

## *Toronto Investment Board*

December 7, 2020

Jeffrey P. Vilker  
Director, Institutional Sales

Chris Knowland, CFA  
Director of Responsible Investing

# Organizational overview

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As of September 30, 2020

## Strategy

### **U.S. \$33.0B**

U.S. Equity \$12.8B | Concentrated \$10.4B  
Balanced \$9.8B | Fixed Income \$0.1B

### **International \$31.8B**

International \$29.9B | International Small Cap \$1.8B | Japan \$0.1B

### **Global \$21.3B**

Global All Cap \$8.1B | Global \$9.4B | Global Concentrated \$3.8B

## Client Type

### **The Oakmark Funds \$47.5B**

U.S. \$22.3B | International \$22.8B | Global \$2.5B

### **Institutional \$34.0B**

U.S. \$6.1B | International \$9.0B | Global \$18.8B

### **Individual \$4.6B**

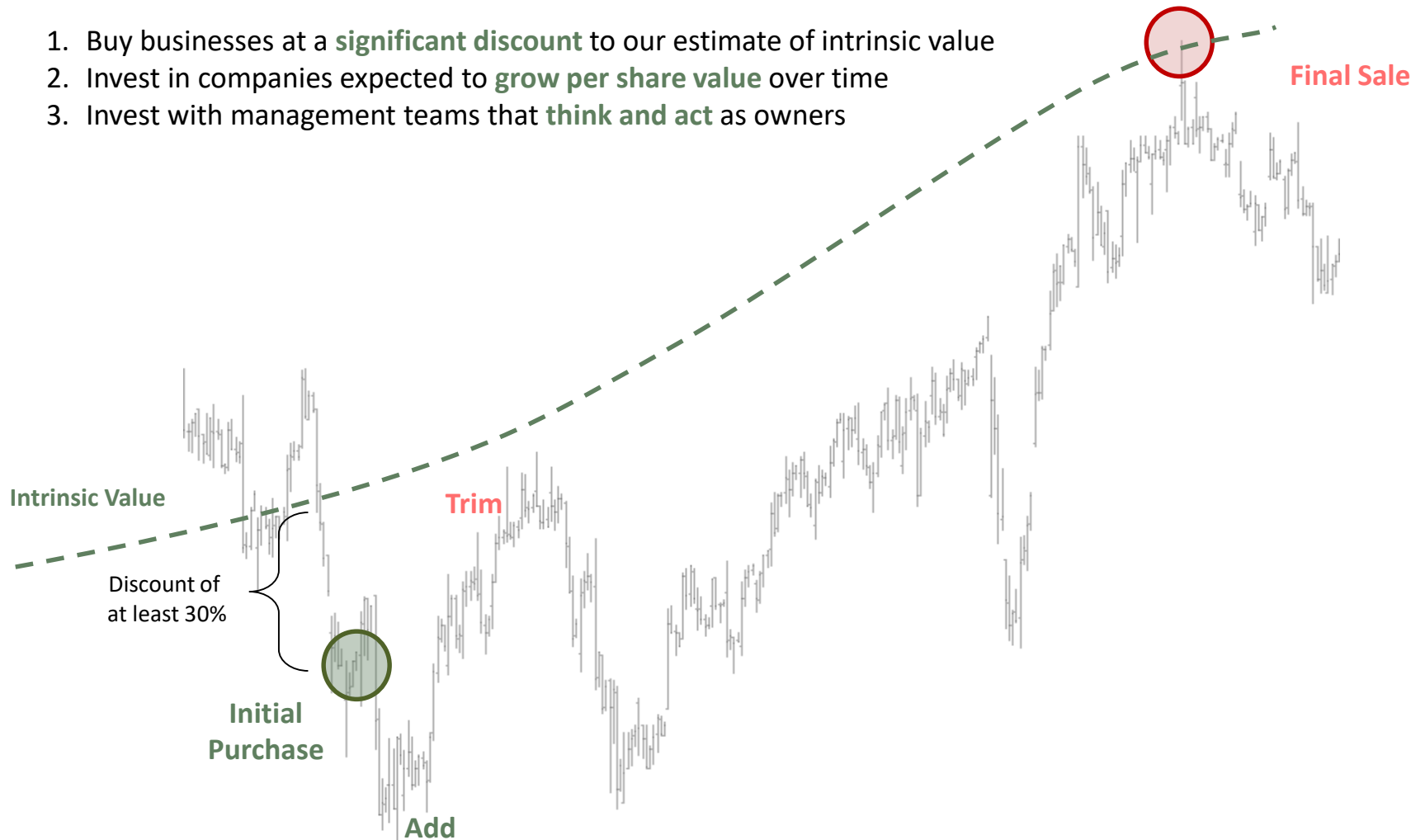
Assets Under Management: \$86.1B

# Investment philosophy

Value is a function of price and quality

Three key tenets:

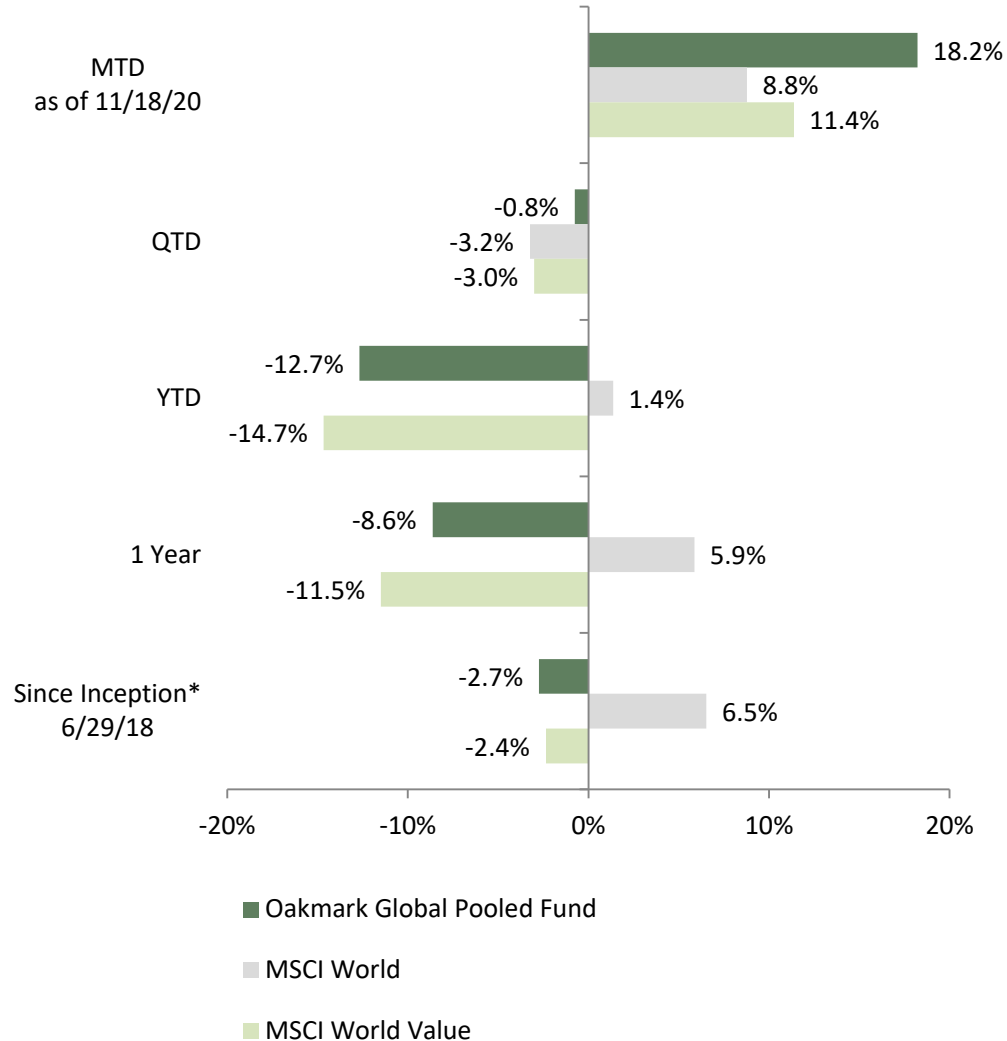
1. Buy businesses at a **significant discount** to our estimate of intrinsic value
2. Invest in companies expected to **grow per share value** over time
3. Invest with management teams that **think and act** as owners



For illustrative purposes only.

# Oakmark Global Pooled Fund

Performance net of fees (in CAD) as of October 31, 2020



\*Annualized

# Oakmark Global Pooled Fund

Portfolio characteristics (in CAD) as of October 31, 2020

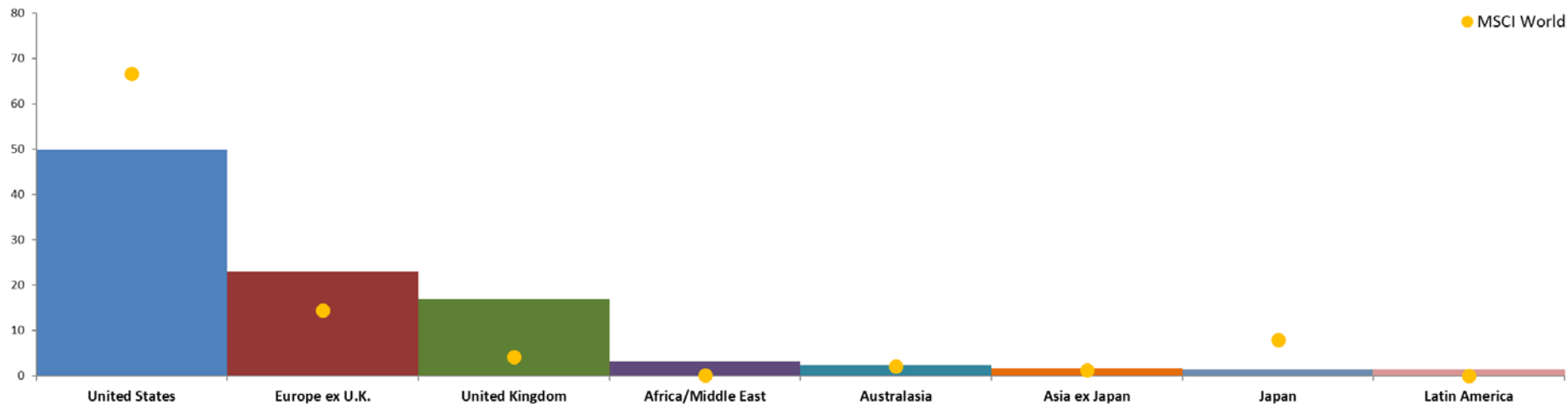
<u>Portfolio Statistics</u>		<u>Top 10 Holdings</u>		<u>% of Equity</u>
Number of Holdings	44	Alphabet Cl C		6.5%
Wtd. Avg. Mkt. Cap.	CAD 180.8B	Lloyds Banking Group		5.8%
Median Mkt. Cap.	CAD 34.6B	Mastercard Cl A		5.7%
Price/Earnings <sup>1</sup>	13.1x	TE Connectivity		5.2%
Price/Cash Flow <sup>1</sup>	11.4x	General Motors		4.9%
Price/Book <sup>1</sup>	1.2x	CNH Industrial		4.2%
Turnover	29%	Charter Communications Cl A		4.0%
Emerging Markets	6.3%	Credit Suisse Group		3.9%
ROE	21.8%	Bank of America		3.6%
		Daimler		3.6%

<sup>1</sup>Projected

<u>Currency Hedges</u>	<u>% of Underlying</u>	<u>% of Total Portfolio</u>
CHF Forwards	16.3%	1.3%

# Oakmark Global Pooled Fund

Geographic allocation as of October 31, 2020



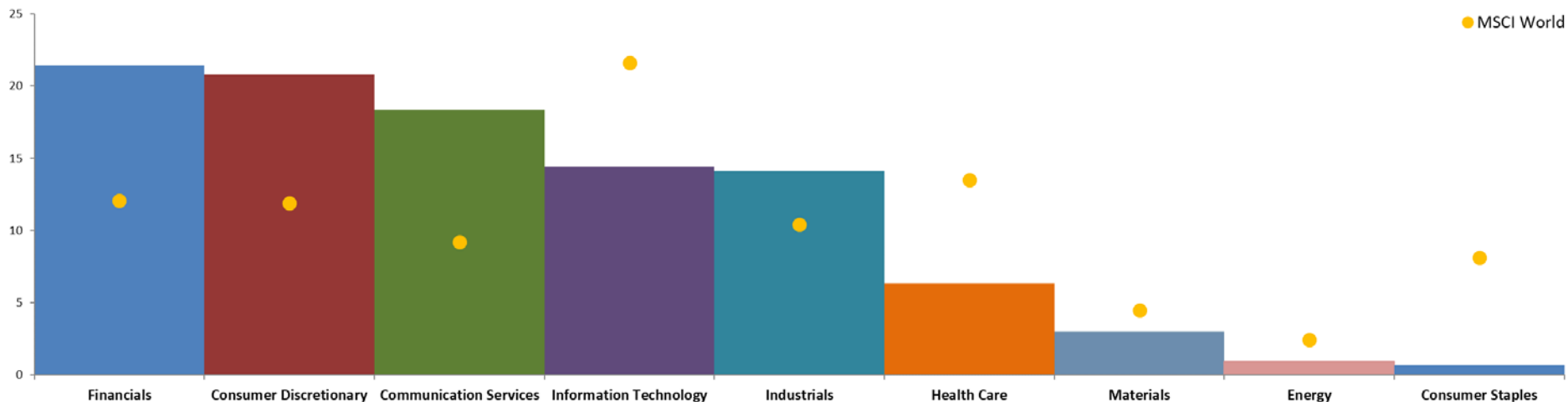
<b>UNITED STATES</b>	<b>49.9%</b>			<b>EUROPE EX U.K.</b>	<b>22.9%</b>	<b>UNITED KINGDOM</b>	<b>17.0%</b>	<b>ASIA EX JAPAN</b>	<b>1.7%</b>
Alphabet Cl C	6.5%	Pinterest Cl A	1.7%	Credit Suisse Group	3.9%	Lloyds Banking Group	5.8%	Samsung Electronics*	1.1%
Mastercard Cl A	5.7%	Flowserve	1.6%	Daimler	3.6%	CNH Industrial	4.2%	Alibaba Group*	0.4%
TE Connectivity	5.2%	Envista Holdings	1.5%	Julius Baer Group	2.9%	Travis Perkins	2.0%	Alibaba Group ADR*	0.1%
General Motors	4.9%	Johnson Controls	1.3%	Continental	2.9%	Liberty Global Cl A	1.9%		
Charter Communications Cl A	4.0%	Booking Holdings	1.2%	Bayer	2.7%	Prudential	1.5%	<b>JAPAN</b>	<b>1.5%</b>
Bank of America	3.6%	Live Nation Entertainment	1.1%	Allianz	2.6%	Compass Group	1.4%	Toyota Motor	1.5%
Oracle	2.5%	Citigroup	1.1%	Ryanair Holdings ADR	2.1%	Rolls-Royce Holdings	0.3%		
Tenet Healthcare	2.1%	National Oilwell Varco	0.9%	Richemont	1.4%			<b>LATIN AMERICA</b>	<b>1.3%</b>
Interpublic Group	1.8%	Southwest Airlines	0.7%	Anheuser-Busch InBev	0.7%	<b>AFRICA/MIDDLE EAST</b>	<b>3.3%</b>	Grupo Televisa ADR*	1.3%
Howmet Aerospace	1.8%	Arconic	0.6%	Ryanair Holdings	0.1%	Naspers*	3.3%		
						<b>AUSTRALASIA</b>	<b>2.4%</b>	<b>TOTAL EMERGING MARKETS (*):</b>	<b>6.3%</b>
						Incitec Pivot	2.4%		

Oakmark Global Pooled Fund equity-only weight vs. MSCI World Index weight is presented in the chart above.

Underlying holdings may not add to subtotal amount displayed due to rounding.

# Oakmark Global Pooled Fund

Sector allocation as of October 31, 2020



FINANCIALS	21.4%	CONSUMER DISCRETIONARY	20.8%	COMMUNICATION SERVICES	18.4%	INDUSTRIALS	14.1%	MATERIALS	3.0%
Lloyds Banking Group	5.8%	General Motors	4.9%	Alphabet CI C	6.5%	CNH Industrial	4.2%	Incitec Pivot	2.4%
Credit Suisse Group	3.9%	Daimler	3.6%	Charter Communications CI A	4.0%	Ryanair Holdings ADR	2.1%	Arconic	0.6%
Bank of America	3.6%	Naspers	3.3%	Liberty Global CI A	1.9%	Travis Perkins	2.0%		
Julius Baer Group	2.9%	Continental	2.9%	Interpublic Group	1.8%	Howmet Aerospace	1.8%	<b>ENERGY</b>	<b>0.9%</b>
Allianz	2.6%	Toyota Motor	1.5%	Pinterest CI A	1.7%	Flowserve	1.6%	National Oilwell Varco	0.9%
Prudential	1.5%	Richemont	1.4%	Grupo Televisa ADR	1.3%	Johnson Controls	1.3%		
Citigroup	1.1%	Compass Group	1.4%	Live Nation Entertainment	1.1%	Southwest Airlines	0.7%	<b>CONSUMER STAPLES</b>	<b>0.7%</b>
		Booking Holdings	1.2%			Rolls-Royce Holdings	0.3%	Anheuser-Busch InBev	0.7%
		Alibaba Group	0.4%	<b>INFORMATION TECHNOLOGY</b>	<b>14.4%</b>	Ryanair Holdings	0.1%		
		Alibaba Group ADR	0.1%	Mastercard CI A	5.7%				
				TE Connectivity	5.2%	<b>HEALTH CARE</b>	<b>6.3%</b>		
				Oracle	2.5%	Bayer	2.7%		
				Samsung Electronics	1.1%	Tenet Healthcare	2.1%		
						Envista Holdings	1.5%		

Oakmark Global Pooled Fund equity-only weight vs. MSCI World Index weight is presented in the chart above.

Underlying holdings may not add to subtotal amount displayed due to rounding.

# Oakmark Global Pooled Fund

Contribution analysis (in CAD) – December 31, 2019 to October 31, 2020

## Ten Largest Contributors

Security Description	Contribution to Return
Pinterest Cl A	1.65%
Alphabet Cl C	1.26%
Charter Communications Cl A	0.87%
CoreLogic*	0.70%
Naspers	0.63%
Arconic	0.43%
TE Connectivity	0.37%
Oracle	0.35%
Daimler	0.30%
General Motors	0.20%

## Ten Smallest Contributors

Security Description	Contribution to Return
Lloyds Banking Group	-2.82%
Rolls-Royce Holdings	-1.68%
Citigroup	-1.52%
Bank of America	-1.33%
CNH Industrial	-1.32%
Bayer	-1.29%
Credit Suisse Group	-1.23%
Howmet Aerospace	-1.19%
National Oilwell Varco	-1.08%
Incitec Pivot	-0.91%

\*Security no longer held



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# ESG Integration

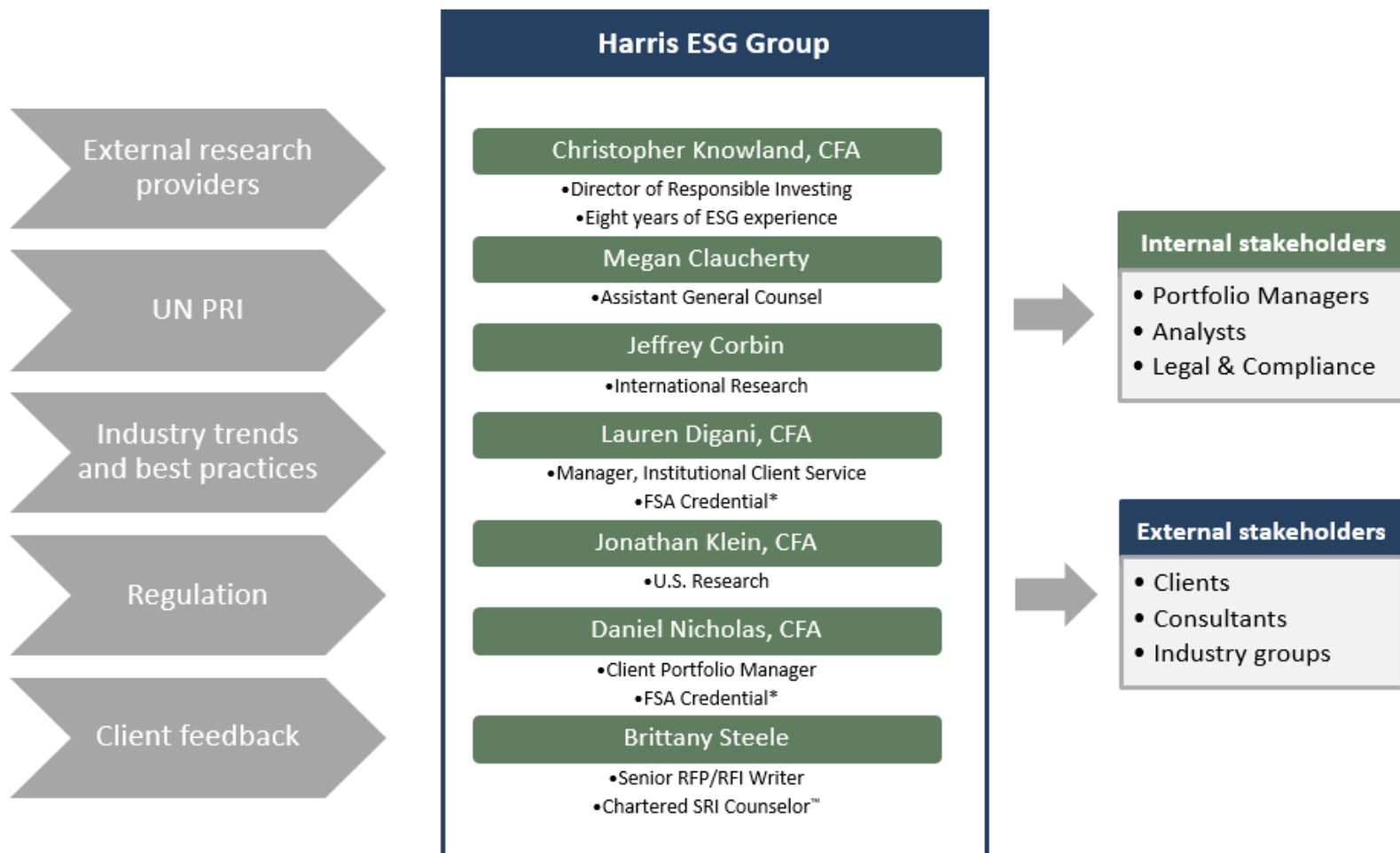
# Harris ESG journey

## Overview of our progress



# Harris ESG team and workflow

A cross-functional group that develops and shares expertise



\* FSA = Fundamentals of Sustainability Accounting (<https://fsa.sasb.org>)

# ESG reporting

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Quarterly deliverables available from Harris

**MSCI ESG report:** your portfolio's exposure to each of the three pillars (E, S, and G)

**MSCI ESG holding rationale:** our proprietary investment team assessment of any CCC-rated companies

**ISS carbon report:** your portfolio's carbon footprint and positioning in various climate change scenarios

**Voting report:** proxy voting activity during the period

**Engagement report:** examples of private engagements related to ESG and other topics

**Quarterly Frequently Asked Questions:** additional detail on our ESG integration, capabilities and engagement examples

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# Diversity and Inclusion (D&I)

# D&I actions

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## Creating a diverse and inclusive workplace

- Established **Diversity and Inclusion Advisory Council** in January 2019
- Engaged **inQuest Consulting** in 1H 2019 to help develop D&I strategy
- Implemented **training and education** initiatives:
  - Launched pilot D&I workshop for 20+ employees in March 2020
  - Hosted virtual keynote discussion “More Than Black or White: Our Quest to Being More Consciously Inclusive” in August 2020
  - Completed follow-up D&I training for 100% of employees in October 2020
- Enhanced **talent acquisition** processes:
  - Hired talent acquisition specialist in December 2019
  - Established diverse candidate slate requirements with hiring managers
  - Evaluated position descriptions for gender-coded phrasing that may influence or deter specific candidates from applying
  - Reinforced consistent hiring practices to treat candidates fairly and objectively
  - Expanded partnerships with women- and minority-led talent pools
  - Elevated Harris brand through external education opportunities at universities and organizations targeting diverse individuals
  - Increased participation in industry-related diversity networking organizations

# Diversity and Inclusion Advisory Council (DIAC)

Representing different levels and departments within the firm

The DIAC identifies opportunities to develop, promote, and integrate diversity and inclusion principles throughout the organization.



**Jeff Corbin**  
International  
Research



**Adelina Feldman-Schultz**  
Human Resources



**Chelsea Ferris**  
Business Process  
Improvement



**Katie Gerdes**  
Client Relations



**Kevin Grant**  
Chairman\*



**Blaire MacHarg**  
Control Oversight



**Lauren Masud**  
Human Resources



**Rajib Nandi**  
Information  
Technology



**Gabe Pirtle**  
Information  
Technology



**Matt Quigley**  
International  
Research



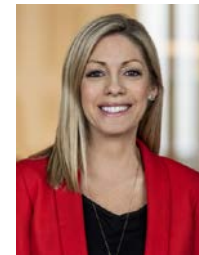
**Archana  
Ravikumar**  
Human Resources



**Kristi Rowsell**  
President\*



**Rana Wright**  
General Counsel\*



**Erin Yarnall**  
Chief Human  
Resources  
Officer\*

\*Harris Associates L.P. Operating Committee members

# Disclosures

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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.

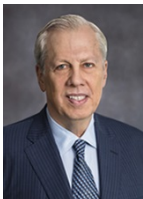
On occasion, Harris may determine, based on its analysis of a particular multi-national issuer, that a country classification different from MSCI best reflects the issuer's country of investment risk. In these instances, reports with country weights and performance attribution will differ from reports using MSCI classifications. Harris uses its own country classifications in its reporting processes, and these classifications are reflected in the included materials.

**Past performance is no guarantee of future results.** Current performance may be lower or higher than the performance data quoted. All returns reflect the reinvestment of dividends and capital gains and the deduction of transaction costs.

**Portfolio holdings are subject to change without notice and are not intended as recommendations of individual stocks.**



# Portfolio team



**Clyde S. McGregor, CFA\***  
Portfolio Manager

- 43 years investment experience
- Joined Harris in 1981



**Tony Coniaris, CFA\***  
Co-Chairman and Portfolio Manager

- 21 years investment experience
- Joined Harris in 1999



**David G. Herro, CFA\***  
Chief Investment Officer – International Equities, Portfolio Manager

- 35 years investment experience
- Joined Harris in 1992



**Jason E. Long, CFA\***  
Portfolio Manager

- 21 years investment experience
- Joined Harris in 2011

## RESEARCH

**Clyde S. McGregor, CFA\***, Portfolio Manager (43)

**William C. Nygren, CFA\***, CIO U.S. Equities and Portfolio Manager (39)

**Kevin G. Grant, CFA\***, Co-Chairman, Portfolio Manager and U.S. Analyst (29)

**Tony Coniaris, CFA\***, Co-Chairman and Portfolio Manager (21)

**Edward J. Wojciechowski, CFA**, U.S. Analyst (25)

**Win Murray\***, Portfolio Manager and Director of U.S. Research (24)

**M. Colin Hudson, CFA\***, Portfolio Manager and U.S. Analyst (22)

**Robert F. Bierig\***, Portfolio Manager and U.S. Analyst (21)

**Ben S. Nielson**, U.S. Analyst (21)

**Michael A. Nicolas, CFA**, Portfolio Manager and U.S. Investment Analyst (17)

**Joseph P. Pitman, CFA**, U.S. Analyst (16)

**Alex Fitch, CFA**, Associate Director of U.S. Research and U.S. Analyst (10)

**Marko Lazarevic, CFA**, U.S. Analyst (10)

**John A. Sitarz, CFA, CPA**, U.S. Analyst (8)

**Jeremy G. Thames, CFA**, U.S. Investment Analyst (4)

**David G. Herro, CFA\***, CIO International Equities and Portfolio Manager (35)

**Jason E. Long, CFA\***, Portfolio Manager and Senior International Analyst (21)

**Michael L. Manelli, CFA\***, Portfolio Manager and Senior International Analyst (20)

**Eric Liu, CFA\***, Portfolio Manager and Senior International Analyst (18)

**Justin D. Hance, CFA\***, Portfolio Manager and Director of International Research (14)

**Christopher Kim**, International Analyst (13)

**Matt Quigley**, International Analyst (11)

**Alex A. Frey, CFA**, International Analyst (6)

**Mahesh Rupanagudi, CFA**, International Analyst (6)

*Global All Cap strategy team*

As of 06/30/2020; years of investment experience in parentheses

\* Denotes partner