Harris | Oakmark℠

QUARTERLY MANAGER COMMENTARY

Global All Cap Strategy

June 30, 2026

Performance highlights

Contributors

- Samsung Electronics Pfd
- Molina Healthcare
- Hamamatsu Photonics

Detractors

- Salesforce
- Netflix
- Intercontinental Exchange

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.

PORTFOLIO PERFORMANCE

The portfolio's return was 8.05% (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.
- Molina Healthcare was a contributor during the quarter. Shares of the U.S.-headquartered managed care company rose following encouraging first-quarter earnings, with broadly improved performance across business segments and a Medicaid medical loss ratio that came in lower than expected. As the quarter progressed, elevated medical cost trends began to stabilize, easing pressure on managed care earnings. Management teams have been upbeat, and there have been encouraging indicators in Marketplace, where the acuity shift tied to subsidies expiring is tracking to be less significant than feared. We believe Molina has upside as the managed care backdrop normalizes.
- 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.

Top detractors:

- 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.

- Netflix was a detractor during the quarter. The U.S.-headquartered media company's stock fell roughly 10% after hours despite Q1 revenue and EBIT beating consensus, as investors had expected the abandoned Warner Bros. Discovery deal to free up margin and fund a larger buyback, which management declined to deliver — guiding 2026 M&A expense broadly in line with prior expectations. Underlying fundamentals nonetheless strengthened, with engagement reaching an all-time high, churn improving, and a recent U.S. price increase well received. We continue to believe the stock offers an attractive upside.
- 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.

PORTFOLIO POSITIONING

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

- AstraZeneca is one of the largest pharmaceutical companies in the world. It researches, develops and commercializes prescription medicines designed to treat lung and breast cancers, cardiorenal diseases, respiratory problems and other rare diseases. We believe AstraZeneca's robust on-market portfolio and sector-leading late-stage pipeline provide an attractive growth profile. Moreover, we believe the company can build on its long track record of a productive research and development program, thanks to its innovative culture and exceptional management team. In our view, CEO Pascal Soriot is one of the industry's best executives, and he has cultivated a deep bench of talent, a robust decision-making framework and a differentiated R&D culture that should drive strong growth for years to come, in our view. Recent concerns over United States regulations have overshadowed AstraZeneca's merits and weighed on the broader pharmaceutical industry. This opened a window for us to purchase shares of this company at a price well below our estimate of its intrinsic value.
- Cooper Companies is a U.S.-headquartered medical device company that manufactures contact lenses and women's health products. The contact lens industry benefits from an oligopolistic market structure with significant barriers to entry, highly recurring revenue streams, and historically had consistently positive pricing dynamics that support mid-single-digit market growth over time. Cooper has an impressive track record of contact lens market share gains, which we attribute to its leading position in specialty lenses and its unique private-label strategy. We are encouraged by recent steps taken to improve free cash flow conversion, reaccelerate growth, and optimize the product portfolio. The stock has pulled back sharply alongside the broader medical technology sector and now trades at a meaningful discount to public peers, private market transactions, and its own

trading history. We were pleased to initiate a position at what we view as an attractive entry point relative to our estimate of intrinsic value.

- 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.
- Symrise is a global leader in the development of flavors, fragrances, and specialty ingredients used across food, beverages and consumer products. We find the industry's consolidated structure attractive and value Symrise's leading positions in pet food palatability, beverage flavors and personal care ingredients that are well supported by its broad portfolio and long-standing customer relationships. While these ingredients represent a small portion of the total cost of goods sold, they are critical to the performance and differentiation of the end product, creating sticky long-term buyer-seller relationships. We also appreciate management's renewed focus on profitability and cash flow. In our view, there are early signs of positive operational and financial inflection supporting improved results going forward. Despite this strong outlook, we believe that the stock has underperformed recently due to stalling organic growth under previous leadership, creating an attractive entry point for us to invest in a company poised for growth that is trading at a significant discount to our estimate of intrinsic value.

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

- Akzo Nobel
- Charter Communications Cl A
- Roche Holding
- 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 All Cap Strategy Gross of Fees	8.26	1.88	11.48	9.90	5.39	10.64	10.95
Global All Cap Strategy Net of Fees	8.05	1.47	10.59	9.03	4.55	9.76	9.87
MSCI World Index	13.76	9.69	21.34	19.24	11.47	13.14	6.98
MSCI World Value Index	9.21	10.50	20.83	16.85	10.51	10.16	6.16

Returns for periods less than one year are not annualized. Composite inception: 10/31/1999

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.*

Understanding the risks

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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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