

Oakmark International Fund

September 30, 2024

THIRD QUARTER, 2024

- The Fund returned 8.79% versus 7.76% for the MSCI World ex USA Index for the quarter, and 8.55% since inception, versus 6.22% for the index over the same period.
- At the sector level, the largest contributors were health care and industrials. No sectors detracted from performance.
- Geographically, the top three country allocations are 68.5% in Europe ex U.K., 16.0% in the U.K. and 6.4% in Asia ex Japan. For the quarter, the Netherlands, Denmark and China were contributors to relative performance. France, South Korea and Canada were detractors from relative performance. Emerging markets accounted for 6.4% of the portfolio.

TOP CONTRIBUTOR | DETRACTOR

Top contributor

Alibaba Group was the top contributor during the quarter. The China-headquartered consumer discretionary company's stock price rallied following the announcement of a multipronged stimulus package by the Chinese government. Despite the stock's strong performance for the quarter, we continue to believe there is upside in the name and that the market is not fully pricing in the turnaround potential for the e-commerce business or other optionality the company possesses.

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

Third-quarter highlights

Top contributors

- Alibaba Group
- Bayer
- Fresenius

Top detractors

- Kering
- Worldline
- Samsung Electronics Pfd

New purchases

- Diageo
- Pernod Ricard

Final sales

- Informa
- SAP
- Valeo

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

As discussed in David Herro's [3Q 2024 market commentary](#), we continue to see money flow to a narrow selection of stocks, which has presented us with

the opportunity to establish or increase weightings in a number of what we believe are structurally attractive industries at favorable prices. In the third quarter, we established new positions in two spirits companies, Diageo and Pernod Ricard (more details below). We also used intra-quarter weakness to increase exposure to the luxury goods sector via purchases of Kering, Richemont and Swatch, which experienced share price declines given concerns around weak macro developments in China.

Purchases

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.

Pernod Ricard is the second largest producer of premium spirits globally, with over 240 brands distributed across more than 160 markets. Pernod generates most of its revenue from brown spirits, such as whiskey and Cognac, having one of the highest exposure in the sector to this category, which is attractive given high barriers to entry driven by aged inventories. Pernod also has one of the most regionally diversified portfolios among peers, with leading scale in its key markets of India, China and France. We believe Pernod is poised to benefit from

structural tailwinds stemming from premiumization trends and emerging markets growth, where it has more exposure than its peers. The company's share price has come under pressure alongside other spirits producers as a result of post-pandemic industry destocking and demand normalization, which provided an attractive entry point to invest in this above-average company at a below-average price.

CLOSING COMMENTS

The past year has been a challenging period for performance but we remain enthused about the return potential of the portfolio on a go-forward basis. The portfolio currently trades at 25-35% discount to MSCI World ex USA Index on a price-to-earnings and price-to-cash flow basis, yet generates solid return on equity and similar expected earnings growth as its primary benchmark. We believe this portfolio of strong businesses trading at low valuation levels offers the opportunity to generate attractive absolute and relative returns.

PORTFOLIO MANAGERS

(Year joined Harris | Oakmark)

David G. Herro, CFA (1992)

Michael L. Manelli, CFA (2005)

Eric Liu, CFA (2009)

PERFORMANCE (%)

	QTD*	1 yr	3 yrs	5 yrs	10 yrs	Since inception
Investor Class OAKIX	8.79%	13.32%	1.80%	5.83%	4.30%	8.55%
MSCI World ex USA Index (net)	7.76%	24.98%	5.65%	8.36%	5.68%	6.22%
MSCI EAFE Index (net)	7.26%	24.77%	5.48%	8.20%	5.71%	6.08%

Expense ratio: Investor Class 1.05%

*Not annualized

Inception date: Investor Class 09/30/1992. 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 International Fund's total net assets as of 09/30/2024: Alibaba Group 2.0%, Bayer 3.7%, Diageo 0.6%, Fresenius 2.1%, Informa 0%, Kering 2.9%, Pernod Ricard 0.4%, Richemont 1.0%, Samsung Electronics Pfd 1.5%, SAP 0%, Swatch Group 1.5%, Valeo 0% and Worldline 0.6%. **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 International 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 ex USA Index (Net) is a free float-adjusted, market capitalization-weighted index that is designed to measure international developed market equity performance, excluding the U.S. 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 EAFE Index (Net) is designed to represent the performance of large and mid-cap securities across 21 Developed Markets countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The Index covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries. 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 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 or call 1-800-OAKMARK (1-800-625-6275).

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Date of first use: 10/10/2024
FCM-4034IX-01/25