

## 8 of the Best International Fund Managers

These high-conviction funds investing in large-cap international stocks all earn Morningstar's top rating in 2024.

To uncover new stock picks for investors to research further, we often turn to the portfolio holdings of top concentrated fund managers. By our definition, the best fund managers running high-conviction portfolios have outperformed over full market cycles; they're not one-hit wonders who've beaten the market over a short time frame with a lucky stock pick or two. They've endured.

Today we're taking a deep dive into the investing strategies of the most adept stock-pickers running high-conviction strategies focused on international large-cap stocks. Our list of the best managers featured here met these screening criteria:

- They're running actively managed funds that land in one of the following large-cap stock international fund Morningstar Categories: foreign large growth, foreign large blend, or foreign large value.
- They oversee a fund with at least one share class earning a Morningstar Medalist Rating of Gold with 100% analyst coverage.
- Management holds 100 stocks or fewer as of the most recently reported portfolios.

Eight concentrated funds investing in international large-cap stocks passed our screen.

### 8 of the Best International Fund Managers of 2024

The managers of these top concentrated international funds focused on large-cap stocks met our criteria as of July 15, 2024.

1. Artisan International Value ARTKX
2. Causeway International Value CIVVX
3. Dodge & Cox International Stock DODFX
4. Goldman Sachs GQG Partners International Opportunities GSINX
5. JPMorgan International Equity JSEAX

6. MFS International Equity MIEIX
7. Oakmark International OAKIX
8. WCM Focused International Growth WCMIX

Here's a closer look at the best fund managers running high-conviction large-cap international-stock strategies today, including insights from Morningstar's analysts into each management team's playbook for stock-picking success. All data is as of July 15.

#### Causeway International Value

- Morningstar Category: Foreign Large Value
- Number of Stock Holdings: 66
- Turnover: 54%
- Top Three Sectors: Financial Services (17.85%), Industrials (17.19%), Healthcare (13.45%)
- Top Three Countries: United Kingdom (35.89%), France (14.06%), Germany (9.80%)

The second-best fund manager on our list takes a value approach to investing in international stocks. The Causeway team seeks out mispriced companies facing temporary operational challenges that won't create financial distress, explains Morningstar senior analyst Todd Trubey. He notes that the fund's portfolio doesn't look like its index or like those of its peers. For instance, the current portfolio is heavily overweight in UK stocks relative to its peers and leans more into wide- and narrow-moat stocks than other funds in its category, too.

Causeway's investment team seeks non-US firms facing operational, but not financial, distress. It mixes fundamental and quantitative analysis in a disciplined approach. Causeway's quant analysts run stock screens to narrow the investment universe to stocks that look cheap. The fundamental analysts then work on chosen stocks from the screens to determine price targets. Next, the quant team uses these projections to create risk-adjusted return rankings.

All in, the system has quants do the broad, data-heavy work and lets fundamental analysts go deep to discover where low valuations show mispricings. The eight portfolio managers make portfolio decisions, usually selecting from among the highest-rated stocks on a risk-adjusted basis. The ranking system also helps the team identify sell candidates.

The system focuses heavily on company-specific data and produces bold portfolios. While the screens do look within countries and specialize by industry, they don't mimic indexes. So the strategy often has atypical country and sector weightings. The portfolios are also rather concentrated, with about 55-65 stocks and around 30% of its assets in the top 10 holdings. To allow mispricings to correct, the managers are patient: Over the past 10 years, the strategy's turnover has averaged 39% versus the standard category peer's 50%.

*Todd Trubey, Morningstar senior analyst*

### 3 Qualities of the Best Fund Managers

Our list of the best fund managers focused on international large-cap stocks spans investment styles; these are varied playbooks from which investors can find new stock ideas. Yet many of the managers share a few qualities that investors can emulate.

**They make investment decisions based on in-depth fundamental research.** The best managers know their companies well. They understand the underlying businesses and competitive positioning of the companies they own.

**They favor quality companies that can endure.** Many of these managers have large positions in companies with wide or narrow Morningstar Economic Moat Ratings. We expect these companies to maintain their competitive positions for a decade or longer.

**They have patience.** As their turnover rates suggest, most of the best fund managers invest for the long term and are willing to wait for their investment theses to play out; they don't sell stocks based on price weakness if nothing has changed fundamentally.

### How to Find Stock Picks of the Best International Fund Managers

We frequently talk about stocks that the best managers own and that these managers are buying and selling; you'll find many of those articles and videos in our archive. But there are other tools available for those who'd like to get more stock-pick ideas from these great managers and others like them.

- Investors can explore the stock picks of the best large-cap international stock managers included in this article by visiting the report pages on Morningstar.com for each of these funds and clicking on the Portfolio tab. Scroll to the bottom of the Portfolio page to find the top 25 holdings for each fund. Morningstar Investor members get a bonus: They can view full portfolio holdings for each fund, along with other key Morningstar metrics like the Morningstar Rating for stocks and Morningstar Economic Moat Rating for each stock pick.
- Morningstar Investor members can create screens of "best fund managers" using their own criteria using the Morningstar Investor screening tool and then dig into the portfolios of the funds that pass their screens.

### What Are Morningstar's Ratings?

The Morningstar Medalist Rating provides investors with assessments of a strategy's ability to outperform its Morningstar Category index after fees. This five-tier rating system, which operates on a scale ranging from Gold to Negative, includes analyzing the performance of the asset-management firms that handle various assets and securities and determining whether their processes are sensible and clearly defined. Other factors that are taken into account are the investment philosophy behind the investment vehicle, the level of risk involved in the process, and the manager's approach to navigating that risk.

The following pillars are used to designate an appropriate Morningstar Medalist Rating for each respective fund:

- **People Pillar:** This pillar evaluates the managers who are responsible for making key decisions regarding the fund.
- **Process Pillar:** This pillar determines whether the strategy that a parent organization applies to a fund is both effective and repeatable.
- **Parent Pillar:** This pillar analyzes the parent organization in charge of managing the fund.

## Important Disclosures

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### Risk Disclosure

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