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Causeway's Sarah Ketterer reflects on a quarter century of international investing.

Sarah Ketterer shared Morningstar's 2026 Award for Investing Excellence in the outstanding equity portfolio management category with Harry Hartford, with whom she founded Causeway Capital Management. Causeway International Value CIVIX and Causeway Global Value CGVIX are disciplined value strategies that both earn a Morningstar Medalist Rating of Gold. Causeway marks its 25th anniversary this year.

Photography by Sheryl Lanzel.

Leslie P. Norton, editor-at-large at Morningstar, interviewed Ketterer in May. The transcript has been edited for length and clarity.

What's the biggest change since you started your firm in 2001?

Twenty-five years ago, I wouldn't have expected the non-US markets to be an afterthought. The top stock in the US, Nvidia NVDA, has a larger market cap than most non-US markets. Non-US has always been an incredibly fertile area to find companies that are more cyclical, and perhaps more primed for operational restructuring. After the 2008 global financial crisis, the US market became the place where innovation happens. The central bank that put its foot on the gas most significantly, aside from the Bank of Japan, was the Federal Reserve.

What will change those lopsided returns?

It's up to places like Japan, which now has a bit of inflation and, finally, rising rates, and a new prime minister anxious to try stimulative fiscal spending. Maybe they'll get it right. European leaders haven't yet decided on a single body of law, especially in areas—such as insolvency and withholding taxes—that would facilitate a unified, deep, and liquid European capital market.

How has this affected the way you shop for investments?

Our shopping reflects what we've seen in the US. Sherwin-Williams SHW could deliver 20%-plus operating margins; why couldn't Akzo Nobel AKZOY? Seeing what US companies can do has shaken many other developed-market companies out of their stupor. In the last decade, we've seen much better governance, shareholder accountability, and boards unwilling to put up with underperforming management.

What's the role of company engagement in your process?

During the value winter of 2017–2021, we had zero to negative interest rates globally. If there's no discount rate, how do we value a stream of cash flows? We chose to spend more time with companies where we had some influence and then insisted on improvements. Our biggest stock in the last six years has been the UK company Rolls-Royce RYCEY, known for its wide-body aircraft engines. My colleague Jonathan Eng worked with the board chair, pushed for a new CEO, and worked closely with that CEO.

Is this shareholder activism?

No. It's just active management. What AI can't do is sit down with a board chair and explain what it is that we expect the company to achieve. That's a human-to-human interaction that remains at the heart of value investing.

When you started your firm, the world economy was globalizing. Is that reversing?

Globalization has been waylaid due to tariffs, but it is inevitable. I take an annual trip to China and see 30 or more companies. Almost all tell me that their market is so hypercompetitive that they want to go global. Some of the most extraordinary EVs are made by Chinese companies. They sell them in Mexico and Canada; they'll end up in the US. Our auto manufacturers will need to improve drastically.

What's an attractive stock pick today?

SAP SAP is probably the business most threatened by AI. The market has thrown the stock out. Brian Cho and our technology team have spent time talking to experts and customers and competitors. They're convinced that SAP's ERP system of record is so strong, deeply embedded, and necessary that its moat is strong. SAP is converting more customers to cloud and then getting them engaged with its own agents. And it's well-managed by a great CEO and CFO. We like the valuation and everything about it. It's a nice large cap that anybody could own.

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