

## Oakmark Global Fund

September 30, 2024

## THIRD QUARTER, 2024

- The Fund returned 7.52% versus 6.36% for the MSCI World Index for the quarter, and 9.36% since inception versus 6.42% for the index over the same period.
- At the sector level, the largest contributors were financials and health care, while the largest detractors were information technology and energy.
- Geographically, the top three country allocations are 54.8% in the U.S., 32.1% in Europe ex U.K. and 8.7% in the U.K. For the quarter, the U.K., China and the U.S. were contributors to relative performance. France, South Korea and Ireland were detractors from relative performance. Emerging markets accounted for 4.2% of the portfolio.

## TOP CONTRIBUTOR | DETRACTOR

## Top contributor

**St. James's Place** was the top contributor during the quarter. After several months of negative news flow relating to Consumer Duty regulation fee changes and levied penalties from the Financial Conduct Authority, the U.K. wealth manager's stock price rose materially. This occurred based on first half of 2024 earnings that included a reaffirmed view of the near-term fees and penalty provisioning for the business as well as medium-term ambitions to double company earnings through a combination of a strong cost-savings program and gradual migration of non-fee generating gestation assets to fee-paying assets. We met with CEO Mark Fitzpatrick after the earnings release and found the company's outlook credible. We have also spoken to several large St. James's Place wealth management practices to gain conviction on the company's growth

## Third-quarter highlights

## Top contributors

- St. James's Place
- Alibaba Group
- Bayer

## Top detractors

- Kering
- Samsung Electronics
- Alphabet Cl A

## New purchases

- Akzo Nobel
- Diageo
- TIS Inc

## Final sales

- Cisco Systems
- SAP
- Travis Perkins

ambitions. In our view, its strong growth prospects after its fee reset, low valuation and strong wealth management franchise make the business an attractive investment.

## Top detractor

**Kering** was the top detractor during the quarter. The France-headquartered luxury goods company reported first half of 2024 results largely in line with expectations but issued weak guidance for the remainder of 2024 as revenue trends deteriorated in the final weeks of the second quarter. While new Gucci Creative Director Sabato de Sarno's collections have resonated with the existing customer

base and customer conversion is holding up, store traffic was hurt by a lack of new client recruitment that was amplified by the challenging macro environment, particularly in China. We moderately decreased our sell price after meeting with management, but continue to believe they are making the correct decisions for the long-term health of the brands and see attractive upside for the investment.

## PORTFOLIO ACTIVITY

### Purchases

**Akzo Nobel** is among the largest paint and coatings manufacturers in the world. We think Akzo Nobel is poised to benefit from a combination of strong pricing power that is inherent to coatings companies as well as company-specific self-help initiatives. Coatings businesses typically have strong pricing power, especially in the decorative market, but pricing tends to lag. In 2022, a spike in raw materials' costs put downward pressure on operating margins. With Akzo's price increases now landing, the group reported significant margin improvement in 2023, and we expect another year of margin growth in 2024 to return margins to historical levels. Over the mid-term, we believe Akzo's margins will increase above historical levels as the benefits of its recent industrial efficiency plan materialize, which the market is underestimating, in our view. Additionally, as profitability and cash generation improve, there is opportunity for increased shareholder returns. We see value at Akzo as its currently trading at a discount to historical multiples despite our belief that margins, return and cash flow are likely to be above historical levels.

**Diageo** is a global producer, distributor and marketer of premium drinks with more than 200 brands and sales in nearly 180 countries. The U.K.-based holding company's portfolio includes leading brands, such as Johnnie Walker, Guinness, Don Julio, Crown Royal, Smirnoff, Baileys, Casamigos and Captain Morgan. As a market leader, Diageo's scale provides meaningful competitive advantages in terms of distribution and marketing, which

enables the company to invest more than its peers while still generating strong returns on capital. In addition, we like that the company's portfolio is well diversified by geography and category, which helps mitigate against earnings volatility related to economic cyclicality and shifting consumer preferences. Industry destocking and what we believe is temporary weaker demand have weighed on the share price recently, which provided an attractive re-entry point to invest in this dominant beverage company at a below-average price.

**TIS, Inc.** is one of Japan's largest IT services companies. It is a business we currently own in our International Small Cap Strategy and are familiar with. We previously owned it as a firm, but sold it as the stock price reached our estimate of intrinsic value. More recently, the stock has underperformed as growth this year is likely to slow due to the completion of several large scale projects, which makes for a difficult comparison base. However, excluding these large projects, the company's fundamental results remain robust as IT spending in Japan continues to be very strong. In our view, Japan lags behind most developed nations in terms of digitizing its economy. This fact, combined with the country's shortage of IT engineering talent, should bode well for Japanese IT spending in the future. In addition to long-term structural demand for IT services, we like that TIS is led by a strong management team with a track record of creating shareholder value through smart capital allocation decisions.

## 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)

PERFORMANCE (%)

	QTD*	1 yr	3 yrs	5 yrs	10 yrs	Since inception
Investor Class   OAKGX	7.52%	17.06%	3.32%	8.76%	6.58%	9.36%
MSCI World Index (Net)	6.36%	32.43%	9.08%	13.04%	10.07%	6.42%
MSCI All Country World Index (Net)	6.61%	31.76%	8.09%	12.19%	9.39%	n/a

Expense ratio: Investor Class 1.13%

\*Not annualized

Inception date: Investor Class 08/04/1999

Expense ratios are from the Fund's most recent prospectus dated January 28, 2024, as amended and restated July 1, 2024; actual expenses may vary.

**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 percentages of the Oakmark Global Fund's total net assets as of 09/30/2024: Akzo Nobel 2.1%, Alibaba Group 2.0%, Alphabet Cl A 3.1%, Bayer 4.0%, Cisco Systems 0%, Diageo 1.6%, Kering 3.1%, Samsung Electronics 2.0%, SAP 0%, St. James's Place 2.4%, TIS Inc 0.2% and Travis Perkins 0%. **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.

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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**

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

All information provided is as of 09/30/2024 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](http://Oakmark.com) or call 1-800-OAKMARK (1-800-625-6275).*

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