

The Oakmark Fund

The Oakmark
Select Fund

The Oakmark Equity
and Income Fund

The Oakmark
Global Fund

The Oakmark
International Fund

The Oakmark
International Small
Cap Fund

ANNUAL REPORT

SEPTEMBER 30, 2005



OAKMARK

THE OAKMARK FUNDS

2005 Annual Report

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FORWARD-LOOKING STATEMENT DISCLOSURE

One of our most important responsibilities as mutual fund managers is to communicate with shareholders in an open and direct manner. Some of our comments in our letters to shareholders are based on current management expectations and are considered "forward-looking statements". Actual future results, however, may prove to be different from our expectations. You can identify forward-looking statements by words such as "estimate", "may", "will", "expect", "believe", "plan" and other similar terms. We cannot promise future returns. Our opinions are a reflection of our best judgment at the time this report is compiled, and we disclaim any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise.

President's Letter

Dear Fellow Shareholders,

The third quarter of 2005 was certainly newsworthy. Hurricanes, refinery outages, surging energy prices, continued tightening at the Federal Reserve, and an expanding budget deficit all captured attention and headlines. These events led to increased market volatility and significant shifts in stock market sector valuations. Even after such a volatile and emotional period, we remain focused on our primary task: generating investment returns that help our shareholders meet their long-term investment goals.

While world stock markets advanced in the third quarter, performance was uneven across our Funds and the stock market. Importantly, however, our Funds all posted gains for the fiscal year, which ended this quarter.

Patience and Discipline

A theme that we often repeat in these letters is that the consistent application of our value investing philosophy and a healthy measure of patience are important keys to our long-term investment success. Our process focuses on understanding intrinsic business value and finding growing companies with management intent on increasing shareholder value. We will only purchase these stocks when the business is priced at a substantial discount to value. This discipline limits the influence of emotion on our process and places current events like hurricanes and refinery outages in the proper context of their impact on long-term business value.

However, just being smart and getting great ideas into portfolios is not enough. There is an old Dutch proverb: "A handful of patience is worth a bushel of brains." Our process also requires that once stocks are in portfolios, we must wait patiently for the gap between the stock price and value to converge.

During the bull market of the late 1990s, traditional ("old-economy") companies frequently sold at very large discounts to value, as investors chased large-cap growth and internet stocks that attracted remarkably rich valuations. The valuation disparity between "hot" and "not-so-hot" stocks continued for a considerable period and even widened over time. The persistence of this disparity somehow gave it credibility with many investors. Its longevity also wore down many other investors whose impatience led them to abandon their discipline and "go with a strategy that is working." Eventually, the bubble burst, and disciplined, patient investors, including Oakmark shareholders, were rewarded.

More recently, and as Bill Nygren discusses in his commentary this quarter, we have noted compression in valuations between lower and higher quality companies



over the past couple of years. We have purchased the shares of many high quality growth companies at average market valuation levels—bargain prices compared to our estimates of value. We believe that the gap between low and high quality companies will once again widen, and the stock prices of our better quality businesses will go up. The valuation compression has lasted longer than our logic would suggest it should. Rest assured however, we won't lose our patience.

Maintaining a Disciplined Investment Plan

We counsel our Fund investors that they should always make their investment decisions in the context of a realistic long-term plan. Developing a solid plan and sticking to it—even during difficult times—requires discipline and patience, and it is just as important for individual investors as it is for professionals. When dramatic changes such as those of the past few months occur, investors often react rashly and emotionally. However, these are the times when discipline and patience are needed the most.

Thank you for your continued investment and confidence in The Oakmark Funds. We welcome your comments and questions. You can reach us via e-mail at ContactOakmark@oakmark.com.

A handwritten signature in black ink, appearing to read "John R. Raitt". The signature is fluid and cursive.

John R. Raitt
President of The Oakmark Funds
President and CEO of Harris Associates L.P.

THE OAKMARK FUNDS

Summary Information

<i>Performance for Period Ended September 30, 2005¹</i>	The Oakmark Fund—Class I (OAKMX)	The Oakmark Select Fund—Class I (OAKLX)	The Oakmark Equity and Income Fund—Class I (OAKBX)
<i>3 Months*</i>	-0.46%	0.42%	5.83%
<i>1 Year</i>	5.79%	7.98%	13.65%
<i>Average Annual Total Return for:</i>			
<i>3 Year</i>	13.65%	16.00%	15.97%
<i>5 Year</i>	9.30%	11.08%	12.17%
<i>10 Year</i>	8.99%	N/A	N/A
<i>Since inception</i>	15.58% (8/5/91)	18.78% (11/1/96)	14.06% (11/1/95)
<i>Top Five Equity Holdings as of September 30, 2005²</i>	Washington Mutual, Inc. 2.9%	Washington Mutual, Inc. 14.5%	Burlington Resources Inc. 5.9%
	McDonald's Corporation 2.7%	Yum! Brands, Inc. 7.4%	XTO Energy, Inc. 4.9%
	Yum! Brands, Inc. 2.5%	H&R Block, Inc. 6.6%	Nestle SA 2.9%
	Viacom Inc., Class B 2.4%	First Data Corporation 5.2%	Caremark Rx, Inc. 2.7%
	Time Warner Inc. 2.4%	Time Warner Inc. 4.9%	General Dynamics Corporation 2.5%
<i>Sector Allocation as of September 30, 2005</i>	Consumer Discretionary 44.4%	Consumer Discretionary 47.8%	U.S. Government Securities 31.2%
	Financials 14.2%	Financials 25.1%	Energy 14.8%
	Consumer Staples 12.3%	Information Technology 9.8%	Consumer Discretionary 11.0%
	Information Technology 10.8%	Health Care 7.9%	Consumer Staples 10.6%
	Industrials 8.7%	Energy 4.7%	Industrials 9.5%
	Health Care 6.1%	Industrials 4.7%	Health Care 7.3%
	Energy 3.5%		Financials 7.0%
			Foreign Government Securities 5.9%
			Information Technology 2.3%
			Materials 0.4%

The performance data quoted represents past performance. The above performance information for the Funds does not reflect the imposition of a 2% redemption fee on shares held for 90 days or less to deter market timers. If reflected, the fee would reduce the performance quoted. **Past performance does not guarantee future results.** The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Average annual total return measures annualized change, while total return measures aggregate change. To obtain current month end performance data, call 1-800-OAKMARK or visit www.oakmark.com.

* Not annualized

The Oakmark Global Fund—Class I (OAKGX)		The Oakmark International Fund—Class I (OAKIX)		The Oakmark International Small Cap Fund—Class I (OAKEX)	
8.29%		9.04%		10.85%	
23.88%		25.85%		29.04%	
29.42%		25.85%		34.14%	
18.62%		11.27%		18.85%	
N/A		11.62%		N/A	
16.53% (8/4/99)		12.56% (9/30/92)		13.58% (11/1/95)	
Burlington Resources Inc.	5.4%	GlaxoSmithKline plc	3.6%	Benfield Group Plc	3.6%
Nestle SA	4.3%	Bayerische Motoren Werke (BMW) AG	3.3%	Carpwright plc	3.2%
Euronext NV	4.2%	SK Telecom Co., Ltd.	3.2%	Interpump Group S.p.A.	3.1%
Diageo plc	4.2%	Euronext NV	3.1%	Gurit-Heberlein AG	3.1%
Takeda Pharmaceutical Company Limited	4.0%	Diageo plc	2.9%	JJB Sports plc	2.7%
Consumer Discretionary	19.0%	Financials	25.6%	Industrials	25.0%
Financials	15.2%	Consumer Discretionary	20.2%	Consumer Discretionary	20.7%
Health Care	15.0%	Consumer Staples	17.6%	Information Technology	18.3%
Consumer Staples	14.0%	Health Care	10.5%	Financials	16.7%
Information Technology	10.4%	Telecommunication Services	8.0%	Materials	7.2%
Industrials	10.2%	Materials	7.8%	Health Care	5.3%
Telecommunication Services	5.7%	Industrials	6.8%	Consumer Staples	5.1%
Energy	5.6%	Energy	1.9%	Telecommunication Services	1.7%
Materials	4.9%	Information Technology	1.6%		

FUND EXPENSES

A shareholder of each Fund incurs two types of costs: (1) transaction costs, such as redemption fees, and (2) ongoing costs, including investment advisory fees, transfer agent fees, and other fund expenses. The examples below are intended to help shareholders understand the ongoing cost (in dollars) of investing in each Fund and to compare these costs with the ongoing costs of investing in other funds.

Actual Expenses

The following table provides information about actual account values and actual fund expenses for Class I of each Fund. The table shows the expenses a Class I shareholder would have paid on a \$1,000 investment in each Fund from April 1, 2005, to September 30, 2005, as well as how much a \$1,000 investment would be worth at the close of the period, assuming actual fund returns and expenses. A Class I shareholder can estimate expenses incurred for the period by dividing the account value at September 30, 2005, by \$1,000 and multiplying the result by the number in the Expenses Paid During Period row as shown below.

Certain accounts invested for 90 days or less may be charged a 2% redemption fee. Please consult the Funds' prospectus at www.oakmark.com for more information.

	The Oakmark Fund	The Oakmark Select Fund	The Oakmark Equity and Income Fund	The Oakmark Global Fund	The Oakmark International Fund	The Oakmark International Small Cap Fund
<i>Beginning Account Value</i>	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
<i>Ending Account Value</i>	\$ 997.60	\$1,001.50	\$1,088.20	\$1,089.80	\$1,089.90	\$1,079.10
<i>Expenses Paid During Period*</i>	\$ 5.21	\$ 5.02	\$ 4.61	\$ 6.18	\$ 5.71	\$ 7.19
<i>Annualized Expense Ratio</i>	1.04%	1.00%	0.88%	1.18%	1.09%	1.38%

* Expenses are equal to each Fund's annualized expense ratio for Class I, multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year divided by 365 (to reflect the one-half year period).

Hypothetical Example for Comparison Purposes

The following table provides information about hypothetical account values and hypothetical expenses for Class I of each Fund based on actual expense ratios and an assumed rate of return of 5% per year before expenses, which are not the Funds' actual returns. The hypothetical account values and expenses may not be used to estimate the actual ending account balances or expenses shareholders paid for the period. Shareholders may use this information to compare the ongoing costs of investing in a Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as redemption fees. Therefore, the third line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transaction costs were included, the total costs would have been higher.

	The Oakmark Fund	The Oakmark Select Fund	The Oakmark Equity and Income Fund	The Oakmark Global Fund	The Oakmark International Fund	The Oakmark International Small Cap Fund
<i>Beginning Account Value</i>	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
<i>Ending Account Value</i>	\$1,019.90	\$1,020.05	\$1,020.66	\$1,019.15	\$1,019.60	\$1,018.15
<i>Expenses Paid During Period*</i>	\$ 5.27	\$ 5.06	\$ 4.46	\$ 5.97	\$ 5.52	\$ 6.98
<i>Annualized Expense Ratio</i>	1.04%	1.00%	0.88%	1.18%	1.09%	1.38%

* Expenses are equal to each Fund's annualized expense ratio for Class I, multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year divided by 365 (to reflect the one-half year period).

THE OAKMARK AND OAKMARK SELECT FUNDS

At Oakmark, we are long-term investors. We attempt to identify growing businesses that are managed to benefit their shareholders. We will purchase stock in those businesses only when priced substantially below our estimate of intrinsic value. After purchase, we patiently wait for the gap between stock price and intrinsic value to close.



“An optimist stays up until midnight to see the new year in. A pessimist stays up to make sure the old year leaves.”

Bill Vaughan

We’ve often said that Oakmark tends to be early. That observation even extends to our New Year’s celebration. By having our fiscal year end on September 30 rather than December 31, we beat the rush for audits and save our

shareholders a few dollars on fees. We also beat the rush for reflecting on the past year and thinking about how to approach the new one.

We look back on fiscal 2005 with mixed feelings. Our primary goal is, over time, to increase the wealth of our shareholders. Measured against that goal, any return that starts with a plus sign can be viewed as a success. We’re pleased that both Funds achieved new all-time high prices last quarter. With the S&P 500³ still priced about 20% below its 2000 peak, most competing funds cannot make that statement, which is an important reason to view our year as a success. Switching to the negatives, a couple of issues will cause us to “stay up to make sure the old year leaves.” The S&P 500 increased more than either Fund did, not just in fiscal 2005 but also for the trailing three years. Further, the Funds have also lagged behind their value peers. Why did that happen?

We construct our portfolios based on each stock’s merits, but two themes affected many of our decisions and hurt our returns. First, a year ago many commodity companies, including energy companies, were trading at low P/E⁴ ratios and therefore looked cheap. We rejected most of those stocks because that cheapness vanished after adjusting earnings for our belief that the commodity prices necessary to balance long-term supply with demand were substantially below then-current commodity prices. Using oil as an example, a year ago the price was \$50 per barrel, up from under \$20 at the beginning of 2002. Typically, an extreme price spike sows the seeds for its own reversal. Consequently, we believed that energy producers and consumers would alter their behavior, eventually resulting in higher supply, lower demand, and a price significantly below \$50 per barrel. Based on that assumption, which was reflected in the futures market, we felt that most energy stocks, as well as the stocks of most commodity producers were not selling at large discounts to their values. So we held few of those stocks. Instead of the price

of oil declining, consistent with our long-term expectation, the price increased by another third last year, and energy stocks were large gainers. Because we invest based on long-term fundamentals, we continue to focus on the market clearing price, which we believe is significantly below \$50 per barrel and we have decreased our holdings of the few energy stocks we own.

The second theme that hurt results was our belief that higher quality businesses deserve to sell at meaningfully higher multiples of earnings than lower quality businesses. Back in 1999 many stocks sold at low P/Es despite the overvalued market. In a quarterly letter a little over a year ago, I noted that in mid-1999 nearly 100 stocks in the S&P 500 were priced at less than half the S&P 500 P/E multiple, but in mid-2004 that number had fallen to just 20. In 1999, we believed that the market had generally overpriced high quality businesses. A year ago, we believed that the market had over-reacted by so tightly compressing the P/E dispersion. We found that large growth businesses, finally available at average prices, were the best new opportunities for investment. We anticipated that high quality names would eventually return to significant premiums and low quality names would return to significant discounts, creating a more normal P/E distribution. Instead, over the past year, multiples have compressed further. Now only 13 stocks in the S&P 500 sell at less than half the market multiple. One could argue that identifying superior businesses has become very difficult and, therefore, most stocks should sell at the same multiple. But we believe that some businesses still possess significant competitive advantages and deserve to sell at premiums. We also believe that momentum investors who previously bid up the price of large growth companies and technology stocks have now switched over to the below-average businesses that value investors used to own.

In investing, the line between “early” and “wrong” can be very fuzzy. I believe we are just early, but only time will tell on which side of that line we fall. As we begin fiscal 2006, we are clearly optimists excited by our expectations for the New Year. Though neither we nor any other mutual fund can make promises about future investment performance, there are four important promises we can make:

1. We will continue to apply a high level of effort and talent. In many endeavors consistent effort produces consistent results. So, naturally, when returns aren’t stellar, investors tend to assume that we need to try harder. One e-mailer even suggested that I need to spend less time on the golf course and more time in the office! (I don’t golf.) But in investing, there is no short-term correlation between effort and returns. This

isn't to say that long-term investment success is uncorrelated with effort—far from it. We just don't know in what year we will harvest the seeds we plant today. Our Research Department is larger and more experienced than it was five or ten years ago, and its compensation structure continues to provide incentives for finding undervalued stocks. Further, our analysts are best described as “stock nuts”—meaning that the thrill they get from discovering great investment ideas is as important to them as their compensation is. As with our analysts, my passion for investing extends beyond normal office hours. My kids know that on weekends, if I'm at their sporting events or watching the Bears or Badgers football games on TV, I'm usually also reading *Value Line*, *Barron's*, and now, the new weekend edition of *The Wall Street Journal*.

2. We will continue to use the same investment philosophy. We invest in companies that we believe will grow and that are managed to maximize long-term per-share business value. We only buy stocks that are selling at large discounts to our estimates of value. Then we patiently wait for the gap between price and value to close. There are two ways this approach can fail. First, we can misjudge business fundamentals. Second, we can lose the patience our approach requires. Our lawyers may balk when I use the word “guarantee,” but I can guarantee that we will make our share of mistakes analyzing individual companies. Our successful long-term track record includes more mistakes than I care to remember. Only by acknowledging our failings, eliminating them from our portfolios, and learning from our mistakes, can we limit the damage they cause. And what about the risk that we might lose patience and change investment philosophies? Surely that's a risk worth assessing. Many investment firms have changed their approach at just the wrong time resulting in substantial losses and missed opportunity. Instead of taking my word that we won't change, look at our history. The first Oakmark Fund report to shareholders in 1991 outlined our investment philosophy. Point number one was “Invest in securities selling significantly below their long-term underlying value.” And prior to Oakmark, our company Harris Associates L.P., which will celebrate its 30th Anniversary next year, used that same philosophy for managing each of its accounts. Our insistence on investing based on long-term fundamental value may at times frustrate some shareholders, but wondering whether or not we'll stick to our knitting need not be a concern.

3. We will continue to communicate candidly with you. Whether our results are good, bad, or in between, we'll always explain what happened and why

we own the stocks we own. When we invest in companies we expect understandable, honest, and timely communication from them. You should expect the same from us. Much has been written about mutual fund investors actually achieving returns far below average because of their tendency to time purchases and sales poorly. We believe that investors who read our commentary will better understand our approach to investing, will have more rational expectations, and therefore will be less likely to have inopportune timing of their sales.

4. We will continue to invest our own money side-by-side with yours. One of the primary reasons we started The Oakmark Fund fourteen years ago was that we wanted to invest our own money in the same stocks that we were buying for our clients. Since then, every Fund launched by Oakmark was created because our investment professionals believed that potential returns were attractive for their own capital. In John Raitt's President's letter, once a year you will find an update of our total personal Oakmark holdings. You can observe that the dollar amount is both significant and growing. I have also disclosed that my personal investments in The Oakmark Fund and The Oakmark Select Fund account for the majority of my liquid net worth.

We're excited about the outlook for the market. We are highly motivated. Our investment philosophy is unchanged, and our economic incentives are aligned with yours. We believe our portfolios are well positioned to capitalize on today's opportunities and to continue growing your capital.

And in the Oakmark tradition of being early, please allow me to be the first to wish you a Happy New Year!

Best wishes,



William C. Nygren, CFA
Portfolio Manager

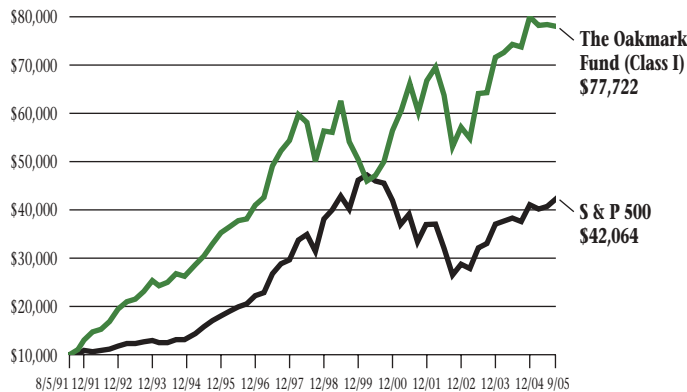
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THE OAKMARK FUND

Report from Bill Nygren and Kevin Grant, Portfolio Managers



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK FUND FROM ITS INCEPTION (8/5/91) TO PRESENT (9/30/05) AS COMPARED TO THE STANDARD & POOR'S 500 INDEX³



Average Annual Total Returns (as of 09/30/05)

	Total Return Last 3 Months*	1-year	5-year	10-year	Since Inception (8/5/91)
Oakmark Fund (Class I)	-0.46%	5.79%	9.30%	8.99%	15.58%
S&P 500	3.60%	12.25%	-1.49%	9.48%	10.67%
Dow Jones Average ⁵	3.46%	7.49%	1.98%	10.39%	11.70%
Lipper Large Cap Value Index ⁶	3.80%	13.50%	1.96%	9.14%	10.52%

The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The performance data quoted represents past performance. The above performance information for the Fund does not reflect the imposition of a 2% redemption fee on shares held for 90 days or less to deter market timers. If reflected, the fee would reduce the performance quoted. **Past performance does not guarantee future results.** The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Average annual total return measures annualized change, while total return measures aggregate change. To obtain current month end performance data, call 1-800-OAKMARK or visit www.oakmark.com.

* Not annualized

The Oakmark Fund had a disappointing quarter, basically unchanged while the S&P 500 gained 4%. Our underweighting in the very strong energy sector continues to penalize our results. We didn't suffer from big fundamental disappointments. In fact, five of our stocks were up by more than 20% (Burlington Resources, McDonalds, ConocoPhillips, Hewlett Packard and Texas Instruments), and none were down by that much. Most of our holdings, however, suffered very small price declines. As mentioned earlier, our portfolio continues to be under-represented in commodities, including energy, and it is heavily populated with high-quality businesses, especially for a value fund. We have positioned the portfolio so that we will do best when, as we expect, energy prices eventually decline and quality spreads return to normal.

During the quarter we sold our shares of ACCO Brands (spun-off from Fortune Brands) and eliminated Kraft Foods and Fannie Mae. Fortunately, Fannie was sold early enough in the quarter to avoid the late September decline, but it was still a significant loser for our fiscal year. We continue to believe mortgage guaranty is a very good business for Fannie, but we are no longer comfortable projecting that their biggest profit contributor, their mortgage portfolio, will retain its advantaged regulatory position. New names in the quarter included Discovery Holding, which spun-off from another holding, Liberty Media. Though Discovery is a smaller business than The Oakmark Fund generally buys, we judged that the current price made it too cheap to sell. New purchases included Tyco, InBev, and Intel. Our comments on Tyco and InBev are available on our website, www.oakmark.com.

Intel Corp (INTC—\$24)

Intel is the world's largest semiconductor chipmaker and one of the only chipmakers that has established consumer brand identity with its campaign, "Intel Inside." In the peak of the technology-driven market, Intel sold at \$76, which was 65 times trailing earnings. We admired Intel, but couldn't justify owning the stock at that valuation. Now at one-third of the price, Intel sells at less than 16 times expected forward earnings. Intel's products are purchased primarily by the computing, communications and digital content industries—industries we believe will experience above-average growth. Like many of our recent purchases, we believe Intel is a superior business, deserving a superior P/E⁴, but is now priced as if it were merely average.

Best wishes,

William C. Nygren, CFA
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Kevin G. Grant, CFA
Portfolio Manager
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THE OAKMARK FUND

Schedule of Investments—September 30, 2005

Name	Shares Held	Market Value
Common Stocks—93.4%		
Apparel Retail—3.8%		
The Gap, Inc.	7,066,700	\$ 123,172,581
Limited Brands	5,728,047	117,024,000
		<u>240,196,581</u>
Broadcasting & Cable TV—7.9%		
Liberty Media Corporation, Class A (a)	16,199,400	\$ 130,405,170
The DIRECTV Group, Inc. (a)	8,600,000	128,828,000
Comcast Corporation, Special Class A (a)	4,325,000	124,473,500
EchoStar Communications Corporation, Class A	3,275,000	96,841,750
Discovery Holding Company, Class A (a)	1,569,940	22,669,933
		<u>503,218,353</u>
Department Stores—2.0%		
Kohl's Corporation (a)	2,500,000	\$ 125,450,000
Home Improvement Retail—2.1%		
The Home Depot, Inc.	3,581,500	\$ 136,598,410
Homebuilding—2.0%		
Pulte Homes, Inc.	2,900,000	\$ 124,468,000
Household Appliances—1.9%		
The Black & Decker Corporation	1,500,000	\$ 123,135,000
Housewares & Specialties—2.0%		
Fortune Brands, Inc.	1,600,000	\$ 130,128,000
Leisure Products—1.0%		
Mattel, Inc.	3,874,300	\$ 64,623,324
Motorcycle Manufacturers—2.0%		
Harley-Davidson, Inc.	2,600,000	\$ 125,944,000
Movies & Entertainment—6.9%		
Viacom, Inc., Class B	4,579,490	\$ 151,168,965
Time Warner, Inc.	8,297,700	150,271,347
The Walt Disney Company	5,750,000	138,747,500
		<u>440,187,812</u>
Publishing—2.5%		
Gannett Co., Inc.	1,534,500	\$ 105,619,635
Knight-Ridder, Inc.	916,000	53,750,880
		<u>159,370,515</u>
Restaurants—5.2%		
McDonald's Corporation	5,200,000	\$ 174,148,000
Yum! Brands, Inc.	3,274,000	158,494,340
		<u>332,642,340</u>

THE OAKMARK FUND

Schedule of Investments—September 30, 2005 cont.

Name	Shares Held	Market Value
Common Stocks—93.4% (cont.)		
Specialized Consumer Services—2.2%		
H&R Block, Inc.	5,958,600	\$ 142,887,228
Brewers—3.3%		
Anheuser-Busch Companies, Inc.	3,100,000	\$ 133,424,000
InBev NV (b)	2,000,000	79,122,222
		<u>212,546,222</u>
Distillers & Vintners—1.9%		
Diageo plc (c)	2,121,000	\$ 123,039,210
Hypermarkets & Super Centers—2.0%		
Wal-Mart Stores, Inc.	2,900,000	\$ 127,078,000
Packaged Foods & Meats—3.1%		
General Mills, Inc.	2,406,000	\$ 115,969,200
H.J. Heinz Company	2,310,000	84,407,400
		<u>200,376,600</u>
Soft Drinks—1.1%		
Coca-Cola Enterprises, Inc.	3,500,000	\$ 68,250,000
Integrated Oil & Gas—1.8%		
ConocoPhillips	1,670,670	\$ 116,796,540
Oil & Gas Exploration & Production—1.5%		
Burlington Resources, Inc.	1,156,200	\$ 94,022,184
Asset Management & Custody Banks—1.2%		
The Bank of New York Company, Inc.	2,500,000	\$ 73,525,000
Diversified Banks—1.9%		
U.S. Bancorp	4,200,000	\$ 117,936,000
Life & Health Insurance—1.8%		
AFLAC Incorporated	2,567,000	\$ 116,285,100
Other Diversified Financial Services—4.0%		
Citigroup, Inc.	2,900,000	\$ 132,008,000
JP Morgan Chase & Co.	3,600,000	122,148,000
		<u>254,156,000</u>
Thriffs & Mortgage Finance—4.5%		
Washington Mutual, Inc.	4,737,300	\$ 185,796,906
MGIC Investment Corporation	1,590,600	102,116,520
		<u>287,913,426</u>
Health Care Equipment—2.0%		
Baxter International, Inc.	3,200,000	\$ 127,584,000

THE OAKMARK FUND

Schedule of Investments—September 30, 2005 cont.

Name	Shares Held/ Par Value	Market Value
Common Stocks—93.4% (cont.)		
Pharmaceuticals—3.7%		
Abbott Laboratories	2,787,300	\$ 118,181,520
Bristol-Myers Squibb Company	4,850,000	<u>116,691,000</u>
		234,872,520
Aerospace & Defense—3.4%		
Raytheon Company	3,000,000	\$ 114,060,000
Honeywell International, Inc.	2,650,000	<u>99,375,000</u>
		213,435,000
Building Products—2.1%		
Masco Corporation	4,433,600	\$ 136,022,848
Environmental & Facilities Services—1.5%		
Waste Management, Inc.	3,374,300	\$ 96,538,723
Industrial Conglomerates—1.1%		
Tyco International Ltd.	2,558,000	\$ 71,240,300
Computer Hardware—3.2%		
Hewlett-Packard Company	3,875,000	\$ 113,150,000
Sun Microsystems, Inc. (a)	23,870,000	<u>93,570,400</u>
		206,720,400
Data Processing & Outsourced Services—3.3%		
First Data Corporation	3,350,000	\$ 134,000,000
Automatic Data Processing, Inc.	1,800,000	<u>77,472,000</u>
		211,472,000
Office Electronics—1.3%		
Xerox Corporation (a)	5,972,400	\$ 81,523,260
Semiconductors—2.2%		
Intel Corp.	3,000,000	\$ 73,950,000
Texas Instruments Incorporated	2,000,000	<u>67,800,000</u>
		141,750,000
Total Common Stocks (Cost: \$4,691,869,175)		5,961,932,896
Short Term Investments—4.5%		
U.S. Government Agencies—1.6%		
Federal Home Loan Bank, 3.50% - 3.529% due 10/27/2005 - 11/10/2005	\$100,000,000	\$ 99,678,113
Total U.S. Government Agencies (Cost: \$99,678,113)		99,678,113

THE OAKMARK FUND

Schedule of Investments—September 30, 2005 cont.

Name	Par Value	Market Value
Short Term Investments—4.5% (cont.)		
U.S. Government Bills—1.6%		
United States Treasury Bills, 3.125% - 3.22% due 10/6/2005 - 10/20/2005	\$100,000,000	\$ 99,892,078
Total U.S. Government Bills (Cost: \$99,893,327)		99,892,078
Repurchase Agreements—1.3%		
IBT Repurchase Agreement, 3.51% dated 9/30/2005 due 10/3/2005, repurchase price \$83,524,424, collateralized by Small Business Administration Bonds, with rates of 5.625% - 6.30%, with maturities from 11/25/2015 - 8/25/2030, and with an aggregate market value plus accrued interest of \$87,675,000	\$ 83,500,000	\$ 83,500,000
IBT Repurchase Agreement, 2.75% dated 9/30/2005 due 10/3/2005, repurchase price \$2,763,755, collateralized by a Small Business Administration Bond, with a rate of 6.875%, with a maturity date of 5/25/2023, and with a market value plus accrued interest of \$2,901,278	2,763,122	<u>2,763,122</u>
Total Repurchase Agreements (Cost: \$86,263,122)		86,263,122
Total Short Term Investments (Cost: \$285,834,562)		285,833,313
Total Investments (Cost \$4,977,703,737)—97.9%		\$ 6,247,766,209
Other Assets In Excess Of Other Liabilities—2.1%		<u>136,312,315</u>
Total Net Assets—100%		<u>\$6,384,078,524</u>

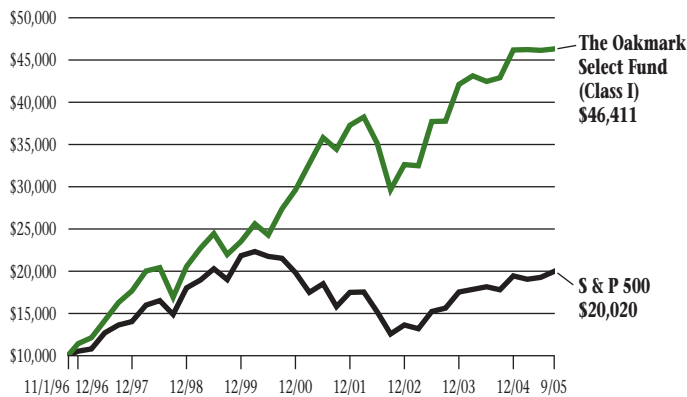
- (a) Non-income producing security.
- (b) Represents a foreign domiciled corporation.
- (c) Represents an American Depository Receipt.

THE OAKMARK SELECT FUND

Report from Bill Nygren and Henry Berghoef, Portfolio Managers



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK SELECT FUND FROM ITS INCEPTION (11/1/96) TO PRESENT (9/30/05) AS COMPARED TO THE STANDARD & POOR'S 500 INDEX³



Average Annual Total Returns
(as of 09/30/05)

	Total Return Last 3 Months*	1-year	5-year	Since Inception (11/1/96)
Oakmark Select Fund (Class I)	0.42%	7.98%	11.08%	18.78%
S&P 500	3.60%	12.25%	-1.49%	8.09%
S&P MidCap 400 ⁷	4.88%	22.16%	7.04%	14.26%
Lipper Mid Cap Value Index ⁸	4.25%	19.33%	10.53%	11.09%

The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The performance data quoted represents past performance. The above performance information for the Fund does not reflect the imposition of a 2% redemption fee on shares held for 90 days or less to deter market timers. If reflected, the fee would reduce the performance quoted. **Past performance does not guarantee future results.** The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Average annual total return measures annualized change, while total return measures aggregate change. To obtain current month end performance data, call 1-800-OAKMARK or visit www.oakmark.com.

* Not annualized

The Oakmark Select Fund was up fractionally in the quarter compared to a 4% gain in the S&P 500. Our only portfolio addition was Discovery Holdings, which we received as a spin-off from Liberty Media. We did not eliminate any holdings. Last quarter we wrote about our biggest gainer, H&R Block. This quarter H&R Block was our biggest loser, giving back the prior quarter's gains. Neither of those price moves appeared to be a response to H&R Block's satisfactory long-term business results. Such short-term moves seem random, and that is one of many reasons why we focus on long-term fundamental value instead.

Burlington Resources, our best performer, increased by over 40% during the past quarter. For the full fiscal year, Burlington increased by more than 100%, making it also our top performer for the fiscal year. We bought Burlington four years ago because we thought the market was undervaluing Burlington's long-lived natural gas reserves and was not giving enough credit to a management team that we felt was intelligently investing its cash flow. Had we anticipated natural gas prices quadrupling we'd have owned a lot more! But, we are now unwilling to rely on the sustainability of current gas prices for our long-term Burlington valuation, so we have reduced our position, preventing Burlington from becoming oversized.

Our portfolio has recently lagged behind both the market and the funds we compete with, in our view, due to underweighting of cyclical businesses, including energy. We believe that higher quality businesses, which are priced similarly to cyclical businesses, present more opportunity. Typically when our performance lags, it is because we made several large fundamental errors. But, last year we had only one stock that declined by more than 10% (Chiron, which has been sold). We continue to anticipate that above-average growth for cyclical and commodity businesses will come to an end, and when that happens, appropriate quality spreads will be restored. We believe the portfolio is well-positioned for that environment.

Best wishes,

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THE OAKMARK SELECT FUND

Schedule of Investments—September 30, 2005

Name	Shares Held	Market Value
Common Stocks—92.3%		
Apparel Retail—6.2%		
Limited Brands	9,580,981	\$ 195,739,442
The Gap, Inc.	10,060,000	175,345,800
		371,085,242
Broadcasting & Cable TV—5.0%		
Liberty Media Corporation, Class A (a)	28,000,000	\$ 225,400,000
Discovery Holding Company, Class A (a)	5,300,000	76,532,000
		301,932,000
Leisure Products—2.7%		
Mattel, Inc.	9,670,900	\$ 161,310,612
Movies & Entertainment—9.0%		
Time Warner, Inc.	16,240,000	\$ 294,106,400
Viacom, Inc., Class B	7,350,000	242,623,500
		536,729,900
Publishing—2.6%		
Knight-Ridder, Inc.	2,606,500	\$ 152,949,420
Restaurants—12.1%		
Yum! Brands, Inc.	9,207,000	\$ 445,710,870
McDonald's Corporation	8,300,000	277,967,000
		723,677,870
Specialized Consumer Services—6.6%		
H&R Block, Inc. (b)	16,519,600	\$ 396,140,008
Oil & Gas Exploration & Production—4.4%		
Burlington Resources, Inc.	3,232,100	\$ 262,834,372
Other Diversified Financial Services—3.8%		
JP Morgan Chase & Co.	6,750,000	\$ 229,027,500
Specialized Finance—4.8%		
Moody's Corporation	5,647,200	\$ 288,458,976
Thrifts & Mortgage Finance—14.5%		
Washington Mutual, Inc.	22,217,400	\$ 871,366,428
Health Care Services—3.5%		
IMS Health Incorporated	8,303,441	\$ 208,997,610
Pharmaceuticals—3.8%		
Bristol-Myers Squibb Company	9,490,200	\$ 228,334,212
Diversified Commercial and Professional Services—4.3%		
The Dun & Bradstreet Corporation (a)(b)	3,934,900	\$ 259,191,863

THE OAKMARK SELECT FUND

Schedule of Investments—September 30, 2005 cont.

Name	Shares Held/ Par Value	Market Value
Common Stocks—92.3% (cont.)		
Data Processing & Outsourced Services—5.2%		
First Data Corporation	7,815,400	\$ 312,616,000
Office Electronics—3.8%		
Xerox Corporation (a)	16,746,400	\$ 228,588,360
Total Common Stocks (Cost: \$3,765,847,641)		5,533,240,373
Short Term Investments—7.9%		
U.S. Government Agencies—1.7%		
Federal Home Loan Bank, 3.50% - 3.63% due 10/27/2005 - 11/10/2005	\$100,000,000	\$ 99,674,472
Total U.S. Government Agencies (Cost: \$99,674,472)		99,674,472
U.S. Government Bills—5.0%		
United States Treasury Bills, 3.125% - 3.45% due 10/6/2005 - 12/8/2005	\$300,000,000	\$ 299,017,150
Total U.S. Government Bills (Cost: \$298,901,750)		299,017,150
Repurchase Agreements—1.2%		
IBT Repurchase Agreement, 3.51% dated 9/30/2005 due 10/3/2005, repurchase price \$73,521,499, collateralized by Small Business Administration Bonds, with rates of 6.00% - 6.74%, with maturities from 3/25/2018 - 4/25/2030, and with an aggregate market value plus accrued interest of \$77,175,000	\$ 73,500,000	\$ 73,500,000
IBT Repurchase Agreement, 2.75% dated 9/30/2005 due 10/3/2005, repurchase price \$1,536,213, collateralized by a Small Business Administration Bond, with a rate of 6.125%, with a maturity date of 1/25/2027, and with a market value plus accrued interest of \$1,612,654	1,535,861	<u>1,535,861</u>
Total Repurchase Agreements (Cost: \$75,035,861)		75,035,861
Total Short Term Investments (Cost: \$473,612,083)		473,727,483
Total Investments (Cost \$4,239,459,724)—100.2%		\$ 6,006,967,856
Other Liabilities In Excess Of Other Assets—(0.2)%		<u>(13,794,402)</u>
Total Net Assets—100%		<u>\$5,993,173,454</u>

(a) Non-income producing security.

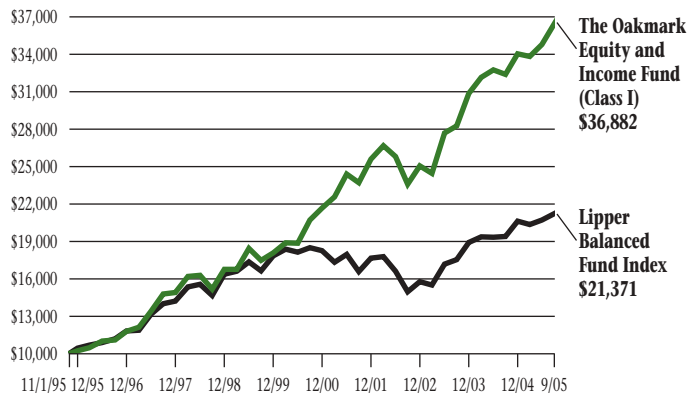
(b) See footnote number five in the Notes to the Financial Statements regarding investments in affiliated issuers.

THE OAKMARK EQUITY AND INCOME FUND

Report from Clyde S. McGregor and Edward A. Studzinski, Portfolio Managers



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK EQUITY AND INCOME FUND FROM ITS INCEPTION (11/1/95) TO PRESENT (9/30/05) AS COMPARED TO THE LIPPER BALANCED FUND INDEX⁹



Average Annual Total Returns (as of 09/30/05)

	Total Return Last 3 Months*	1-year	5-year	Since Inception (11/1/95)
Oakmark Equity & Income Fund (Class I)	5.83%	13.65%	12.17%	14.06%
Lipper Balanced Fund Index	2.92%	10.05%	2.89%	7.95%
S&P 500 ³	3.60%	12.25%	-1.49%	9.60%
Lehman Govt./Corp. Bond ¹⁰	-0.96%	2.58%	6.89%	6.49%

The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The performance data quoted represents past performance. The above performance information for the Fund does not reflect the imposition of a 2% redemption fee on shares held for 90 days or less to deter market timers. If reflected, the fee would reduce the performance quoted. **Past performance does not guarantee future results.** The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Average annual total return measures annualized change, while total return measures aggregate change. To obtain current month end performance data, call 1-800-OAKMARK or visit www.oakmark.com.

* Not annualized

Retrospective

The Oakmark Equity and Income Fund recorded a return of 6% for the quarter ended September 30. This contrasts with the 3% result for the Lipper Balanced Fund Index, our primary standard of comparison. Positive rates of return always please us, as we know that many of our shareholders depend on earnings from the Fund to sustain their lifestyles. We are especially happy to earn positive returns in the summer quarter, however, as the securities markets have often found this particular period to be challenging. (More than half of the quarters in which the Fund has lost money have been summer quarters.) September 30 also ends the Fund's fiscal year. For the fiscal twelve months the Fund earned approximately 14% while the comparable Lipper Balanced Fund figure increased 10%.

Our firm's investment research department has adopted the practice of including a brief retrospective on our investment history with a stock when they review one of their stocks for our investment committee. Since we have found these reports to be a valuable investment tool, we thought that we should do the same for the Equity and Income Fund at the fiscal year-end. And, while the official tenth birthday for the Fund will not occur until the beginning of November, the September quarter was the 40th quarter in the Fund's history, so we will call this a ten-year retrospective. Through September 30, our annualized rate of return since inception has been 14%. Nine of ten fiscal years have produced positive returns, and the only negative outcome (the year ended 9/30/02) was a relatively small loss of 0.5%. This first decade has met our goal of providing equity-like returns (*i.e.* greater than 10%/year) while experiencing less volatility than an all-equity portfolio.

Though the past ten years have been replete with challenges, they have generally been a wonderful time to be a value investor. Your portfolio managers often whine and moan about the prevailing investment environment, but we know that we are blessed to do what we do and to do it at Harris Associates L.P., your Fund's adviser. We truly are honored to have you, the Fund shareholders, invest alongside us in The Oakmark Equity and Income Fund. We hope that we have the privilege of working together with you for many years into the future.

It's an Ill Wind....

No doubt many writers have borrowed from Shakespeare's *The Tempest* to begin an article that references the recent hurricanes in the Gulf of Mexico. Let us say at the outset that we deeply regret the terrible impact these storms have had on millions of lives. Nevertheless, an unusual aspect of investing is that tragic events do affect investment

returns. These particular storms have enhanced the current value of several of the Fund's holdings.

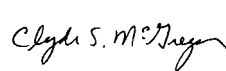
As value investors, we try to create portfolios with favorable risk/reward characteristics. We attempt to purchase securities at a price that already fully discounts negative possibilities. This means that when unexpected favorable events occur, holdings have considerable upside potential. Our five holdings that are North American exploration and production companies (Burlington Resources, XTO Energy, St. Mary Land & Exploration, Encana, and Cabot Oil & Gas) experienced a price increase as a result of the recent hurricanes. The five companies have limited operations in the Gulf of Mexico; in fact, Encana sold its Gulf properties only six months ago. The disruption and destruction of Gulf production facilities and pipelines helped to drive the price of natural gas up 80% in the summer quarter, and while the five companies had pre-sold some of their next few years' production at lower prices, much of their gas will sell at the current high price level. Our holding in ConocoPhillips has also benefited, but for a different reason. ConocoPhillips is a major refiner of oil and, with many refineries off-line after the storms, unaffected facilities have become more valuable.

Over the four years that we have owned stocks of companies in this sector, clients have occasionally asked if we based our ownership on a forecast of rising commodity prices. In fact, our process asks the market to estimate the outlook for commodity prices. We assume that the futures markets for commodities provide a viable basis from which to establish valuations for resource company assets. When we initiated positions in Burlington Resources and XTO Energy in 2001, we used prevailing futures prices to determine that both companies traded at a discount to our estimate of liquidation value of their energy reserves. And, we were paying **nothing** for the operating companies, *i.e.* the talent and infrastructure that had discovered the gas and oil. Opportunities to obtain something for free always

attract us. In this case we also obtained a favorably weighted distribution of surprise outcomes because the prices for gas and oil were low relative to production costs.

The situation is obviously different today. The near-term price for natural gas far exceeds the level needed to justify new investment intended to increase supply. The futures market understands this and has priced delivery of natural gas in 2009 at half the price that it assigns to current delivery. The next two winters could be difficult, however. While natural gas is abundant in many parts of the world, the ability to deliver this gas to North America is limited. Many liquefied natural gas (LNG) terminals have been proposed, but few are under construction. And while Canada has plentiful untapped supplies in the McKenzie Delta, the pipelines to deliver this gas have yet to complete the permitting process, and construction is not likely to be finished for several years. As a result, we currently base our valuations of U.S. natural gas producers on a forecast of high profitability for the next two years with a significant drop-off in 2008.

We have often written in these letters that we go wherever our understanding of value takes us. The recent hurricanes may have accelerated the process by which price and value come together for our exploration and production company holdings. The hurricanes may also provide new value opportunities for us as we expect many companies to report disappointing earnings in the second half of the year.



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THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2005

Name	Shares Held	Market Value
Equity and Equivalents—61.1%		
Common Stocks—61.1%		
Apparel Retail—1.5%		
The TJX Companies, Inc.	7,240,000	\$ 148,275,200
Broadcasting & Cable TV—5.5%		
EchoStar Communications Corporation, Class A	8,218,420	\$ 243,018,679
The E.W. Scripps Company, Class A	2,500,000	124,925,000
The DIRECTV Group, Inc. (a)	8,026,722	120,240,296
Clear Channel Communications, Inc.	1,500,000	49,335,000
		537,518,975
Homebuilding—0.1%		
Pulte Homes, Inc.	200,000	\$ 8,584,000
Leisure Products—0.4%		
Brunswick Corp.	1,000,000	\$ 37,730,000
Movies & Entertainment—1.3%		
Viacom, Inc., Class B	3,817,300	\$ 126,009,073
Publishing—0.8%		
The Washington Post Company, Class B	100,300	\$ 80,490,750
Restaurants—1.0%		
McDonald's Corporation	3,000,000	\$ 100,470,000
Brewers—0.4%		
InBev NV	1,000,000	\$ 39,561,111
Distillers & Vintners—2.4%		
Diageo plc (b)	4,100,000	\$ 237,841,000
Hypermarkets & Super Centers—1.4%		
Costco Wholesale Corporation	3,200,000	\$ 137,888,000
Packaged Foods & Meats—4.0%		
Nestle SA (b)	3,900,000	\$ 285,511,200
Dean Foods Company (a)	1,950,000	75,777,000
Sanderson Farms, Inc.	550,000	20,438,000
TreeHouse Foods, Inc. (a)	325,000	8,736,000
		390,462,200
Personal Products—0.8%		
Avon Products, Inc.	3,000,000	\$ 81,000,000

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2005 cont.

Name	Shares Held	Market Value
Equity and Equivalents—61.1% (cont.)		
Tobacco—1.3%		
UST, Inc.	3,000,000	\$ 125,580,000
Integrated Oil & Gas—1.4%		
ConocoPhillips	2,000,000	\$ 139,820,000
Oil & Gas Exploration & Production—13.1%		
Burlington Resources, Inc.	7,056,000	\$ 573,793,920
XTO Energy, Inc.	10,561,338	478,639,838
EnCana Corp. (c)	2,000,000	116,620,000
St. Mary Land & Exploration Company (d)	2,900,000	106,140,000
Cabot Oil & Gas Corporation	125,000	6,313,750
		<u>1,281,507,508</u>
Investment Banking & Brokerage—1.8%		
Morgan Stanley	3,200,000	\$ 172,608,000
Property & Casualty Insurance—4.4%		
SAFECO Corporation	4,000,000	\$ 213,520,000
MBIA, Inc.	1,850,000	112,147,000
The Progressive Corporation	1,050,000	110,008,500
		<u>435,675,500</u>
Real Estate Investment Trusts—0.7%		
Plum Creek Timber Company, Inc.	1,701,444	\$ 64,501,742
Biotechnology—2.2%		
MedImmune, Inc. (a)	6,000,000	\$ 201,900,000
Techne Corporation (a)	176,471	10,055,318
		<u>211,955,318</u>
Health Care Equipment—2.3%		
Hospira, Inc. (a)	3,750,000	\$ 153,637,500
Varian, Inc. (a)(d)	1,649,400	56,607,408
CONMED Corporation (a)	570,100	15,894,388
		<u>226,139,296</u>
Health Care Services—2.7%		
Caremark Rx, Inc. (a)	5,301,300	\$ 264,693,909
Aerospace & Defense—6.7%		
General Dynamics Corporation	2,060,300	\$ 246,308,865
Raytheon Company	3,599,700	136,860,594
Rockwell Collins, Inc.	2,105,700	101,747,424
Alliant Techsystems, Inc. (a)	1,325,000	98,911,250
Honeywell International, Inc.	1,889,500	70,856,250
		<u>654,684,383</u>

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2005 cont.

Name	Shares Held/ Par Value	Market Value
Equity and Equivalents—61.1% (cont.)		
Commercial Printing—1.8%		
R.R. Donnelley & Sons Company	4,909,500	\$ 181,995,165
Human Resource & Employment Services—0.3%		
Watson Wyatt & Company Holdings	1,236,100	\$ 33,312,895
Industrial Conglomerates—0.4%		
Tyco International Ltd.	1,500,000	\$ 41,775,000
Application Software—0.5%		
Mentor Graphics Corporation (a)(d)	3,640,000	\$ 31,304,000
The Reynolds and Reynolds Company, Class A	614,000	16,829,740
		48,133,740
Computer Storage & Peripherals—0.5%		
Imation Corp.	1,215,000	\$ 52,087,050
Data Processing & Outsourced Services—1.0%		
Ceridian Corporation (a)	4,800,000	\$ 99,600,000
Internet Software & Services—0.2%		
Jupiter Telecommunications Co., Ltd. (a)(c)	21,300	\$ 18,412,389
Paper Products—0.2%		
Schweitzer-Mauduit International, Inc.	700,000	\$ 15,624,000
Total Common Stocks (Cost: \$4,272,578,368)		5,993,936,204
Total Equity and Equivalents (Cost: \$4,272,578,368)		5,993,936,204
 Fixed Income—36.6%		
Corporate Bonds—0.3%		
Publishing—0.1%		
PRIMEDIA, Inc., 8.00% due 5/15/2013	\$ 10,000,000	\$ 10,075,000
Paper Packaging—0.2%		
Sealed Air Corporation, 144A, 5.625% due 7/15/2013 (e)	\$ 20,000,000	\$ 20,054,940
Total Corporate Bonds (Cost: \$30,250,100)		30,129,940
 Government and Agency Securities—36.3%		
Canadian Government Bonds—5.6%		
Canada Government, 3.25% due 12/1/2006	CAD 250,000,000	\$ 215,075,712
Canada Government, 3.00% due 6/1/2007	CAD 250,000,000	214,038,975
Canada Government, 3.00% due 12/1/2005	CAD 125,000,000	107,566,893
Province of Alberta, 7.25% due 10/28/2005	CAD 10,000,000	8,625,217
		545,306,797

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2005 cont.

Name	Par Value	Market Value
Fixed Income—36.6% (cont.)		
Government and Agency Securities—36.3% (cont.)		
Norwegian Government Bonds—0.2%		
Norway Government, 6.75% due 1/15/2007	NOK 100,000,000	\$ 16,042,316
Swedish Government Bonds—0.1%		
Kingdom of Sweden, 3.50% due 4/20/2006	SEK 50,000,000	\$ 6,514,587
U.S. Government Notes—22.7%		
United States Treasury Notes, 4.125% due 8/15/2010	\$ 500,000,000	\$ 497,754,000
United States Treasury Notes, 4.00% due 4/15/2010	500,000,000	495,449,000
United States Treasury Notes, 3.375% due 1/15/2007, Inflation Indexed	262,654,560	271,632,093
United States Treasury Notes, 6.00% due 8/15/2009	250,000,000	265,869,250
United States Treasury Notes, 4.125% due 8/15/2008	250,000,000	249,629,000
United States Treasury Notes, 4.00% due 6/15/2009	250,000,000	248,281,250
United States Treasury Notes, 4.25% due 8/15/2015	200,000,000	198,750,000
		2,227,364,593
U.S. Government Agencies—7.7%		
Fannie Mae, 5.25% due 4/15/2007	\$ 50,000,000	\$ 50,629,500
Federal Home Loan Mortgage Corporation, 4.00% due 8/17/2007	50,000,000	49,697,800
Federal Home Loan Bank, 4.125% due 4/18/2008	50,000,000	49,693,250
Federal Home Loan Mortgage Corporation, 3.75% due 11/15/2006	50,000,000	49,648,600
Fannie Mae, 3.875% due 5/15/2007	50,000,000	49,598,600
Federal Home Loan Bank, 3.625% due 6/20/2007	50,000,000	49,420,700
Federal Home Loan Bank, 3.875% due 8/22/2008	50,000,000	49,233,100
Federal Home Loan Bank, 5.00% due 12/20/2011	34,555,000	34,363,565
Fannie Mae, 4.25% due 7/15/2007	25,000,000	24,936,725
Fannie Mae, 4.25% due 5/15/2009	25,000,000	24,798,675
Federal Home Loan Mortgage Corporation, 3.75% due 4/15/2007	25,000,000	24,776,700
Federal Home Loan Bank, 2.875% due 9/15/2006	25,000,000	24,657,800
Federal Home Loan Bank, 2.625% due 10/16/2006	25,000,000	24,562,075
Federal Home Loan Bank, 2.75% due 12/15/2006	25,000,000	24,528,225
Fannie Mae, 3.25% due 11/15/2007	25,000,000	24,421,725
Fannie Mae, 3.625% due 12/28/2009	24,435,000	24,144,468
Federal Home Loan Mortgage Corporation, 3.625% due 3/24/2008	20,000,000	19,926,000
Federal Home Loan Bank, 2.50% due 4/20/2009	20,000,000	19,817,100
Fannie Mae, 2.60% due 4/28/2009	18,800,000	18,626,138
Fannie Mae, 3.50% due 2/8/2010	15,315,000	15,265,150
Fannie Mae, 4.25% due 2/19/2010	12,888,000	12,666,687

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2005 cont.

Name	Par Value	Market Value
Fixed Income—36.6% (cont.)		
Government and Agency Securities—36.3% (cont.)		
U.S. Government Agencies—7.7% (cont.)		
Fannie Mae, 3.125% due 11/30/2009	\$ 12,697,000	\$ 12,605,886
Federal Home Loan Mortgage Corporation, 3.00% due 11/17/2006	10,000,000	9,851,520
Fannie Mae, 3.00% due 10/6/2009	10,000,000	9,849,340
Fannie Mae, 3.375% due 3/3/2008	9,300,000	9,247,994
Fannie Mae, 3.50% due 10/14/2010	7,550,000	7,477,301
Federal Home Loan Bank, 4.00% due 8/17/2007	7,500,000	7,447,665
Federal Home Loan Bank, 3.00% due 12/30/2009	5,000,000	5,019,260
Federal Home Loan Bank, 4.30% due 8/16/2010	5,000,000	4,993,515
Fannie Mae, 4.00% due 4/13/2009	5,000,000	4,988,660
Federal Home Loan Bank, 4.52% due 8/26/2009	4,825,000	4,792,031
Fannie Mae, 5.125% due 5/4/2012	4,013,000	4,009,071
Federal Home Loan Bank, 3.50% due 2/22/2007	4,000,000	3,976,552
Federal Home Loan Bank, 3.00% due 2/24/2010	3,000,000	2,985,885
Fannie Mae, 3.75% due 6/23/2009	2,820,000	2,801,645
Federal Home Loan Mortgage Corporation, 3.125% due 9/15/2010	2,500,000	2,487,475
Federal Home Loan Bank, 2.40% due 3/9/2009	2,000,000	1,984,048
Federal Home Loan Mortgage Corporation, 3.00% due 1/13/2009	1,000,000	996,776
		<u>760,927,207</u>
Total Government and Agency Securities (Cost: \$3,536,689,929)		3,556,155,500
Total Fixed Income (Cost: \$3,566,940,029)		3,586,285,440

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2005 cont.

Name	Par Value	Market Value
Short Term Investments—1.9%		
Repurchase Agreements—1.9%		
IBT Repurchase Agreement, 3.51% dated 9/30/2005 due 10/3/2005, repurchase price \$181,052,943, collateralized by Small Business Administration Bonds, with rates of 6.066% - 7.085%, with maturities from 2/25/2015 - 3/25/2030, and with an aggregate market value plus accrued interest of \$190,050,000	\$181,000,000	\$ 181,000,000
IBT Repurchase Agreement, 2.75% dated 9/30/2005 due 10/3/2005, repurchase price \$2,367,289, collateralized by a Small Business Administration Bond, with a rate of 6.875%, with a maturity date of 5/25/2016, and with a market value plus accrued interest of \$2,485,084	2,366,746	<u>2,366,746</u>
Total Repurchase Agreements (Cost: \$183,366,746)		183,366,746
Total Short Term Investments (Cost: \$183,366,746)		183,366,746
Total Investments (Cost \$8,022,885,143)—99.6%		\$ 9,763,588,390
Other Assets In Excess Of Other Liabilities—0.4%		<u>41,631,433</u>
Total Net Assets—100%		<u>\$9,805,219,823</u>

- (a) Non-income producing security.
- (b) Represents an American Depository Receipt.
- (c) Represents a foreign domiciled corporation.
- (d) See footnote number five in the Notes to the Financial Statements regarding investments in affiliated issuers.
- (e) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

Key to abbreviations:

CAD: Canadian Dollar

NOK: Norwegian Krone

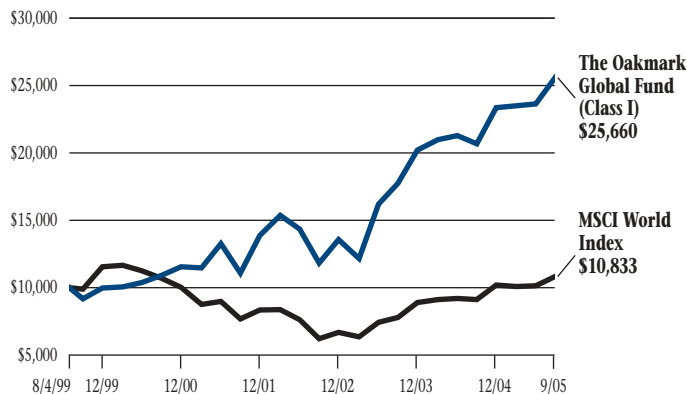
SEK: Swedish Krona

THE OAKMARK GLOBAL FUND

Report from Clyde S. McGregor and Michael J. Welsh, Portfolio Managers



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK GLOBAL FUND FROM ITS INCEPTION (8/4/99) TO PRESENT (9/30/05) AS COMPARED TO THE MSCI WORLD INDEX¹¹



Average Annual Total Returns (as of 09/30/05)

	Total Return Last 3 Months*	1-year	5-year	Since Inception (8/4/99)
Oakmark Global Fund (Class I)	8.29%	23.88%	18.62%	16.53%
MSCI World	6.98%	18.93%	0.27%	1.30%
Lipper Global Fund Index ¹²	8.04%	20.60%	1.03%	3.58%

The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The performance data quoted represents past performance. The above performance information for the Fund does not reflect the imposition of a 2% redemption fee on shares held for 90 days or less to deter market timers. If reflected, the fee would reduce the performance quoted. **Past performance does not guarantee future results.** The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Average annual total return measures annualized change, while total return measures aggregate change. To obtain current month end performance data, call 1-800-OAKMARK or visit www.oakmark.com.

* Not annualized

The Oakmark Global Fund appreciated 8% for the quarter, outperforming the MSCI World Index, which was up 7%. More importantly, over the past five years, The Oakmark Global Fund has returned 19% annualized, compared to an unchanged MSCI World Index and a 1% return for the Lipper Global Fund Index.

Change in Co-Portfolio Manager

On October 1, 2005, Robert Taylor was named co-portfolio manager of The Oakmark Global Fund, replacing Michael Welsh. Michael is retiring from Harris Associates L.P., the Fund's adviser, in January 2006. We wish to extend our heartfelt thanks to Michael for his tremendous contribution to the Fund's success. We will miss him as a colleague, and we wish him and his family the best success in all future endeavors.

All of us at Harris Associates are very excited to have Rob join the Fund. With the firm since 1994, Rob has managed other global accounts since 2002, and serves as the Director of International Research. Rob received his BBA from the University of Wisconsin-Madison (1994) and is a CFA charterholder®.

We will continue to manage The Oakmark Global Fund using the same value philosophy employed since its inception. We search for companies that are priced at a substantial discount to their true business value and are run by managers who think and act as owners. We base our investment decisions on our own intensive, fundamental research. Finally, the Fund is constructed stock-by-stock from the bottom-up, meaning industry and geographic weightings are simply a fall out of our stock selection.

Portfolio Composition

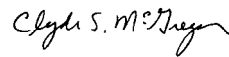
We added Tyco International Ltd. to the portfolio this quarter. Tyco, with more than a \$50 billion market capitalization, is a conglomerate with four major divisions: fire and security, electronics, healthcare, and engineered products. The company may be best known for the corporate governance problems of its previous management team, which left the company in 2002. Over the past three years, the new management team has improved operations, reduced debt, sold some non-core businesses, and made the company's accounting practices conservative and transparent. Many of Tyco's subsidiary

companies have market-share-leading positions in growing industries. Our opportunity to purchase the stock developed when management reduced earnings guidance for the second half of 2005. Tyco generates more than \$4 billion of free cash flow per year, affording management considerable operating flexibility. We would not be surprised to see management restructure the company over time, because of the minimal synergies between the four major divisions.

BMW, which manufactures and sells luxury cars and motorcycles worldwide, was also added to the Fund this quarter. Because of its premium brand and product innovation, the company's growth, operating margins, and returns have been some of the best in the industry. Unlike its U.S. competitors, BMW does not face excessive pension obligations and has a very healthy balance sheet. Given the strength of the brand, management does not have to rely on excessive price discounts to move volume.

Through the first half of the year, deliveries were up almost 10%. Operational management has been strong, but now even capital management is improving, as evidenced by a recent 3% share repurchase that is authorized to extend to 10%. Today BMW sells for 10x earnings and less than 6x operating profit. The stock yields 2% and is trading at a significant discount to our estimate of intrinsic value.

We remain excited about the value and quality of the names in the Fund. Thank you for your continued confidence and support.



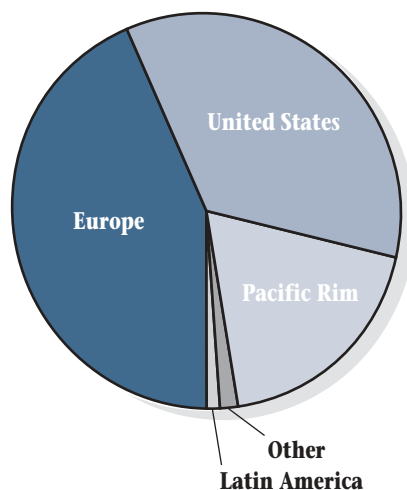
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THE OAKMARK GLOBAL FUND

Global Diversification—September 30, 2005



**% of Fund
Equity Market Value**

	<i>Europe</i>	43.3%
	Switzerland	12.8%
	Great Britain	10.5%
	* Netherlands	6.8%
	* France	5.2%
	* Ireland	3.5%
	* Germany	3.2%
	* Italy	1.3%

	<i>United States</i>	35.2%
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**% of Fund
Equity Market Value**

	<i>Pacific Rim</i>	18.9%
	Japan	11.5%
	Korea	4.1%
	Australia	3.3%

	<i>Other</i>	1.5%
	Bermuda	1.5%

	<i>Latin America</i>	1.1%
	Mexico	1.1%

* Euro currency countries comprise 20.0% of the Fund.

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2005

Name	Description	Shares Held	Market Value
Common Stocks—95.7%			
Apparel Retail—2.0%			
The TJX Companies, Inc. (United States)	Discount Apparel & Home Fashion Retailer	1,861,000	\$ 38,113,280
Apparel, Accessories & Luxury Goods—0.4%			
Bulgari S.p.A. (Italy)	Jewelry Manufacturer & Retailer	740,000	\$ 8,314,661
Automobile Manufacturers—0.3%			
Bayerische Motoren Werke (BMW) AG (Germany)	Luxury Automobile Manufacturer	107,500	\$ 5,047,558
Broadcasting & Cable TV—2.2%			
Grupo Televisa S.A. (Mexico) (b)	Television Production & Broadcasting	278,700	\$ 19,985,577
Liberty Media Corporation, Class A (United States) (a)	Broadcast Services & Programming	2,356,000	18,965,800
Discovery Holding Company, Class A (United States) (a)	Media Management & Network Services	235,600	3,402,064
			<u>42,353,441</u>
Household Appliances—2.7%			
Snap-on Incorporated (United States)	Tool & Equipment Manufacturer	1,431,000	\$ 51,687,720
Motorcycle Manufacturers—2.5%			
Harley-Davidson, Inc. (United States)	Motorcycle Manufacturer	987,000	\$ 47,810,280
Movies & Entertainment—6.3%			
Viacom, Inc., Class B (United States)	Worldwide Entertainment & Publishing Company	1,595,000	\$ 52,650,950
Vivendi Universal SA (France)	Music, Games, Television, Film, & Telecommunications	1,430,500	46,704,446
Time Warner, Inc. (United States)	Filmed Entertainment & Television Networks	1,041,000	18,852,510
			<u>118,207,906</u>

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2005 cont.

Name	Description	Shares Held	Market Value
Common Stocks—95.7% (cont.)			
Publishing—1.8%			
Tribune Company (United States)	Publishing & Broadcast Services	1,003,000	\$ 33,991,670
Distillers & Vintners—4.2%			
Diageo plc (Great Britain)	Beverages, Wines, & Spirits Manufacturer	5,517,500	\$ 79,340,878
Household Products—2.8%			
Henkel KGaA (Germany)	Consumer Chemical Products Manufacturer	632,000	\$ 53,955,826
Packaged Foods & Meats—5.6%			
Nestle SA (Switzerland)	Food & Beverage Manufacturer	281,000	\$ 82,286,266
Cadbury Schweppes plc (Great Britain)	Beverage & Confectionary Manufacturer	2,423,000	24,453,808
			<u>106,740,074</u>
Soft Drinks—0.8%			
Lotte Chilsung Beverage Co., Ltd. (Korea)	Soft Drinks, Juices & Sports Drinks Manufacturer	15,120	\$ 14,373,780
Oil & Gas Exploration & Production—5.4%			
Burlington Resources, Inc. (United States)	Oil & Natural Gas Exploration & Production	1,260,000	\$ 102,463,200
Asset Management & Custody Banks—2.7%			
Julius Baer Holding AG-B (Switzerland)	Asset Management	646,500	\$ 50,601,082
Diversified Banks—6.3%			
Bank of Ireland (Ireland) Australia and New Zealand Banking Group	Commercial Bank	4,029,000	\$ 63,688,881
Limited (Australia)	Commercial Bank	2,260,000	41,368,848
Banco Popolare di Verona e Novara Scrl (Italy)	Commercial Bank	863,600	16,250,943
			<u>121,308,672</u>
Diversified Capital Markets—0.4%			
Credit Suisse Group (Switzerland)	Investment Services & Insurance	190,700	\$ 8,442,812

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2005 cont.

Name	Description	Shares Held	Market Value
Common Stocks—95.7% (cont.)			
Investment Banking & Brokerage—0.8%			
Daiwa Securities Group, Inc. (Japan)	Stock Broker	2,062,000	\$ 16,116,615
Specialized Finance—4.2%			
Euronext NV (Netherlands)	Stock Exchange	1,814,000	\$ 79,853,916
Health Care Services—2.4%			
Laboratory Corporation of America Holdings (United States) (a)	Medical Laboratory & Testing Services	920,000	\$ 44,813,200
Health Care Supplies—1.0%			
Ansell Limited (Australia)	Protective Rubber & Plastics Products	2,265,966	\$ 19,494,686
Pharmaceuticals—11.0%			
Takeda Pharmaceutical Company Limited (Japan)	Pharmaceuticals & Food Supplements	1,281,000	\$ 76,305,767
GlaxoSmithKline plc (Great Britain)	Pharmaceuticals	2,614,200	66,512,170
Novartis AG (Switzerland)	Pharmaceuticals	899,600	45,631,632
Santen Pharmaceutical Co., Ltd. (Japan)	Pharmaceuticals	781,000	20,232,982
			<u>208,682,551</u>
Aerospace & Defense—0.9%			
Alliant Techsystems, Inc. (United States) (a)	Propulsion Systems & Munitions	239,087	\$ 17,847,845
Diversified Commercial and Professional Services—3.8%			
Equifax Inc. (United States)	Credit Reporting & Collection	1,367,000	\$ 47,762,980
Meitec Corporation (Japan)	Software Engineering Services	760,000	24,309,821
			<u>72,072,801</u>
Environmental & Facilities Services—2.1%			
Waste Management, Inc. (United States)	Waste Management Services	1,425,000	\$ 40,769,250
Human Resource & Employment Services—1.1%			
Michael Page International plc (Great Britain)	Recruitment Consultancy Services	4,815,400	\$ 20,900,878

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2005 cont.

Name	Description	Shares Held	Market Value
Common Stocks—95.7% (cont.)			
Industrial Conglomerates—1.4%			
Tyco International Ltd. (Bermuda)	Diversified Manufacturing & Services	975,000	\$ 27,153,750
Office Services & Supplies—0.4%			
United Stationers, Inc. (United States) (a)	Business Products Distributor	150,000	\$ 7,179,000
Data Processing & Outsourced Services—6.0%			
eFunds Corporation (United States) (a)	Electronic Debit Payment Services	2,237,100	\$ 42,124,593
First Data Corporation (United States)	Data Processing & Management	1,004,750	40,190,000
Ceridian Corporation (United States) (a)	Data Management Services	1,538,000	31,913,500
			<u>114,228,093</u>
Office Electronics—2.5%			
Neopost SA (France)	Mailroom Equipment Supplier	494,750	\$ 47,965,698
Semiconductors—1.5%			
Rohm Company Limited (Japan)	Integrated Circuits & Semi-Conductor Devices Manufacturer	321,000	\$ 27,861,391
Diversified Chemicals—2.3%			
Akzo Nobel N.V. (Netherlands)	Chemical Producer	992,300	\$ 43,264,446
Specialty Chemicals—2.4%			
Lonza Group AG, Registered Shares (Switzerland)	Industrial Organic Chemicals	408,400	\$ 24,107,985
Givaudan (Switzerland)	Fragrance & Flavor Compound Manufacturer	32,800	21,009,233
			<u>45,117,218</u>
Wireless Telecommunication Services—5.5%			
SK Telecom Co., Ltd. (Korea)	Mobile Telecommunications	300,000	\$ 58,217,537
NTT DoCoMo, Inc. (Japan)	Mobile Telecommunications	24,600	43,787,285
SK Telecom Co., Ltd. (Korea) (b)	Mobile Telecommunications	55,000	1,201,200
			<u>103,206,022</u>
Total Common Stocks (Cost: \$1,358,187,848)			1,819,280,200

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2005 cont.

Name	Par Value	Market Value
Short Term Investments—3.4%		
U.S. Government Agencies—1.0%		
Federal Home Loan Mortgage Corp., 3.64% due 10/18/2005	\$10,000,000	\$ 10,009,100
Federal Home Loan Bank, 3.55% due 10/7/2005	10,000,000	9,994,084
Total U.S. Government Agencies (Cost: \$20,003,184)		20,003,184
Repurchase Agreements—2.4%		
IBT Repurchase Agreement, 3.51% dated 9/30/2005 due 10/3/2005, repurchase price \$44,012,870, collateralized by Small Business Administration Bonds, with rates of 5.875% - 6.375%, with maturities from 12/25/2015 - 11/15/2030, and with an aggregate market value plus accrued interest of \$46,200,000	\$44,000,000	\$ 44,000,000
IBT Repurchase Agreement, 2.75% dated 9/30/2005 due 10/3/2005, repurchase price \$1,471,493, collateralized by a Small Business Administration Bond, with a rate of 7.375%, with a maturity date of 4/25/2026, and with a market value plus accrued interest of \$1,544,713	1,471,155	1,471,155
Total Repurchase Agreements (Cost: \$45,471,155)		45,471,155
Total Short Term Investments (Cost: \$65,474,339)		65,474,339
Total Investments (Cost \$1,423,662,187)—99.1%		\$ 1,884,754,539
Other Assets In Excess Of Other Liabilities—0.9%		16,750,531
Total Net Assets—100%		\$1,901,505,070

- (a) Non-income producing security.
 (b) Represents an American Depository Receipt.

THE OAKMARK INTERNATIONAL AND OAKMARK INTERNATIONAL SMALL CAP FUNDS



Fellow Shareholders,

The Oakmark International and Oakmark International Small Cap Funds had an acceptable fourth quarter with returns of 9% and 11% respectively. For the fiscal year, The Oakmark International Fund returned 26% and The Oakmark International Small Cap Fund returned 29%. This compares to the MSCI World ex U.S. Index¹³ return of 27%.

Most importantly, since the Funds' inceptions, they have posted annualized returns of 13% and 14% respectively. This compares very well to the MSCI World ex U.S. Index, which returned 8% relative to the International Fund and 7% relative to the International Small Cap Fund.

Europe, Japan and The Big Picture

Last quarter we wrote about Europe's failure to embrace real economic reform. We argued that no country or region could afford to be complacent about competitiveness, especially in a challenging global economy. In September, an important election in Germany pitted a reform candidate against the relatively stale Gerhard Schroeder. Sadly, the results demonstrated that the electorate of Europe's largest economy isn't quite convinced that the status quo is all that bad. It was finally decided that Angela Merkel will be the new German chancellor, but with heavy involvement by outgoing chancellor, Gerhard Schroeder's opposition party. A few weeks after the German elections, Poland held its election with opposite results: it threw out the old communists for a free market government. Is there something Old Europe can learn from New?

More damning for Old Europe is that Japan recently faced the same choice, but, with a different result. Prime Minister

Koizumi called a snap election because there was opposition to his plan to liberalize the Postal Savings Banks. Though it was quite a gamble, Koizumi and reform won big. Is Japan finally on the brink of fundamental change? This is certainly a possibility. But of course, economic reform is one issue; far more important are the events within corporate Japan itself. Unfortunately, the vast majority of corporate Japan still appears locked into a culture that places shareholder value behind numerous other objectives. The good news is that a select number of Japanese companies are changing. As a result of these changes and low valuations, we have been able to significantly increase our weightings in Japan, though we still remain underweighted there relative to the MSCI World ex U.S. Index.

Mike Welsh

Before I end this report, I would like to wish my longtime partner, Mike Welsh, a fond farewell. Mike has chosen to retire from Harris Associates L.P. effective January 2006. Mike was the first person I hired back in September 1992 when The Oakmark International Fund started, and he was made a co-manager a few years later. He has been a solid contributor to the success of the Funds, most notably for his savvy stock recommendations in South Korea during the second half of the 1990s. We wish him well in the next chapter of his life.

A handwritten signature in black ink that reads "David G. Herro". The signature is fluid and cursive.

David G. Herro, CFA
Portfolio Manager
dherro@oakmark.com

THE OAKMARK INTERNATIONAL FUND

Report from David G. Herro and Michael J. Welsh, Portfolio Managers



The Oakmark International Fund performed satisfactorily over the past twelve months, returning 26%. This compares with 27% for the MSCI World ex U.S. Index and 26% for the Lipper International Fund Index. Most importantly, since inception, The Oakmark International Fund has returned annually 13%, as compared to the MSCI World ex U.S. Index, which returned 8%, and the Lipper International Fund Index, which returned 9%.

Impact Players

European exchange operator Euronext was not only the top contributing stock of the quarter, but also year to date. As you may recall, both Euronext and another holding, Deutsche Boerse, expressed interest in bidding for The London Stock Exchange. When shareholders prevented Deutsche Boerse from bidding, it ended the possibility of a value-destructive bidding war, and shares of Euronext and Deutsche Boerse rose strongly.

Corporate activity also propelled the share price of long-term holding Aegis Plc. Aegis is the world's last large, independent media-buying company, and it has been the interest of French businessman Vincent Bollore who, as of this writing, has amassed an 11% stake. One of our Fund's holdings, Publicis, has also expressed interest in the company.

On the negative side, UK-based jewelry retailer Signet Plc has been the worst contributing stock of the quarter and second worst year to date. As a result of the extremely weak UK retail environment, the stock is down just under 8% in sterling terms for the year. We remain extremely confident that Signet will continue to build shareholder value over time in both sales and profitability, particularly because it continues to outperform its peers in the U.S. market, which provides two-thirds of its total sales. We have been adding to our holding as a result of the recent price weakness.

New Additions

During the quarter, we added three new names: global brewer InBev, and media stocks TF1 (Societe Television Francaise 1), a French television station operator, and Johnston Press, a Scottish based owner of regional newspapers. In addition to—and even in spite of—the Fund's relatively healthy annual return, we have been able to identify good new ideas and have plenty of prospects on our research list. As long-term international equity investors, we are still finding acceptable investment opportunities, and we remain enthused about future prospects.

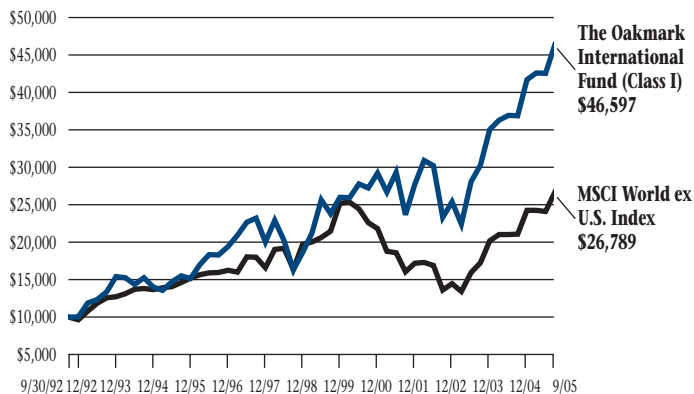
David G. Herro

Michael J. Welsh

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THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK INTERNATIONAL FUND FROM ITS INCEPTION (9/30/92) TO PRESENT (9/30/05) AS COMPARED TO THE MSCI WORLD EX U.S. INDEX¹³



Average Annual Total Returns (as of 09/30/05)

	Total Return Last 3 Months*	1-year	5-year	10-year	Since Inception (9/30/92)
Oakmark International Fund (Class I)	9.04%	25.85%	11.27%	11.62%	12.56%
MSCI World ex U.S.	10.92%	26.82%	3.37%	6.23%	7.87%
MSCI EAFE ¹⁴	10.38%	25.79%	3.12%	5.83%	7.58%
Lipper International Fund Index ¹⁵	11.15%	26.32%	3.51%	7.43%	8.87%

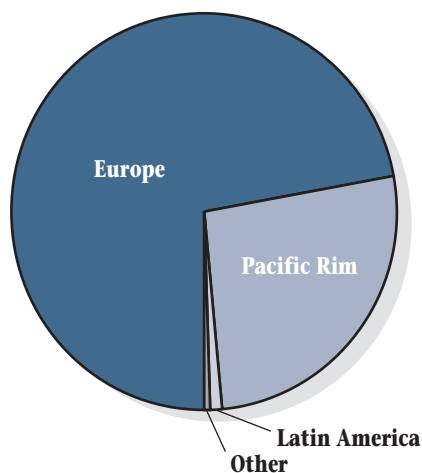
The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The performance data quoted represents past performance. The above performance information for the Fund does not reflect the imposition of a 2% redemption fee on shares held for 90 days or less to deter market timers. If reflected, the fee would reduce the performance quoted. **Past performance does not guarantee future results.** The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Average annual total return measures annualized change, while total return measures aggregate change. To obtain current month end performance data, call 1-800-OAKMARK or visit www.oakmark.com.

* Not annualized

THE OAKMARK INTERNATIONAL FUND

International Diversification—September 30, 2005



% of Fund Equity Market Value

 Europe	72.1%
Great Britain	25.2%
Switzerland	15.1%
* France	9.3%
* Germany	8.2%
* Netherlands	8.2%
* Italy	3.1%
* Ireland	2.9%
* Belgium	0.1%

% of Fund Equity Market Value

 Pacific Rim	26.4%
Japan	14.0%
Korea	8.0%
Australia	2.4%
Singapore	1.3%
Hong Kong	0.7%
 Latin America	1.0%
Mexico	1.0%
 Other	0.5%
Israel	0.5%

* Euro currency countries comprise 31.8% of the Fund.

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2005

Name	Description	Shares Held	Market Value
Common Stocks—94.5%			
Advertising—3.9%			
Publicis Groupe (France)	Advertising & Media Services	3,965,400	\$ 126,225,058
Aegis Group plc (Great Britain)	Media Services	44,006,600	108,703,343
			<u>234,928,401</u>
Apparel Retail—0.7%			
Giordano International Limited (Hong Kong)	Pacific Rim Clothing Retailer & Manufacturer	61,424,300	\$ 42,362,405
Apparel, Accessories & Luxury Goods—1.9%			
Swatch Group AG, Bearer Shares (Switzerland)	Watch Manufacturer	823,000	\$ 113,379,100
Swatch Group AG, Registered Shares (Switzerland)	Watch Manufacturer	24,700	698,489
			<u>114,077,589</u>
Automobile Manufacturers—5.2%			
Bayerische Motoren Werke (BMW) AG (Germany)	Luxury Automobile Manufacturer	4,220,700	\$ 198,178,858
Honda Motor Co., Ltd. (Japan)	Automobile & Motorcycle Manufacturer	2,025,000	114,556,990
			<u>312,735,848</u>
Broadcasting & Cable TV—2.4%			
British Sky Broadcasting Group plc (Great Britain)	Television Production & Broadcasting	8,813,000	\$ 87,155,829
Grupo Televisa S.A. (Mexico) (b)	Television Production & Broadcasting	763,000	54,714,730
Societe Television Francaise 1 (France)	Television Production & Broadcasting	282,600	7,497,476
			<u>149,368,035</u>
Consumer Electronics—0.8%			
Koninklijke (Royal) Philips Electronics N.V. (Netherlands)	Electronics Manufacturer	1,787,000	\$ 47,495,656
Movies & Entertainment—1.5%			
Vivendi Universal SA (France)	Music, Games, Television, Film, & Telecommunications	2,789,300	\$ 91,067,956

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2005 cont.

Name	Description	Shares Held	Market Value
Common Stocks—94.5% (cont.)			
Publishing—0.3%			
Johnston Press plc (Great Britain)	Newspaper Publisher	1,805,000	\$ 15,828,168
Specialty Stores—1.9%			
Signet Group plc (Great Britain)	Jewelry Retailer	63,619,000	\$ 115,055,598
Textiles—0.3%			
Chargeurs SA (France) (c)	Wool, Textile Production & Trading	790,182	\$ 20,802,323
Brewers—1.7%			
Heineken Holding NV (Netherlands)	Brewer	2,594,600	\$ 76,508,301
Heineken NV (Netherlands)	Brewer	497,500	15,973,775
InBev NV (Belgium)	Brewer	132,000	5,222,067
			<u>97,704,143</u>
Distillers & Vintners—3.4%			
Diageo plc (Great Britain)	Beverages, Wines, & Spirits Manufacturer	12,023,000	\$ 172,889,057
Pernod-Ricard SA (France)	Wines, Spirits, & Fruit Juice Manufacturer	157,000	27,724,393
			<u>200,613,450</u>
Household Products—3.0%			
Henkel KGaA (Germany)	Consumer Chemical Products Manufacturer	1,228,200	\$ 104,855,293
Uni-Charm Corporation (Japan)	Toiletry Product Manufacturer	1,550,000	66,925,144
KAO Corp. (Japan)	Household & Chemical Products Manufacturer	575,000	14,161,563
			<u>185,942,000</u>
Packaged Foods & Meats—4.9%			
Nestle SA (Switzerland)	Food & Beverage Manufacturer	575,100	\$ 168,408,654
Cadbury Schweppes plc (Great Britain)	Beverage & Confectionary Manufacturer	12,390,400	125,048,476
			<u>293,457,130</u>
Personal Products—1.4%			
L'Oreal SA (France)	Health & Beauty Aid Manufacturer	1,077,000	\$ 83,440,947

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2005 cont.

Name	Description	Shares Held	Market Value
Common Stocks—94.5% (cont.)			
Soft Drinks—1.3%			
Lotte Chilsung Beverage Co., Ltd. (Korea) (c)	Soft Drinks, Juices & Sports Drinks Manufacturer	84,327	\$ 80,165,198
Tobacco—0.9%			
KT&G Corporation (Korea)	Tobacco Products Manufacturer	1,242,600	\$ 53,824,169
Integrated Oil & Gas—1.8%			
BP p.l.c. (Great Britain)	Oil & Natural Gas Exploration & Production	6,294,100	\$ 74,794,263
Total SA (France)	Oil & Natural Gas Exploration & Production	126,000	34,397,611
			<u>109,191,874</u>
Diversified Banks—14.6%			
Bank of Ireland (Ireland) Australia and New Zealand Banking Group Limited (Australia)	Commercial Bank	10,462,900	\$ 165,393,495
Kookmin Bank (Korea)	Commercial Banking	7,348,800	134,518,314
Lloyds TSB Group plc (Great Britain)	Commercial Bank	2,159,700	127,284,667
BNP Paribas SA (France)	Commercial Banking	12,952,600	106,726,160
UniCredito Italiano S.p.A. (Italy)	Commercial Banking	1,156,000	87,893,946
United Overseas Bank Limited, Foreign Shares (Singapore)	Banking Services	13,556,700	76,349,145
Banco Popolare di Verona e Novara Scrl (Italy)	Commercial Banking	8,395,368	69,957,265
Sanpaolo IMI S.p.A. (Italy)	Commercial Bank	2,938,400	55,293,852
	Banking Services	2,947,000	45,805,672
			<u>869,222,516</u>
Diversified Capital Markets—1.9%			
Credit Suisse Group (Switzerland)	Investment Services & Insurance	2,609,000	\$ 115,507,591
Investment Banking & Brokerage—2.0%			
Daiwa Securities Group, Inc. (Japan)	Stock Broker	15,043,000	\$ 117,576,252
Real Estate Management & Development—0.0%			
United Overseas Land Limited (Singapore)	Real Estate Investor	839,536	\$ 1,160,992

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2005 cont.

Name	Description	Shares Held	Market Value
Common Stocks—94.5% (cont.)			
Reinsurance—0.4%			
Hannover Rueckversicherung AG (Germany)	Reinsurance	626,400	\$ 21,686,269
Specialized Finance—5.5%			
Euronext NV (Netherlands)	Stock Exchange	4,167,000	\$ 183,435,099
Deutsche Boerse AG (Germany)	Electronic Trading Systems	1,485,900	142,002,931
			325,438,030
Pharmaceuticals—9.9%			
GlaxoSmithKline plc (Great Britain)	Pharmaceuticals	8,470,000	\$ 215,499,229
Takeda Pharmaceutical Company Limited (Japan)	Pharmaceuticals & Food Supplements	2,876,800	171,363,334
Novartis AG (Switzerland)	Pharmaceuticals	3,089,000	156,687,541
Sanofi-Aventis (France)	Pharmaceuticals	588,508	48,636,876
			592,186,980
Diversified Commercial and Professional Services—1.3%			
Meitec Corporation (Japan) (c)	Software Engineering Services	2,483,800	\$ 79,448,332
Environmental & Facilities Services—0.2%			
Rentokil Initial plc (Great Britain)	Global Business Services	3,400,000	\$ 9,913,281
Human Resource & Employment Services—1.7%			
Michael Page International plc (Great Britain) (c)	Recruitment Consultancy Services	24,271,000	\$ 105,346,431
Industrial Machinery—1.3%			
Enodis plc (Great Britain) (a)(c)	Food Processing Equipment	33,585,320	\$ 76,146,451
Marine Ports & Services—1.9%			
Associated British Ports Holdings plc (Great Britain)	Port Operator	12,131,399	\$ 112,427,874
Electronic Equipment Manufacturers—0.5%			
Orbotech, Ltd. (Israel) (a)	Optical Inspection Systems	1,237,700	\$ 30,967,254
Semiconductors—1.0%			
Rohm Company Limited (Japan)	Integrated Circuits & Semi- Conductor Devices Manufacturer	705,000	\$ 61,190,906

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2005 cont.

Name	Description	Shares Held	Market Value
Common Stocks—94.5% (cont.)			
Diversified Chemicals—2.3%			
Akzo Nobel N.V. (Netherlands)	Chemical Producer	3,182,200	\$ 138,744,451
Fertilizers & Agricultural Chemicals—1.6%			
Syngenta AG (Switzerland) (a)	Crop Protection Products	932,400	\$ 97,616,535
Specialty Chemicals—3.4%			
Lonza Group AG, Registered Shares (Switzerland)	Industrial Organic Chemicals	1,797,700	\$ 106,118,818
Givaudan (Switzerland)	Fragrance & Flavor Compound Manufacturer	151,100	96,783,388
			<u>202,902,206</u>
Wireless Telecommunication Services—7.7%			
SK Telecom Co., Ltd. (Korea)	Mobile Telecommunications	981,700	\$ 190,507,187
NTT DoCoMo, Inc. (Japan)	Mobile Telecommunications	93,050	165,626,294
Vodafone Group Plc (Great Britain)	Mobile Telecommunications	32,142,800	83,651,316
Vodafone Group Plc (Great Britain) (b)	Mobile Telecommunications	606,000	15,737,820
SK Telecom Co., Ltd. (Korea) (b)	Mobile Telecommunications	43,500	950,040
			<u>456,472,657</u>
Total Common Stocks (Cost: \$4,141,768,525)			5,662,015,898

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2005 cont.

Name	Par Value	Market Value
Short Term Investments—4.0%		
U.S. Government Agencies—0.9%		
Federal Home Loan Bank, 3.55% - 3.62% due 10/7/2005 - 11/2/2005	\$ 40,000,000	\$ 39,923,811
Federal Home Loan Mortgage Corp., 3.64% due 10/18/2005	20,000,000	<u>19,965,622</u>
Total U.S. Government Agencies (Cost: \$59,889,433)		59,889,433
Repurchase Agreements—3.1%		
IBT Repurchase Agreement, 3.51% dated 9/30/2005 due 10/3/2005, repurchase price \$176,551,626, collateralized by Small Business Administration Bonds, with rates of 5.875% - 7.125%, with maturities from 9/25/2015 - 9/25/2030, and with an aggregate market value plus accrued interest of \$185,325,000	\$176,500,000	\$ 176,500,000
IBT Repurchase Agreement, 2.75% dated 9/30/2005 due 10/3/2005, repurchase price \$2,791,391, collateralized by a Small Business Administration Bond, with a rate of 6.645%, with a maturity date of 6/25/2024, and with a market value plus accrued interest of \$2,930,289	2,790,752	<u>2,790,752</u>
Total Repurchase Agreements (Cost: \$179,290,752)		179,290,752
Total Short Term Investments (Cost: \$239,180,185)		239,180,185
Total Investments (Cost \$4,380,948,710)—98.5%		\$ 5,901,196,083
Foreign Currencies (Cost \$521,777)—0.0%		\$ 522,325
Other Assets In Excess Of Other Liabilities—1.5%		<u>88,531,106</u>
Total Net Assets—100%		<u>\$5,990,249,514</u>

(a) Non-income producing security.

(b) Represents an American Depository Receipt.

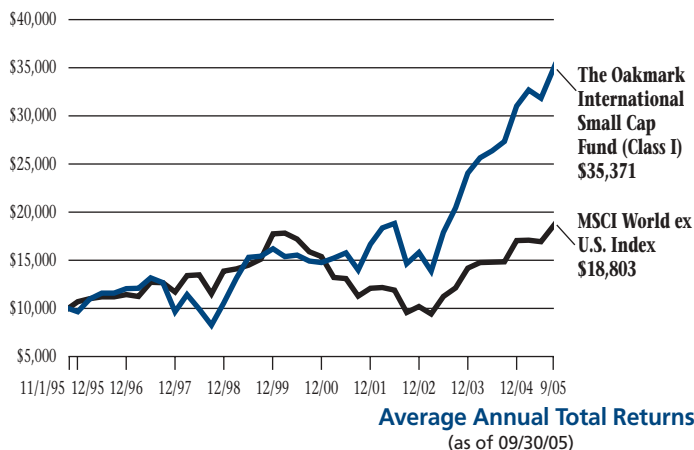
(c) See footnote number five in the Notes to the Financial Statements regarding investments in affiliated issuers.

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Report from David G. Herro and Chad M. Clark, Portfolio Managers



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK INTERNATIONAL SMALL CAP FUND FROM ITS INCEPTION (11/1/95) TO PRESENT (9/30/05) AS COMPARED TO THE MSCI WORLD EX U.S. INDEX¹³



	Average Annual Total Returns (as of 09/30/05)			
	Total Return Last 3 Months*	1-year	5-year	Since Inception (11/1/95)
Oakmark International Small Cap Fund (Class I)	10.85%	29.04%	18.85%	13.58%
MSCI World ex U.S.	10.92%	26.82%	3.37%	6.57%
Lipper International Small Cap Average ¹⁶	10.12%	29.20%	11.39%	13.42%

The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The performance data quoted represents past performance. The above performance information for the Fund does not reflect the imposition of a 2% redemption fee on shares held for 90 days or less to deter market timers. If reflected, the fee would reduce the performance quoted. **Past performance does not guarantee future results.** The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Average annual total return measures annualized change, while total return measures aggregate change. To obtain current month end performance data, call 1-800-OAKMARK or visit www.oakmark.com.

* Not annualized

The Oakmark International Small Cap Fund gained 11% for the quarter, performing in line with the benchmark indices. More importantly, however, for the past twelve months and since inception your Fund is up 29% and 14% respectively, outpacing the MSCI World ex U.S. Index with returns of 27% and 7%.

Performance in the quarter was broadly based, with approximately 9 of every 10 positions moving higher. Gurit-Heberlein, a Swiss mini-conglomerate, was the largest contributor. On August 30, the group announced it would split and separately list its healthcare activities, which include a dental supplies operation and a small medical equipment business. We had always employed a blended valuation on this company, incorporating the relative attractiveness of the group's healthcare activities versus its industrial operations. The break-up will help crystallize the value of each division, with the market preemptively driving up the stock in anticipation of the event.

Julius Baer was not only the second largest contributor to performance in the quarter, but it was the leading contributor to the Fund for the calendar year. You may recall the March 2005 shareholder letter, which discussed how Baer had adjusted its shareholding structure so that the family and minority shareholders would have equal voting rights. This change, coupled with strong operating performance, propelled the stock in the first half of the year. Recently, Baer announced a transformational acquisition, almost doubling the group's assets under management and fully utilizing all its excess capital. The acquisition price, post-synergies, looks very compelling, and after meeting the new management in Boston in September, we're very comfortable with the strategic direction and leadership of the newly formed group.

As at the tail end of 2004, bid activity in our small-cap universe has increased. Allco Equity Partners purchased 17% of Baycorp in July and tendered for 50% of the shares at A\$3.50. (The stock had been trading below A\$3.00 at the time.) After speaking with the key investment professionals at Allco, we became increasingly concerned that they were not committed to long-term value creation but were more interested in a quick return following some financial re-engineering. Though their approach was unsuccessful, Allco's interest has led

Baycorp to become more active in managing its balance sheet. As such, Baycorp announced, along with its first-half results, a large special dividend and share repurchase. The market reacted strongly to these moves, driving the shares some 10% above Allco's bid. Matichon, a Thai newspaper group and long-time Fund holding, also received an acquisition offer in the quarter.

Our hedges had a small impact in the quarter, with the U.S. dollar gaining a bit more ground after staging a strong recovery last quarter. As a result of the dollar's recent overall strength and its return to a more normal purchasing power level, we have lowered our British Pound and Swiss Franc hedges to approximately 30% of the underlying position.

Portfolio Composition

We sold the last shares of Mexican airport operator Grupo Aeroportuario del Sureste S.A. de C.V. (Asur) during September. Asur appreciated approximately 170% (an annualized return of almost 23%) since we bought the position in September 2000. As you recall, we began buying Asur because of its attractive valuation, under-exploited retail opportunities, and strong management group (led by one of our other positions at the time Copenhagen Airports). When the events of September 11, 2001 caused airline volumes and Asur's share price to plummet, we aggressively built Asur to one of the Fund's largest positions. As the industry and passenger volumes normalized over the past three years, operating profits have more than doubled, and management returned over \$3/share in dividends (close to 10% of our sell price) to shareholders. The Asur example epitomizes our investment philosophy. Our disciplined, long-term investment

approach allowed us to look beyond the temporary dislocations caused by the tragic events of 9/11, and our fundamental, bottom-up analysis of Asur's competitive position and its management team gave us confidence that the group could effectively navigate the industry's difficult circumstances. Our patience and conviction were handsomely rewarded. As always, we will continue to look for more of these situations for our shareholders.

In addition to Asur and Matichon, we divested three other stocks in the quarter, Sopra, DIS and Ducati. We established meaningful positions in Spanish pay-TV provider Sogecable, UK real estate services firm Countrywide, and UK bank-note printer De La Rue.

Geographically, our portfolio weightings remain very similar to last quarter with Europe and the UK representing over 70% of investments and the majority of the balance, excluding cash, in the Pacific Rim.

Despite the performance of the portfolio over the past three years, there is no dearth of small cap ideas. We remain excited about the opportunities we're finding outside the portfolio, and we continue to like the portfolio's quality and price attractiveness. Thank you for your continued confidence.



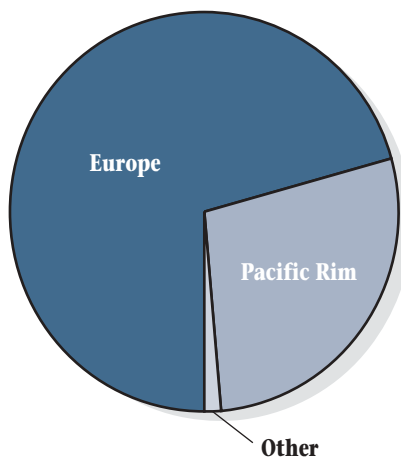
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THE OAKMARK INTERNATIONAL SMALL CAP FUND

International Diversification—September 30, 2005



	% of Fund Equity Market Value
Europe	70.7%
Great Britain	24.1%
Switzerland	14.9%
* Germany	7.5%
* France	6.7%
* Spain	5.3%
* Italy	4.3%
Sweden	2.5%
* Finland	2.0%
Turkey	1.8%
Denmark	1.3%
* Greece	0.3%

	% of Fund Equity Market Value
Pacific Rim	27.9%
Japan	11.9%
Korea	6.7%
Australia	4.2%
New Zealand	1.9%
Hong Kong	1.7%
Malaysia	1.0%
Philippines	0.4%
Singapore	0.1%
Other	1.4%
Israel	1.4%

* Euro currency countries comprise 26.1% of the Fund.

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2005

Name	Description	Shares Held	Market Value
Common Stocks—93.9%			
Advertising—1.9%			
Asatsu-DK, Inc. (Japan)	Advertising Services Provider	459,700	\$ 14,339,675
G2R, Inc. (Korea)	Advertising & Marketing Services	281,770	4,590,407
			<u>18,930,082</u>
Apparel Retail—5.3%			
JJB Sports plc (Great Britain)	Sportswear & Sports Equipment Retailer	9,170,000	\$ 27,383,885
Matalan plc (Great Britain)	Clothing Retailer	8,545,000	26,158,245
			<u>53,542,130</u>
Apparel, Accessories & Luxury Goods—0.9%			
Bulgari S.p.A. (Italy)	Jewelry Manufacturer & Retailer	784,900	\$ 8,819,159
Broadcasting & Cable TV—3.7%			
Sogecable SA (Spain) (a)	Cable Television Services	529,500	\$ 20,673,908
Media Prima Berhad (Malaysia) (a)	Film Producer & Sports Promoter	21,748,000	9,232,369
M6 Metropole Television (France)	Television Entertainment Channel Owner & Operator	297,700	7,518,747
			<u>37,425,024</u>
Home Improvement Retail—3.2%			
Carpetright plc (Great Britain)	Carpet Retailer	2,054,000	\$ 31,891,883
Photographic Products—1.5%			
Vitec Group plc (Great Britain) (b)	Photo Equipment & Supplies	2,383,907	\$ 14,931,888
Publishing—3.0%			
Daekyo Co., Ltd. (Korea)	Educational Information Service Provider	219,500	\$ 16,617,633
Tamedia AG (Switzerland)	TV Broadcasting & Publishing	143,661	13,331,030
			<u>29,948,663</u>
Brewers—0.9%			
Kook Soon Dang Brewery Co., Ltd. (Korea)	Wine & Spirits Manufacturer	578,641	\$ 8,844,585
Distillers & Vintners—1.5%			
Baron De Ley, S.A. (Spain) (a)	Beverages, Wines, & Spirits Manufacturer	305,637	\$ 15,026,915

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2005 cont.

Name	Description	Shares Held	Market Value
Common Stocks—93.9% (cont.)			
Packaged Foods & Meats—2.5%			
Lotte Confectionery Co., Ltd. (Korea)	Candy & Snacks Manufacturer	15,334	\$ 15,723,412
Robert Wiseman Dairies plc (Great Britain)	Milk Processor & Distributor	959,000	4,809,679
Alaska Milk Corporation (Philippines) (b)	Milk Producer	56,360,000	3,518,102
			<u>24,051,193</u>
Asset Management & Custody Banks—4.4%			
Julius Baer Holding AG-B (Switzerland)	Asset Management	338,000	\$ 26,455,013
MLP AG (Germany)	Asset Management	869,500	18,176,479
			<u>44,631,492</u>
Insurance Brokers—3.5%			
Benfield Group Ltd. (Great Britain)	Reinsurance Service Provider	6,507,000	\$ 35,763,162
Multi-Sector Holdings—2.4%			
Pargesa Holding AG, Class B (Switzerland)	Diversified Operations	290,900	\$ 24,589,113
Other Diversified Financial Services—2.3%			
Ichiyoshi Securities Co., Ltd. (Japan)	Stock Broker	2,079,700	\$ 23,566,940
Real Estate Management & Development—1.1%			
Countrywide PLC (Great Britain)	Real Estate Service Provider	1,626,000	\$ 11,167,249
Regional Banks—1.6%			
Pusan Bank (Korea)	Commercial Banking	1,033,500	\$ 11,241,231
Daegu Bank (Korea)	Commercial Banking	386,400	4,702,712
			<u>15,943,943</u>
Specialized Finance—0.3%			
Athens Stock Exchange S.A. (Greece)	Exchange Services	293,000	\$ 2,712,058
Health Care Supplies—2.7%			
Ansell Limited (Australia)	Protective Rubber & Plastics Products	1,733,684	\$ 14,915,327
Coloplast A/S, Class B (Denmark)	Healthcare Products & Services Provider	203,000	12,361,000
			<u>27,276,327</u>

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2005 cont.

Name	Description	Shares Held	Market Value
Common Stocks—93.9% (cont.)			
Pharmaceuticals—2.3%			
Santen Pharmaceutical Co., Ltd. (Japan)	Pharmaceuticals	896,000	\$ 23,212,231
Air Freight & Logistics—1.8%			
Mainfreight Limited (New Zealand) (b)	Logistics Services	7,475,285	\$ 18,141,769
Commercial Printing—1.1%			
De La Rue Plc (Great Britain)	Commercial Printing	1,566,190	\$ 10,611,401
Construction & Engineering—0.2%			
Tae Young Corp. (Korea)	Heavy Construction	58,620	\$ 2,134,701
Construction & Farm Machinery & Heavy Trucks—0.2%			
Vossloh AG (Germany)	Railroad Equipment Manufacturer	29,000	\$ 1,525,513
Diversified Commercial and Professional Services—2.3%			
Prosegur, Compania de Seguridad SA (Spain)	Security & Transportation Services	552,800	\$ 14,353,651
Intrum Justitia AB (Sweden) (a)	Diversified Financial Services	1,039,243	9,352,825
			<u>23,706,476</u>
Electrical Components & Equipment—2.1%			
Pfeiffer Vacuum Technology AG (Germany)	Vacuum Pump Manufacturer	321,640	\$ 16,041,836
Carbone Lorraine SA (France)	Electrical Systems Manufacturer	106,245	4,923,495
			<u>20,965,331</u>
Industrial Conglomerates—3.0%			
Dogan Sirketler Grubu Holdings A.S. (Turkey) (a)	Diversified Holding Company	6,258,511	\$ 17,476,421
Rheinmetall AG (Germany)	Automotive Pump Manufacturer	185,600	12,271,037
Haw Par Corporation Limited (Singapore)	Diversified Operations	285,687	877,946
			<u>30,625,404</u>

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2005 cont.

Name	Description	Shares Held	Market Value
Common Stocks—93.9% (cont.)			
Industrial Machinery—12.5%			
Interpump Group S.p.A. (Italy) (b)	Pump & Piston Manufacturer	4,709,000	\$ 31,648,912
Halma plc (Great Britain)	Electronic Instrument Producer	9,965,000	25,933,813
Schindler Holding AG (Switzerland)	Elevator & Escalator Manufacturer	64,200	25,546,069
Saurer AG (Switzerland) (a)	Textile Equipment Manufacturer	298,853	20,204,472
Alfa Laval AB (Sweden)	Filtration & Separation Equipment	695,500	12,653,123
LISI (France)	Industrial Fastener Manufacturer	127,600	8,467,015
Munters AB (Sweden)	Cooling & Moisture Control Systems	77,400	1,827,568
			<u>126,280,972</u>
Office Services & Supplies—0.2%			
Domino Printing Sciences plc (Great Britain)	Printing Equipment	500,000	\$ 2,401,790
Computer Hardware—2.2%			
Wincor Nixdorf AG (Germany)	Banking Machine Manufacturer	234,800	\$ 22,580,246
Computer Storage & Peripherals—1.1%			
Lectra (France) (b)	Manufacturing Process Systems	2,186,404	\$ 11,065,043
Data Processing & Outsourced Services—2.5%			
Baycorp Advantage Limited (Australia)	Credit Reference Services	9,412,800	\$ 24,911,625
Electronic Equipment Manufacturers—5.1%			
Mabuchi Motor Co., Ltd. (Japan)	Digital Camera Motors Manufacturer	406,000	\$ 20,034,366
Vaisala Oyj, Class A (Finland)	Atmospheric Observation Equipment	627,000	18,541,431
Orbotech, Ltd. (Israel) (a)	Optical Inspection Systems	536,500	13,423,230
			<u>51,999,027</u>
Home Entertainment Software—1.2%			
Square Enix Co., Ltd. (Japan)	Entertainment Software	447,900	\$ 12,392,880
IT Consulting & Other Services—2.9%			
Morse plc (Great Britain) (b)	Business & Technology Solutions	12,474,000	\$ 18,927,848
Alten (France) (a)	Systems Consulting & Engineering	319,619	10,327,672
			<u>29,255,520</u>
Office Electronics—2.1%			
Neopost SA (France)	Mailroom Equipment Supplier	220,700	\$ 21,396,725
Industrial Gases—1.9%			
Taiyo Ink Mfg. Co., Ltd. (Japan)	Manufacturer of Resist Inks	533,700	\$ 19,375,636

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2005 cont.

Name	Description	Shares Held/ Par Value	Market Value
Common Stocks—93.9% (cont.)			
Specialty Chemicals—4.9%			
Gurit-Heberlein AG (Switzerland) (b)	Chemical Producer	32,875	\$ 31,115,994
Croda International plc (Great Britain)	Chemical Producer	2,359,600	17,839,647
			<u>48,955,641</u>
Alternative Carriers—1.6%			
Asia Satellite Telecommunications Holdings Limited (Hong Kong)	Satellite Operator	8,460,000	\$ 16,031,505
Total Common Stocks (Cost: \$718,742,935)			946,631,242
Short Term Investments—4.1%			
U.S. Government Agencies—2.0%			
Federal Home Loan Bank, 3.55% due 10/7/2005		\$10,000,000	\$ 10,021,801
Federal Home Loan Mortgage Corp., 3.64% due 10/18/2005		10,000,000	9,982,811
Total U.S. Government Agencies (Cost: \$20,004,612)			20,004,612
Repurchase Agreements—2.1%			
IBT Repurchase Agreement, 3.51% dated 9/30/2005 due 10/3/2005, repurchase price \$19,005,558, collateralized by Small Business Administration Bonds, with rates of 5.875% - 7.125%, with maturities from 2/25/2016 - 3/25/2029, and with an aggregate market value plus accrued interest of \$19,950,000		\$19,000,000	\$ 19,000,000
IBT Repurchase Agreement, 2.75% dated 9/30/2005 due 10/3/2005, repurchase price \$1,765,982, collateralized by a Small Business Administration Bond, with a rate of 6.375%, with a maturity date of 7/25/2027, and with a market value plus accrued interest of \$1,853,856		1,765,577	<u>1,765,577</u>
Total Repurchase Agreements (Cost: \$20,765,577)			20,765,577
Total Short Term Investments (Cost: \$40,770,189)			40,770,189
Total Investments (Cost \$759,513,124)—98.0%			\$ 987,401,431
Foreign Currencies (Cost \$887,565)—0.1%			\$ 888,059
Other Assets In Excess Of Other Liabilities—1.9%			<u>19,521,947</u>
Total Net Assets—100%			<u>\$1,007,811,437</u>

(a) Non-income producing security.

(b) See footnote number five in the Notes to the Financial Statements regarding investments in affiliated issuers.



OAKMARK

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THE OAKMARK FUNDS

Statements of Assets and Liabilities—September 30, 2005

		The Oakmark Fund	The Oakmark Select Fund
Assets			
Investments in unaffiliated securities, at value	(a)	\$ 6,247,766,209	\$ 5,351,635,985
Investments in affiliated securities, at value	(b)	0	655,331,871
Cash		0	0
Foreign currency, at value	(c)	0	0
Receivable for:			
Securities sold		130,769,653	13,964,665
Fund shares sold		5,808,374	5,257,798
Dividends and interest		9,598,608	3,506,017
Forward foreign currency contracts		0	0
Tax reclaim		0	0
Total receivables		146,176,635	22,728,480
Other assets		566	502
Total assets		<u>\$ 6,393,943,410</u>	<u>\$ 6,029,696,838</u>
Liabilities and Net Assets			
Payable for:			
Securities purchased		0	29,307,691
Fund shares redeemed		7,274,535	5,126,995
Due to Adviser		168,077	171,286
Due to transfer agent		281,133	156,149
Trustee fees		27,792	25,730
Deferred trustee compensation		875,039	780,752
Other		1,238,310	954,781
Total liabilities		<u>9,864,886</u>	<u>36,523,384</u>
Net assets applicable to fund shares outstanding		<u>\$ 6,384,078,524</u>	<u>\$ 5,993,173,454</u>
Analysis of Net Assets			
Paid in capital		\$ 5,108,749,649	\$ 3,854,993,030
Accumulated undistributed net realized gain (loss) of investments, forward contracts, options, short sales and foreign currency transactions		(45,540,989)	342,905,352
Net unrealized appreciation (depreciation) of investments and foreign currencies		1,270,062,472	1,767,508,132
Net unrealized appreciation (depreciation)—other		0	0
Accumulated undistributed net investment income		50,807,392	27,766,940
Net assets applicable to Fund shares outstanding		<u>\$ 6,384,078,524</u>	<u>\$ 5,993,173,454</u>
Price of Shares			
Net asset value per share: Class I		<u>\$ 40.75</u>	<u>\$ 33.44</u>
Class I—Net assets		\$ 6,340,390,696	\$ 5,907,957,469
Class I—Shares outstanding (Unlimited shares authorized)		155,573,344	176,694,912
Net asset value per share: Class II		<u>\$ 40.51</u>	<u>\$ 33.24</u>
Class II—Net assets		\$ 43,687,828	\$ 85,215,985
Class II—Shares outstanding (Unlimited shares authorized)		1,078,382	2,563,740
(a) Identified cost of investments in unaffiliated securities		\$ 4,977,703,737	\$ 4,008,679,541
(b) Identified cost of investments in affiliated securities		0	230,780,183
(c) Identified cost of foreign currency		0	0

The Oakmark Equity and Income Fund	The Oakmark Global Fund	The Oakmark International Fund	The Oakmark International Small Cap Fund
\$ 9,569,536,982	\$ 1,884,754,539	\$ 5,539,287,348	\$ 858,051,875
194,051,408	0	361,908,735	129,349,556
29,514	0	0	0
0	0	522,325	888,059
302,392,708	7,035,389	3,791,538	6,505,953
18,440,025	3,801,357	12,223,607	1,564,098
48,224,601	4,681,370	14,022,703	1,162,423
0	6,067,634	81,438,357	14,340,909
15,000	1,346,065	4,505,938	750,033
369,072,334	22,931,815	115,982,143	24,323,416
113,222	301	462	268
<u>\$10,132,803,460</u>	<u>\$ 1,907,686,655</u>	<u>\$ 6,017,701,013</u>	<u>\$ 1,012,613,174</u>
320,800,035	5,012,915	22,917,739	3,831,665
3,670,174	297,149	2,273,904	361,220
188,830	47,072	146,172	31,096
184,831	55,616	111,757	21,719
32,990	15,654	24,174	13,784
537,845	325,407	544,119	325,672
2,168,932	427,772	1,433,634	216,581
327,583,637	6,181,585	27,451,499	4,801,737
<u>\$ 9,805,219,823</u>	<u>\$ 1,901,505,070</u>	<u>\$ 5,990,249,514</u>	<u>\$ 1,007,811,437</u>
\$ 7,870,951,599	\$ 1,367,028,529	\$ 4,092,102,121	\$ 606,405,040
88,295,438	53,550,204	225,733,166	153,280,590
1,740,760,163	467,157,902	1,601,657,107	242,240,875
229,644	(123,769)	(375,389)	(48,701)
104,982,979	13,892,204	71,132,509	5,933,633
<u>\$ 9,805,219,823</u>	<u>\$ 1,901,505,070</u>	<u>\$ 5,990,249,514</u>	<u>\$ 1,007,811,437</u>
\$ 25.41	\$ 23.91	\$ 23.52	\$ 22.79
\$ 9,223,210,742	\$ 1,842,901,079	\$ 5,627,391,248	\$ 1,007,212,401
362,970,816	77,063,096	239,302,658	44,187,473
\$ 25.29	\$ 23.63	\$ 23.36	\$ 22.77
\$ 582,009,081	\$ 58,603,991	\$ 362,858,266	\$ 599,036
23,013,007	2,479,837	15,535,254	26,310
\$ 7,889,653,765	\$ 1,423,662,187	\$ 4,172,204,723	\$ 657,325,484
133,231,378	0	208,743,987	102,187,640
0	0	521,777	887,565

See accompanying notes to financial statements.

THE OAKMARK FUNDS

Statements of Operations—Year Ended September 30, 2005

	The Oakmark Fund	The Oakmark Select Fund
Investment Income:		
Dividends from unaffiliated securities	\$ 114,096,122	\$ 89,979,644
Dividends from affiliated securities	0	7,546,558
Interest income	11,842,334	12,361,275
Securities lending income	0	0
Other income	117,458	26,808
Foreign taxes withheld	(36,654)	0
Total investment income	126,019,260	109,914,285
Expenses:		
Investment advisory fee	59,184,688	49,906,327
Transfer and dividend disbursing agent fees	3,095,228	1,672,303
Other shareholder servicing fees	5,941,799	4,695,005
Service Fee—Class II	133,501	223,839
Reports to shareholders	1,601,023	1,034,680
Custody and accounting fees	729,901	605,255
Registration and blue sky expenses	100,813	84,239
Trustee fees	160,528	146,012
Deferred trustee compensation	100,899	91,365
Legal fees	142,629	127,106
Audit fees	63,161	55,458
Other	350,399	304,249
Total expenses	71,604,569	58,945,838
Expense offset arrangements	(681)	0
Net expenses	71,603,888	58,945,838
Net Investment Income:	54,415,372	50,968,447
Net realized and unrealized gain (loss) on investments and foreign currency transactions:		
Net realized gain on unaffiliated securities	215,570,116	235,198,898
Net realized gain on affiliated securities (a)	0	129,874,069
Net realized gain on options written	0	0
Net realized gain on short sales	7,071,050	0
Net realized gain (loss) on foreign currency transactions	(8,888)	0
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	106,334,519	19,063,862
Net change in appreciation (depreciation)—other	0	0
Net realized and unrealized gain on investments and foreign currency transactions:	<u>328,966,797</u>	<u>384,136,829</u>
Net increase in net assets resulting from operations	<u>\$ 383,382,169</u>	<u>\$ 435,105,276</u>
(a) Foreign tax expense	—	—

The Oakmark Equity and Income Fund	The Oakmark Global Fund	The Oakmark International Fund	The Oakmark International Small Cap Fund
\$ 71,460,737	\$ 34,014,927	\$ 125,912,254	\$ 17,997,137
217,500	0	5,027,752	4,059,494
128,114,707	1,311,539	5,308,890	1,070,264
113,954	202,031	1,884,644	0
37,196	255	0	370
(127,981)	(2,591,116)	(11,731,519)	(2,018,294)
<u>199,816,113</u>	<u>32,937,636</u>	<u>126,402,021</u>	<u>21,108,971</u>
63,670,347	16,115,537	47,254,405	10,432,050
2,041,484	570,770	1,196,349	237,242
9,586,150	1,309,694	4,197,105	572,875
1,430,331	99,174	788,882	670
1,556,305	303,556	763,144	130,580
1,032,660	879,136	3,682,854	770,638
138,694	86,412	109,735	53,573
185,937	88,237	135,739	78,309
115,753	54,695	83,799	48,576
164,973	77,301	118,981	68,867
71,513	34,240	53,240	30,314
412,720	148,511	276,505	122,870
<u>80,406,867</u>	<u>19,767,263</u>	<u>58,660,738</u>	<u>12,546,564</u>
(44)	(7)	(26)	(32)
<u>80,406,823</u>	<u>19,767,256</u>	<u>58,660,712</u>	<u>12,546,532</u>
119,409,290	13,170,380	67,741,309	8,562,439
113,073,114	55,983,090	229,716,380	162,137,095
0	0	2,232,733	1,484,033
521,987	0	0	0
0	0	0	0
349,069	2,655,497	12,385,971	362,424
912,480,570	268,798,583	848,532,506	47,885,993
102,972	(200,695)	(671,292)	(85,458)
<u>1,026,527,712</u>	<u>327,236,475</u>	<u>1,092,196,298</u>	<u>211,784,087</u>
<u>\$ 1,145,937,002</u>	<u>\$ 340,406,855</u>	<u>\$ 1,159,937,607</u>	<u>\$ 220,346,526</u>

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THE OAKMARK FUNDS

Statements of Changes in Net Assets—September 30, 2005

	The Oakmark Fund	
	Year Ended September 30, 2005	Year Ended September 30, 2004
From Operations:		
Net investment income	\$ 54,415,372	\$ 27,165,278
Net realized gain on investments	222,641,166	64,812,715
Net realized gain (loss) on foreign currency transactions	(8,888)	0
Net change in unrealized appreciation (depreciation) of investments	<u>106,334,519</u>	<u>636,919,637</u>
Net increase in net assets from operations	383,382,169	728,897,630
Distributions to shareholders from:		
Net investment income—Class I	(29,018,121)	(20,505,874)
Net investment income—Class II	<u>(112,443)</u>	<u>(37,100)</u>
Total distributions to shareholders	(29,130,564)	(20,542,974)
From Fund share transactions:		
Proceeds from shares sold—Class I	1,362,078,314	1,919,971,722
Proceeds from shares sold—Class II	24,293,697	36,194,109
Reinvestment of distributions—Class I	26,428,576	18,843,547
Reinvestment of distributions—Class II	63,924	8,676
Payments for shares redeemed, net of fees—Class I	(1,874,276,130)	(939,233,385)
Payments for shares redeemed, net of fees—Class II	(34,990,942)	(9,099,878)
Redemption fees—Class I	<u>334,756</u>	<u>340,142</u>
Net increase (decrease) in net assets from Fund share transactions	(496,067,805)	1,027,024,933
Total increase (decrease) in net assets	(141,816,200)	1,735,379,589
Net assets:		
Beginning of period	<u>6,525,894,724</u>	<u>4,790,515,135</u>
End of period	\$ 6,384,078,524	\$ 6,525,894,724
Undistributed net investment income	<u>\$ 50,807,392</u>	<u>\$ 25,531,472</u>
Fund Share Transactions—Class I:		
Shares sold	33,399,717	50,926,355
Shares issued in reinvestment of dividends	648,872	534,720
Less shares redeemed	<u>(45,831,912)</u>	<u>(24,984,586)</u>
Net increase (decrease) in shares outstanding	(11,783,323)	26,476,489
Fund Share Transactions—Class II:		
Shares sold	602,472	968,163
Shares issued in reinvestment of dividends	1,576	247
Less shares redeemed	<u>(874,201)</u>	<u>(247,309)</u>
Net increase (decrease) in shares outstanding	(270,153)	721,101

The Oakmark Select Fund

	Year Ended September 30, 2005	Year Ended September 30, 2004
From Operations:		
Net investment income	\$ 50,968,447	\$ 28,041,071
Net realized gain on investments	365,072,967	156,155,071
Net change in unrealized appreciation (depreciation) of investments	<u>19,063,862</u>	<u>511,522,774</u>
Net increase in net assets from operations	435,105,276	695,718,916
Distributions to shareholders from:		
Net investment income—Class I	(41,681,659)	(18,710,631)
Net investment income—Class II	<u>(456,984)</u>	<u>(118,882)</u>
Total distributions to shareholders	(42,138,643)	(18,829,513)
From Fund share transactions:		
Proceeds from shares sold—Class I	1,213,430,549	807,786,818
Proceeds from shares sold—Class II	25,716,965	33,570,613
Reinvestment of distributions—Class I	39,145,855	17,456,336
Reinvestment of distributions—Class II	205,309	58,212
Payments for shares redeemed, net of fees—Class I	(1,193,862,714)	(1,019,983,750)
Payments for shares redeemed, net of fees—Class II	(45,645,335)	(40,937,360)
Redemption fees—Class I	<u>183,103</u>	<u>105,547</u>
Net increase (decrease) in net assets from Fund share transactions	<u>39,173,732</u>	<u>(201,943,584)</u>
Total increase in net assets	432,140,365	474,945,819
Net assets:		
Beginning of period	<u>5,561,033,089</u>	<u>5,086,087,270</u>
End of period	<u>\$ 5,993,173,454</u>	<u>\$ 5,561,033,089</u>
Undistributed net investment income	<u>\$ 27,766,940</u>	<u>\$ 18,937,136</u>
Fund Share Transactions—Class I:		
Shares sold	36,498,372	26,433,387
Shares issued in reinvestment of dividends	1,205,230	595,510
Less shares redeemed	<u>(36,106,003)</u>	<u>(33,158,816)</u>
Net increase (decrease) in shares outstanding	<u>1,597,599</u>	<u>(6,129,919)</u>
Fund Share Transactions—Class II:		
Shares sold	781,192	1,102,241
Shares issued in reinvestment of dividends	6,346	1,944
Less shares redeemed	<u>(1,385,275)</u>	<u>(1,342,449)</u>
Net increase (decrease) in shares outstanding	<u>(597,737)</u>	<u>(238,264)</u>

THE OAKMARK FUNDS

Statements of Changes in Net Assets—September 30, 2005

	The Oakmark Equity and Income Fund	
	Year Ended September 30, 2005	Year Ended September 30, 2004
From Operations:		
Net investment income	\$ 119,409,290	\$ 50,126,070
Net realized gain on investments	113,595,101	269,099,021
Net realized gain (loss) on foreign currency transactions	349,069	227,056
Net change in unrealized appreciation (depreciation) of investments	912,480,570	416,194,976
Net change in unrealized appreciation (depreciation)—other	102,972	39,804
Net increase in net assets from operations	1,145,937,002	735,686,927
Distributions to shareholders from:		
Net investment income—Class I	(67,147,479)	(30,409,117)
Net investment income—Class II	(3,563,528)	(1,530,815)
Net realized gain—Class I	(196,511,764)	0
Net realized gain—Class II	(13,715,030)	0
Total distributions to shareholders	(280,937,801)	(31,939,932)
From Fund share transactions:		
Proceeds from shares sold—Class I	1,820,363,521	3,583,813,621
Proceeds from shares sold—Class II	312,413,005	277,231,468
Reinvestment of distributions—Class I	254,487,605	29,355,530
Reinvestment of distributions—Class II	7,740,318	514,106
Payments for shares redeemed, net of fees—Class I	(1,238,425,257)	(836,471,290)
Payments for shares redeemed, net of fees—Class II	(273,110,583)	(86,816,396)
Redemption fees—Class I	194,331	534,637
Net increase (decrease) in net assets from Fund share transactions	883,662,940	2,968,161,676
Total increase in net assets	1,748,662,141	3,671,908,671
Net assets:		
Beginning of period	8,056,557,682	4,384,649,011
End of period	<u>\$ 9,805,219,823</u>	<u>\$ 8,056,557,682</u>
Undistributed net investment income	<u>\$ 104,982,979</u>	<u>\$ 47,199,612</u>
Fund Share Transactions—Class I:		
Shares sold	76,592,615	159,855,520
Shares issued in reinvestment of dividends	10,997,735	1,399,884
Less shares redeemed	(52,314,769)	(37,388,817)
Net increase (decrease) in shares outstanding	35,275,581	123,866,587
Fund Share Transactions—Class II:		
Shares sold	13,294,303	12,464,461
Shares issued in reinvestment of dividends	335,369	24,563
Less shares redeemed	(11,403,546)	(3,887,834)
Net increase (decrease) in shares outstanding	2,226,126	8,601,190

The Oakmark Global Fund

	Year Ended September 30, 2005	Year Ended September 30, 2004
From Operations:		
Net investment income	\$ 13,170,380	\$ 5,884,687
Net realized gain on investments	55,983,090	23,552,579
Net realized gain (loss) on foreign currency transactions	2,655,497	(199,643)
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	268,798,583	116,594,459
Net change in unrealized appreciation (depreciation)—other	(200,695)	102,037
Net increase in net assets from operations	340,406,855	145,934,119
Distributions to shareholders from:		
Net investment income—Class I	(7,092,334)	(54,303)
Net investment income—Class II	(103,658)	0
Net realized gain—Class I	(25,218,974)	(2,851,872)
Net realized gain—Class II	(520,696)	(25,574)
Total distributions to shareholders	(32,935,662)	(2,931,749)
From Fund share transactions:		
Proceeds from shares sold—Class I	414,769,896	782,660,249
Proceeds from shares sold—Class II	29,165,244	21,752,122
Reinvestment of distributions—Class I	30,609,171	2,804,200
Reinvestment of distributions—Class II	557,171	20,731
Payments for shares redeemed, net of fees—Class I	(238,881,611)	(296,067,961)
Payments for shares redeemed, net of fees—Class II	(3,289,295)	(4,061,520)
Redemption fees—Class I	81,661	314,014
Net increase (decrease) in net assets from Fund share transactions	233,012,237	507,421,835
Total increase in net assets	540,483,430	650,424,205
Net assets:		
Beginning of period	1,361,021,640	710,597,435
End of period	<u>\$ 1,901,505,070</u>	<u>\$ 1,361,021,640</u>
Undistributed net investment income	<u>\$ 13,892,204</u>	<u>\$ 5,262,319</u>
Fund Share Transactions—Class I:		
Shares sold	18,829,404	41,298,499
Shares issued in reinvestment of dividends	1,443,149	155,616
Less shares redeemed	(10,924,262)	(15,250,479)
Net increase (decrease) in shares outstanding	9,348,291	26,203,636
Fund Share Transactions—Class II:		
Shares sold	1,339,114	1,131,427
Shares issued in reinvestment of dividends	26,519	1,160
Less shares redeemed	(151,324)	(211,953)
Net increase (decrease) in shares outstanding	1,214,309	920,634

THE OAKMARK FUNDS

Statements of Changes in Net Assets—September 30, 2005

	The Oakmark International Fund	
	Year Ended September 30, 2005	Year Ended September 30, 2004
From Operations:		
Net investment income	\$ 67,741,309	\$ 53,715,892
Net realized gain on investments	231,949,113	217,536,088
Net realized gain (loss) on foreign currency transactions	12,385,971	(603,088)
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	848,532,506	401,911,292
Net change in unrealized appreciation (depreciation)—other	(671,292)	168,158
Net increase in net assets from operations	<u>1,159,937,607</u>	<u>672,728,342</u>
Distributions to shareholders from:		
Net investment income—Class I	(57,688,379)	(20,084,750)
Net investment income—Class II	(3,146,570)	(570,848)
Net realized gain—Class I	(11,785,113)	0
Net realized gain—Class II	(790,281)	0
Total distributions to shareholders	<u>(73,410,343)</u>	<u>(20,655,598)</u>
From Fund share transactions:		
Proceeds from shares sold—Class I	1,220,262,175	1,465,810,386
Proceeds from shares sold—Class II	191,988,151	183,258,922
Reinvestment of distributions—Class I	63,036,515	18,162,578
Reinvestment of distributions—Class II	2,198,011	279,537
Payments for shares redeemed, net of fees—Class I	(713,216,070)	(744,490,290)
Payments for shares redeemed, net of fees—Class II	(156,918,221)	(79,196,627)
Redemption fees—Class I	261,391	367,912
Net increase (decrease) in net assets from Fund share transactions	<u>607,611,952</u>	<u>844,192,418</u>
Total increase in net assets	1,694,139,216	1,496,265,162
Net assets:		
Beginning of period	4,296,110,298	2,799,845,136
End of period	<u>\$ 5,990,249,514</u>	<u>\$ 4,296,110,298</u>
Undistributed net investment income	<u>\$ 71,132,509</u>	<u>\$ 51,739,373</u>
Fund Share Transactions—Class I:		
Shares sold	56,890,583	81,784,418
Shares issued in reinvestment of dividends	3,074,952	1,091,501
Less shares redeemed	(33,360,212)	(40,952,323)
Net increase (decrease) in shares outstanding	<u>26,605,323</u>	<u>41,923,596</u>
Fund Share Transactions—Class II:		
Shares sold	8,978,667	10,166,362
Shares issued in reinvestment of dividends	107,693	16,860
Less shares redeemed	(7,296,822)	(4,345,978)
Net increase (decrease) in shares outstanding	<u>1,789,538</u>	<u>5,837,244</u>

The Oakmark International Small Cap Fund

	Year Ended September 30, 2005	Year Ended September 30, 2004
From Operations:		
Net investment income	\$ 8,562,439	\$ 4,554,775
Net realized gain on investments	163,621,128	43,497,450
Net realized gain (loss) on foreign currency transactions	362,424	(41,546)
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	47,885,993	124,228,709
Net change in unrealized appreciation (depreciation)—other	<u>(85,458)</u>	<u>(23,302)</u>
Net increase in net assets from operations	220,346,526	172,216,086
Distributions to shareholders from:		
Net investment income—Class I	(11,222,305)	(4,209,195)
Net investment income—Class II	(6,999)	(2,982)
Net realized gain—Class I	(15,538,999)	0
Net realized gain—Class II	<u>(10,001)</u>	<u>0</u>
Total distributions to shareholders	(26,778,304)	(4,212,177)
From Fund share transactions:		
Proceeds from shares sold—Class I	180,090,052	188,831,597
Proceeds from shares sold—Class II	112,795	54,188
Reinvestment of distributions—Class I	24,846,478	3,863,970
Reinvestment of distributions—Class II	10,284	1,508
Payments for shares redeemed, net of fees—Class I	(125,328,062)	(104,507,785)
Payments for shares redeemed, net of fees—Class II	(110,335)	(171,984)
Redemption fees—Class I	<u>38,178</u>	<u>263,993</u>
Net increase (decrease) in net assets from Fund share transactions	79,659,390	88,335,487
Total increase in net assets	273,227,612	256,339,396
Net assets:		
Beginning of period	<u>734,583,825</u>	<u>478,244,429</u>
End of period	<u>\$ 1,007,811,437</u>	<u>\$ 734,583,825</u>
Undistributed net investment income	<u>\$ 3,732,145</u>	<u>\$ 3,819,316</u>
Fund Share Transactions—Class I:		
Shares sold	8,779,360	11,434,258
Shares issued in reinvestment of dividends	1,298,823	260,200
Less shares redeemed	<u>(6,084,980)</u>	<u>(6,274,556)</u>
Net increase (decrease) in shares outstanding	3,993,203	5,419,902
Fund Share Transactions—Class II:		
Shares sold	5,611	3,350
Shares issued in reinvestment of dividends	537	102
Less shares redeemed	<u>(5,127)</u>	<u>(10,276)</u>
Net increase (decrease) in shares outstanding	1,021	(6,824)

Notes to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies of The Oakmark Fund ("Oakmark"), The Oakmark Select Fund ("Select"), The Oakmark Equity and Income Fund ("Equity and Income"), The Oakmark Global Fund ("Global"), The Oakmark International Fund ("International"), and The Oakmark International Small Cap Fund ("Int'l Small Cap") collectively referred to as "the Funds", each a series of Harris Associates Investment Trust (the "Trust"), a Massachusetts business trust, organized on February 1, 1991, which is registered as an investment company under the Investment Company Act of 1940. These policies are in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Class Disclosure—

Each Fund offers two classes of shares: Class I Shares and Class II Shares. Class I Shares are offered to the general public. Class II Shares are offered to certain retirement plans such as 401(k) and profit sharing plans. Class II Shares pay a service fee at the annual rate of 0.25% of average net assets of Class II Shares of the Funds. This service fee is paid to an administrator for performing the services associated with the administration of such retirement plans.

Income, realized and unrealized capital gains and losses and expenses of the Funds that are not directly attributable to a specific class of shares are prorated among the classes based on the relative net assets of each class. Expenses directly attributable to a class of shares are recorded to the specific class.

Redemption fees—

Each Fund imposes a short-term trading fee on redemptions of Class I Shares held for 90 days or less to offset two types of costs to the Fund caused by short-term trading: portfolio transaction and market impact costs associated with erratic redemption activity and administrative costs associated with processing redemptions. The fee is 2% of the redemption value and is deducted from the redemption proceeds and retained by Class I shareholders of the Fund. The "first-in, first-out" (FIFO) method is used to determine the holding period.

Security valuation—

The Funds' share prices or net asset values ("NAV") are calculated as of the close of regular session trading (usually 4:00 pm Eastern time) on the New York Stock Exchange ("NYSE") on any day on which the NYSE is open for trading. Domestic equity securities traded on securities exchanges and over-the-counter securities are valued at the

last sales price on the day of valuation, or lacking any reported sales that day, at the most recent bid quotation. Securities traded on the NASDAQ National Market are valued at the NASDAQ Official Closing Price ("NOCP"), or lacking an NOCP, at the most recent bid quotation on the NASDAQ National Market. Foreign equity securities traded on securities exchanges shall be valued at, depending on local convention or regulation, the last sales price, last bid or asked price, the mean between the last bid and asked prices, an official closing price, or shall be based on a pricing composite as of the close of the regular trading hours on the appropriate exchange or other designated time. Debt obligations and money market instruments maturing in more than 60 days from the date of purchase are valued at the latest bid quotation. Debt obligations and money market instruments maturing in less than 61 days from the date of purchase are valued on an amortized cost basis, which approximates market value. Options are valued at the last reported sales price on the day of valuation, or lacking any reported sales that day, at the mean of the most recent bid and asked quotations, or if the mean is not available, at the most recent bid quotation.

Securities for which quotations are not readily available or securities that may have been affected by a significant event occurring between the close of a foreign market and the close of the NYSE are valued at fair values, determined by or under the direction of the pricing committee established by the Board of Trustees. A significant event may include the performance of U.S. markets since the close of foreign markets. The pricing committee will evaluate movements in the U.S. markets after the close of foreign markets and may adjust security prices to reflect changes in reaction to U.S. markets as determined by a third party model. At September 30, 2005, the Funds held no securities for which quotations were not readily available, and no securities that were believed to be affected by a significant event prior to the computation of the NAV.

Foreign currency translations—

Values of investments and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at current exchange rates obtained by a recognized bank, dealer, or independent pricing service on the day of valuation. Purchases and sales of investments and dividend and interest income are converted at the prevailing rate of exchange on the respective dates of such transactions. Forward foreign currency contracts are valued at the current day's interpolated foreign exchange rates.

The Funds do not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains and losses from securities.

Net realized gains and losses on foreign currency transactions arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the

THE OAKMARK FUNDS

Notes to Financial Statements (cont.)

difference between the amounts of dividends, interest, and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually received or paid, and the realized gains or losses resulting from portfolio and transaction hedges. Net unrealized foreign exchange gains and losses arise from changes in the fair value of assets and liabilities, other than investments in securities at fiscal year end resulting from changes in exchange rates.

At September 30, 2005, net unrealized appreciation (depreciation) - other included the following components:

	Equity and Income	Global	International	Int'l Small Cap
Unrealized appreciation (depreciation) on dividends and dividend reclaims receivable	\$285,396	\$(139,609)	\$(431,911)	\$(41,660)
Unrealized appreciation (depreciation) on open securities purchases and sales	(55,752)	15,840	56,522	(7,041)
Net Unrealized appreciation (depreciation) - Other	<u>\$229,644</u>	<u>\$(123,769)</u>	<u>\$(375,389)</u>	<u>\$(48,701)</u>

Forward foreign currency contracts—

The Funds' currency transactions are limited to transaction hedging and portfolio hedging. The contractual amounts of forward foreign exchange contracts do not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movements in currency values. At September 30, 2005, Global, International and Int'l Small Cap held the following outstanding forward foreign currency contracts:

The Oakmark Global Fund

	Contract Amount	Settlement Date	Valuation at 9/30/2005	Net Unrealized Appreciation (Depreciation)
<i>Foreign Currency Sold:</i>				
British Pound				
Sterling	20,800,000	4/18/06	\$36,663,793	\$(280,433)
Swiss Franc	73,000,000	11/16/05	<u>\$56,615,535</u>	<u>\$6,348,067</u>
		Total	<u>\$93,279,328</u>	<u>\$6,067,634</u>

The Oakmark International Fund

	Contract Amount	Settlement Date	Valuation at 9/30/2005	Net Unrealized Appreciation (Depreciation)
<i>Foreign Currency Bought:</i>				
Swiss Franc	302,000,000	11/16/05	\$234,217,691	\$(2,747,275)
Swiss Franc	91,000,000	11/17/05	70,581,921	(827,032)
			<u>\$304,799,612</u>	<u>\$(3,574,307)</u>
<i>Foreign Currency Sold:</i>				
British Pound				
Sterling	65,000,000	11/28/05	\$114,588,786	\$5,323,214
British Pound				
Sterling	64,500,000	12/7/05	113,696,644	8,879,156
British Pound				
Sterling	42,600,000	12/9/05	75,091,758	6,282,762
Swiss Franc	302,000,000	11/16/05	234,217,691	26,261,868
Swiss Franc	174,000,000	11/17/05	134,958,839	15,495,117
Swiss Franc	129,400,000	11/22/05	100,411,412	12,532,640
Swiss Franc	88,700,000	12/7/05	68,923,182	10,237,907
			<u>\$841,888,312</u>	<u>\$85,012,664</u>
		Total	<u>\$1,146,687,924</u>	<u>\$81,438,357</u>

The Oakmark International Small Cap Fund

	Contract Amount	Settlement Date	Valuation at 9/30/2005	Net Unrealized Appreciation (Depreciation)
<i>Foreign Currency Bought:</i>				
Swiss Franc	53,500,000	11/16/05	\$41,492,207	\$(486,686)
Swiss Franc	17,700,000	11/17/05	<u>\$13,728,572</u>	<u>(160,862)</u>
			<u>\$55,220,779</u>	<u>\$(647,548)</u>
<i>Foreign Currency Sold:</i>				
British Pound				
Sterling	4,700,000	11/28/05	\$8,285,651	\$384,909
British Pound				
Sterling	4,600,000	12/7/05	\$8,108,598	633,242
British Pound				
Sterling	1,100,000	12/9/05	\$1,938,989	162,231
British Pound				
Sterling	13,600,000	1/18/06	\$23,969,333	1,353,867
British Pound				
Sterling	11,000,000	5/17/06	\$19,393,433	824,567
Swiss Franc	53,500,000	11/16/05	\$41,492,207	4,652,351
Swiss Franc	30,800,000	11/17/05	\$23,889,266	2,742,814
Swiss Franc	23,700,000	11/22/05	\$18,390,653	2,295,391
Swiss Franc	16,800,000	12/7/05	<u>\$13,054,222</u>	<u>1,939,085</u>
			<u>\$158,522,352</u>	<u>\$14,988,457</u>
		Total	<u>\$213,743,131</u>	<u>\$14,340,909</u>

Notes to Financial Statements (cont.)

Security transactions and investment income—

Security transactions are accounted for on the trade date (date the order to buy or sell is executed) and dividend income is recorded on the ex-dividend date. Interest income and expenses are recorded on an accrual basis. Bond discount is accreted and premium is amortized over the expected life of each applicable security. Withholding taxes on foreign dividends have been provided for in accordance with the Funds' understanding of the applicable country's tax rules and rates. Net realized gains and losses on investments are determined by the specific identification method.

Distributions to shareholders—

Income, dividends and capital gains distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. Tax and book differences are primarily related to foreign currency transactions, deferral of certain losses and character of capital loss carryforwards.

Short sales—

Each Fund may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Fund sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. A gain, limited to the price at which the Fund sold the security short, or loss, unlimited in size, will be recognized upon the termination of a short sale. At September 30, 2005, the Funds had no short sales outstanding.

Accounting for options—

When a Fund writes an option, the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current market value of the option written. Premiums received from writing options that expire are recorded by the Fund on the expiration date as realized gains from option transactions. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has realized a gain or a loss. If a put option is exercised, the premium reduces the cost basis of the security or currency purchased by the Fund. In writing an option, the Fund bears the market risk of an unfavorable change in the price of the security or currency underlying the written option. Exercise of an option written by the Fund could result in the Fund selling or buying a security or currency at a price different from the current market value. Options written by the Funds do not give rise to counterparty credit risk, as they obligate the Funds, not their counterparties, to perform.

When a Fund purchases an option, the premium paid by the Fund is recorded as an asset and is subsequently adjusted to the current market value of the option purchased. Purchasing call options tends to increase the Fund's exposure to the underlying instrument. Purchasing put options tends to decrease the Fund's exposure to the underlying instrument. Premiums paid for purchasing options which expire are treated as realized losses. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying security to determine the realized gain or loss. The risks associated with purchasing put and call options are potential loss of the premium paid and the failure of the counterparty to honor their obligation under the contract.

At September 30, 2005, the Funds had no outstanding options.

Committed line of credit—

The Trust has an unsecured committed line of credit with Investors Bank & Trust Company ("IBT") in the amount of \$450 million. Borrowings under that arrangement bear interest at 0.45% above the Federal Funds Effective Rate. There were no borrowings during the year ended September 30, 2005.

Expense offset arrangement—

IBT serves as custodian of the Funds. IBT's fee may be reduced by credits which are an earnings allowance calculated on the average daily cash balances each Fund maintains with IBT. Credit balances used to reduce the Funds' custodian fees, if any, are reported as a reduction of total expenses in the Statements of Operations.

Repurchase agreements—

Each Fund may invest in repurchase agreements, which are short-term investments whereby the Fund acquires ownership of a debt security and the seller agrees to repurchase the security in the future at a specified price.

Each Fund, through IBT, receives delivery of the underlying securities collateralizing repurchase agreements. It is each Fund's policy that the market value of the collateral be at least equal to 105% of the repurchase price, including interest. Harris Associates L.P. ("the Adviser") is responsible for determining that the value of the collateral is at all times at least equal to 105% of the repurchase price, including interest. Repurchase agreements could involve certain risks in the event of default or insolvency of the counterparty including possible delays or restrictions upon a Fund's ability to dispose of the underlying securities.

Security lending—

Each Fund, except Oakmark Fund, may lend its portfolio securities to broker-dealers and banks. Any such loan must be continuously secured by collateral in cash or cash equivalents maintained on a current basis in an amount at least equal to the fair value of the securities loaned

THE OAKMARK FUNDS

Notes to Financial Statements (cont.)

by the Fund. Collateral is marked to market and monitored daily. The Fund would continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned, and would also receive an additional return that may be in the form of a fixed fee or a percentage of the earnings on the collateral. The Fund would have the right to call the loan and obtain the securities loaned at any time, and the counterparty shall return the securities within five business days or less. In the event of bankruptcy or other default of the borrower, the Fund could experience delays in liquidating the loan collateral or recovering the loaned securities and incur expenses related to enforcing its rights. In addition, there could be a decline in the value of the collateral or in the fair value of the securities loaned while the Fund seeks to enforce its rights thereto and the Fund could experience subnormal levels of income or lack of access to income during that period.

At September 30, 2005, the Funds had no securities on loan.

Restricted securities—

The following investments, the sales of which are restricted to qualified institutional buyers, have been valued according to the security valuation procedures for the debt obligations and money market instruments (as stated in the Security valuation section) since their acquisition dates. These securities are priced using market quotations and there are no unrestricted securities with the same maturity dates and yields for the issuer.

At September 30, 2005, the Oakmark Equity & Income Fund held the following restricted securities:

Quantity	Security Name	Acquisition Date	Carrying Value	Cost	Market Value	Percentage of Net Assets
\$ 3,000,000	Sealed Air Corporation, 144A, 5.625% due 7/15/2013	6/27/2003	100.2747	100.68	3,008,241	0.03%
5,000,000	Sealed Air Corporation, 144A, 5.625% due 7/15/2013	8/20/2003	100.2747	96.41	5,013,735	0.05%
300,000	Sealed Air Corporation, 144A, 5.625% due 7/15/2013	8/21/2003	100.2747	96.79	300,824	0.00%
11,700,000	Sealed Air Corporation, 144A 5.625% due 7/15/2013	4/6/2004	100.2747	103.31	11,732,140	0.12%
					20,054,940	0.20%

2. TRANSACTIONS WITH AFFILIATES

Each Fund has an investment advisory agreement with the Adviser. For management services and facilities furnished, the Funds pay the Adviser monthly fees. Each fee is calculated on the total net assets as determined at the end of each preceding calendar month. Annual fee rates are as follows:

Fund	Advisory Fees	Fund	Advisory Fees
Oakmark	1.00% up to \$2 billion; 0.90% on the next \$1 billion; 0.80% on the next \$2 billion; 0.75% on the next \$2.5 billion; 0.70% on the next \$2.5 billion; and 0.65% over 10 billion	Equity and Income	0.75% up to \$5 billion; 0.70% on the next \$2.5 billion; 0.675% on the next \$2.5 billion; 0.65% on the next \$2.5 billion; and 0.60% over \$12.5 billion

THE OAKMARK FUNDS

Notes to Financial Statements (cont.)

Fund	Advisory Fees	Fund	Advisory Fees
Select	1.00% up to \$1 billion; 0.95% on the next \$500 million; 0.90% on the next \$500 million; 0.85% on the next \$500 million; 0.80% on the next \$2.5 billion; 0.75% on the next \$5 billion; and 0.725% over 10 billion	Global	1.00% up to \$2 billion; 0.95% on the next \$2 billion; and 0.90% over \$4 billion
		International	1.00% up to \$2 billion; 0.95% on the next \$1 billion; 0.85% on the next \$2 billion; 0.825% on the next \$2.5 billion; and 0.815% over \$7.5 billion
		Int'l Small Cap	1.25% up to \$500 million; 1.10% on the next \$1 billion; and 1.05% over \$1.5 billion

The Adviser is contractually obligated to reimburse each Fund Class to the extent, but only to the extent, that its annualized expenses (excluding taxes, interest, all commissions and other normal charges incident to the purchase and sale of portfolio securities, and extraordinary charges such as litigation costs, but including fees paid to the Adviser) exceed the percent set forth below of average daily net assets of the Fund Class through January 31, 2006.

Fund	Class I	Class II
Oakmark	1.50%	1.75%
Select	1.50	1.75
Equity & Income	1.00	1.25
Global	1.75	2.00
International	2.00	2.25
Int'l Small Cap	2.00	2.25

For the year ended September 30, 2005, the Funds incurred brokerage commissions, including commissions paid to an affiliate of the Adviser, as follows:

Fund	Total Commissions	Commissions Paid To Affiliates
Oakmark	\$2,551,688	\$144,892
Select	3,713,661	59,518
Equity and Income	4,903,984	41,253
Global	1,102,771	1,251
International	4,543,752	0
Int'l Small Cap	1,861,293	0

On June 10, 2005, Harris Associates Securities L.P., an affiliate of the Adviser, exited the broker-dealer business. Therefore, the Funds have conducted no further trading with an affiliated broker-dealer since that date.

IXIS Asset Management Services Co., an affiliate of the Adviser, provided transfer agent services to the Funds. The fees are based on the number of open accounts and the reimbursement of out-of-pocket expenses. For the year ended September 30, 2005, the Funds incurred the following transfer and dividend disbursing agent expenses:

Fund	Transfer and Dividend Disbursing Agent Fees
Oakmark	\$3,095,228
Select	1,672,303
Equity and Income	2,041,484
Global	570,770
International	1,196,349
Int'l Small Cap	237,242

THE OAKMARK FUNDS

Notes to Financial Statements (cont.)

Effective October 1, 2005, IXIS Asset Management Services Co. exited the transfer agent business, and the Funds have retained Boston Financial Data Services to serve in that capacity.

The Adviser has entered into agreements with financial intermediaries to provide recordkeeping, processing, shareholder communications and other services to the Funds. These services would be provided by the Funds if the shares were held in accounts registered directly with the Funds' transfer agent. Accordingly, the Funds pay a portion of these fees pursuant to a separate agreement with the Adviser. The agreement with the Adviser calls for the Funds to pay a portion of the intermediary fees (which generally are a percentage of total net assets) to represent that portion the Funds would have paid the transfer agent had those shares been registered directly with the transfer agent instead of registered with the intermediary accounts. The Adviser pays the remainder of the charges, representing the portion that is attributed to shareholder servicing and distribution. The fees incurred by the Funds are reflected as other shareholder servicing fees in the Statements of Operations.

The non-interested Trustees of the Trust may participate in the Trust's Deferred Compensation Plan for Independent Trustees. Participants in the plan may elect to defer all or a portion of their compensation. Amounts deferred are retained by the Trust and represent an unfunded obligation of the Trust. The value of amounts deferred for a participant is determined by reference to the change in value of Class I shares of one or more of the Funds or a money market fund as specified by the participant. Benefits under the plan are payable upon retirement. The interested trustees are not compensated by the Funds. The fees incurred by the Funds are reflected as deferred trustee compensation in the Statement of Operations.

3. FEDERAL INCOME TAXES

It is the policy of each Fund to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its net taxable income, including any net realized gains on investments, to its shareholders. Therefore, no federal income tax provision is required.

Fund	Cost of Investments	Gross Unrealized Appreciation	Gross Unrealized (Depreciation)	Net Unrealized Appreciation (Depreciation)
	for Federal Income Tax Purposes			
Oakmark	\$4,983,940,183	\$1,339,316,873	\$(75,490,847)	\$1,263,826,026
Select	4,248,694,655	1,831,570,164	(73,296,963)	1,758,273,201
Equity and Income	8,021,768,906	1,836,557,867	(94,738,383)	1,741,819,484
Global	1,423,828,007	476,015,241	(15,088,709)	460,926,532
International	4,386,853,120	1,522,244,755	(7,901,792)	1,514,342,963
Int'l Small Cap	769,442,408	247,054,073	(29,095,050)	217,959,023

As of September 30, 2005, Oakmark had a net capital loss carryover of \$39,304,543 available to offset future realized gains and thereby potentially reduce future taxable gains distributions. This capital loss carryover will expire in 2012 if not utilized. For the year ended September 30, 2005, Oakmark has elected to defer to October 1, 2005, post October 2004 currency losses of \$8,888.

For the year ended September 30, 2005, the components of distributable earnings on a tax basis (excluding unrealized appreciation (depreciation) disclosed below were as follows:

Fund	Undistributed Ordinary Income	Undistributed Long- Term Gain	Total Distributable Earnings
Oakmark	\$ 51,676,253	\$ 0	\$ 51,676,253
Select	28,490,162	352,140,283	380,630,445
Equity and Income	104,391,437	88,295,438	192,686,875
Global	26,698,746	47,269,213	73,967,959
International	159,141,708	225,560,651	384,702,359
Int'l Small Cap	40,336,370	143,444,028	183,780,398

THE OAKMARK FUNDS

Notes to Financial Statements (cont.)

During the years ended September 30, 2005, and September 30, 2004, the tax character of distributions paid was as follows:

Fund	Year Ended September 30, 2005		Year Ended September 30, 2004	
	Distributions Paid from Ordinary Income	Distributions Paid from Long-Term Capital Gain	Distributions Paid from Ordinary Income	Distributions Paid from Long-Term Capital Gain
Oakmark	\$ 29,130,564	\$ 0	\$20,542,974	\$ 0
Select	42,138,643	0	18,829,513	0
Equity and Income	70,711,007	210,226,794	31,939,932	0
Global	7,195,992	25,739,670	54,303	2,877,446
International	60,834,949	12,575,394	20,655,598	0
Int'l Small Cap	11,229,304	15,549,000	4,212,177	0

4. INVESTMENT TRANSACTIONS

For the year ended September 30, 2005, transactions in investment securities (excluding short term and U.S. Government securities) were as follows (in thousands):

	Oakmark	Select	Equity & Income	Global	International	Int'l Small Cap
Purchases	\$ 986,049	\$1,170,876	\$2,929,493	\$434,854	\$1,265,359	\$443,143
Proceeds from sales	1,391,645	1,131,707	2,086,234	262,870	709,336	394,594

Purchases at cost and proceeds from sales of long-term U.S. Government securities for the year ended September 30, 2005 were \$7,348,222 and \$7,260,102 respectively for Equity and Income.

Transactions in written options during the year ended September 30, 2005, were as follows:

	Equity and Income	
	Number of Contracts	Premiums Received
Options outstanding at September 30, 2004	13,000	\$ 948,977
Options expired	(6,500)	(521,987)
Options exercised	(6,500)	(426,990)
Options outstanding at September 30, 2005	<u>0</u>	<u>\$ 0</u>

5. INVESTMENTS IN AFFILIATED ISSUERS

An affiliated issuer, as defined under the Investment Company Act of 1940, is one in which a Fund's holdings of an issuer represents 5% or more of the outstanding voting securities of the issuer. A summary of each Fund's investments in securities of these issuers for the year ended September 30, 2005, is set forth below:

Summary of Transactions with Affiliated Companies The Oakmark Select Fund

Affiliates	Shares Held September 30, 2005	Purchases (Cost)	Proceeds Sales	Dividend Income	Market Value September 30, 2005
H&R Block, Inc.	16,519,600	\$ 0	\$ 9,870,356	\$7,546,558	\$ 396,140,008
The Dun & Bradstreet Corporation +	3,934,900	0	0	0	259,191,863
Toys 'R' Us* +	0	0	275,921,973	0	0
TOTALS		\$ 0	\$ 285,792,329	\$7,546,558	\$ 655,331,871

THE OAKMARK FUNDS

Notes to Financial Statements (cont.)

Summary of Transactions with Affiliated Companies The Oakmark Equity and Income Fund

Affiliates	Shares Held September 30, 2005	Purchases (Cost)	Sales Proceeds	Income Dividend	Market Value September 30, 2005
Mentor Graphics Corporation +	3,640,000	\$ 0	\$ 0	\$ 0	\$ 31,304,000
St. Mary Land & Exploration Company**	2,900,000	0	0	217,500	106,140,000
Varian, Inc. +	1,649,400	0	0	0	56,607,408
TOTALS		\$ 0	\$ 0	\$217,500	\$ 194,051,408

Summary of Transactions with Affiliated Companies The Oakmark International Fund

Affiliates	Shares Held September 30, 2005	Purchases (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2005
Chargeurs SA	790,182	\$ 0	\$ 0	\$1,161,190	\$ 20,802,323
Enodis plc +	33,585,320	0	0	0	76,146,451
Lotte Chilsung Beverage Co., Ltd.	84,327	864,017	0	160,154	80,165,198
Meitec Corporation	2,483,800	14,989,812	0	1,699,742	79,448,332
Michael Page International plc	24,271,000	8,603,467	7,975,624	2,006,666	105,346,431
TOTALS		\$24,457,296	\$7,975,624	\$5,027,752	\$ 361,908,735

Summary of Transactions with Affiliated Companies The Oakmark Int'l Small Cap Fund

Affiliates	Shares Held September 30, 2005	Purchases (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2005
Alaska Milk Corporation	56,360,000	\$ 363,857	\$ 0	\$ 295,773	\$ 3,518,102
Gurit-Heberlein AG	32,875	0	2,865,773	704,160	31,115,994
Interpump Group S.p.A.	4,709,000	8,215,796	4,022,707	833,650	31,648,912
Lectra	2,186,404	3,134,871	0	303,491	11,065,043
Mainfreight Limited	7,475,285	0	2,647,090	432,893	18,141,769
Matichon Public Company Limited, Foreign Shares*	0	0	5,534,397	154,488	0
Morse plc	12,474,000	5,570,686	0	695,343	18,927,848
Royal Doulton plc * +	0	0	5,020,783	0	0
Vitec Group plc	2,383,907	2,686,298	0	639,696	14,931,888
TOTALS		\$19,971,508	\$20,090,750	\$4,059,494	\$ 129,349,556

* Position in issuer liquidated during the 12 months.

** Due to a decrease in shares outstanding, the company became an affiliated issuer.

+ Non-income producing security.

THE OAKMARK FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001
Net Asset Value, Beginning of Period	\$ 38.68	\$ 33.85	\$ 28.08	\$ 32.01	\$ 26.95
Income From Investment Operations:					
Net Investment Income	0.34	0.16	0.13	0.12	0.07
Net Gains or Losses on Investments (both realized and unrealized)	<u>1.90</u>	<u>4.81</u>	<u>5.75</u>	<u>(3.85)</u>	<u>5.38</u>
Total From Investment Operations:	2.24	4.97	5.88	(3.73)	5.45
Less Distributions:					
Dividends (from net investment income)	(0.17)	(0.14)	(0.11)	(0.20)	(0.39)
Distributions (from capital gains)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Distributions	(0.17)	(0.14)	(0.11)	(0.20)	(0.39)
Redemption Fee Per Share	0.00(a)	0.00(a)	—	—	—
Net Asset Value, End of Period	<u>\$ 40.75</u>	<u>\$ 38.68</u>	<u>\$ 33.85</u>	<u>\$ 28.08</u>	<u>\$ 32.01</u>
Total Return	5.79%	14.73%	20.99%	(11.77)%	20.42%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$6,340.4	\$6,474.0	\$4,769.4	\$3,300.9	\$3,109.1
Ratio of Expenses to Average Net Assets	1.03%*	1.05%	1.14%	1.17%	1.15%
Ratio of Net Investment Income to Average Net Assets	0.79%	0.47%	0.48%	0.38%	0.73%
Portfolio Turnover Rate	16%	19%	21%	44%	57%

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	Year Ended September 30, 2002	April 5, 2001 through September 30, 2001 (b)
Net Asset Value, Beginning of Period	\$38.45	\$33.68	\$28.04	\$ 31.97	\$ 32.09
Income From Investment Operations:					
Net Investment Income	0.26	0.04(c)	0.05	0.16	0.05
Net Gains or Losses on Investments (both realized and unrealized)	<u>1.87</u>	<u>4.78</u>	<u>5.69</u>	<u>(3.92)</u>	<u>(0.17)</u>
Total From Investment Operations:	2.13	4.82	5.74	(3.76)	(0.12)
Less Distributions:					
Dividends (from net investment income)	(0.07)	(0.05)	(0.10)	(0.17)	0.00
Distributions (from capital gains)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Distributions	(0.07)	(0.05)	(0.10)	(0.17)	0.00
Net Asset Value, End of Period	<u>\$40.51</u>	<u>\$38.45</u>	<u>\$33.68</u>	<u>\$ 28.04</u>	<u>\$ 31.97</u>
Total Return	5.55%	14.32%	20.52%	(11.85)%	(0.37)%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$ 43.7	\$ 51.9	\$ 21.1	\$ 7.7	\$ 0.1
Ratio of Expenses to Average Net Assets	1.26%*	1.40%	1.53%	1.44%	1.32%**
Ratio of Net Investment Income to Average Net Assets	0.58%	0.11%	0.06%	0.35%	0.46%**
Portfolio Turnover Rate	16%	19%	21%	44%	57%

* The ratio excludes expense offset arrangement.

** Data has been annualized.

(a) Amounts round to less than \$0.01 per share.

(b) The date on which Class II shares were first sold to the public was April 5, 2001.

(c) Computed using average shares outstanding throughout the period.

THE OAKMARK SELECT FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001
Net Asset Value, Beginning of Period	\$ 31.20	\$ 27.55	\$ 21.67	\$ 25.20	\$ 21.45
Income From Investment Operations:					
Net Investment Income	0.29	0.15(a)	0.05	0.02	0.03
Net Gains or Losses on Investments (both realized and unrealized)	<u>2.19</u>	<u>3.60</u>	<u>5.85</u>	<u>(3.50)</u>	<u>5.17</u>
Total From Investment Operations:	2.48	3.75	5.90	(3.48)	5.20
Less Distributions:					
Dividends (from net investment income)	(0.24)	(0.10)	(0.02)	(0.05)	(0.09)
Distributions (from capital gains)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1.36)</u>
Total Distributions	(0.24)	(0.10)	(0.02)	(0.05)	(1.45)
Redemption Fee Per Share	0.00(b)	0.00(b)	—	—	—
Net Asset Value, End of Period	<u>\$ 33.44</u>	<u>\$ 31.20</u>	<u>\$ 27.55</u>	<u>\$ 21.67</u>	<u>\$ 25.20</u>
Total Return	7.98%	13.64%	27.25%	(13.85)%	25.75%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$5,908.0	\$5,463.0	\$4,993.0	\$3,717.6	\$4,161.4
Ratio of Expenses to Average Net Assets	1.00%	1.00%	1.02%	1.07%	1.08%
Ratio of Net Investment Income to Average Net Assets	0.87%	0.50%	0.23%	0.09%	0.26%
Portfolio Turnover Rate	21%	14%	20%	32%	21%

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001
Net Asset Value, Beginning of Period	\$31.00	\$27.37	\$21.56	\$ 25.10	\$21.40
Income From Investment Operations:					
Net Investment Income (Loss)	0.21	0.09(a)	0.00(b)	(0.04)	0.00(b)
Net Gains or Losses on Investments (both realized and unrealized)	<u>2.18</u>	<u>3.58</u>	<u>5.81</u>	<u>(3.50)</u>	<u>5.10</u>
Total From Investment Operations:	2.39	3.67	5.81	(3.54)	5.10
Less Distributions:					
Dividends (from net investment income)	(0.15)	(0.04)	0.00	0.00	(0.06)
Distributions (from capital gains)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1.34)</u>
Total Distributions	(0.15)	(0.04)	0.00	0.00	(1.40)
Net Asset Value, End of Period	<u>\$33.24</u>	<u>\$31.00</u>	<u>\$27.37</u>	<u>\$ 21.56</u>	<u>\$25.10</u>
Total Return	7.72%	13.40%	26.95%	(14.10)%	25.28%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$ 85.2	\$ 98.0	\$ 93.1	\$ 64.4	\$ 35.4
Ratio of Expenses to Average Net Assets	1.25%	1.21%	1.29%	1.36%	1.40%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.65%	0.29%	(0.04)%	(0.19)%	(0.08)%
Portfolio Turnover Rate	21%	14%	20%	32%	21%

(a) Computed using average shares outstanding throughout the period.

(b) Amounts round to less than \$0.01 per share.

THE OAKMARK EQUITY AND INCOME FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001
Net Asset Value, Beginning of Period	\$ 23.12	\$ 20.30	\$ 17.18	\$ 17.45	\$16.50
Income From Investment Operations:					
Net Investment Income	0.31	0.15	0.17	0.33(a)	0.08
Net Gains or Losses on Securities (both realized and unrealized)	<u>2.77</u>	<u>2.81</u>	<u>3.19</u>	<u>(0.40)</u>	<u>2.11</u>
Total From Investment Operations:	3.08	2.96	3.36	(0.07)	2.19
Less Distributions:					
Dividends (from net investment income)	(0.20)	(0.14)	(0.24)	(0.16)	(0.24)
Distributions (from capital gains)	<u>(0.59)</u>	<u>0.00</u>	<u>0.00</u>	<u>(0.04)</u>	<u>(1.00)</u>
Total Distributions	(0.79)	(0.14)	(0.24)	(0.20)	(1.24)
Redemption fee per share	0.00(b)	0.00(b)	—	—	—
Net Asset Value, End of Period	<u>\$ 25.41</u>	<u>\$ 23.12</u>	<u>\$ 20.30</u>	<u>\$ 17.18</u>	<u>\$17.45</u>
Total Return	13.65%	14.64%	19.75%	(0.47)%	14.40%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$9,223.2	\$7,577.9	\$4,138.0	\$2,241.9	\$620.1
Ratio of Expenses to Average Net Assets	0.89%*	0.92%	0.93%	0.96%	0.98%
Ratio of Net Investment Income to Average Net Assets	1.36%	0.78%	1.07%	1.71%	2.07%
Portfolio Turnover Rate	112%	72%	48%	73%	124%

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001
Net Asset Value, Beginning of Period	\$23.03	\$20.24	\$17.15	\$17.40	\$16.49
Income From Investment Operations:					
Net Investment Income	0.28	0.11	0.16	0.30(a)	0.07
Net Gains or Losses on Securities (both realized and unrealized)	<u>2.72</u>	<u>2.79</u>	<u>3.15</u>	<u>(0.40)</u>	<u>2.08</u>
Total From Investment Operations:	3.00	2.90	3.31	(0.10)	2.15
Less Distributions:					
Dividends (from net investment income)	(0.15)	(0.11)	(0.22)	(0.11)	(0.24)
Distributions (from capital gains)	<u>(0.59)</u>	<u>0.00</u>	<u>0.00</u>	<u>(0.04)</u>	<u>(1.00)</u>
Total Distributions	(0.74)	(0.11)	(0.22)	(0.15)	(1.24)
Net Asset Value, End of Period	<u>\$25.29</u>	<u>\$23.03</u>	<u>\$20.24</u>	<u>\$17.15</u>	<u>\$17.40</u>
Total Return	13.34%	14.36%	19.46%	(0.60)%	14.07%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$582.0	\$478.7	\$246.6	\$118.7	\$ 3.3
Ratio of Expenses to Average Net Assets	1.14%*	1.17%	1.17%	1.20%	1.23%
Ratio of Net Investment Income to Average Net Assets	1.11%	0.53%	0.84%	1.50%	1.95%
Portfolio Turnover Rate	112%	72%	48%	73%	124%

* The ratio excludes expense offset arrangement.

(a) Computed using average shares outstanding throughout the period.

(b) Amounts round to less than \$0.01 per share.

THE OAKMARK GLOBAL FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001
Net Asset Value, Beginning of Period	\$ 19.73	\$ 16.98	\$ 11.30	\$ 10.83	\$10.91
Income From Investment Operations:					
Net Investment Income	0.17	0.09	0.01	0.00(a)(b)	0.03
Net Gains or Losses on Investments (both realized and unrealized)	<u>4.48</u>	<u>2.71</u>	<u>5.67</u>	<u>0.76(c)</u>	<u>0.12</u>
Total From Investment Operations:	4.65	2.80	5.68	0.76	0.15
Less Distributions:					
Dividends (from net investment income)	(0.10)	0.00(a)	0.00	0.00	(0.17)
Distributions (from capital gains)	<u>(0.37)</u>	<u>(0.05)</u>	<u>0.00</u>	<u>(0.29)</u>	<u>(0.06)</u>
Total Distributions	<u>(0.47)</u>	<u>(0.05)</u>	<u>0.00</u>	<u>(0.29)</u>	<u>(0.23)</u>
Redemption Fee Per Share	0.00(a)	0.00(a)	—	—	—
Net Asset Value, End of Period	<u>\$ 23.91</u>	<u>\$ 19.73</u>	<u>\$ 16.98</u>	<u>\$ 11.30</u>	<u>\$10.83</u>
Total Return	23.88%	16.54%	50.27%	6.84%	1.37%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$1,842.9	\$1,336.3	\$704.8	\$175.6	\$ 48.2
Ratio of Expenses to Average Net Assets	1.20%*	1.26%	1.28%	1.55%	1.75%(e)
Ratio of Net Investment Income (Loss) to Average Net Assets	0.81%	0.47%	0.00%(d)	(0.01)%	0.00(e)
Portfolio Turnover Rate	17%	16%	42%	86%	114%

* The ratio excludes expense offset arrangement.

(a) Amounts round to less than \$0.01 per share.

(b) Computed using average shares outstanding throughout the period.

(c) The amount shown for a share outstanding does not correspond with the aggregate net realized and unrealized gain/loss for the period due to the timing of purchases and redemptions of Fund shares in relation to the fluctuating net asset value per share of the class.

(d) Amount rounds to less than 0.01%.

(e) If the Fund had paid all of its expenses and there had been no expense reimbursement by the Adviser, ratios would have been as follows:

	September 30, 2001
Ratio of Expenses to Average Net Assets	1.80%
Ratio of Net Income (Loss) to Average Net Assets	(0.05)%

THE OAKMARK GLOBAL FUND

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	October 10, 2001 through September 30, 2002 (a)
Net Asset Value, Beginning of Period	\$19.53	\$16.84	\$11.24	\$11.25
Income From Investment Operations:				
Net Investment Income (Loss)	0.11	0.05	0.02	(0.03)
Net Gains or Losses on Investments (both realized and unrealized)	<u>4.43</u>	<u>2.69</u>	<u>5.58</u>	<u>0.31(b)</u>
Total From Investment Operations:	4.54	2.74	5.60	0.28
Less Distributions:				
Dividends (from net investment income)	(0.07)	0.00	0.00	0.00
Distributions (from capital gains)	<u>(0.37)</u>	<u>(0.05)</u>	<u>0.00</u>	<u>(0.29)</u>
Total Distributions	<u>(0.44)</u>	<u>(0.05)</u>	<u>0.00</u>	<u>(0.29)</u>
Net Asset Value, End of Period	<u>\$23.63</u>	<u>\$19.53</u>	<u>\$16.84</u>	<u>\$11.24</u>
Total Return	23.53%	16.32%	49.82%	2.31%
Ratios/Supplemental Data:				
Net Assets, End of Period (\$million)	\$ 58.6	\$ 24.7	\$ 5.8	\$ 0.6
Ratio of Expenses to Average Net Assets	1.45%*	1.50%	1.46%	1.86%**
Ratio of Net Investment Income (Loss) to Average Net Assets	0.63%	0.37%	(0.01)%	(0.26)%**
Portfolio Turnover Rate	17%	16%	42%	86%

* The ratio excludes expense offset arrangement.

** Data has been annualized.

(a) The date on which Class II shares were first offered for sale to the public was October 10, 2001.

(b) The amount shown for a share outstanding does not correspond with the aggregate net realized and unrealized gain/loss for the period due to the timing of purchases and redemptions of Fund shares in relation to the fluctuating net asset value per share of the class.

THE OAKMARK INTERNATIONAL FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001
Net Asset Value, Beginning of Period	\$ 18.98	\$ 15.67	\$ 12.17	\$ 12.51	\$15.40
Income From Investment Operations:					
Net Investment Income	0.27	0.24	0.11	0.14	0.20
Net Gains or Losses on Investments (both realized and unrealized)	<u>4.59</u>	<u>3.18</u>	<u>3.52</u>	<u>(0.31)</u>	<u>(2.07)</u>
Total From Investment Operations:	4.86	3.42	3.63	(0.17)	(1.87)
Less Distributions:					
Dividends (from net investment income)	(0.27)	(0.11)	(0.13)	(0.17)	(0.51)
Distributions (from capital gains)	<u>(0.05)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(0.51)</u>
Total Distributions	<u>(0.32)</u>	<u>(0.11)</u>	<u>(0.13)</u>	<u>(0.17)</u>	<u>(1.02)</u>
Redemption Fee Per Share	0.00(a)	0.00(a)	—	—	—
Net Asset Value, End of Period	<u>\$ 23.52</u>	<u>\$ 18.98</u>	<u>\$ 15.67</u>	<u>\$ 12.17</u>	<u>\$12.51</u>
Total Return	25.85%	21.92%	29.97%	(1.53)%	(13.10)%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$5,627.4	\$4,036.9	\$2,676.6	\$1,393.8	\$ 738.5
Ratio of Expenses to Average Net Assets	1.11%*	1.20%	1.25%	1.31%	1.30%
Ratio of Net Investment Income to Average Net Assets	1.32%	1.40%	1.03%	1.34%	1.40%
Portfolio Turnover Rate	14%	21%	34%	24%	58%

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001
Net Asset Value, Beginning of Period	\$18.86	\$15.58	\$12.13	\$12.47	\$ 15.37
Income From Investment Operations:					
Net Investment Income	0.22	0.18	0.08	0.15	0.17
Net Gains or Losses on Investments (both realized and unrealized)	<u>4.55</u>	<u>3.16</u>	<u>3.48</u>	<u>(0.37)</u>	<u>(2.10)</u>
Total From Investment Operations:	4.77	3.34	3.56	(0.22)	(1.93)
Less Distributions:					
Dividends (from net investment income)	(0.22)	(0.06)	(0.11)	(0.12)	(0.49)
Distributions (from capital gains)	<u>(0.05)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(0.48)</u>
Total Distributions	<u>(0.27)</u>	<u>(0.06)</u>	<u>(0.11)</u>	<u>(0.12)</u>	<u>(0.97)</u>
Net Asset Value, End of Period	<u>\$23.36</u>	<u>\$18.86</u>	<u>\$15.58</u>	<u>\$12.13</u>	<u>\$ 12.47</u>
Total Return	25.50%	21.52%	29.52%	(1.76)%	(13.44)%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$362.9	\$259.2	\$123.2	\$ 48.5	\$ 1.9
Ratio of Expenses to Average Net Assets	1.38%*	1.53%	1.67%	1.58%	1.64%
Ratio of Net Investment Income to Average Net Assets	1.08%	1.18%	0.69%	1.33%	0.62%
Portfolio Turnover Rate	14%	21%	34%	24%	58%

* The ratio excludes expense offset arrangement.

(a) Amounts round to less than \$0.01 per share.

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001
Net Asset Value, Beginning of Period	\$ 18.26	\$ 13.74	\$ 10.17	\$ 10.00	\$11.51
Income From Investment Operations:					
Net Investment Income	0.20	0.11	0.11	0.11	0.13
Net Gains or Losses on Securities (both realized and unrealized)	4.98	4.52	3.82	0.36(a)	(0.81)
Total From Investment Operations:	5.18	4.63	3.93	0.47	(0.68)
Less Distributions:					
Dividends (from net investment income)	(0.27)	(0.12)	(0.09)	(0.16)	(0.34)
Distributions (from capital gains)	(0.38)	0.00	(0.27)	(0.14)	(0.49)
Total Distributions	(0.65)	(0.12)	(0.36)	(0.30)	(0.83)
Redemption fee per share	0.00(d)	0.01	—	—	—
Net Asset Value, End of Period	<u>\$ 22.79</u>	<u>\$ 18.26</u>	<u>\$ 13.74</u>	<u>\$ 10.17</u>	<u>\$10.00</u>
Total Return	29.04%	33.94%	39.78%	4.68%	(6.18)%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$1,007.2	\$734.1	\$477.8	\$357.7	\$ 118.9
Ratio of Expenses to Average Net Assets	1.41%*	1.49%	1.57%	1.64%	1.74%
Ratio of Net Investment Income to Average Net Assets	0.96%	0.72%	0.99%	1.28%	1.83%
Portfolio Turnover Rate	47%	29%	30%	42%	49%

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2005	Year Ended September 30, 2004	Year Ended September 30, 2003	Year Ended September 30, 2002	January 8, 2001 through September 30, 2001 (b)
Net Asset Value, Beginning of Period	\$18.25	\$13.69	\$10.14	\$ 9.97	\$ 10.73
Income From Investment Operations:					
Net Investment Income	0.18	0.13	0.08	0.13(c)	0.15
Net Gains or Losses on Securities (both realized and unrealized)	4.98	4.52	3.81	0.30(a)	(0.91)
Total From Investment Operations:	5.16	4.65	3.89	0.43	(0.76)
Less Distributions:					
Dividends (from net investment income)	(0.26)	(0.09)	(0.07)	(0.12)	0.00
Distributions (from capital gains)	(0.38)	0.00	(0.27)	(0.14)	0.00
Total Distributions	(0.64)	(0.09)	(0.34)	(0.26)	0.00
Net Asset Value, End of Period	<u>\$22.77</u>	<u>\$18.25</u>	<u>\$13.69</u>	<u>\$10.14</u>	<u>\$ 9.97</u>
Total Return	28.94%	34.11%	39.39%	4.25%	(7.08)%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$ 0.6	\$ 0.5	\$ 0.4	\$ 0.3	\$ 0.0
Ratio of Expenses to Average Net Assets	1.49%*	1.39%	1.81%	1.87%	1.97%**
Ratio of Net Investment Income to Average Net Assets	0.87%	0.75%	0.72%	1.06%	1.76%**
Portfolio Turnover Rate	47%	29%	30%	42%	49%

* The ratio excludes expense offset arrangement.

** Data has been annualized.

(a) The amount shown for a share outstanding does not correspond with the aggregate net realized and unrealized gain/loss for the period due to the timing of purchases and redemption of Fund shares in relation to the fluctuating net asset value per share of the class.

(b) The date on which Class II shares were first sold to the public was January 8, 2001.

(c) Computed using average shares outstanding throughout the period.

(d) Amount rounds to less than \$0.01 per share.

THE OAKMARK FUNDS

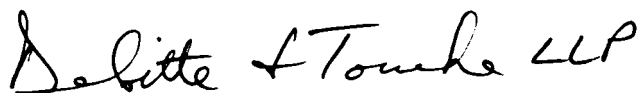
Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Harris Associates Investment Trust:

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Harris Associates Investment Trust comprising The Oakmark Fund, The Oakmark Select Fund, The Oakmark Equity and Income Fund, The Oakmark Global Fund, The Oakmark International Fund, and The Oakmark International Small Cap Fund (collectively, the "Funds"), as of September 30, 2005, the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the four years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The Funds' financial highlights for the periods ended prior to September 30, 2002 were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial highlights in their report dated October 26, 2001.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2005, by correspondence with the Funds' custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the Funds as of September 30, 2005, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended and their financial highlights for each of the four years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.



Chicago, Illinois
October 28, 2005

Federal Tax Information (Unaudited)

Global, International and Int'l Small Cap paid qualifying foreign taxes of \$2,209,871, \$9,401,715 and \$1,636,023 and earned \$29,252,069, \$130,940,006 and \$22,056,631 foreign source income during the year ended September 30, 2005, respectively. Pursuant to Section 853 of the Internal Revenue Code, Global, International and Int'l Small Cap designated \$0.03, \$0.04 and \$0.04 per share as foreign taxes paid and \$0.37, \$0.51 and \$0.50 per share as income earned from foreign sources for the year ended September 30, 2005, respectively.

Qualified dividend income ("QDI") received by the Funds through September 30, 2005, that qualified for a reduced tax rate pursuant to the Internal Revenue Code Section 1(h)(11) are as follows:

Fund	QDI
Oakmark	\$113,800,323
Select	97,526,202
Equity and Income	71,293,556
Global	31,065,999
International	102,838,696
Int'l Small Cap	21,728,618

For corporate shareholders, a portion of the ordinary dividends paid during the Funds' year ended September 30, 2005, qualified for the dividends received deduction, as follows:

Fund	
Oakmark	100%
Select	100%
Equity and Income	54%
Global	34%

This material must be preceded or accompanied by a prospectus. To order a prospectus, which explains management fees and expenses and the special risks of investing in the Funds, visit www.oakmark.com or call 1-800-OAKMARK. Please read the prospectus carefully before investing.

The discussion of investments and investment strategy of the Funds (including current investment themes, the portfolio managers' research and investment process, and portfolio characteristics) represents the investments of the Funds and the views of the portfolio managers and Harris Associates L.P., the Funds' investment adviser, at the time of this report, and are subject to change without notice.

The performance data quoted represents past performance. The above performance for the Fund does not reflect the imposition of a 2% redemption fee on shares held for 90 days or less to deter market timers. If reflected, the fee would reduce the performance quoted. **Past performance does not guarantee future results.** The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Average annual total return measures annualized change, while total return measures aggregate change. To obtain current month end performance data call 1-800-OAKMARK.

The performance information for Class I shares of The Oakmark Fund, The Oakmark Select Fund, The Oakmark Equity & Income Fund, The Oakmark Global Fund, The Oakmark International Fund and The Oakmark International Small Cap Fund does not reflect the imposition of a 2% redemption fee on shares held by an investor for 90 days or less. The purpose of this redemption fee is to deter market timers.

Investing in value stocks presents the risk that value stocks may fall out of favor with investors and underperform growth stocks during given periods.

Because The Oakmark Select Fund is non-diversified, the performance of each holding will have a greater impact on the Fund's total return, and may make the Fund's returns more volatile than a more diversified fund.

The Oakmark Equity and Income Fund closed to certain new investors as of 5/7/04.

Equity and Income invests in medium- and lower-quality debt securities that have higher yield potential but present greater investment and credit risk than higher-quality securities, which may result in greater share price volatility. An economic downturn could severely disrupt the market in medium or lower grade debt securities and adversely affect the value of outstanding bonds and the ability of the issuers to repay principal and interest.

The Oakmark Global Fund and The Oakmark International Fund closed to certain new investors as of 12/15/03.

The Oakmark International Small Cap Fund closed to new investors as of 5/10/02.

Investing in foreign securities represents risks which in some way may be greater than in U.S. investments. Those risks include: currency fluctuation; different regulation, accounting standards, trading practices and levels of available information; generally higher transaction costs; and political risks.

The stocks of smaller companies often involve more risk than the stocks of larger companies. Stocks of small companies tend to be more volatile and have a smaller public market than stocks of larger companies. Small companies may have a shorter history of operations than larger companies, may not have as great an ability to raise additional capital and may have a less diversified product line, making them more susceptible to market pressure.

1. Total return includes change in share prices and in each case includes reinvestment of any dividends and capital gain distributions.
2. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual stocks.
3. The S&P 500 Index is a broad market-weighted average of U.S. blue-chip companies. This index is unmanaged and investors cannot actually make investments in this index.
4. The Price-Earnings Ratio ("P/E") is the most common measure of the expensiveness of a stock.

5. The Dow Jones Industrial Average is an unmanaged index that includes only 30 big companies. This index is unmanaged and investors cannot actually make investments in this index.
6. The Lipper Large Cap Value Fund Index is an equally weighted index of the largest 30 funds within the large cap value funds investment objective as defined by Lipper Inc. The index is adjusted for the reinvestment of capital gains and income dividends. This index is unmanaged and investors cannot actually make investments in this index.
7. The S&P MidCap 400 is an unmanaged broad market-weighted index of 400 stocks that are in the next tier down from the S&P 500 and that are chosen for market size, liquidity, and industry group representation. This index is unmanaged and investors cannot actually make investments in this index.
8. The Lipper Mid Cap Value Fund Index measures the performance of the 30 largest U.S. mid-cap value funds tracked by Lipper. This index is unmanaged and investors cannot actually make investments in this index.
9. The Lipper Balanced Fund Index measures the performance of the 30 largest U.S. balanced funds tracked by Lipper. This index is unmanaged and investors cannot actually make investments in this index.
10. Lehman Brothers Government/Corporate Bond Index is a benchmark index made up of the Lehman Brothers Government and Corporate Bond indexes, including U.S. government Treasury and agency securities as well as corporate and Yankee bonds. This index is unmanaged and investors cannot actually make investments in this index.
11. The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. As of December 2003 the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. This index is unmanaged and investors cannot actually make investments in this index.
12. The Lipper Global Fund Index measures the performance of the 30 largest mutual funds that invest in securities throughout the world. This index is unmanaged and investors cannot actually make investments in this index.
13. The MSCI World Index ex U.S. is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. As of April 2002 the MSCI World Index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. This index is unmanaged and investors cannot actually make investments in this index.
14. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. & Canada. As of December 2003 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. This index is unmanaged and investors cannot actually make investments in this index.
15. The Lipper International Fund Index reflects the net asset value weighted total return of the 30 largest international equity funds. This index is unmanaged and investors cannot actually make investments in this index.
16. The Lipper International Small Cap Average includes 100 mutual funds that invest in securities whose primary markets are outside of the U.S. This index is unmanaged and investors cannot actually make investments in this index.

THE OAKMARK FUNDS

Trustees and Officers

The board of trustees has overall responsibility for the conduct of the affairs of Harris Associates Investment Trust (“Trust”), and its six series, The Oakmark Funds. Each trustee serves until the next annual meeting of shareholders and until the election and qualification of his or her successor, or until he or she dies, resigns or is removed. Each trustee must retire at the end of the calendar year in which the trustee attains the age of 72. The board of trustees may fill any vacancy on the board provided that after such appointment, at least two-thirds of the trustees have been elected by the shareholders. No person shall be appointed or elected to serve as a trustee after attaining the age of 65. The shareholders may remove a trustee by a vote of two-thirds of the outstanding shares of the Trust at any meeting of shareholders called for the purpose of removing such trustee.

The board of trustees elects or appoints the officers of the Trust. The president, any vice president, treasurer and secretary serves until the election and qualification of his or her successor, or until he or she dies, resigns, or is removed or disqualified. Each other officer shall serve at the pleasure of the board of trustees. The board of trustees may remove any officer at any time, with or without cause, by the vote of a majority of the trustees then in office.

The names and ages of the trustees and officers, the position each holds with the Trust, the date each was first elected to office, their principal business occupations during the last five years and other directorships held are shown below.

Name and Age at September 30, 2005, Positions Held with the Trust, Date First Elected or Appointed to Office, Principal Occupations During the Past 5 Years. Other Directorships Held.

Trustees who are “interested persons”*

Peter S. Voss, 58, Trustee, 1995

Chairman and Chief Executive Officer, IXIS Asset Management Group; President and Chief Executive Officer, IXIS Asset Management North America, L.P., formerly named CDC IXIS Asset Management North America, L.P. (investment management); Chairman of the Management Board, IXIS Asset Management; Director, Harris Associates, Inc. (“HAI”). Chairman, AEW Real Estate Income Fund (closed-end investment company); Chairman and Chief Executive Officer, CDC Nvest Funds (open-end investment company—14 portfolios).

John R. Raitt, 50, Trustee and President, 2003

President and Chief Executive Officer, HAI, Harris Associates L.P. (“HALP”) and Harris Associates Securities L.P. (“HASLP”) since 2003; Chief Operating Officer, HALP 2001-2002; Director of Research, HALP, prior thereto. None.

Trustees who are not “interested persons”

Gary N. Wilner, M.D., 64, Trustee and Chairman of the Board of Trustees, 1993

Retired, since 2004; Senior Attending Physician, Evanston Hospital; Medical Director—Cardiopulmonary Wellness Program, Evanston Hospital Corporation, prior thereto. Director, North American Scientific, Inc. (developer of radioisotopic products for the treatment and diagnosis of disease).

Michael J. Friduss, 63, Trustee, 1995

Principal, MJ Friduss & Associates, Inc. (telecommunications consultants). None.

Trustees and Officers cont.

Thomas H. Hayden, 54, Trustee, 1995

President, Greenhouse Communications (advertising agency), since 2004; Executive Vice President, Campbell Mithun, (advertising and marketing communication agency), prior thereto. None.

Christine M. Maki, 44, Trustee, 1995

Vice President—Tax, Hyatt Corporation (hotel management). None.

Allan J. Reich, 57, Trustee, 1993

Partner, Seyfarth Shaw LLP (law firm), since 2003; Vice Chairman of the law firm D’Ancona & Pflaum LLC, prior thereto. None.

Marv R. Rotter, 59, Trustee, 1995

Retired since 2004; Senior Advisor to Chief Executive Officer, AXA Advisors, LLC (formerly named Rotter & Associates) prior thereto. None.

Burton W. Ruder, 61, Trustee, 1995

President, The Academy Financial Group (venture capital investment and transaction financing firm); Manager, Cedar Green Associates (real estate management firm). None.

Officers of the Trust

Henry R. Berghoef, 56, Vice President and Portfolio Manager (The Oakmark Select Fund), 2000

Director of Domestic Research, HALP, since 2003; Associate Director of Research, 2001-2002; Portfolio Manager and Analyst, HALP. None.

Chad M. Clark, 33, Vice President and Portfolio Manager (The Oakmark International Small Cap Fund), 2005

Portfolio Manager, HALP, since 2001; International Analyst, HALP. None.

Kevin G. Grant, 41, Vice President and Portfolio Manager (The Oakmark Fund), 2000

Portfolio Manager and Analyst, HALP. None.

David G. Herro, 44, Vice President and Portfolio Manager (The Oakmark International Fund and The Oakmark International Small Cap Fund), 1992

Chief Investment Officer of International Equity, since 2003; Portfolio Manager and Analyst, HALP. None.

John J. Kane, 34, Treasurer, 2005

Assistant Treasurer, 1999-2005; Manager—Mutual Fund and Institutional Services, HALP. None.

Robert M. Levy, 55, Executive Vice President, 2004

Chairman, HAI; Chief Investment Officer, HALP, since 2001; President and Chief Executive Officer, HAI, HALP and HASLP, 1997-2002; Portfolio Manager, HALP. None.

Clyde S. McGregor, 52, Vice President and Portfolio Manager (The Oakmark Equity and Income Fund and The Oakmark Global Fund), 1995

Portfolio Manager, HALP. None.

William C. Nygren, 46, Vice President and Portfolio Manager (The Oakmark Fund and The Oakmark Select Fund), 1996

Portfolio Manager and Analyst, HALP. None.

Trustees and Officers cont.

Vineeta D. Raketich, 34, Vice President, 2003

Manager, International Operations and Client Relations, HALP, since 2003; Supervisor, Mutual Fund and Institutional Services, HALP, prior thereto. None.

Janet L. Reali, 54, Vice President and Secretary, 2001

Vice President, General Counsel and Secretary, HAI, HALP and HASLP, since 2001; Senior Executive Vice President, General Counsel and Secretary, Everen Capital Corp. and Everen Securities, Inc. (broker/dealer), 1995-1999. None.

Ann W. Regan, 57, Vice President and Assistant Secretary, 1996, Chief Compliance Officer of the Trust and Director of Mutual Fund Compliance, HALP, since 2004

Director of Mutual Fund Operations, HALP, prior thereto. None.

Kristi L. Rowsell, 39, Vice President, 2005

Treasurer, 1997-2005; Director, Chief Financial Officer and Treasurer, HAI; Chief Financial Officer, HALP and HASLP, since 1999. None.

Edward A. Studzinski, 56, Vice President and Portfolio Manager (The Oakmark Equity and Income Fund), 2000
Portfolio Manager and Analyst, HALP. None.

Michael J. Welsh, 42, Vice President and Portfolio Manager (The Oakmark Global Fund and The Oakmark International Fund), 1997

Director of International Research, since 2003; Portfolio Manager and Analyst, HALP. None.

Christopher P. Wright, 31, Vice President, 2005

Director of Mutual Fund Operations, HALP, since 2004; Assistant Director of Mutual Fund Operations, HALP, prior thereto. None.

* Mr. Voss is a trustee who is an “interested person” of the Funds as defined in the Investment Company of 1940, because he is a director of HAI, the general partner and manager of HALP, the investment adviser to the Funds. Mr. Voss is also the Chairman, President and Chief Executive Officer of IXIS Asset Management North America, L.P., formerly CDC IXIS Asset Management North America, L.P., the parent company of HALP. Mr. Raitt is a trustee who is an “interested person” of the Funds because he is the President and Chief Executive Officer of HAI, HASLP and HALP.

The business address of the officers and trustees is Two North LaSalle Street, #500, Chicago, Illinois 60602.

The Statement of Additional Information (SAI) contains further information about the trustees and is available without charge upon your request by calling 1-800-625-6275.

THE OAKMARK FUNDS

Investment Philosophy

All Oakmark managers follow a consistent investment philosophy—to invest in companies they believe are trading at a substantial discount to underlying business value. Critical to this philosophy is to invest with management teams who are committed to maximizing the company’s business value.

Three key tenets of our investment philosophy:

- 1 Buy businesses trading at a significant discount to our estimate of true business value.
- 2 Invest in companies expected to grow shareholder value over time.
- 3 Invest with management teams who think and act as owners.

Investment Process

We seek to identify undervalued companies through an intensive, in-house research process. This process is not based on macro-economic factors, such as the performance of the economy or the direction of interest rates. Nor is it based on technical factors, such as the performance of the stock market itself. And, while some value managers might use only one summary statistic—such as price-earnings ratio—our investment professionals take a more in-depth approach using a range of valuation measures appropriate for a specific company or industry.

From the universe of thousands of equity securities, our team generates investment ideas through a variety of methods. If a security appears attractive, detailed quantitative and qualitative research follows. This careful process of identifying undervalued stocks results in an “approved list.”

The Result: a unified effort aimed at identifying the best values in the marketplace. From the list of approved stocks, each fund manager constructs a relatively focused portfolio, built on a stock-by-stock basis from the bottom up.

Who Should Invest

Any investor who is seeking a disciplined value manager for the purposes of growing and diversifying a portfolio should consider one of The Oakmark Funds, keeping in mind that all equity investments should be considered long-term investments. As value investors, we recognize that patience is a virtue and believe that, over the long term, investors are rewarded for their patience. We generally hold the companies in which we invest for three to five years, a time horizon that we encourage our shareholders to consider as well.

How to Use Value Funds in an Overall Portfolio

Investment styles tend to move in cycles. One style may be in favor for a few years while the other is out of favor, and vice versa. Diversifying the stock portion of your portfolio may help reduce overall volatility—and potentially provide more consistent returns over time.



Bottom-Up Investment Process

The Oakmark Glossary

Book value – A company's common stock equity as it appears on a balance sheet, equal to total assets minus liabilities, preferred stock, and intangible assets such as goodwill. A company's book value often differs substantially from economic value, especially in industries such as media.

Business value/Intrinsic value – The perceived or estimated actual value of a security, as opposed to its current market price or book value. Business value can be evaluated based on what a knowledgeable buyer would pay for a business if the company were sold in its entirety.

Growth investing – Investors who look for companies based on whether the stock of a company is growing earnings and/or revenue faster than the industry as a whole or the overall market. Growth investors generally expect high rates of growth to persist, and the stock, in turn, to deliver returns exceeding the market's. A growth mutual fund is generally one that emphasizes stocks believed to offer above-average growth prospects, with little to no emphasis on the stock's current price.

M & A (Mergers & Acquisitions) – Merger: the combining of two or more entities into one, through a purchase acquisition or a pooling of interests. Acquisition: can also be called a takeover, and is defined as acquiring control of a corporation, called a target, by stock purchase or exchange, either hostile or friendly.

Market capitalization (market cap or cap) – The market price of an entire company on any given day, calculated by multiplying the number of shares outstanding by the price per share.

Momentum investing – Approach to investing based on the belief that stock price trends are likely to continue. Momentum investors tend to buy stocks that have been outperforming the market and to sell those stocks when their relative performance deteriorates. Momentum investors do not consider a company's underlying value or fundamentals in their investment decisions.

Multiple – A ratio used to measure a stock's valuation, usually greater than 1. Sometimes used to mean price/earnings ratio.

P/B or Price-to-Book Ratio – A stock's capitalization divided by its book value. The value is the same whether the calculation is done for the whole company or on a per-share basis.

P/E or Price-to-Earnings Ratio – The most common measure of a stock's valuation. It is equal to a stock's capitalization divided by its after-tax earnings over a 12-month period. The value is the same whether the calculation is done for the whole company or on a per-share basis. Equivalently, the cost an investor in a given stock must pay per dollar of current annual earnings. Also called earnings multiple.

Share repurchase – Program through which a corporation buys back its own shares in the open market, typically an indication that the corporation's management believes the stock price is undervalued.

Value investing – Investors who utilize valuation measures such as business value (including growth rate), price/earnings ratio, price/book ratio, and yield to gauge the attractiveness of a company. Managers who employ a value investment style believe that the true, underlying value of a company is not reflected in its current share price, and, over time, the price has potential to increase as the market recognizes the overall value of the business. Value stocks sell at relatively low prices in relation to their underlying business value, earnings, or book value.

Stocks become undervalued for a variety of reasons, including an overall market decline, or when a specific industry falls into disfavor and investors view all companies in that industry in the same light. Consequently, an individual company's stock price may fall, even though it may be only temporarily affected by the industry's problems and its underlying value has remained unchanged.

"x times earnings" ("12 times earnings") – Another way to express a stock's price-to-earnings (P/E) ratio. A stock with a P/E ratio of 12 sells at 12 times earnings.



OAKMARK

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THE OAKMARK FUNDS

Other Information

Investment Adviser

Harris Associates L.P.
Two North LaSalle Street
Chicago, Illinois 60602-3790

Transfer Agent

Boston Financial Data Services, Inc.
Quincy, Massachusetts

Legal Counsel

Bell, Boyd & Lloyd LLC
Chicago, Illinois

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Chicago, Illinois

For More Information:

Please call 1-800-OAKMARK
(1-800-625-6275)
or 617-483-3250

Website

www.oakmark.com

To obtain a prospectus, an application or periodic reports, access our web site at www.oakmark.com, or call 1-800-OAKMARK (1-800-625-6275) or (617) 483-3250.

The Funds will file its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q's are available on the SEC's website at www.sec.gov. The Funds' Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures the Funds use to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling toll-free 1-800-625-6275; on the Funds' website at www.oakmark.com; and on the Securities and Exchange Commission's website at www.sec.gov.

This report is submitted for the general information of the shareholders of the Funds. The report is not authorized for distribution to prospective investors in the Funds unless it is accompanied or preceded by a currently effective prospectus of the Funds.

No sales charge to the shareholder or to the new investor is made in offering the shares of the Funds, however, a shareholder may incur a 2% redemption fee on an exchange or redemption of Class I shares held for 90 days or less from any Fund.



OAKMARK

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