

# Oakmark International Small Cap Fund

June 30, 2024

## SECOND QUARTER, 2024

- The Fund returned -3.11% versus -1.56% for the MSCI World ex USA Small Cap Index (Net) for the quarter. Since its inception in November 1995, the Fund has returned an average of 8.42% per year.
- At the sector level, the largest contributors were financials and information technology, while the largest detractors were consumer staples and communication services.
- Geographically, 53.9% of the portfolio was in Europe ex U.K., 19.5% in the U.K. and 7.9% in Asia ex Japan. For the quarter, Japan, the U.K. and Norway were contributors to the relative performance of countries owned. Sweden, Germany and Spain were detractors from relative performance. Emerging markets accounted for 11.7% of the portfolio.

## TOP CONTRIBUTOR | DETRACTOR

### Top contributor

**Atea** was the top contributor during the quarter. Atea is a Norwegian-headquartered, value-added reseller of hardware, software, and services in the Nordic region. First quarter results exceeded consensus expectations. While hardware revenue declined as expected against a difficult comparison, revenue grew in software and services, and both gross and operating margins increased to a greater degree than expected. We continue to believe Atea's market leadership and strong management leave it well positioned in a growing market and that the stock offers attractive upside.

## Second quarter highlights

### Top contributors

- Atea
- St. James's Place
- Konecranes

### Top detractors

- TeamViewer
- Dometic Group
- oOh!media

### New purchases

- Bravida Holding
- Embotelladora Andina CI B Pfd

### Final sales

- GN Store Nord
- Schibsted CI B

### Top detractor

**TeamViewer** was the top detractor during the quarter. In May, the German application software company reported reasonable results, although billings were somewhat light of expectations as a result of multi-year contract timing. While the market focused on the lower billings cadence, management confidently reiterated full year guidance and continues to buy back stock. We like TeamViewer's technology given the capabilities of its backend code, which enables users to connect with extremely low latency. The company is well positioned to promote internet-of-things (IOT) and augmented reality (AR) connectivity and should be a prime beneficiary of the resulting growth.

## PORTFOLIO ACTIVITY

Consistent with our investment philosophy, we added to several stocks that underperformed during the period despite our view that intrinsic value was relatively unchanged, including Dometic, TeamViewer, Katitas, and TIS. We also reduced exposure to stocks where the gap relative to intrinsic value narrowed, including Konecranes, DS Smith, and Sulzer.

### Purchases

**Bravida Holding** is the Nordic region's leading provider of solutions for the service and installation of electrical, heating and plumbing, HVAC and other technical functions in buildings and facilities. Bravida is primarily exposed to non-residential construction, remodeling, and services, each of which is more defensive than construction spending overall, enabling a structurally growing earnings profile. Longer term, it is likely that Bravida's through-cycle organic growth can increase as electrification intensifies demand for installation content and environmentally-conscious remodeling. We also like that Bravida's management team has expanded the company's scale and scope of business through accretive acquisitions, and since the region's installation market is quite fragmented, we believe there is ample opportunity for continued value creation. The stock price has come under pressure recently due to the construction cycle slowdown, but we believe Bravida will fare better than its peers thanks to its advantaged business mix and profit-aligned operating model. This provided the opportunity to purchase shares in the company at a discount to our estimate of intrinsic value.

**Embotelladora Andina** is a pan-Latin-America Coca-Cola bottling and distribution franchisee listed in Chile. We appreciate that both Andina and Coca-Cola are benefiting from changes in the nature of bottler agreements, including recently established concentrate pricing agreements between bottlers and Coca-Cola that bring more visibility on the ROI-attractiveness of investments made by bottlers for growth. In addition, a large segment of Andina's business operates in the refillable bottles space, which has high barriers to entry and increases the competitive strength of Andina's distribution capabilities. Andina shares have recently suffered from multiple compressions due to regional macro-political headwinds in 2022 and 2023. However, the company demonstrated consistent earnings growth and expanding returns over this same time period. In spite of the improving business quality and easing political tension, Andina shares recently traded near a 15-year low multiple, and we were happy to purchase shares of the company at a discount to other quality bottlers and our estimate of the company's business value.

## PORTFOLIO MANAGERS

(Year joined Harris | Oakmark)

David G. Herro, CFA (1992)

Michael L. Manelli, CFA (2005)

Justin D. Hance, CFA (2010)

PERFORMANCE (%)

	QTD*	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
Investor Class   OAKEX	-3.11%	5.19%	-0.41%	6.80%	4.09%	8.42%
MSCI World ex USA Small Cap Index (Net)	-1.56%	7.80%	-2.98%	4.69%	4.04%	n/a
MSCI World ex USA Index (Net)	-0.60%	11.22%	2.82%	6.55%	4.27%	5.41%

Expense ratio: Investor Class 1.34%

\*Not annualized

Inception date: Investor Class 11/01/1995

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 Small Cap Fund's total net assets as of 06/30/2024: Atea 3.2%, Bravida Holding 0.4%, Dometic Group 2.4%, DS Smith 2.2%, Embotelladora Andina CI B Pfd 0.8%, GN Store Nord 0%, KATITAS 1.8%, Konecranes 2.1%, oOh!media 1.6%, Schibsted CI B 0%, St. James's Place 2.3%, Sulzer 1.0%, TeamViewer 2.3% and TIS Inc 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 International Small Cap 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 ex USA Small Cap Index (Net) is designed to measure performance of small-cap stocks across 22 of 23 Developed Markets (excluding the United States). The index covers approximately 14% 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 World ex U.S. 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.

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 Oakmark International Small Cap Fund's portfolio tends to be invested in a relatively small number of stocks. As a**

June 30, 2024

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.

The stocks of smaller companies often involve more risk than the stocks of larger companies. Stocks of small companies tend to be more volatile and have a smaller public market than stocks of larger companies. Small companies may have a shorter history of operations than larger companies, may not have as great an ability to raise additional capital and may have a less diversified product line, making them more susceptible to market pressure.

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 06/30/2024 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).*

Harris Associates Securities L.P., Distributor, Member FINRA.

Date of first use: 07/11/2024  
FCM-3902EX-10/24