<b>NET ASSET VALUE, End of Year</b>	<u>\$ 11.73</u>	<u>\$ 8.66</u>	<u>\$ 17.51</u>	<u>\$ 19.98</u>	<u>\$ 16.20</u>
<b>TOTAL RETURN</b>	35.46%	(46.19)%	(3.97)%	24.57%	10.52%
<b>RATIO/SUPPLEMENTARY DATA</b>					
Net Assets at End of Year (000's omitted)	\$191,398	\$176,263	\$602,703	\$608,053	\$280,580
Ratios to Average Net Assets:					
Net investment income	0.91%	1.74%	0.99%	0.93%	1.23%
Net expenses	1.45%	1.43%	1.19%	1.23%	1.29%
Gross expenses(c)	1.46%	1.43%	1.19%	1.23%	1.30%
<b>PORTFOLIO TURNOVER RATE</b>	22%	16%	46%	5%	10%

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

(b) Amount rounds to 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, as amended. As of December 31, 2009, the Trust had twenty-nine investment portfolios. 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 on 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 by investing primarily in common stocks (including ADRs) of companies located worldwide (including emerging market countries).

### **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 period. 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 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 asked prices provided by independent pricing services. Non-exchange traded securities for which quotations are available are generally valued at the mean of the current bid and asked 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. 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.)

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, 2009, 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 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 practical 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 US 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 the 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 foreign currency contracts are agreements to exchange one currency for another at a future date and at a specified price. The Fund may use forward foreign currency contracts to facilitate transactions in foreign securities and to manage the Fund’s foreign currency exposure. These contracts are intrinsically valued daily based on forward rates, and the 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 risks associated with these transactions, the Fund could incur losses up to the entire contract amount, which may exceed the net unrealized value included in its net asset value.

**Options** – When the 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 investments. The difference between the premium and the amount paid on effecting a closing purchase

**POLARIS GLOBAL VALUE FUND**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009

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. When the Fund purchases an option, an amount equal to the premium paid by the Fund is recorded as an investment and is subsequently adjusted to the current value of the option purchased. If an option expires on the stipulated expiration date or if the Fund enters into a closing sale transaction, a gain or loss is realized. If a call option is exercised, the cost of the security acquired is increased by the premium paid for the call. If a put option is exercised, a gain or loss is realized from the sale of the underlying security, and the proceeds from such sale are decreased by the premium originally paid. Written and purchased options are non-income producing securities.

Transactions in options written during the year ended December 31, 2009, were as follows:

	Calls	
	Number of Contracts	Premiums
<i>Options Outstanding, December 31, 2008</i>	–	\$ –
Options written	2,896	331,570
Options terminated in closing transactions	(187)	(48,460)
Options exercised	(2,309)	(257,951)
Options expired	(400)	(25,159)
<i>Options Outstanding, December 31, 2009</i>	<u>–</u>	<u>\$ –</u>

**Derivatives Transactions** – In March 2008, the Financial Accounting Standards Board (“FASB”) issued the “Disclosures about Derivative Instruments and Hedging Activities Topic”. This is effective for annual and interim periods beginning after November 15, 2008, and requires enhanced disclosures about the Fund’s derivative and hedging activities, including how such activities are accounted for and their effect on the Fund’s financial position, performance and cash flows. The Fund adopted this disclosure in the prior reporting period.

The Fund’s use of derivatives during the year ended December 31, 2009, was limited to forward currency contracts and written options. The volume of open positions may vary on a daily basis as the Fund transacts derivative contracts in order to achieve the exposure desired by the Adviser. The total number of foreign exchange contracts entered into during the year was \$47,133,276. 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 as of December 31, 2009, and thus there was no disclosure on the Statements of Assets & Liabilities.

**POLARIS GLOBAL VALUE FUND**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009

Realized and unrealized gains and losses on derivatives contracts entered into during the year ended December 31, 2009, 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)</u>	<u>Change in Unrealized Appreciation (Depreciation) on Derivatives</u>
Equity contracts	Realized gain (loss) on Written options	\$25,159	–
Foreign exchange contracts	Realized gain (loss) on Foreign currency transactions and change in unrealized appreciation (depreciation) on Foreign currency translations	\$(7,077)	\$(97)

**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 its taxable income. 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

The Fund concluded that as of December 31, 2009, 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, 2009, 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 Fee** – 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 with Related Parties**

**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 Agent** – The Trust has adopted a shareholder servicing 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 up to 0.25% annually of average daily net assets of the shares held by such customers. During the year ended December 31, 2009, the Fund did not make any payments under the Shareholder Service Plan.

**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 with Atlantic Fund Administration, LLC (“Atlantic”) or their affiliates.

**Other Service Providers** – Atlantic provides fund accounting, fund administration and transfer agency services to the Fund. Pursuant to an Atlantic services agreement, the Fund pays Atlantic customary fees for its services.

Atlantic provides a Principal Executive Officer, Principal Financial Officer, 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. Expense Reimbursements and Fees Waived**

Certain fund service providers have voluntarily agreed to waive and reimburse a portion of their fees. These voluntary waivers and reimbursements may be reduced or eliminated at any time. For the year ended December 31, 2009, fees waived were \$16,790.

**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, 2009, were \$37,182,649 and \$61,340,469, respectively.

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

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

	<u>2009</u>	<u>2008</u>
Ordinary Income	\$20,598	\$ 6,185,143
Long-Term Capital Gain	—	7,917,405
Total	<u>\$20,598</u>	<u>\$14,102,548</u>

As of December 31, 2009, distributable earnings (accumulated loss) on a tax basis were as follows:

Undistributed Ordinary Income	\$ 2,012,834
Unrealized Appreciation (Depreciation) on Investments and Foreign Currency	(50,564,444)
Capital and Other Losses	<u>(106,577,339)</u>
Total	<u>\$(155,128,949)</u>

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 \$6,172,500 (realized during the period November 1, 2009, through December 31, 2009). This loss will be recognized for tax purposes on the first business day of the Fund's next fiscal year, January 1, 2010.

As of December 31, 2009, the Fund had capital loss carryforwards to offset future capital gains of \$41,240,428 and \$59,164,411, expiring in 2016 and 2017, respectively.

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, 2009. The following reclassification was the result of currency gain, and has no impact on the net assets of the Fund.

Accumulated Net Investment Income	\$ 552,483
Accumulated Net Realized Gain (Loss)	(552,483)

**Note 7. Recent Accounting Pronouncement**

In June 2009, the Financial Accounting Standards Board ("FASB") issued the "FASB Accounting Standard Codification™ and the Hierarchy of Generally Accepted Accounting Principles" ("Codification"). The FASB approved the Codification as the single source of authoritative U.S. accounting and reporting standards for non-governmental entities, in addition to guidance issued by the Securities and Exchange Commission ("SEC"). All guidance contained in the Codification carries an equal level of authority. The Codification supersedes all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification has become nonauthoritative. The Codification is effective for financial

statements issued for interim and annual periods ending after September 15, 2009. Management has evaluated the Codification and has determined that it did not have a significant impact on the reporting of the Fund's financial statements.

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 interim and annual reporting periods beginning after December 15, 2009, entities will be required to disclose significant transfers into and out of Level 1 and 2 measurements in the fair value hierarchy and the reasons for those transfers. 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 its financial statement disclosures.

**Note 8. Subsequent Events**

Subsequent events occurring after the date of this report have been evaluated for potential impact to this report through February 24, 2010, and the Fund has noted no such events.

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**POLARIS GLOBAL VALUE FUND**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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**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, a series of shares of beneficial interest in the Forum Funds, including the schedule of investments, as of December 31, 2009, and the related statement of operations for the year then ended, and the statements of changes in net assets and the financial highlights for each of the years in the two 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 three 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, 2009 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, 2009, the results of its operations for the year then ended, and the changes in its net assets and its financial highlights for each of the years in the two year period then ended, in conformity with accounting principles generally accepted in the United States of America.

**BBD, LLP****Philadelphia, Pennsylvania  
February 24, 2010**

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**POLARIS GLOBAL VALUE FUND****ADDITIONAL INFORMATION**DECEMBER 31, 2009 (Unaudited)

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**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 records for the 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 Expenses 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 following example is based on \$1,000 invested at the beginning of the period and held for the entire period from July 1, 2009, through December 31, 2009.

**Actual Expenses** – The first line of 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 account 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 or 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

DECEMBER 31, 2009 (Unaudited)

	Beginning Account Value July 1, 2009	Ending Account Value December 31, 2009	Expenses Paid During Period*	Annualized Expense Ratio*
Actual	\$1,000.00	\$1,233.60	\$7.66	1.36%
Hypothetical (5% return before expenses)	\$1,000.00	\$1,018.30	\$6.92	1.36%

\* 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 most recent fiscal half-year divided by 365 to reflect the half-year period.

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

**Income Dividends** – For Federal income tax purposes, dividends from short-term capital gains are classified as ordinary income. The Fund designates 44.76% 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 0.79% of its income dividends as qualified interest income (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 shareholders. The following table provides information about each Board member 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-nine 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.

Name and Year of Birth	Position with the Trust	Length of Time Served	Principal Occupation(s) During Past 5 Years
<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; Partner, Wolf, Block, Schorr and Solis-Cohen, LLP (law firm) 2002 – 2003.

**POLARIS GLOBAL VALUE FUND**

## ADDITIONAL INFORMATION

DECEMBER 31, 2009 (Unaudited)

<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 5 Years</b>
<b>INDEPENDENT TRUSTEES (continued)</b>			
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.
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	Since 1989	Chairman, Atlantic since 2008; President, Forum Foundation (a charitable organization) since 2005; President, Forum Trust, LLC (a non-depository trust company) since 1997; President, Citigroup Fund Services, LLC (“Citigroup”) 2003 – 2005.
<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; Director, Fund Accounting, Citigroup 2003 – 2005; Director/Senior Manager/Manager, Accounting, Forum, 1992 – 2003.
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 April 2009	Senior Counsel, Atlantic since February 2009; Vice President, Citi Fund Services Ohio, Inc. 2007 – 2009; Associate Counsel, Investors Bank & Trust Company 2006 – 2007; employee of FDIC 2005.

**POLARIS GLOBAL VALUE FUND**

## ADDITIONAL INFORMATION

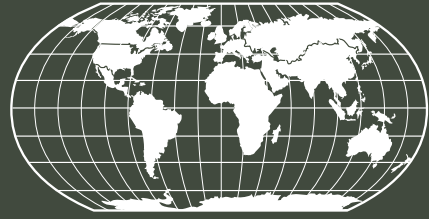
DECEMBER 31, 2009 (Unaudited)

<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 5 Years</b>
<b>OFFICERS (continued)</b>			
Michael J. McKeen Born: 1971	Vice President	Since September 2009	Senior Manager, Atlantic since 2008; Vice President, Citigroup 2003 – 2008.
Joshua LaPan Born: 1973	Vice President	Since September 2009	Manager, Atlantic since 2008; Vice President, Citigroup 2003 – 2008.
Timothy Bowden Born: 1969	Vice President	Since September 2009	Manager, Atlantic since 2008; Vice President, Citigroup 2005 – 2008; Manager, PNC, 1997 – 2005.
Lina Bhatnagar Born: 1971	Secretary	Since 2008	Senior Administration Specialist, Atlantic since 2008; Regulatory Administration Specialist, Citigroup, 2006 – 2008; Money Market/Short Term Trader, Wellington Management, 1996 – 2002.

1 Since 1997, John Y. Keffer has been president and owner of Forum Trust, LLC. Atlantic is a subsidiary of Forum Trust, LLC.

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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 Administration, LLC  
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, 2009

225-ANR-1209

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