

## Oakmark Global Select Fund

March 31, 2025

## FIRST QUARTER, 2025

- The Fund's Investor Share Class returned 8.54% versus -1.79% for the MSCI World Index for the quarter, and 7.75% since inception versus 7.40% for the index over the same period.
- At the sector level, the largest contributors to performance were financials and consumer discretionary, while communication services was the only detractor.
- Geographically, the top three country allocations are 56.6% in the U.S., 15.6% in the U.K. and 8.4% in Germany. For the quarter, the U.S., China and the U.K. were the top contributors to relative performance. Spain, Italy and Sweden were the largest detractors from relative performance, as these countries were not held in the portfolio. Emerging markets accounted for 3.4% of the portfolio.

## 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.

## First-quarter highlights

## Top contributors

- Lloyds Banking Group
- Alibaba Group
- American International Group (AIG)

## Top detractors

- Alphabet Cl A
- Diageo
- IQVIA Holdings

## New purchases

- Molina Healthcare
- Sysco Corporation

## Final sales

- Amazon.com

## Top detractor

**Alphabet** was the top detractor during the quarter. The U.S.-headquartered 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

**Molina Healthcare** is a leading managed care company. Molina is the fourth largest player in managed Medicaid but has consistently delivered industry-leading growth and margins. In our view, this is thanks to the company's exceptional management team and culture of operational excellence. We think Molina has a long runway for growth via continued share gains in Medicaid and untapped opportunities in their Medicare and Marketplace business segments. Recently, fundamentals have been pressured by an unprecedented redeterminations cycle in Medicaid, and valuations have compressed due to uncertainty around policy changes in a new political administration. We believe earnings pressure from redeterminations is temporary and that any Medicaid policy changes will prove manageable, providing us an opportunity to purchase shares at a meaningful discount to intrinsic value.

**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)

Tony Coniaris, CFA (1999)

Eric Liu, CFA (2009)

M. Colin Hudson, CFA (2005)

John A. Sitarz, CFA, CPA (2013)

**AVERAGE ANNUALIZED TOTAL RETURNS (%)**

	Inception date	QTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Expense ratio
Investor Class   OAKWX	10/02/2006	8.54	10.36	5.18	16.00	7.03	7.75	1.13
MSCI World Index		-1.79	7.04	7.58	16.13	9.50	7.40	
MSCI All Country World Index		-1.32	7.15	6.91	15.18	8.84	7.01	

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 percentages of the Oakmark Global Select Fund's total net assets as of 03/31/2025: Alibaba Group 2.7%, Alibaba Group ADR 0.7%, Alphabet CI A 4.4%, Amazon.com 0%, American Intl Group 5.3%, Diageo 4.5%, IQVIA Holdings 4.8%, Lloyds Banking Group 6.1%, Molina Healthcare 0.9% and Sysco 6.2%. **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 Select 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:**

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**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](http://Oakmark.com) or call 1-800-OAKMARK (1-800-625-6275).*

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