Harris | Oakmark

QUARTERLY MANAGER COMMENTARY
Global Strategy

June 30, 2026

MARKET ENVIRONMENT

Global equities finished higher during the quarter with 10 of 11 GICS sectors posting positive returns. By sector, information technology and financials contributed the most to market returns while energy was the sole detractor. By country, the U.S. and Japan contributed the most to market performance while Hong Kong and Norway detracted.

Performance highlights

Contributors

- Samsung Electronics Pfd
- adidas
- BNP Paribas

Detractors

- Intercontinental Exchange
- Salesforce
- BMW

PORTFOLIO PERFORMANCE

The portfolio's return was 5.74% (net) for the reporting period. This compares to the MSCI World Index that returned 13.76% for the same period.

Top contributors:

- Samsung Electronics was a contributor during the quarter. Shares of the South Korea-headquartered technology company rallied on the back of record first-quarter operating profit, driven by strong AI-related demand across its semiconductor business. Management noted that memory chip supply continues to trail robust customer demand, supporting a favorable pricing environment. The current memory upcycle has been exceptionally strong as AI workloads have driven incremental demand for high-bandwidth memory. Samsung remains one of the leading memory companies in the world and is well positioned to benefit from increasing demand over the long term.
- adidas was a contributor during the quarter. Shares of the Germany-headquartered sportswear brand appreciated after it posted results that exceeded consensus expectations and are tracking ahead of our top-line forecast. The performance division was exceptionally strong, driven by strength in running, training and soccer, and every geography grew double digits except Europe (+6%). We value management's product-first focus and its continued progress in key markets, which we believe can help unlock further value over the long term.
- BNP Paribas was a contributor during the quarter. Results for the first quarter were better than expected. In the quarter, BNP demonstrated positive expense leverage, a continued low-risk profile, and top line growth in the retail franchises due primarily to reinvestment of non-remunerated deposits into a steeper yield curve. Capital build was the highlight, with CET1 up 20 basis points vs. the prior quarter, bringing them to 12.8%. We believe this leaves BNP well positioned to reach the targeted 13% a year ahead of plan, at which point shareholder returns have the potential to accelerate. With shares at a compelling valuation, fundamentals developing in line with our thesis, <10% of earnings exposed to a more challenged French economy, and a clear path to higher shareholder returns, we believe BNP's shares remain rather attractive.

Top detractors:

- 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.
- Salesforce was a detractor during the quarter. Shares of the U.S.-headquartered software company declined due to market concerns about how AI will affect the software industry. We believe the market is painting the software industry with too broad of a brush, and believe Salesforce is well-positioned to help its customers deploy and achieve the benefits of AI. We are also encouraged that revenue continues to grow and margins continue to expand, despite the narrative that the industry is being disrupted. Salesforce is in the process of repurchasing $25 billion of its shares, which we view as a great use of capital at today's prices.
- BMW was a detractor during the quarter. Shares of the Germany-headquartered automaker fell after management cut full-year guidance in June, lowering the Automotive EBIT margin on weaker Chinese demand, Middle East conflict fallout, and accelerated restructuring charges set to weigh on the second half results. The revision overshadowed an otherwise resilient first-quarter print, which showed solid execution, with automotive margins and free cash flow ahead of expectations and encouraging early indications from the Neue Klasse launch. We continue to view BMW as well positioned long term as the Neue Klasse vehicles are beginning to hit the market and management continues to take additional steps to support profitability and free cash generation.

PORTFOLIO POSITIONING

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

- Accor is a Paris-based global hospitality group operating one of the industry's broadest brand portfolios – from luxury and lifestyle names like Raffles, Fairmont, and Sofitel to economy flags like Ibis – principally as a franchisor and manager rather than a property owner. Its asset-light, low-capital, recurring-fee model represents the dominant majority of value, and the operational separation of luxury & lifestyle from economy is delivering accelerated growth of units, fees, and profitability. Above-average exposure to faster-growing markets across Southeast Asia and the Middle East supports a reaccelerating development pipeline as prior footprint pruning fades. Capital returns continue to build via ongoing buybacks and dividends, with further optionality from the pending AccorInvest disposal. Despite strong delivery, shares trade at a discount to asset-light peers, leaving room for a re-rating underpinned by durable free-cash-flow conversion.
- Amrize is a leading producer of building materials and construction solutions, established following Holcim's spin-off of its North American operations in June. As a standalone company, Amrize holds strong market positions—it is the largest cement producer, the second-largest commercial roofing products manufacturer and a top five aggregates producer in the U.S. and Canada. The company benefits from meaningful pricing power due to its scale, advantaged regional footprint and tight supply dynamics. We also see long-term potential in the building envelope segment, which has been built up through acquisitions over the last five years. We believe there's a path to closing

a substantial portion of the margin gap to roofing peers. In our view, Amrize is a fundamentally strong business that is flying under the radar of U.S. investors. This created the opportunity to invest alongside a proven management team that is focused on unlocking material value.

- Compass Group is one of the world's leading contract foodservice provider. We know the company well, having invested in it successfully in the past, and value its demonstrated ability to generate resilient, recurring revenues through long-term outsourcing partnerships across core end markets, including business, healthcare, education and leisure. In our view, its scale, operational excellence, and decentralized operating model position it well to capitalize on the ever-growing addressable market and see consistent growth and margin progression over time. Despite strong fundamentals, the stock has underperformed the broad market since we sold out of it, as it has experienced multiple compression due to investor concerns over the end of the post-COVID recovery and AI-related employment disruption. This created the opportunity to invest alongside a strong management team in a company that we believe is poised to expand its business and generate solid shareholder returns.
- LVMH (Louis Vuitton Moët Hennessy) is the world's largest luxury goods company with a portfolio of 75 brands, including prestigious houses Louis Vuitton and Dior. In our view, the company is well diversified by product category and region, which has allowed LVMH to strategically tier pricing and cater to a wide range of customers. Additionally, we like that the company operates a differentiated model with scarcity coming from limited editions, collaborations and capsule collections with small run times, which has enabled LVMH to grow its market share and deliver attractive organic growth and returns through cycles. Recently, the luxury goods market has come under pressure as a result of U.S. demand moderating, European stagnation and a difficult Chinese macro backdrop. We expect the industry to recover to historical levels and believe LVMH can further benefit from self-help initiatives in the form of product innovation and improved cost discipline. This provided the rare opportunity to purchase shares in LVMH at a discounted valuation to its peers and the company's own trading history.

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

- Allianz
- Charter Communications Cl A
- Fresenius
- Phillips 66
- Waters

OUTLOOK

Investor enthusiasm for AI remained a defining market theme in the second quarter. Rather than attempting to predict winners and losers, we continue to evaluate companies based on their competitive advantages, long-term cash-flow potential, and valuation relative to intrinsic value.

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AVERAGE ANNUALIZED TOTAL RETURNS (%)

	QTD	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception
Global Strategy Gross of Fees	5.92	-1.50	8.70	10.57	5.95	10.89	7.56
Global Strategy Net of Fees	5.74	-1.85	7.95	9.81	5.21	10.13	6.83
MSCI World Index	13.76	9.69	21.34	19.24	11.47	13.14	7.97
MSCI World Value Index	9.21	10.50	20.83	16.85	10.51	10.16	5.69

Returns for periods less than one year are not annualized. Composite inception: 06/30/2007

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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All investments carry a certain degree of risk, including possible loss of principal. There is no assurance that an investment will provide positive performance over any time period. Equity investments are subject to market risk or the risk that stocks will decline in value in response to such factors as adverse company news, industry developments or a general economic decline. The strategy'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 strategy will have a greater impact on the its net asset value than it would if the strategy invested in a larger number of securities. Although that strategy has the potential to generate attractive returns over time, it also increases its volatility. Foreign securities presents risks that in some ways may be greater than investments in 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. Value stocks may fall out of favor with investors and underperform growth stocks during given periods.

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Glossary

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 World Value Index (Net)** captures large- and mid-cap securities exhibiting overall value style characteristics across 23 Developed Markets. The value investment style characteristics for index construction are defined using three variables: book value-to-price, 12-month forward earnings-to-price, and dividend yield. The Total Return Index (Net) includes reinvested dividends net of foreign withholding tax. This index is unmanaged and investors cannot invest directly in this index.

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