10 of the Best Fund Managers

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

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In an effort to find 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 aren't flash-in-the-pan successes who've beaten the market over a short time frame with a few lucky stock picks. They've endured.

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

- They're running actively managed funds that land in one of the large-cap stock US fund Morningstar Categories: large growth, large blend, or 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 their most recently reported portfolios.

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

10 of the Best Fund Managers of 2024
The managers of these top concentrated funds focused on large-cap stocks meet our criteria as of April 29, 2024.

1. Diamond Hill Large Cap DHLYX
2. Dodge & Cox Stock DODGX
3. JPMorgan Equity Income OIEJX
4. Loomis Sayles Growth LSGRX
5. MFS Value MEIJX
6. Oakmark OAKMX
7. Parnassus Core Equity PRBLX
8. Principal Blue Chip PGBHX
9. T. Rowe Price All-Cap Opportunities Fund PRWAX
10. Vanguard Dividend Growth VDIGX

Here's a closer look at the best fund managers running high-conviction large-cap stock strategies today, including insights from Morningstar's analysts into each management team's investment process—or their playbooks for stock-picking success in the large-cap stock part of the market. All data is as of April 29, 2024.

Diamond Hill Large Cap
- Morningstar Category: Large Value
- Number of Stock Holdings: 49
- Turnover: 22%
- Top Three Holdings: American International Group AIG (4.74%), Conoco Phillips COP (3.82%), Bank of America BAC (3.30%)
- Top Three Sectors: Financial Services (23.00%), Healthcare (17.65%), Industrials (16.88%)

The first of the best large-cap stock fund managers on our list, the team at Diamond Hill Large Cap will undergo a change at the end of this year, as longtime manager Chuck Bath retires. We're not making any changes to our ratings as a result, says Morningstar director Dan Culloton, as comanager Austin Hawley will remain on board. The current portfolio is heavier in consumer cyclical stocks than its peers while lighter on communication services and technology stocks.

The comanagers follow Diamond Hill's sensible, fundamental approach. They buy companies when their market prices are lower than their estimates of their intrinsic business values and sell them when they reach that value. The firm's centralized research group models companies' cash flows over a five-year time horizon, which dovetails with the strategy's typical holding period (portfolio turnover tends to be low).

Analysts dive into balance sheets and income statements to estimate cash flows, normalized earnings, and appropriate growth rates. Analysts make their own assumptions and determine their own discount

rates, but managers reserve the right to modify those inputs or go against recommendations. Stocks trading at discounts to the team's estimates of intrinsic value are eligible for inclusion, and Chuck Bath and Austin Hawley collaborate on portfolio construction.

In addition to a focus on valuation, the team also hunts for quality and durability. It looks for businesses with stable cash flows and defensible competitive advantages. The team believes such companies tend to hold up better on the downside and reward investors over a full market cycle.

Although the managers look for stocks trading below their estimated intrinsic values, this is not a deep-value fund.

The roughly 50-stock portfolio will include some firms with higher growth profiles and traditional valuation measures, including Amazon.com. Indeed, in the latter half of 2021 and early 2022, the managers sold consumer products stocks because their valuations had swelled relative to their growth prospects. They bought growth stalwarts like Alphabet and Microsoft with the proceeds as they fell in 2022's first half, though the managers trimmed them as they rallied in 2023.

The managers not only want stocks trading at discounts but also those with strong management and competitive advantages. They will act, however, if their confidence in the durability of those edges dulls. The team sold Meta Platforms in 2022, which it first added in 2018, on concerns about its Metaverse spending. The stock has since rebounded sharply, but the managers remain uncomfortable with the company's capital allocation discipline and corporate governance.

Lately, they have been finding more opportunities further down the market-cap ladder. In the past year, for example, the fund sold travel website Bookings Holdings and chemical company Linde and bought Carmax, Allstate, and industrial distributor Regal Rexnord.

<div align="right">Dan Culloton, Morningstar director</div>

Dodge & Cox Stock
- Morningstar Category: Large Value
- Number of Stock Holdings: 79
- Turnover: 12%
- Top Three Holdings: Wells Fargo WFC (4.30%), Charles Schwab SCHW (3.82%), Fiserv FI (3.39%)
- Top Three Sectors: Healthcare (22.83%), Financial Services (22.20%), Technology (13.99%)

The second best manager on our list also pursues a value-oriented strategy in the large-cap stock space. Morningstar associate director Tony Thomas describes the stock-picking approach of the team at Dodge & Cox Stock as contrarian, valuation-focused, and long-term-oriented. "They're not afraid to look for bargains among companies facing what the team believes are temporary, surmountable challenges," he says. "They're also willing to stick around until those companies' fortunes improve."

Dodge & Cox's global industry analysts do thorough, bottom-up research. They look to go against the consensus view on businesses they believe have competitive advantages, good growth potential, and talented executives. Vetting ideas first in sector committees gives analysts expert, industry-relevant feedback; the portfolio managers further scrutinize analysts' proposals with a keen eye toward portfolio construction. The managers insist on picking up cheap stocks, often taking advantage of bad news or a tough economic environment to build positions. They'll follow fundamental research into whichever stocks or sectors look attractive.

With so many against-the-grain picks, risk management is key, and Dodge & Cox has upped its game in recent years. Its managers have always been patient to let ideas play out, and they've been disciplined about selling pricey, shaky, or relatively unattractive holdings—though they occasionally make mistakes. In response, the firm has built informative in-house risk tools that offer more-sophisticated views of portfolio exposures and the impact of position sizing. It also has facilitated the expression of dissenting views to capture a fuller range of opinions. On the periphery, the managers have occasionally used index options (such as S&P 500 puts) as hedges.

Bottom-up research on individual companies drives stock selection here. The 60- to 90-stock portfolio can concentrate in a few sectors. True to the team's valuation focus, the portfolio often looks cheap on key metrics. Non-US equities help distinguish this portfolio from US-focused peers and benchmarks. Such stocks accounted for 9.8% of assets in April, just above the 11.5% quarterly average over the preceding 10 years. Some of the recent weight was in the ADRs of large European pharmaceutical companies Sanofi (first bought in 2005, a testament to the managers' preference for long-term investments) and GSK (formerly GlaxoSmithKline).

<div align="right">Tony Thomas, Morningstar associate director</div>

JPMorgan Equity Income

- Morningstar Category: Large Value
- Number of Stock Holdings: 87
- Turnover: 8%
- Top Three Holdings: Wells Fargo WFC (2.96%), Conoco Phillips COP (2.79%), Chevron CVX (2.14%)
- Top Three Sectors: Financial Services (23.37%), Industrials (15.29%), Healthcare (15.13%)

Despite the retirement of leader Clare Hart in fall 2024, we still think the management team at this concentrated large-cap stock fund remains among the best in its category. The first high-conviction fund on our list with a dividend mandate (of 2%), JPMorgan Equity Income's stock picks focus on higher-quality companies than its peers (as measured by the percentage of its portfolio held in wide- and narrow-moat stocks) with high returns on invested capital and with stocks trading below their intrinsic values.

The search for holdings starts with a never-ending scouring of the US large-value universe for companies with consistent earnings, high returns on invested capital, conservative financials, and dividend yields of at least 2%. Those dividends must also be modest payouts of firms' earnings to ensure the funding of future business growth. The team also investigates corporate management for evidence of capital discipline.

After establishing possible targets, the team looks for stocks with relatively low valuations it believes are trading at a discount to their intrinsic values. While the team uses different metrics for various industries, it generally starts with free cash flow yield and price- and enterprise-value multiples.

The process' output is an 85- to 110-stock portfolio. The team caps each new entrant at 5% of assets but will allow older positions to grow past that level. The portfolio maintains exposure to each of the Russell 1000 Value Index's sectors, but relative weightings can vary by up to 10 percentage points. The team is unusually patient, even within the large-value category. In the three full years since Andrew Brandon and David Silverman became portfolio managers, the strategy's turnover ratio has averaged just 18%, lower than 90% of category peers.

To generate its returns, the portfolio neither differs markedly from its benchmark nor produces unusually high income. On the stock level, the key differences between the strategy and its benchmark are active weightings rather than out-of-index picks. The strategy's hallmark is material overweightings of favored index constituents.

<div align="right">Todd Trubey, Morningstar senior analyst</div>

Loomis Sayles Growth

- Morningstar Category: Large Growth
- Number of Stock Holdings: 36
- Turnover: 13%
- Top Three Holdings: Meta Platforms META (7.91%), Nvidia NVDA (7.88%), Amazon.com AMZN (5.72%)
- Top Three Sectors: Technology (30.70%), Communication Services (22.59%), Consumer Cyclical (14.87%)

The team at Loomis Sayles Growth is the first on our list of the best fund managers pursuing a growth strategy in the large-cap stock market. Heavier in communication services stocks and lighter in technology stocks that the average large-growth fund, this portfolio reflects management's attraction to companies with clear and enduring competitive advantages. About half of the fund's assets are held in its top 10 holdings, which includes sizable stakes in familiar growth names like Meta Platforms META and Nvidia NVDA but also in a stock that's less commonly found among top holdings of large-growth funds: Boeing BA.

Manager Aziz Hamzaogullari has geared this strategy for long-term investing. His team's "alpha thesis" (or the view of what gives it an edge over the competition)

is sound in principle. The team believes that patient, high-conviction, price-sensitive investing in companies with clear and enduring competitive advantages is key to success. Here, the focus is on stocks in the Russell 1000 Growth Index and a decent helping of large- and mid-cap non-US companies.

The team then walks the walk. It uses an extensive seven-step process to identify effective business models that can produce reliable free cash flow growth. Analysts dig into company and industry growth drivers and expect them to last five years or longer. They also try to discern whether a stock's recent price reflects changes in market sentiment or fundamentals, looking for disconnects between the two that create opportunities. They often spend months on their research. Ultimately, Hamzaogullari constructs a relatively concentrated 30- to 40-stock portfolio that he trades with restraint. Companies with wide or narrow Morningstar Economic Moat Ratings (measures of competitive advantage) usually dominate the list. While he has few formal diversification requirements, Hamzaogullari typically distributes holdings across a healthy variety of sectors and industries.

This Loomis Sayles team does a good job finding competitively advantaged companies. Yet manager Hamzaogullari will consider companies facing challenges that he thinks are temporary. He picked up aircraftmaker Boeing BA in early 2020 amid pandemic worries, for example, and has stayed with it as the company has made progress on its order backlog.

The total number of equity holdings is often in the mid-30s. Like the US mutual fund's Russell 1000 Growth prospectus benchmark, however, the top positions are gradually taking up more assets. Some overseas stocks often help distinguish this portfolio from its US-focused benchmark, though its non-US stakes have declined in recent years.

> Tony Thomas, Morningstar associate director

MFS Value

- Morningstar Category: Large Value
- Number of Stock Holdings: 72
- Turnover: 12%
- Top Three Holdings: JPMorgan Chase JPM (4.93%), Progressive PGR (3.38%), The Cigna Group CI (3.20%)
- Top Three Sectors: Financial Services (26.70%), Industrials (17.53%), Healthcare (14.99%)

Another of the best fund managers running a high-conviction strategy in the large-value category, the team at MFS Value has more than 92% of its assets in high-quality stock picks with wide or narrow economic moat ratings; the team is dead-set on avoiding value traps and is willing to wait years for its thesis on a stock pick to play out, says Morningstar senior analyst Jack Shannon. The current portfolio holds larger stakes in the financial services and industrials sectors than its large-value peers and has less exposure to consumer cyclical, communication services, and technology names.

> This strategy separates itself by identifying and assessing threats to a company's business. Comanagers Nevin Chitkara and Katie Cannan look for undervalued stocks with robust business models and strong track records of generating returns on capital. Their goal is to avoid value traps: stocks that appear undervalued relative to peers but are actually fairly valued because of structural disadvantages. Along with MFS' central research team, the managers spend a lot of time focusing on analyzing a business' durability; they want to ensure that the business is not at risk of obsolescence or major disruption. Here, the managers may even call on MFS' credit analysts to help assess a business' solvency in periods of distress. While a lot of managers pay lip service to this sort of analysis, it is obvious that it is critical to this strategy's success.

> This risk focus in the research phase allows the managers to confidently stick with their stock picks through turbulence. Knowing they've done their homework on a business' durability, the managers are confident in not only standing by their selections but adding to them if and when valuations drop further. This means that they often wait years for a thesis to play out, and they are often rewarded for their discipline.

Given the strategy's patient investment approach, it is not surprising that the portfolio sees little turnover on a year-over-year basis. Over the past five years, it averaged 12% annual turnover and typically ranked in the lowest decile of the category for any given year.

To make this low-turnover approach work, the managers look for financially sound companies with durable advantages, and this portfolio reflects that. According to Morningstar's Risk Model, this portfolio is typically more exposed to companies with wide or narrow Morningstar Economic Moat Ratings and healthy balance sheets than the Russell 1000 Value Index. Sector bets can vary by as much as 10% relative to the index, but one historical constant is the team's energy underweighting, as the managers generally do not like commodity businesses. Investors get a bit more international flavoring in this portfolio than other large-value funds, as 7%-10% of the portfolio is typically in non-US stocks, whereas the average peer is usually around 5%.

> Jack Shannon, Morningstar senior analyst

Oakmark
- Morningstar Category: Large Value
- Number of Stock Holdings: 55
- Turnover: 52%
- Top Three Holdings: Alphabet GOOGL (3.06%), Conoco Phillips COP (2.66%), General Motors GM (2.65%)
- Top Three Sectors: Financial Services (38.59%), Communication Services (10.64%), Energy (9.69%)

Oakmark manager Bill Nygren and his team have what Morningstar's Thomas calls a "tempered view" of what makes a cheap stock. While they prefer large-cap stocks trading at least 30% below their intrinsic values, they also want to invest in companies that can increase their per-share value with strong leadership — and the team will use liberal views of valuation that rely on sum-of-the-parts analyses, relevant merger-and-acquisition activity, or comparisons based on key fundamental data to develop their estimates, he adds. That can lead the team into what many might consider to be growth-stock territory on occasion, as with top stock pick Alphabet, at opportune times.

Manager Bill Nygren and his team ascribe to three key tenets. They target cheap large-cap stocks — more explicitly, those trading at least 30% below the team's estimate of their intrinsic value. They want companies that can grow their per-share value at least as fast as the S&P 500. And they believe that the management teams best suited to deliver such results are those that think and act like owners.

The team's analysts then adroitly follow these principles in their research. They pore over public documents, conduct numerous site visits and meetings with management, and tailor their valuation models to the unique features of a business or its industry. Among many tools, they'll use sum-of-the-parts analyses, comparisons with private-market deals, and merger-and-acquisition activity to assess a company's worth.

A stock-selection committee adds another degree of rigor. Its three members — Nygren, Harris chairman Tony Coniaris, and a rotating member — craft a list of approved stocks from which this strategy must draw. After scrutinizing analysts' proposals, at least two of them must agree for a stock to join the list. Nygren and his comanagers here then construct a relatively diverse portfolio of 40–60 holdings from that list, with individual position sizes usually between 1% and 3%.

Manager Nygren and his team seek value wherever it may be found. That means this portfolio's sector weightings can remain favorites for years or shift dramatically. Financials have looked attractive to the team for more than a decade. The sector has held at least 25% of Oakmark's assets since 2012's fourth quarter — a weighting that's usually double the S&P 500's stake and roughly one third more than the Russell 1000 Value Index. The financials exposure ranges across various industries including diversified banks (such as Wells Fargo), asset managers (such as KKR & Co.), and credit services (such as Capital One Financial). Allocations to other sectors have fluctuated — sometimes dramatically. The portfolio's healthcare stake, once at or above the S&P 500's, has been relatively light for years.

Such flexibility in the pursuit of value means the portfolio doesn't stick to one part of the Morningstar Style Box. While the strategy consistently tends to invest in large-cap (but not necessarily mega-cap) companies, its style was mostly large blend before drifting toward value in recent years (in part by not owning high-flying

tech names and picking up more financials and energy stocks). Thus, Morningstar reclassified the strategy as large value (from large blend) in March 2021.

Tony Thomas, Morningstar associate director

Parnassus Core Equity

- Morningstar Category: Large Blend
- Number of Stock Holdings: 41
- Turnover: 29%
- Top Three Holdings: Microsoft MSFT (6.66%) Alphabet GOOGL (5.21%), Nvidia NVDA (4.90%)
- Top Three Sectors: Technology (35.89%), Financial Services (17.88%), Industrials (9.13%)

The stock-picking team at Parnassus Core Equity is the only one on our list of best fund managers that invests in large-cap stocks using environmental, social, and governance screens. The portfolio currently has greater exposure to technology and financial-services stocks than the typical large-blend fund and is notably underweight in healthcare stocks.

The managers utilize a proven approach to filter their investment universe. The team excludes companies that derive significant revenue from alcohol, tobacco, weapons, fossil fuels, or gambling and then employs ESG, quality, and valuation screens to filter out about 85% of the universe. From there, the team looks for companies with durable competitive advantages, increasingly relevant products or services, exemplary management, and ethical practices. If a stock meets these criteria, the managers dive into its fundamentals to assess its fair value based on three-year bull-, bear-, and base-case scenarios. They pay close attention to downside risk and prefer stocks that have narrow ranges of potential outcomes. This has led to a portfolio with an asymmetric risk/reward profile. The managers also consider valuations, but some of the portfolio's higher-quality companies command premium multiples. Therefore, at times, the portfolio's price multiples can run higher than the S&P 500's.

This bottom-up approach can lead to sector weightings that at times differ by up to 10 to 15 percentage points from the index. The managers cap individual position sizes at 7% of assets, but most fall below 4%. The portfolio must have 65% of assets in dividend-paying stocks, but it has no overall yield target.

The managers are high-conviction, patient investors. They hold around 40 stocks and tend to hang on for the long haul. Annual portfolio turnover has ranged from 14% to 40% during the past 10 years, typically roughly in line with the large-blend Morningstar Category median. Holdings such as Waste Management and Procter & Gamble have been in the portfolio for more than 15 years.

The focus on relevant firms with competitive advantages is clear. Nearly 94% of assets were in companies with a Morningstar Economic Moat Rating of narrow or wide. The portfolio's profitability measures as measured by average net margins tend to exceed the S&P 500. These firms also tend to trade at a premium, and the portfolio's average price multiples often exceed the index's.

Stock-picking drives positioning, but the managers have clear preferences. Relative to the index, the portfolio is typically overweight materials and industrials, light on consumer discretionary, and doesn't invest in energy.

Stephen Welch, Morningstar senior analyst

Principal Blue Chip

- Morningstar Category: Large Growth
- Number of Stock Holdings: 38
- Turnover: 10%
- Top Three Holdings: Microsoft MSFT (12.10%), Amazon.com AMZN (8.45%), Alphabet GOOG (5.13%)
- Top Three Sectors: Financial Services (25.70%), Technology (23.34%), Consumer Cyclical (14.23%)

This Gold-rated concentrated fund in the large-growth category is managed by a team favoring companies run by leaders who think like owners and that have competitive advantages. This is no typical growth fund, according to Morningstar's Thomas: The fund's stake in financial-services stock picks is way above that of its category peers, and its stake in tech stocks is way below its peers.

Manager Bill Nolin crafted his investment philosophy—first used with mid-cap equities in 1999—around a simple central principle. He believes that owner-operators, or leaders who think and act like owners, typically take the long view and make more-prudent operational and capital-allocation decisions. Executives who are also major shareholders, if not the founders

themselves, are well incentivized for success, even if a company's size somewhat dilutes their influence.

Ownership structure alone is not sufficient for investment. A firm's long-term competitive advantage also matters. After screening the Russell 1000 Index's largest companies (plus a few non-US firms) for high returns on capital and stable profit margins (two signs of competitive strength), the team examines companies from multiple perspectives, factoring in the views of buyers, suppliers, and rivals. It also forecasts future financials and runs discounted cash flow models to identify prospects' intrinsic value and to avoid buying overpriced stocks.

The managers then form a high-conviction portfolio of 30–50 stocks. Some positions may cross 10% of assets each, but most are 5% or less. Cash is almost fully deployed.

This is a somewhat atypical large-growth stock portfolio. Its top holdings are the widely held Microsoft, Amazon.com, and Alphabet; however, it doesn't own Apple (and hasn't since 2014). The Aligned Investors team tends to go light on tech, believing that many companies' competitive positions are tenuous in that fast-evolving sector. Healthcare, another popular sector among large-growth funds, also tends to be underrepresented. In contrast, financial-services firms are regular features here. The strategy has held Visa and Mastercard since the mutual fund's 2012 inception. Other top financials picks are asset manager Brookfield, insurer Progressive, and ratings agency Moody's.

> Tony Thomas, Morningstar associate director

T. Rowe Price All-Cap Opportunities Fund
- Morningstar Category: Large Growth
- Number of Stock Holdings: 96
- Turnover: 96%
- Top Three Holdings: Microsoft MSFT (7.27%), Nvidia NVDA (5.06%), Amazon.com AMZN (4.43%)
- Top Three Sectors: Technology (33.70%), Healthcare (12.04%), Consumer Cyclical (11.62%)

The third and final best fund manager running a concentrated strategy in the large-growth category, T. Rowe Price All-Cap Opportunities maintains a flexible mandate. Morningstar senior analyst Adam Sabban calls manager

Justin White "precocious" and applauds White's execution: "White has shown a knack for when to take gains from soaring winners and when to buy stocks that are out of favor." Not surprisingly, the fund's turnover is the highest on our list.

Manager Justin White applies a stock-picking practice he developed as an analyst at T. Rowe that centers on four key factors: business quality; the degree to which T. Rowe's expectations for metrics such as earnings or sales differ from sell-side stock analysts'; whether company fundamentals are improving or declining; and valuation. Each of these pillars is multifaceted, and rarely do all point in the same direction. Holdings don't have to score well on all four pillars; rather, it's intended as a flexible framework to ensure a variety of ideas are considered. For instance, he's willing to own a steady grower that looks a bit expensive alongside a cheaper, lower-quality firm with prospects that are about to improve.

White anchors onto long-term secular growers but can be more tactical elsewhere, pivoting his portfolio when he believes market dynamics may change. For instance, White moved to companies expected to benefit from economic reopening in late 2020, which worked out well. Along similar lines, he sold many high-growth stocks benefiting from the pandemic's lockdowns in 2021, well before the market came to realize that their soaring revenues would soon slow in 2022.

Turnover typically runs in the 70%-80% range but could be lower or higher depending on market volatility.

The strategy's prospectus benchmark changed to the Russell 3000 Index in March 2021 from the Russell 1000 Growth Index, reflecting its multicap nature and White's rather flexible approach. However, given White's general preference for companies with solid growth prospects, the strategy is likely to stay within the growth section of the Morningstar Style Box.

Relative to other T. Rowe Price large-growth funds, this one's smaller asset base affords it some wiggle room. White has dipped into small- or mid-cap territory on occasion, though the vast majority of assets are classified as large or mega-cap.

White anchors the portfolio in prominent tech companies such as Apple and Microsoft but mixes in some faster-growing fare like semiconductor giant Nvidia and some turnaround plays like General Electric.

While White has eclectic taste, he typically underweights the consumer staples sector, which tends to be more resilient during economic declines but lacks the upside of high revenue and earnings growth. White instead prefers the healthcare sector, which he feels offers some defensive characteristics but also superior growth prospects.

<div align="right">Adam Sabban, Morningstar senior analyst</div>

Vanguard Dividend Growth
- Morningstar Category: Large Blend
- Number of Stock Holdings: 42
- Turnover: 9%
- Top Three Holdings: Microsoft MSFT (4.47%), Stryker SYK (3.67%), Danaher DHR (3.25%)
- Top Three Sectors: Industrials (21.32%), Healthcare (18.97%), Consumer Defensive (14.86%)

The final large-cap stock manager on our list runs a topnotch dividend stock strategy, Vanguard Dividend Growth. Peter Fisher, a longtime member of subadvisor Wellington Management's dividend-growth team, became the lead portfolio manager here in January after longtime manager Donald Kilbride stepped down (but remains on the team). "The new lead manager knows this old-school approach well," argues Morningstar senior analyst Todd Trubey.

It's simple but not simplistic, with less structure and a more theoretical foundation than many peers. Portfolio manager Peter Fisher and team believe dividend growth is the great revealer in equity investing: Only companies operating well all around can grow dividends more than 8% annually long term, which is the result they want.

In seeking such companies, the team emphasizes two key facts over all opinions: price and dividend. While earnings are accounting estimates, dividends come in cash, so the team studies filings, balance sheets, payout ratios, and past capital allocation decisions to determine that a company can grow dividends at the rate of inflation plus 3%. But the team wants to pay a reasonable price, which usually means buying firms that are under a cloud.

Management builds a compact portfolio of 40-50 stocks, dominated by big companies whose long-term competitive advantages help them maintain and grow their dividends through tough times. In keeping with the philosophy, it intends to buy and hold, reaping the dividend growth for years. Sector weightings are the result of bottom-up stock selection, with healthcare, consumer defensive, and financials often receiving top weightings. There's a 25% cap on industries. Position sizing is conservative: Positions generally start at 1% and won't go beyond 5%.

New lead portfolio manager Fisher and predecessor Don Kilbride have shown admirable patience with the portfolio. Over the past decade, the strategy's average annual turnover was 19%, within the lowest quartile of the actively managed large-blend category. More striking, 12 out of the 42 stocks in the portfolio as of Dec. 31, 2023, have been there since 2006, the year Kilbride took charge.

Within its category, the fund's emphasis on dividends and high-quality firms with sturdy business models stands out. As of year-end 2023, its 1.6% 12-month yield was in the highest decile of active large-blend funds. And its 78% stake in firms with a Morningstar Economic Moat Rating of wide was in the highest 3% of that group.

The strategy's combined emphasis on reasonable valuations and sustainable dividend growth tends to drive low weightings in some sectors.

<div align="right">Todd Trubey, Morningstar senior analyst</div>

Qualities of the Best Fund Managers
Our list of the best fund managers focused on large-cap stocks spans investments 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 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 stock managers included in this article by visiting the report pages 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 their own 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 strategies 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.

The Morningstar Economic Moat Rating encapsulates how likely Morningstar thinks a company will be able to keep competitors at bay for an extended period. We think one of the keys to finding superior long-term investments is buying companies that will be able to stay one step ahead of their rivals, and it is this characteristic—think of it as the strength and durability of a firm's competitive advantage—that the economic moat rating measures.

Loomis Sayles and Morningstar are not affiliated.

Average Annual Total Returns (%) as of 6/30/24[†]	3 Months	1 Year	3 Years	5 Years	10 Years
Loomis Sayles Growth Fund Class A at NAV	12.30	39.80	12.10	16.65	15.25
Loomis Sayles Growth Fund Class A with 5.75% maximum sales charge	5.82	31.79	9.91	15.27	14.57
Loomis Sayles Growth Fund Class Y	12.40	40.15	12.39	16.95	15.55
Russell 1000® Growth Index	11.41	39.00	12.50	18.52	15.98

Gross expense ratio 0.92% / 0.67% (Class A / Class Y). Net expense ratio 0.92% / 0.67% (Class A / Class Y). As of the most recent prospectus, the investment advisor has contractually agreed to waive fees and/or reimburse expenses (with certain exceptions) once the expense cap of the fund has been exceeded. This arrangement is set to expire on 01/31/2025. When an expense cap has not been exceeded, the gross and net expense ratios may be the same.

Oakmark and Morningstar are not affiliated.

Average Annual Total Returns (%) as of 6/30/24[†]	3 Months	1 Year	3 Years	5 Years	10 Years
Oakmark Fund Investor Class	10.27	33.52	13.26	16.35	12.16
S&P 500® Index	10.56	29.88	11.49	15.05	12.96

Gross expense ratio 0.91% (Investor Investor). Net expense ratio 0.91% (Investor Class). As of the most recent prospectus, the investment advisor has contractually agreed to waive fees and/or reimburse expenses (with certain exceptions) once the expense cap of the fund has been exceeded. This arrangement is set to expire on 01/27/2025. When an expense cap has not been exceeded, the gross and net expense ratios may be the same.

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. Total return and value will vary and you may have a gain or loss when shares are sold. Current performance may be lower or higher than quoted. For most recent month-end performance, visit im.natixis.com. Performance for other share classes will be greater or less than shown based on differences in fees and sales charges. You may not invest directly in an index. [†]Performance for periods less than one year is cumulative, not annualized. Returns reflect changes in share price and reinvestment of dividends and capital gains, if any.

Past performance is not guaranteed in future results.

Morningstar Ratings as of 6/30/24	3-Years	5-Years	10-Years
Loomis Sayles Growth Fund Class Y	★★★★ Out of 1,111 funds	★★★★ Out of 1,037 funds	★★★★ Out of 807 funds

Morningstar Ratings as of 6/30/24	3-Years	5-Years	10-Years
Oakmark Fund Investor Class	★★★★★ Out of 1,118 funds	★★★★★ Out of 1,058 funds	★★★★ Out of 816 funds

Overall rating derived from weighted average of the 3-, 5- and 10-year (if applicable) Morningstar Rating metrics; other ratings based on risk-adjusted returns.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ used to rank the fund against other funds in the same category. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly excess performance, without any adjustments for loads (front-end, deferred, or redemption fees), placing more emphasis on downward variations and rewarding consistent performance. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star (each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages). Past performance is no guarantee of future results.

The Morningstar Analyst Rating is not a credit or risk rating. It is a subjective evaluation performed by the mutual fund analysts of Morningstar, Inc. Morningstar evaluates funds based on five key pillars, which are process, performance, people, parent, and price. Morningstar's analysts use this five pillar evaluation to identify funds they believe are more likely to outperform over the long term on a risk-adjusted basis. Analysts consider quantitative and qualitative factors in their research, but the assessment and weighting of each of the five pillars is driven by the analyst's overall assessment and overseen by Morningstar's Analyst Rating Committee. The approach

serves not as a formula but as a framework to ensure consistency across Morningstar's global coverage universe. The Analyst Rating scale ranges from Gold to Negative, with Gold being the highest rating and Negative being the lowest rating. A fund with "Gold" rating distinguishes itself across the five pillars and has garnered the analysts' highest level of conviction. A fund with a "Silver" rating has notable advantages across several, but perhaps not all, of the five pillars—strengths that give the analysts a high level of conviction. A "Bronze"—rated fund has advantages that outweigh the disadvantages across the five pillars, with sufficient level of analyst conviction to warrant a positive rating. A fund with a "Neutral" rating isn't seriously flawed across the five pillars, nor does it distinguish itself very positively. A "Negative" rated fund is flawed in at least one if not more pillars and is considered an inferior offering to its peers. For more detailed information about Morningstar's Analyst Rating, including this methodology, please go to http://corporate.morningstar.com/us/documents/Methodology/Documents/AnalystRatingsFundsMethodology.odf. The Morningstar Analyst Rating should not be used as the sole basis in evaluating a mutual fund. Morningstar Analyst Ratings are based on Morningstar's current expectations about future events; therefore, in no way does Morningstar represent ratings as a guarantee nor should they be viewed by an investor as such. Morningstar Analyst Ratings involve unknown risks and uncertainties which may cause Morningstar's expectations not to occur or to differ significantly from what we expected.

Before investing, consider the fund's investment objectives, risks, charges, and expenses. Visit im.natixis.com or call 800-225-5478 for a prospectus or a summary prospectus containing this and other information. Read it carefully.

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