

QUARTERLY MANAGER COMMENTARY

U.S. Large Value Strategy

June 30, 2026

MARKET ENVIRONMENT

U.S. equities finished higher during the quarter with 9 of 11 GICS sectors posting positive returns. Information technology and industrials contributed the most to market returns while energy and utilities were the sole detractors.

PORTFOLIO PERFORMANCE

The portfolio's return was 1.94% (net) for the reporting period. This compares to the Russell 1000 Value Index that returned 13.87% for the same period.

Top contributors:

- Delta Air Lines was a contributor during the quarter. Fuel prices spiked in March following the onset of the Iran War, creating a near-term headwind for airline profitability. However, first-quarter results showed that the industry was passing through higher fuel costs more quickly than it has historically, which we view as important evidence of the industry becoming more rational. Travel demand also remained healthy, particularly in the premium leisure and corporate customer segments where Delta's competitive position is strongest. Sentiment continued to improve as oil prices declined toward the end of the second quarter. We believe the airline industry will emerge from the recent fuel price shock with improved profitability and see Delta as especially well positioned given its focus on premium experiences that support greater pricing power.
- Elevance Health was a contributor during the quarter. Shares of the U.S.-headquartered managed care company rose after a strong first-quarter earnings beat, with EPS topping consensus driven by a one-time net investment income

Performance highlights

Contributors

- Delta Air Lines
- Elevance Health
- Keurig Dr Pepper

Detractors

- ConocoPhillips
- Intercontinental Exchange
- Accenture CI A

tailwind, and improved underlying operations. Management raised full-year EPS guidance, incorporating both the investment windfall and operational improvement. With the CMS liability picture clarifying and ongoing share repurchases, we see Elevance well positioned as industry conditions improve.

- Keurig Dr Pepper was a contributor during the quarter. The U.S.-headquartered beverage company's stock rose after better-than-expected first-quarter results, a reaffirmed outlook, and a Barclays rating upgrade. Sales were strong, led by the cold beverage portfolio and the U.S. Refreshment Beverages segment, while U.S. Coffee remained pressured but met expectations. Management continues to make progress on its JDE Peet's integration. We met with management to discuss the departure of Rafa Oliveira, head of its coffee unit, who is leaving for the CEO role at Heineken; the company has begun searching for his replacement. We continue to believe strong execution and

integration will help close the valuation gap relative to peers.

Top detractors:

- ConocoPhillips was a detractor during the quarter. The U.S.-headquartered oil and gas exploration and production company's stock declined as crude prices, which had risen on Middle East disruptions, eased. Positively, the company's underlying fundamentals continue to track our expectations. We value management's focus on shareholder returns and see a long runway for growth from the company's geographically diverse and inventory deep energy portfolio.
- Intercontinental Exchange (ICE) was a detractor during the quarter. The financial exchange and data company's stock price declined due to market concerns about AI disruption and potential competition from new exchanges launching perpetual futures. We do not view either of these developments as credible threats to ICE's business, which benefits from strong network effects. The company continues to grow its earnings per share at a double-digit clip and return the majority of free cash flow to shareholders. We believe ICE is a durable business with a long runway for growth.
- Accenture was a detractor during the quarter. Shares of the U.S.-listed IT services company fell sharply after fiscal third-quarter results showed weaker than expected bookings and a modestly below consensus near-term revenue outlook. The market is treating these results as proof that AI is disrupting Accenture's business model. We believe the weakness is due to transitory rather than structural factors. As enterprises begin to execute larger-scale transformation projects tied to AI, we expect Accenture's revenue growth to accelerate. Accenture is deeply embedded in enterprise IT roadmaps, as 195 of its top 200 clients have worked with the firm for

over a decade and most of those clients spend more than \$100M annually. Shares now trade for less than 10x free cash flow and at the lowest P/E multiple in Accenture's 25-year history as a public company. We see the shares as significantly undervalued at the current price.

PORTFOLIO POSITIONING

We initiated the following position(s) during the period:

- Booking Holdings is a U.S.-headquartered online travel marketplace connecting hotels, alternative accommodation providers, and travelers across more than 220 countries. As the leading travel marketplace in the world, the company delivers what we view as the most comprehensive suite of services to independent hotels, the broadest inventory of directly bookable accommodations listings to travelers, and the most traffic to its lodging partners. We believe Booking's competitive position is reinforced by its high direct traffic, including a loyalty program accounting for more than half of room nights booked, decades of direct integrations with independent providers, and a trusted brand that is the default travel marketplace across Europe. Sentiment has weakened materially on concern that large language models will disrupt the booking funnel, yet observable LLM traffic remains negligible, and management has a demonstrated record of competing alongside dominant top-of-funnel intermediaries. We were pleased to initiate a position with shares near a ten-year trough valuation and at a meaningful discount to our estimate of intrinsic value.
- Equitable Holdings is a U.S.-headquartered diversified financial services company operating across retirement, asset management, and wealth management. The life and retirement industry benefits from recurring, fee-based

revenue, scale advantages in distribution, and structural demand from an aging population's growing reliance on annuity and advisory products. We are drawn to Equitable's repositioning away from spread-driven insurance earnings toward nonregulated fee businesses, which now places more than half of distributable cash flow in capital-light segments, supported by a management team with a consistent record of returning capital to shareholders. We view the pending merger with Corebridge Financial as a merger of equals with the potential to add scale and to create a leading U.S. retirement, wealth, and asset management franchise, and is expected to be accretive to earnings and cash generation. With the stock at less than 6x our estimate of 2027 distributable cash flow — a valuation we believe understates the earnings quality of the business — we were pleased to initiate a position at a meaningful discount to intrinsic value.

We eliminated the following position(s) during the period:

- EOG Resources
- Marathon Petroleum
- Warner Bros Discovery

OUTLOOK

The market's narrow leadership persisted during the quarter, as investors continued to favor companies perceived to be direct beneficiaries of AI spending. Consistent with our value investment philosophy, we remain focused on owning businesses that trade at meaningful discounts to our estimate of intrinsic value rather than chasing the market's most popular themes.

AVERAGE ANNUALIZED TOTAL RETURNS (%)

	QTD	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception
U.S. Large Value Strategy Gross of Fees	2.13	-0.07	8.53	14.62	10.72	14.56	13.53
U.S. Large Value Strategy Net of Fees	1.94	-0.45	7.72	13.78	9.93	13.76	12.44
Russell 1000 Value Index	13.87	16.26	27.12	17.79	11.17	11.52	10.33
S&P 500 Index	15.20	10.21	22.32	20.61	13.41	15.51	10.95

Returns for periods less than one year are not annualized. Composite inception: 08/31/1991

Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. The gross performance presented above does not reflect the deduction of investment advisory fees. All returns reflect the reinvestment of dividends and capital gains and the deduction of transaction costs. The client's return will be reduced by the advisory fees and other expenses it may incur in the management of its account. The advisory fee, compounded over a period of years, will have an adverse effect on the value of the client's portfolio.

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Glossary

The **Russell 1000® Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. This index is unmanaged and investors cannot invest directly in this index.

The **S&P 500 Index** is a float-adjusted, capitalization-weighted index of 500 U.S. large-capitalization stocks representing all major industries. It is a widely recognized index of broad, U.S. equity market performance. Returns reflect the reinvestment of dividends. This index is unmanaged and investors cannot invest directly in this index.

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