Harris | Oakmark

QUARTERLY COMMENTARY

Oakmark Global Fund

December 31, 2024

FOURTH QUARTER, 2024

- **The Fund returned -5.78% versus -0.16% for the MSCI World Index for the quarter, and 9.01% since inception versus 6.35% for the index over the same period.**
- **At the sector level, the largest contributors were financials and communication services, while the largest detractors were health care and consumer discretionary.**
- **Geographically, the top three country allocations were 57.9% in the U.S., 30.1% in Europe ex U.K. and 8.2% in the U.K. For the quarter, Denmark and Japan were contributors to relative performance. Germany, the U.S. and France were detractors from relative performance. Emerging markets accounted for 3.2% of the portfolio.**

Fourth-quarter highlights

Top contributors

- Capital One Financial
- Alphabet Cl A
- General Motors

Top detractors

- Bayer
- Centene
- Capgemini

New purchases

- Becton, Dickinson and Company
- DSV
- Elevance Health
- Vail Resorts

Final sales

- Agilent Technologies
- Daimler Truck Holding
- Interpublic Group

TOP CONTRIBUTOR | DETRACTOR

Top contributor

Capital One Financial was the top contributor during the quarter. The U.S.-headquartered consumer finance company's stock price rose after posting good third-quarter results. In our view, the update seemed to be marginally positive on all fronts, with loans and card purchase volumes growing modestly. In addition, an improved credit outlook caused management to release $134 million of loss reserves in the quarter, which contributed to earnings per share that exceeded consensus expectations. Furthermore, Capital One's stock price got a significant boost in November following the U.S. presidential election as investors are optimistic that the financials sector will benefit from looser regulations. Specific to Capital One, the market now appears to believe that there is a greater probability of the merger with Discover closing and that the credit card late fee cap proposed by the Consumer Financial Protection Bureau seems less likely to be implemented. We appreciate management's focus on creating long-term value and think the stock offers an attractive upside.

Top detractor

Bayer was the top detractor during the quarter. The Germany-headquartered agriculture and pharma company's stock price declined following developments in polychlorinated biphenyl (PCB) litigation and soft preliminary 2025 guidance. In October, the Washington Supreme Court granted review for the plaintiff's appeal of Bayer's first win at appellate court in PCB. Bayer's appellate win, if enforced, will result in existing cases being retried on different grounds, but the Washington Supreme Court review raises the risk that the win is overturned. We viewed the appellate win as helpful but not a skeleton key to litigation resolution, so the Washington Supreme Court development is only marginal to value. In November, Bayer issued preliminary 2025 guidance indicating that profits would likely decline. The seemingly implied decline in agriculture business profitability was particularly disappointing versus consensus. This was partially driven by temporary regulatory issues that we expect to resolve in the mid term, and the balance was driven by challenges in the crop protection portfolio. Bayer is now kicking off a deep restructuring of crop protection that we expect to help offset pressures and drive recovery. Overall, despite current headwinds, we believe that new CEO Bill Anderson's restructuring and organizational change initiatives will unlock improved performance at Bayer and better capitalize on the potential of its well-positioned franchises. We are watching closely for evidence of success as Bill's strategy enters its second year.

PORTFOLIO ACTIVITY

New Purchases

Becton, Dickinson and Company (BD) is a global medical technology company that markets a broad range of devices, laboratory equipment and diagnostic products. BD has achieved leading share positions in nearly all of its product categories by combining continuous innovation with manufacturing scale. Covid-19, inflation and other transient factors have weighed on results and camouflaged underlying improvements to BD's portfolio and operations. We think it has also provided the opportunity to invest in an above-average business at a below average valuation.

DSV is a transportation and logistics company that offers supply chain solutions to customers across the globe. DSV is an exceptionally well-managed freight forwarder with a team that has continuously delivered industry leading profit margins. The company recently acquired Schenker, the fourth-largest freight forwarder in the world, which we think will further expand DSV's capabilities and offer attractive synergies. DSV has created and grown shareholder value over the past decade by successfully acquiring and integrating companies in this fragmented market, which we expect to continue while maintaining its strategy of increasing volumes, while maintaining best-in-class profitability.

Elevance Health is one of the nation's largest managed care organizations. We believe managed care is an attractive industry, as health expenditures have historically outpaced GDP, and the short business cycle allows companies to quickly correct underwriting mistakes. More recently, managed care stocks have underperformed the market as the industry is facing headwinds due to mismatches between reimbursement rates and medical costs. We believe this will prove transitory and that changes to pricing and/or plan designs will help realign profit trends over time. While we acknowledge that a return to "normal" profitability will take a few years, we believe the stock is trading at a depressed multiple of depressed earnings and for a significant discount to both the broader market and the companies' own trading history. With its unmatched scale, diversification across end markets, and track record of disciplined underwriting and capital allocation, we believe that over time, the market will once again recognize Elevance as a high-quality franchise with above average growth characteristics.

Vail Resorts is a leading mountain resort company with a portfolio of iconic destinations that includes some of the largest and highest quality ski resorts in North America. The company operates in a stable oligopoly, which combined with the scarcity of its mountain assets, has historically led to significant pricing power. Vail Resorts' stock price has come under pressure following recent ski seasons that were characterized by severe staffing challenges and poor snow conditions. Positively, the company reported full staffing across its resorts with manageable labor costs and recently announced a significant cost reduction plan, which we think will alleviate some recent headwinds. In addition, we believe Vail Resorts is well positioned to benefit from future price increases to its season pass, Epic Pass, as it is currently priced at a material discount to the competing Ikon Pass, despite having an equal or superior product offering. We think Vail Resorts presents an appealing investment opportunity as we were able to purchase shares in the company at a discount to the market and our estimate to intrinsic value, despite its attractive fundamental outlook.

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	-5.78%	2.53%	-0.01%	5.30%	5.63%	9.01%
MSCI World Index (net)	-0.16%	18.67%	6.34%	11.17%	9.95%	6.35%
MSCI All Country World Index (net)	-0.99%	17.49%	5.44%	10.06%	9.23%	6.15%

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.

December 31, 2024

The securities mentioned above comprise the following percentages of the Oakmark Global Fund's total net assets as of 12/31/2024: Agilent Technologies 0%, Alphabet Cl A 3.9%, Bayer 2.8%, Becton Dickinson 1.9%, Capgemini 2.4%, Capital One Financial 2.9%, Centene 2.6%, Daimler Truck Holding 0%, DSV 1.9%, Elevance Health 1.1%, General Motors 2.5%, Interpublic Group 0% and Vail Resorts 1.4%. **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 12/31/2024 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 or call 1-800-OAKMARK (1-800-625-6275).

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Date of first use: 01/14/2025
FCM-4160GX-04/25