Harris | Oakmark

QUARTERLY COMMENTARY

Oakmark Global Fund

March 31, 2025

FIRST QUARTER, 2025

- **The Fund's Investor Share Class returned 4.39% versus -1.79% for the MSCI World Index for the quarter, and 9.10% since inception versus 6.21% for the index over the same period.**
- **At the sector level, the largest contributors to performance were financials and health care, while communication services and materials were the largest detractors.**
- **Geographically, the top three country allocations are 53.7% in the U.S., 9.8% in Germany and 8.4% in the U.K. For the quarter, the U.S., the U.K. and Germany were the top contributors to relative performance. France was a top detractor from relative performance, in addition to Spain and Italy, which were not owned in the portfolio.**
- **Emerging markets accounted for 3.2% of the portfolio.**

First-quarter highlights

Top contributors
- Lloyds Banking Group
- Prudential
- American International Group (AIG)

Top detractors
- Alphabet Cl A
- Diageo
- Kering

New purchases
- Airbnb Cl A
- Brenntag
- Pernod Ricard
- Sysco Corporation

Final sales
- Etsy
- Kroger
- Novartis

TOP CONTRIBUTOR | DETRACTOR

Top contributor

Lloyds Banking Group was the top contributor during the quarter. The U.K.-headquartered diversified bank's stock price rose throughout the quarter as it posted fiscal-year 2024 results where net-interest income modestly outperformed consensus expectations. In addition, Lloyds issued fiscal-year 2025 and 2026 guidance forecasting robust net-interest margin expansion and announced a 1.7 billion GBP (Great Britain Pound) share buyback. We continue to monitor the Motor Vehicle provision following the onerous appellate court ruling and are optimistic about a favorable ruling from the Supreme Court. In our view, the bank has a strong management team and a balance sheet with high levels of capital, liquidity and reserves which can help it unlock further value.

Top detractor

Alphabet was the top detractor during the quarter. The U.S.-headquartered interactive media and services company's stock price declined despite having posted fourth-quarter 2024 earnings that were in line with consensus expectations. Search revenue growth remained strong, and management reiterated that the new "AI Overviews" feature is driving higher engagement with comparable monetization. The one miss during the quarter was in the Cloud segment, where revenue grew 30% year-over-year but fell slightly short of consensus expectations. We believe the shortfall was largely due to short-term capacity constraints and that the long-term growth outlook for Google Cloud remains robust. We continue to see Alphabet as a collection of great businesses that can further benefit from the company's world class AI capabilities. With shares trading at just 15x our estimate of next year's earnings per share, we believe the stock is meaningfully undervalued.

PORTFOLIO ACTIVITY

New purchases

Airbnb is an online marketplace to list, discover and book unique accommodations worldwide. The company benefits from a strong network effect between its guests and hosts. We believe there is a long growth runway as global travel is an attractive market, and alternative accommodations have been taking share. We anticipate Airbnb will drive further growth by creating more valuable services for both sides of its network. This includes the potential for paid placement, which has created significant economic value for comparable marketplaces. In our view, management is aligned with shareholders and well qualified to lead Airbnb as the company attempts to capture these growth opportunities. Short-term concerns about the macro travel environment and declining margins stemming from growth investments allowed us to purchase shares at a discount to our estimate of business value.

Brenntag is a global leader in the production and distribution of specialty and commodity chemicals. In our view, Brenntag is an advantageously positioned specialty chemicals distributor thanks to its robust network of customers and suppliers, which is a market that has historically grown faster than broader chemical manufacturing. We believe this market is coming out of a cyclical trough with indicators suggesting better growth to come. Moreover, the company's management team is implementing a multi-year plan to reorganize the business structure to better align with the distinct needs of specialty and commodity markets, increase focus on value-over-volume, sharpen incentives, and trim the company's cost structure. Recent temporary challenges in the business environment have weighed on Brenntag's share price, presenting us with the opportunity to initiate a position in the dominant industry player at a discount to our estimate of intrinsic value.

Pernod Ricard is the second largest producer of premium spirits globally, with over 240 brands distributed across more than 160 markets. Importantly, the company generates most of its revenue from brown spirits, such as whiskey and Cognac, and has the highest exposure in the sector to this category, which is particularly attractive due to high barriers to entry driven by aged inventories. Pernod Ricard also has the most regionally diversified portfolio among peers, with leading scale in its key markets of India, China and France. This further strengthens barriers to entry and has provided a long history of attractive returns and healthy cash conversion for the company. Additionally, we believe the company is poised to benefit from structural tailwinds stemming from premiumization trends and emerging markets growth where it has more exposure than its peers. Lastly, we like that Pernod Ricard is still led by the company's founding family, which is aligned with shareholders as they own 14% of the equity. We believe CEO Alexandre Ricard has a good track record and is committed to growing shareholder value by improving execution, operations and organizational culture, which we view as self-help opportunities to close the company's margin gap relative to peers. The company's share price has come under pressure alongside other spirits producers as a result of post-Covid-19 industry de-stocking and demand normalization, which provided an attractive entry point to invest in this above-average company at a below-average price.

Sysco Corporation is one of the largest food service distribution companies globally. We appreciate that food service distribution is a stable industry that has historically grown slightly faster than food spending. This is because of a continued secular shift to food away from home and that scale-advantaged companies, like Sysco, benefit from better procurement terms from suppliers and demonstrate high operational efficiency. Recently, growth in the company's largest and most profitable customer segment, independent restaurants, has slowed, but Sysco is increasing headcount and changing compensation incentives in its salesforce, which we think will reinvigorate growth and prove beneficial for long-term shareholders. In our view, Sysco remains a high-quality company with a credible management team, so we were happy to purchase shares at a discount to peers and the company's own historical trading multiple.

PORTFOLIO MANAGERS

(Year joined Harris | Oakmark)

David G. Herro, CFA (1992)
Eric Liu, CFA (2009)
Tony Coniaris, CFA (1999)
M. Colin Hudson, CFA (2005)
John A. Sitarz, CFA, CPA (2013)

March 31, 2025

AVERAGE ANNUALIZED TOTAL RETURNS (%)

	Inception date	QTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Expense ratio
Investor Class | OAKGX	08/04/1999	4.39	2.57	3.37	15.71	5.86	9.10	1.12
MSCI World Index		-1.79	7.04	7.58	16.13	9.50	6.21	
MSCI All Country World Index		-1.32	7.15	6.91	15.18	8.84	6.03	

Expense ratios are as of the Fund's most recent prospectus dated 1/28/2025, as amended and restated 1/31/2025 and 3/14/2025; actual expenses may vary. Returns for periods less than one year are not annualized. Since inception returns for the indexes are calculated based on the Investor Class inception date.

Past performance is no guarantee of future results. The performance data quoted represents past performance. Current performance may be lower or higher than the performance data quoted. Total return includes change in share prices and, in each case, includes reinvestment of dividends and capital gain distributions. The investment return and principal value vary so that an investor's shares, when redeemed, may be worth more or less than the original cost.

The securities mentioned above comprise the following preliminary percentages of the Oakmark Global Fund's total net assets as of 03/31/2025: Airbnb Cl A 1.5%, Alphabet Cl A 2.5%, American Intl Group 3.2%, Brenntag 1.9%, Diageo 2.0%, Etsy 0%, Kering 2.1%, Kroger 0%, Lloyds Banking Group 2.3%, Novartis 0%, Pernod Ricard 1.5%, Prudential 2.3% and Sysco 3.7%. **Portfolio holdings are subject to change without notice and are not intended as recommendations of individual stocks.**

Access the full list of holdings for the Oakmark Global Fund as of the most recent quarter-end.

The information, data, analyses, and opinions presented herein (including current investment themes, the portfolio managers' research and investment process, and portfolio characteristics) are for informational purposes only and represent the investments and views of the portfolio managers and Harris Associates L.P. as of the date written and are subject to change and may change based on market and other conditions without notice.

This content is not a recommendation of or an offer to buy or sell a security and is not warranted to be correct, complete or accurate.

Certain comments herein are based on current expectations and are considered "forward-looking statements." These forward looking statements reflect assumptions and analyses made by the portfolio managers and Harris Associates L.P. based on their experience and perception of historical trends, current conditions, expected future developments, and other factors they believe are relevant. Actual future results are subject to a number of investment and other risks and may prove to be different from expectations. Readers are cautioned not to place undue reliance on the forward-looking statements.

The MSCI World Index (Net) is a free float-adjusted, market capitalization-weighted index that is designed to measure the global equity market performance of developed markets. The index covers approximately 85% of the free float-adjusted market capitalization in each country. This benchmark calculates reinvested dividends net of withholding taxes. This index is unmanaged and investors cannot invest directly in this index.

The MSCI All Country World Index (Net) is a free float-adjusted, market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. The index includes large- and mid-sized stocks and covers approximately 85% of the global equity opportunity set. This benchmark calculates reinvested dividends net of withholding taxes. This index is unmanaged and investors cannot invest directly in this index.

On occasion, Harris may determine, based on its analysis of a particular multi-national issuer, that a country classification different from MSCI best reflects the issuer's country of investment risk. In these instances, reports with country weights and performance attribution will differ from reports using MSCI classifications. Harris uses its own country classifications in its reporting processes, and these classifications are reflected in the included materials.

The Fund's portfolio tends to be invested in a relatively small number of stocks. As a result, the appreciation or depreciation of any one security held by the Fund will have a greater impact on the Fund's net asset value than it would if the Fund invested in a larger number of securities. Although that strategy has the potential to generate attractive returns over time, it also increases the Fund's volatility.

Investing in foreign securities presents risks that in some ways may be greater than U.S. investments. Those risks include: currency fluctuation; different regulation, accounting

standards, trading practices and levels of available information; generally higher transaction costs; and political risks.

All information provided is as of 03/31/2025 unless otherwise specified.

Before investing in any Oakmark Fund, you should carefully consider the Fund's investment objectives, risks, management fees and other expenses. This and other important information is contained in a Fund's prospectus and summary prospectus. Please read the prospectus and summary prospectus carefully before investing. For more information, please visit Oakmark.com or call 1-800-OAKMARK (1-800-625-6275).

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