Causeway Capital: An Exemplary Investment Boutique

Why we elevated its Parent rating to High from Above Average.

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Causeway Capital Management has had a banner year so far in 2026. The international-value investment boutique just celebrated its 25th anniversary in business; founders Harry Hartford and Sarah Ketterer won Morningstar's Outstanding Equity Portfolio Manager Award for Investing Excellence; and its Parent rating rose to High from Above Average.

These achievements are interconnected. Let's walk through what qualities make Causeway a special place and what earned it a High Parent rating.

Discipline and Focus

Intelligent experts might disagree about what exactly constitutes an investment boutique, but the word itself is a good guide. A boutique is a small shop that specializes in a niche area and has a curated selection of wares. Compared with the trillion-dollar investment firms that span multiple asset classes and investment styles, investment boutiques usually focus on a specific style, philosophy, or market universe.

Good investment boutiques are not so singular that they don't expand their offerings or assets under management; rather, they've deliberately focused on being great at one or two things and have remained comparatively small because of that discipline. So, Causeway CEO Ketterer and President Hartford have stayed true to their investment approach since managing the international-value strategy at Hotchkis & Wiley before founding Causeway in 2001, but they've grown the firm in scope and scale. Twenty-five years in, Causeway manages $79 billion in six strategies, all of which link back to the international-value foundation.

Over that quarter century, Causeway has stuck to one straightforward traditional value investing goal: identify companies whose stocks are underpriced owing to short-term operational issues rather than potentially permanent problems. That process isn't unique, or even particularly rare, but Causeway has distinguished its approach from competitors through the melding of both fundamental and quantitative analysis. Since its founding, a quant team has helped fundamental investors screen for opportunities, develop risk/reward metrics, and construct portfolios. And since the quantitative investors launched their first portfolio, the emerging-markets strategy in 2007, the fundamental team has assisted by offering insights on what a strictly quant approach might miss. This collaboration is Causeway's investment signature and effectively brings different perspectives together within a group of like-minded investors—a crucial strength.

The firm's disciplined focus has shone through in returns over the long term. It offers five mutual funds in the United States, all of which boasted returns in the top third of their Morningstar Categories for the trailing 10-year periods as of July 31, 2026. Moreover, Causeway's Emerging Markets CEMIX, Global Value CGVIX, and International Small Cap CIISX strategies boasted five- and 10-year returns in their categories' top quintiles.

Success Demands Succession Planning

Arguably the thorniest issue for smaller firms, especially those with a limited number of founders, is succession—from an ownership, leadership, and investment perspective.

Ownership Succession

If a boutique thrives, it becomes worth many millions of dollars, and as the founders move gradually toward retirement, they naturally want to sell this asset. Most would prefer to sell to the employees, but successful firms are generally worth far more than their employees can afford to pay for out of pocket. Firms can set up ways for their staff to borrow money to buy out founders, but this is fraught. Many boutiques thus end up selling to larger asset managers or to private equity firms, and that can bring

An Impressive Return Record

Fund Name	Ticker	3-Year Total Return (%)	3-Year % Rank in Category	5-Year Total Return (%)	5-Year % Rank in Category	10-Year Total Return (%)	10-Year % Rank in Category
Causeway Emerging Markets	CEMIX	24.72	6	10.71	11	10.23	14
Causeway Global Value	CGVIX	19.49	27	13.32	19	11.84	17
Causeway International Small Cap	CIISX	21.2	26	14.27	12	11.53	12
Causeway International Opps	CIOIX	20.42	43	13.26	37	10.81	30
Causeway International Value	CIVIX	18.32	65	13.81	30	10.81	31

Source: Morningstar Direct. Data as of July 31, 2026.

degrading changes for boutique managers committed to their investment philosophy and business practices.

Hartford and Ketterer, who say it's personally important that their firm endure as an employee-owned company, have been building Causeway's ongoing, independent viability for years. Causeway grants firm shares to its top professionals as a part of their annual compensation. Recently, 28 current employees held firm stock; 19 of them were research team members, which includes not just portfolio managers but also senior research analysts. The founding duo's ownership share has now been diluted to just above 50% and will continue to drop.

Leadership Succession

Hartford and Ketterer have worked since the firm's origins to help it thrive after they leave. Especially over the past decade, they have shared ownership, relinquished control of the portfolios, and groomed the next wave of leadership. That said, they haven't announced their successors in the executive suite.

While leaders generally spend time preparing and selecting the next generation of talent, it's hard to see how, and how well, new leaders will run the firm until they do so. To help gauge potential successors in action, Causeway more than a decade ago created an operating committee to help run the firm and determine who its future leaders would be. The operating committee entails day-to-day business as well as long-term planning. It serves as both a good training environment and proving ground for Causeway's next roster of leaders. The current composition includes Hartford and Ketterer, as well as COO Gracie Fermelia, who has been with the firm since its inception. Fundamental portfolio manager Conor Muldoon, quantitative portfolio manager Joe Gubler, and Chief Client Service Officer Eric Crabtree are also members. The next CEO will be an investor, like Hartford and Ketterer, signaling that Muldoon and Gubler are the most likely candidates. Causeway grants Morningstar access to both, and both seem worthy.

Investment Succession?

Both Hartford and Ketterer also continue to serve the firm as investment team leaders and remain portfolio managers. They have not specified future investment leaders, because other portfolio managers are largely doing the job already. Four quantitative portfolio managers run their own portfolios, and six others—Jonathan Eng, Muldoon, Alessandro Valentini, Ellen Lee, Steven Nguyen, and Brian Cho—are the day-to-day portfolio managers of the fundamental portfolios. It's noteworthy that this small firm's investment team is deep and sizable: 40 of its 110 employees (as of June 30, 2026) are investment professionals. Each of Causeway's 13 portfolio managers has more than 20 years' investing experience and an average of 21 years on the team (four extend back to the former firm).

Capacity and Fees

While investment boutiques must prioritize their investment philosophies, they also have to consider a couple of more pragmatic issues: fees and capacity. Causeway is one for two.

Causeway stands out for its work on capacity, which is important in maintaining the integrity of investment strategies. Too much money, especially too quickly, can cause portfolio managers to make compromises, such as climbing the market-cap ladder or increasing the number of securities. Causeway cautiously calculates and discloses its capacity each year. This is unusual among firms and demonstrates accountability. Most recently, it signaled that its fundamental strategies had a capacity of $90 billion and its quantitative strategies could hold $19 billion; those strategies recently totaled approximately $67 billion and $12 billion, respectively, giving them considerable runway. The firm has proved that it's willing to constrain inflows when necessary. It limited investment in the flagship Causeway International Value CIVIX strategy in February 2005 and reopened it in February 2008.

The one area where Causeway could improve is on fees. When compared with peers in the same distribution channel, two of its 10 share classes have Average fee levels, seven have Above Average fee levels, and one has a High fee level. Most of those share classes are small, which means there are fewer assets over which to spread costs, and they don't yet have enduring economies of scale.

More than 75% of the firm's mutual fund AUM is in International Value's institutional share class, which puts it in the Average range, or middle quintile. This is where Causeway says it aims to be: neither the highest nor the lowest. Its leaders believe they have demonstrated the long-term ability to drive outperformance, net of fees, and that they should be able to keep some of the excess performance to continue investing in the firm. It's a reasonable stance.

By the same token, while Causeway's performance track record is strong, every fee reduction increases investors' net returns. Even modest reductions in fees can make a difference, considering the compounding effect of long-term investments.

A Bright Future

For those who own or will own Causeway's portfolios, things look very good. The firm's focus on one repeatable, sensible investment strategy has become a part of its DNA. Causeway's professionals maintain that focus and consistently exemplify candor, intelligence, knowledge, and humility. They are true stewards of capital, focusing on investment excellence rather than on empire building. And they've done as good a job as any boutique to preserve that excellence going forward.

Important Disclosures

To determine if a Fund is appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and other information can be found in the Fund's full or summary prospectus, which may be obtained by calling 1-866-947-7000. Read it carefully before investing.

As of 6/30/2026, returns for the Causeway International Value Fund Institutional Shares (CIVIX) were: 22.75%, 17.88%, 12.85%, 10.82% and 8.43% for the 1 Year, 3 Year, 5-year, 10 Year and Since Inception, respectively. Gross expenses before investment adviser fee waivers are 0.86% for Institutional Class shares and 1.11% for Investor Class shares. The waivers are contractual and in effect until 1/31/2027.

As of 6/30/2026, returns for the Causeway Global Value Fund Institutional Shares (CGVIX) were: 23.96%, 20.37%, 13.30%, 12.18% and 8.09% for the 1 Year, 3 Year, 5-year, 10 Year and Since Inception, respectively. Gross expenses before investment adviser fee waivers are 1.13% for Institutional Class shares and 1.38% for Investor Class shares. The waivers are contractual and in effect until 1/31/2027.

As of 6/30/2026, returns for the Causeway Emerging Markets Fund Institutional Shares (CEMIX) were: 53.29%, 29.94%, 10.96%, 11.53% and 7.02% for the 1 Year, 3 Year, 5-year, 10 Year and Since Inception, respectively. Gross expenses before investment adviser fee waivers are 1.14% for Institutional Class shares and 1.39% for Investor Class shares. The waivers are contractual and in effect until 1/31/27.

As of 6/30/2026, returns for the Causeway International Opportunities Fund Institutional Shares (CIOIX) were: 28.01%, 21.28%, 12.61%, 11.13% and 8.20% for the 1 Year, 3 Year, 5-year, 10 Year and Since Inception, respectively. Gross expenses before investment adviser fee waivers are 0.92% for Institutional Class shares and 1.18% for Investor Class shares. The waivers are contractual and in effect until 1/31/2027.

As of 6/30/2026, returns for the Causeway International Small Cap Fund Institutional Shares (CIISX) were: 20.68%, 22.39%, 12.56%, 11.64% and 10.38% for the 1 Year, 3 Year, 5 year, 10 Year and Since Inception, respectively. Gross expenses before investment adviser fee waivers are 1.15% for Institutional Class shares and 1.40% for Investor Class shares. The waivers are contractual and in effect until 1/31/2027.

The performance data quoted herein represents past performance. Past performance is not a guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth less than their original cost, and current performance may be lower than the performance quoted. For performance data current to the most recent month end, please call 1.866.947.7000. Returns greater than one year are annualized. Total returns assume reinvestment of dividends and capital gains distributions at net asset value when paid. Investment performance reflects contractual fee waivers during certain periods. In the absence of such fee waivers, total return would be reduced. High relative or absolute performance may not be repeatable.

Risk Disclosure

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