

Oakmark Funds' Bill Nygren is one of the top value managers with double-digit returns — for decades

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Bill Nygren, Oakmark Select Fund, June 27, 2023.

Scott Mlyn | CNBC

Bill Nygren at Oakmark Funds is one of the top value-focused fund managers on Wall Street today with a long-term track record of success.

The University of Wisconsin and University of Minnesota grad has managed the Oakmark Select Fund since 1996 and the Oakmark Fund since 2000. The Select Fund, with \$5.8 billion in assets, is up almost 33% this year through Tuesday, ranking in the top 1% percentile in its category, according to Morningstar. The fund has also racked up a 10.7% average annual return in the past 15 years.

The \$18 billion Oakmark Fund touts a similar track record, returning an annualized

12.2% over the last 15 years and 12.7% since 1991. It's also beating the S&P 500 this year with a 24% rally, and lands in top 1% percentile year-to-date as well as over the past 10 and 15 years.

When selecting stocks, the long-time value investor looks at metrics such as free cash flow and expanding, and predictable, earnings. He also makes sure that there company management is aligned with shareholders' interests.

"We attempt to identify growing businesses that are managed to benefit their shareholders. We will purchase stock in those businesses only when priced substantially below our estimate of intrinsic value," Nygren said in a commentary published June 30.

Unlike cap-weighted indexes with a high concentration in megacap stocks, Nygren's funds have a low concentration risk. The Oakmark Fund's five largest positions account for only 15% of assets, and its largest, Google-parent Alphabet, takes up less than 4%.

Nygren holds just 50-60 positions in the Oakmark Fund, so that each of his high-conviction bets has a greater impact on the fund's performance.

The widely-followed Nygren saw buying opportunities in the financial sector in the aftermath of the regional banking crisis. He scooped up shares of Charlotte-based Truist Financial, saying it's "an extremely attractive long-term investment." Nygren was also among a list of prominent investors that bought the dip in Charles Schwab shares.

He also owns Capital One and Ally Financial, firms offering solid earnings and trading at a discount to mark-to-market book value. The veteran investor also maintains positions in large names with single-digit price-to-earnings multiples and growing businesses, such as Bank of America and Wells Fargo.