

Oakmark International Small Cap Fund

December 31, 2024

FOURTH QUARTER, 2024

- The Fund returned -10.92% versus -7.86% 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 8.26% per year.
- At the sector level, no specific sector contributed to performance, while the largest detractors were industrials and information technology.
- Geographically, the top three country allocations were 57.0% in Europe ex U.K., 16.6% in the U.K. and 8.9% in Asia ex Japan. For the quarter, Australia, South Korea and Norway were contributors to relative performance. Germany, Japan and Israel were detractors from relative performance. Emerging markets accounted for 13.3% of the portfolio.

TOP CONTRIBUTOR | DETRACTOR

Top contributor

St. James's Place was the top contributor during the quarter. After a strong decline from the third quarter of 2023 to the first quarter of 2024 due to regulatory reviews that forced a management fee cut and business fine, the U.K.-headquartered wealth management company's stock price rose strongly during the second and third quarters of 2024 as management revealed a compelling multi-year strategy to double earnings in the business by 2030. We believe management's plan is credible based on multiple conversations with competitors, U.K. wealth management advisors and St. James's Place senior executives. We continue to see the U.K. wealth management industry as an attractive and growing market and see St. James's Place as best positioned competitively to capture a strong share of asset

Fourth-quarter highlights

Top contributors

- St. James's Place
- Julius Baer Group
- Strauss Group

Top detractors

- SoftwareONE Holding
- LANXESS
- Wynn Macau

New purchases

- Auction Technology Group
- Campari
- Sopra Steria Group

Final sales

- Euronext
- Gildan Activewear

flows. Healthy asset flows combined with a reasonable cost-cutting plan should drive strong earnings growth momentum for St. James's Place in the coming years. We believe the stock looks inexpensive on our view of normalized earnings.

Top detractor

SoftwareONE Holding was the top detractor during the quarter. The Switzerland-headquartered technology distributor's stock price declined after the company posted weak third-quarter results, reduced both short-term and mid-term revenue guidance, and announced the appointment of a new CEO. In December, the company also announced a proposed merger with Crayon, which is another

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leading Microsoft reseller listed in Norway. We are working to evaluate the implications of the proposed merger and will make adjustments to our intrinsic value estimate as needed.

PORTFOLIO ACTIVITY

New Purchases

Auction Technologies Group (ATG) is an online marketplace business that connects auctioneers to millions of bidders online in the U.S. and Europe. The company owns the leading marketplaces in its core product categories with an unmatched database of bidders. ATG provides significant value to its auction house partners by enabling them to reach a much wider bidder base than they could on their own, generating more sales and better prices. We believe the company stands to benefit from secular tailwinds that favor e-commerce penetration in auctions, driven by the beneficial economic model of online auctions compared to in-person auctions. The company is also rolling out value-added services across marketing, payments and shipping that, in our view, will increase the value of its platform in the auction ecosystem as well as allow it to increase monetization over time. Recently, a post-Covid-19 normalization in online auction sales coupled with concerns over an increase in churn of larger auction houses to white-label platforms has weighed on the share price. We believe these fears are exaggerated as headwinds from post-Covid-19 normalization will slow and the company's core customer base of smaller auction houses is dependent on the bidders that ATG's marketplaces can bring to bear on an auction. As such, we were happy to recently purchase shares at a material discount to our estimate of intrinsic value.

Campari is an Italian-based global spirits producer. Its diverse portfolio includes Aperol, Campari, Espolon, Wild Turkey, Grand Marnier and SKYY. We believe Campari is a strong marketer with a compel-

ling portfolio that is well positioned to benefit from the growth in cocktail culture. In our view, Campari's geographic mix limits downside and offers upside optionality in China. We also see an opportunity for improved margins and cash flows as Campari leverages decades of route-to-market investments, recent commodity headwinds normalize, and as the company exits a period of elevated capital expenditure. Investor concerns regarding industry destocking and long-term demand have provided us the opportunity to purchase a highly attractive collection of assets in a defensible category with stock-specific opportunities at a seven-year low valuation.

Sopra Steria Group is a leading European IT services company. The IT services industry is a structurally attractive GDP+ market and an interesting way to invest in continued adoption of technology without specific technology risk. Sopra Steria is in the process of high grading its business by diversifying outside of France and by increasing its business mix toward higher margin and higher growth digital services and consulting work. After disposing of a money-losing software business, the company has an unlevered balance sheet to pursue accretive bolt-on M&A to help them in that transition. The business has a strong track record of healthy organic growth, margin expansion, and has an asset-lite business model that generates strong levels of free cash flow. Recent geopolitical uncertainty in France and a post-Covid-19 cyclical slowdown in IT spending have provided the opportunity to invest at a near-trough earnings multiple, despite the company's attractive and improving profile and robust long-term outlook.

CLOSING COMMENTS

The fourth quarter and 2024 were both challenging periods for the Fund's performance. As David Herro's [fourth-quarter international equity market commentary](#) lays out, the portfolio is invested in companies that earn a significantly higher return on equity than the MSCI World ex USA Small Cap Index

while trading at a two-point price-to-earnings discount. We believe the low valuation levels on this set of strong businesses should be conducive to the

opportunity to generate attractive absolute and relative returns in the future.

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	-10.92%	-2.93%	-0.25%	4.42%	5.36%	8.26%
MSCI World ex USA Small Cap Index (net)	-7.86%	2.76%	-2.77%	2.87%	5.49%	n/a
MSCI World ex USA Index (net)	-7.43%	4.70%	1.91%	5.10%	5.26%	5.31%

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 12/31/2024: Auction Technology Group 0.4%, Campari 1.8%, Crayon Group Holding 0%, Euronext 0%, Gildan Activewear 0%, Julius Baer Group 3.0%, LANXESS 2.6%, SoftwareONE Holding 0.9%, Sopra Steria Group 0.4%, St. James's Place 2.2%, Strauss Group 1.0% and Wynn Macau 2.5%. **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 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 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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