Harris | Oakmark

QUARTERLY MANAGER COMMENTARY

International Small Cap Strategy

June 30, 2026

MARKET ENVIRONMENT

International equities finished higher during the quarter with 9 of 11 GICS sectors posting positive returns. By sector, financials and information technology contributed the most to market returns while energy and communication services were the sole detractors. By country, Japan and the Netherlands contributed the most to market performance while Hong Kong and Norway detracted.

PORTFOLIO PERFORMANCE

The portfolio's return was 5.34% (net) for the reporting period. This compares to the MSCI World ex USA Small Cap Index that returned 7.94% for the same period.

Top contributors:

- Jenoptik was a contributor during the quarter. Shares of the Germany-headquartered electronic equipment company rallied on strong orders in its semiconductor equipment business as demand from its lithography and inspection customers accelerated significantly. Jenoptik was also the beneficiary of broader positive momentum in the semiconductor equipment market. We view the print as supportive of our semiconductor end-market recovery thesis and indicative of robust earnings growth to come.
- Hamamatsu Photonics was a contributor during the quarter. The Japan-headquartered photonics company — the world's leading maker of photodetectors and optical sensors — saw its stock price rise after reporting results that beat consensus earnings before interest and tax estimates coupled with a significant raise to full-year guidance, driven primarily by strong semiconductor-related demand, particularly for inspection equipment, on the back of the generative-AI investment cycle. We continue to believe this is a dominant company with robust shareholder returns that trades, on our estimate, at a significant discount to intrinsic value.
- oOh!media was a contributor during the quarter, with the shares rising after the company received an indicative takeover approach from a private equity firm. In our view, the approach undervalues the business. We engaged directly with the board during the quarter and continue to see meaningful upside. As the leading out-of-home advertising operator in Australia, in a market where out-of-home is structurally taking share, and with a more consolidated, rational industry supporting improving margins and returns, we believe oOh!media is worth considerably more than the approach implies.

Top detractors:

- Valmet was a detractor during the quarter. The Finland-headquartered pulp and paper process technology, automation, and services

Performance highlights

Contributors

- Jenoptik
- Hamamatsu Photonics
- oOh!media

Detractors

- Valmet
- LANXESS
- Adecco

company reported soft results amidst a challenging market backdrop. The European board market remains oversupplied, which is pressuring capital appetite and even service demand as customers run down inventories to free up cash. Service, the strategic core of our thesis, was subdued but looks reasonable given the backdrop, and management expects improvement off the current base. Automation continued to perform well and returned to growth with healthy margins as the strategy delivers, providing a helpful earnings ballast. We view the downturn in board as temporary and see service execution as the key item to monitor, but with guidance maintained and industry rationalization progressing, we believe the long-term thesis remains intact.

- Lanxess was a detractor during the quarter. The Germany-headquartered specialty chemicals company's shares fell after a weak start to the year in a seasonally soft quarter, though the headline decline, in our view, overstated a more modest underlying deterioration. Management reaffirmed full-year guidance, and the conflict in the Middle East has become an unexpected tailwind, raising input costs disproportionately for the Asian competitors that have been flooding Lanxess' markets and allowing it to push through price increases. Our long-term thesis is unchanged, and we believe the shares offer attractive upside from current levels.
- Adecco was a detractor during the quarter, with the shares falling sharply after results despite an increasingly healthy top line. The Switzerland-headquartered staffing company continued to see broad-based improvement in demand, with growth accelerating for a fifth straight quarter. The sell-off instead reflected disappointing margin development and growing concern about price competition, which we view as largely temporary. During the quarter we met with management and came away impressed, reinforcing our conviction. With the stock trading at a deeply depressed valuation on trough earnings, we continue to see meaningful upside from here.

PORTFOLIO POSITIONING

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

- Birkenstock Holding is a Germany-headquartered premium footwear company that designs, manufactures, and distributes sandals and closed-toe footwear globally, anchored by a proprietary cork-and-latex footbed with documented orthopedic function. The premium footwear segment benefits from an oligopolistic structure in comfort-focused categories, where brand heritage, proprietary materials, and sustained supply discipline create meaningful barriers to replication. We believe Birkenstock's fully vertically integrated manufacturing model and consistent full-price sell-through distinguish it from conventional footwear peers and support more durable growth and margins than the current share price implies. The stock has de-rated due to a combination of tariff exposure, dollar weakness, and market skepticism about the durability of recent product momentum — concerns we view as transitory or overstated — leaving shares trading at a meaningful discount to our estimate of intrinsic value.
- Dormakaba is a Switzerland-headquartered manufacturer and distributor of access solutions — door hardware, electronic access control, and building entrance systems — serving commercial and institutional customers across more than 130 countries. The market remains fragmented, but a handful of large global players continue to take share from a long tail of smaller competitors, supported by high barriers to entry and a cost of failure that gives reputable

incumbents durable pricing power. We believe new CEO Till Reuter represents a meaningful upgrade in management quality, bringing a strong track record of operational restructuring and a clear mandate to close the margin gap to peers. The stock has fallen more than 30% from its peak on transitory headwinds, creating what we view as an opportunity to re-establish a position at an attractive discount to intrinsic value.

- Hiab provides on-road handling equipment that mounts onto the back of trucks to help customers move heavy goods efficiently and safely. We believe this is a high-quality industrial company operating in an attractive niche market. The industry appears to be at a cyclical trough, but we see attractive long-term growth driven by structural demand for logistics efficiency and growing use cases for on-road handling equipment. Hiab also has a significant margin improvement opportunity via volume leverage as industry volumes recover, self-help initiatives, and the ability to increase the penetration of higher-margin services revenue. Hiab only recently became an independent entity following the break-up of its former parent company, Cargotec, last year. This independence should provide a catalyst for value unlock, with a talented management team now better positioned to drive improved focus, faster execution, and better capital allocation.
- Reply is a Turin-headquartered IT services company that operates a federation of approximately 150 domain-specialist boutiques delivering consulting, systems integration, and digital transformation work to large enterprises across Europe and the United States. Reply operates in an attractive segment of knowledge-intensive, fixed-price project work that commands meaningfully higher revenue per employee than commoditized delivery models and is supported by durable enterprise demand for cybersecurity, cloud migration, and application modernization. We believe Reply's decentralized model — small onshore teams of senior domain experts organized into discrete, incentivized P&L units — positions it to capture productivity gains from AI while protecting the knowledge-arbitrage and outcome-based work that constitutes the majority of its contract mix. The stock has derated sharply alongside the broader sector on fears of structural AI impairment, which we believe are overstated for a business of Reply's scope and contract profile, and we were pleased to initiate a position at a meaningful discount to our estimate of intrinsic value.
- SATS Ltd. is a Singapore-headquartered aviation services company providing cargo handling, ground handling, and airline catering to carriers at over 120 airports globally. Cargo handling operates in local oligopolies at established hubs where airport-controlled warehouse access creates meaningful barriers to entry, supporting high renewal rates and pricing with inflation protection. Following its 2023 acquisition of Worldwide Flight Services, SATS is the clear number one in global cargo handling by volume, and we believe its unmatched network scale is driving consistent share gains as airlines consolidate vendors onto global contracts. We believe this positions SATS well for durable revenue growth and margin expansion that is not priced in by the market.
- Scout24 is a Germany-headquartered property classifieds platform that connects real estate agents, private sellers, landlords, and apartment seekers across the German residential property market. Online property classifieds benefit from durable network effects, as listings density attracts buyer traffic and buyer traffic attracts listings, creating a self-reinforcing

dynamic that makes entrenched leaders structurally difficult to displace. Scout commands the dominant position in this market, with more than one-and-a-half times the listings of its nearest competitor and approximately three-quarters of category traffic, a gap that has widened over time and is supported by deepening workflow integration with agents through its CRM and valuation data assets. The stock has de-rated alongside the broader classifieds sector on concerns that AI will erode the value of portal-based aggregation; we believe these risks are overstated given Scout's proprietary supply-side data, direct app-based traffic, and mission-critical role in agent economics, leaving shares at a meaningful discount to our valuation estimate with significant ARPU runway still ahead.

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

- Grifols Cl B ADR
- Sopra Steria Group

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.

AVERAGE ANNUALIZED TOTAL RETURNS (%)

	QTD	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception
International Small Cap Strategy Gross of Fees	5.60	-3.13	-0.09	10.84	5.61	9.56	10.35
International Small Cap Strategy Net of Fees	5.34	-3.62	-1.09	9.75	4.56	8.47	9.01
MSCI World ex USA SC Index	7.94	7.54	19.36	16.51	6.03	8.91	0.00
MSCI World ex USA SC Value	5.46	5.32	20.20	17.84	8.37	9.15	0.00

Returns for periods less than one year are not annualized. Composite inception: 10/31/1995

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 **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 USA Small Cap Value Index (Net)** captures small cap securities exhibiting overall value style characteristics across 22 of 23 Developed Markets countries (excluding the United States). 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.

SCM-5416SC-10/26