

The Oakmark Fund

The Oakmark
Select Fund

The Oakmark Small
Cap 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, 2000

THE OAKMARK FAMILY OF FUNDS

2000 Annual Report

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For More Information

Access our web site at www.oakmark.com to obtain a prospectus, an application or periodic reports, or call 1-800-OAKMARK (1-800-625-6275) or (617) 578-1329.

Web Site and 24-Hour Net Asset Value Hotline

Access our web site at www.oakmark.com to obtain the current net asset value of a fund, or call 1-800-GROWOAK (1-800-476-9625).

To Comment on Shareholder Services

E-mail us at ServiceComments@oakmark.com.

Dear Fellow Shareholders,

We are pleased to present the Annual Report for The Oakmark Family of Funds. This past year has been noteworthy for value investors. At the end of 1999 and in early 2000 the market continued to favor growth and momentum investors. However, throughout the year there has been a quiet and long overdue turn toward value stocks, which has generally gone unnoticed. Value investors should take heart — recent performance speaks for itself.

From its high on March 10, 2000 through September 30, the NASDAQ declined 27.18%. Over that same time



period the S&P 500 gained only 3.60%. As investor focus on stock valuations intensifies our Funds benefit significantly — illustrating that, over time, price and value do converge. We believe performance illustrates that there is compelling evidence that domestic value stocks are starting to return to favor. Since a NASDAQ market peak on March 10,

our Funds have posted strong returns compared to major indices:

<i>Domestic Funds</i> <i>% return from market peak</i> <i>on March 10 to September 30, 2000</i>	
The Oakmark Fund	24.88%
The Oakmark Select Fund	19.90%
The Oakmark Small Cap Fund	18.06%
The Oakmark Equity and Income Fund	14.82%
S&P 500	3.60%
NASDAQ Composite	(27.18%)

Putting aside these short-term performance results, we continue to have long-term optimism regarding our portfolio holdings. At a minimum, we believe investors should consider rebalancing their portfolios to increase their exposure to value funds, or, move more aggressively toward having a significant value weighting in their portfolio. Our confidence in our value style is confirmed through our hiring, as we have recently added more talent to our

dedicated investment team. We are investing and staffing for a positive change.

In November, three of our Funds celebrate their five-year anniversary — Equity and Income, Small Cap, and International Small Cap. Each brings a level of diversification to investors without straying from our strict value approach. We are also very pleased to announce that effective November 6 we are capping the total annual fund operating expenses for The Oakmark Equity and Income Fund at 1.00%.

Coupled with an excellent long-term performance record, we believe this makes the Fund even more appealing to all investors.

Shareholders will be pleased with important additions we've made at www.oakmark.com. Specifically, investors who visit our *My Account* area will notice that we have enhanced its capabilities. Shareholders can now perform transactions — purchases, exchanges, and redemptions — and also change their address on-line. We will continue to post timely information on our site and regularly evaluate how to enhance it.

We appreciate your continued investment. Our strongest statement is that we are increasing ours.

Victor A. Morgenstern
Chairman

Robert M. Levy
President

October 6, 2000

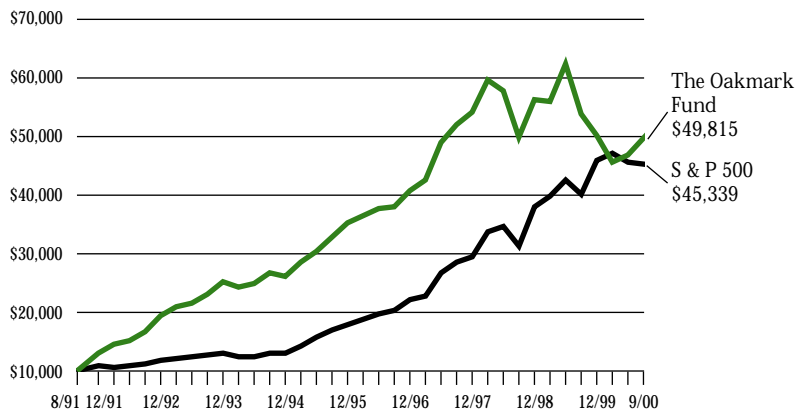


THE OAKMARK FUND

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 (9/30/00) AS COMPARED TO THE STANDARD & POOR'S 500 INDEX



9/30/00 NAV \$26.95

	Total Return Last 3 months	Average Annual Total Return* Through 9/30/00 From Fund Inception 8/5/91
The Oakmark Fund	6.1%	19.2%
Standard & Poor's 500 Stock Index w/inc**	-1.0%	17.9%
Dow Jones Industrial Average w/inc**	2.4%	17.4%
Value Line Composite Index**	2.9%	6.2%

*Total return includes change in share prices and in each case includes reinvestment of any dividends and capital gain distributions.

**Each of the three indexes or averages is an unmanaged group of stocks whose composition is different from the Fund. The S&P 500 is a broad market-weighted average dominated by blue-chip stocks. The Dow Jones Average includes only 30 big companies. The Value Line Index is an unweighted average of more than 1,000 stocks. Past performance is no guarantee of future results.

The Oakmark Fund increased 6.1% for the quarter ended September 30. As with last quarter, we are pleased with this gain especially when compared to the loss in the S & P 500. Turning to the fiscal year, to just say our fund lost 8% of its value would miss the biggest financial story of the year. The year began with a mass exodus from traditional stocks into the "new economy" stocks in the NASDAQ. As the NASDAQ rose to its record high, from September 30, 1999 to March 10, 2000 your fund lost 26% of its value. But after March 10, the NASDAQ lost 27% and investors started returning to value stocks like those in The Oakmark Fund. From March 10 until September 30, your fund increased by 25%. Although we are not pleased with the full year results, we are pleased with the second half of the year and believe that our stocks will continue to benefit from this shift in investor sentiment.

Portfolio Changes

During the quarter we added five new companies to the portfolio and sold a high profile stock. When we began managing the fund in March we were frequently asked about Philip Morris because it had been a long-term holding of The Oakmark Fund. We said that despite our concerns about tobacco litigation we felt that Philip Morris' ownership of Kraft was not being properly valued. We thought Philip Morris should sell in the \$30's, not the \$20's. Last quarter, Philip Morris did trade up into the \$30's and we used that opportunity to eliminate the position. Here's a brief explanation of our new holdings:

JC Penney (JCP—12)

In 1998, JCP sold at \$78 per share. Since then the retailer has lost sales to discounters like Kohl's as well as to department stores like Macy's. Getting squeezed from both sides, the company is struggling to find its niche. In July, Allen Questrom was hired as CEO. Allen gained a reputation as perhaps the best merchant in retailing today by rescuing Federated Department Stores and Macy's from bankruptcy. We believe Questrom will also succeed in this turnaround.

Total Returns <i>as of September 30, 2000</i>	
3 Months	6.1%
6 Months	8.8%
1 Year	(7.6%)
Average Annual Total Returns <i>as of September 30, 2000</i>	
3 Year	(1.4%)
5 Year	8.7%
Since inception	19.2%

AT & T (T—29)

AT&T stock peaked at \$64 last year after cable TV acquisitions made them a "one-stop-shopping" provider of voice, data and video communications. After price wars in long distance reduced AT&T's earnings the stock sharply declined. We believe that the value of AT&T's various pieces including cable, wireless, long-distance and business services are worth twice the stock price. We also believe that AT&T's largest shareholder, John Malone (formerly of Tele-Communications, Inc.), will help the company devise a strategic plan to have that value recognized.

Rockwell (ROK—30)

This leader in electronic controls and industrial automation reached a stock price of \$65 last year. A slowdown in industrial orders resulted in earnings reductions and the stock lost over half its value. The stock now sells at 8 times our estimate of next year's cash earnings, yields over 3% and should achieve secular EPS growth in excess of 10% annually.

CVS Corporation (CVS—46)

CVS is the largest drugstore chain in the US. The stock hit a high last year of \$58 and a low last quarter of \$35.

Highlights

- **While this year was difficult for us and our investors, we believe the turnaround that began seven months ago is likely to continue.**
- **The tax situation for the Fund is extremely favorable for taxable shareholders, as we expect no capital gains distribution this year, nor for the next couple of years.**
- **Despite category labels, we believe investors should look at Oakmark as a large-company stock fund, and we will continue buying stocks in large companies that we believe are priced at bargain levels.**

Although both CVS and Walgreen's are expected to earn just over \$700 million this year on sales just over \$20 billion, and are each growing at about 15% per year, Walgreen's enterprise value (debt plus market value of its equity) is more than twice CVS's enterprise value! That spread strikes us as unwarranted, unlikely to persist, and therefore an opportunity.

Ford (F—26)

Ford stock fell from \$43 last spring to \$25 as interest rates rose, talk of economic slowing increased, and Firestone's tire problems hit the front page. We don't expect the Firestone recall to affect Ford's long-term value. We were pleased to see Ford make a tender offer last quarter to repurchase \$10 billion of its stock. Ford is now selling at less than 7 times our estimate of next year's earnings.

Oakmark—A Large Company Fund

When investors categorize equity mutual funds, they generally look at two criteria: investment style and the size of the companies being purchased. For investment style growth — or value — The Oakmark Fund is clearly a value fund. All our energy goes into identifying and buying inexpensive stocks, selling them when they are no longer inexpensive, and then repeating the process. To categorize us based on the size of companies we purchase is more difficult. Since larger companies tend to have longer operating histories and more predictable earnings streams, they

Top Five Industries
as of September 30, 2000

<i>Industries and % of Total Net Assets</i>	Other Consumer Goods & Services	16.0%
	Retail	9.6%
	Information Services	7.8%
	Household Products	7.0%
	Computer Services	5.7%

tend to be less risky investments. Therefore, many investors prefer mutual funds that focus on larger companies, as we do in The Oakmark Fund.

We believe The Oakmark Fund has always invested primarily in large companies. That's because when we think of large, we think of fundamental characteristics that measure the size of underlying businesses. Using measures like sales, net income or shareholders' equity, most of our investments have been and still are in stocks that are among the 250 largest businesses in the United States. But most organizations that categorize mutual funds look instead at how Wall Street values those businesses. For example, Morningstar calls the 250 stocks with the biggest market capitalizations "large cap." Based on their definition, a "large cap fund" primarily buys stocks that have market capitalizations over \$10 billion. Because we own many stocks with market caps below \$10 billion, in the last quarter Morningstar moved The Oakmark Fund from the "large cap value" to the "mid cap value" category.

This is important because we believe that investors who own funds that are still called "large cap" may not be getting the lower risk level they expect from investing in large companies. Last year, many small companies, mostly technology companies, had such high stock prices that they were categorized as large-cap stocks. By our count, the number of these small-company large-caps was five

Top Five Holdings
as of September 30, 2000

<i>Company and % of Total Net Assets</i>	Fortune Brands, Inc.	3.4%
	Washington Mutual, Inc.	3.4%
	Dun & Bradstreet Corporation	3.2%
	Mattel, Inc.	3.2%
	ACNielsen Corporation	3.1%

times as high as it was a decade ago! These stocks have a much higher risk profile than is typically associated with large companies. Avoiding these stocks is what has reduced the average market capitalization of our stock positions. The Oakmark Fund will continue buying stocks in large companies that we believe are priced at bargain levels. We believe this is simply acting rationally in a market that has priced many securities irrationally. And, if that means that, in this environment, our "large company value" fund gets categorized as "mid cap value," it just shows we are doing our job!

One last comment: the tax situation for The Oakmark Fund is now extremely favorable for taxable shareholders. As you can see in our financial statements, The Oakmark Fund has a realized loss of \$4.74 per share. Because of that loss there will be no capital gain distribution this year (we will of course still distribute dividend income) and likely no gains distribution for at least a couple of more years.

Thank you for your patience. This was a difficult year for us, but we believe the turnaround that began seven months ago is likely to continue.



William C. Nygren, CFA

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Kevin G. Grant, CFA

Portfolio Manager
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October 5, 2000

THE OAKMARK FUND

Schedule of Investments—September 30, 2000

	Shares Held	Market Value
Common Stocks—92.2%		
Food & Beverage—2.0%		
H.J. Heinz Company	1,125,000	\$ 41,695,313
Apparel—3.0%		
Jones Apparel Group, Inc. (a)	1,257,000	\$ 33,310,500
NIKE, Inc., Class B	681,400	27,298,588
		<u>60,609,088</u>
Retail—9.6%		
The Kroger Co. (a)	2,200,000	\$ 49,637,500
Toys 'Я' Us, Inc. (a)	3,000,000	48,750,000
Tricon Global Restaurants, Inc. (a)	1,350,000	41,343,750
CVS Corporation	700,000	32,418,750
J.C. Penney Company, Inc.	1,950,000	23,034,375
		<u>195,184,375</u>
Household Products—7.0%		
Fort James Corporation	1,400,000	\$ 42,787,500
Newell Rubbermaid Inc.	1,700,000	38,781,250
Energizer Holdings, Inc. (a)	1,500,000	36,750,000
The Dial Corporation	2,052,900	23,864,962
		<u>142,183,712</u>
Household Appliances—1.8%		
Maytag Corporation	1,160,400	\$ 36,044,925
Office Equipment—1.6%		
Xerox Corporation	2,150,000	\$ 32,384,375
Hardware—3.9%		
The Black & Decker Corporation	1,522,200	\$ 52,040,213
The Stanley Works	1,224,900	28,249,256
		<u>80,289,469</u>
Other Consumer Goods & Services—16.0%		
Fortune Brands, Inc.	2,605,200	\$ 69,037,800
Mattel, Inc.	5,864,400	65,607,975
Brunswick Corporation	2,971,800	54,235,350
H&R Block, Inc.	1,275,300	47,265,806
Cendant Corporation (a)	3,300,100	35,888,588
Ralston Purina Group	1,400,000	33,162,500
Galileo International, Inc.	1,396,200	21,641,100
		<u>326,839,119</u>
Banks & Thrifts—5.1%		
Washington Mutual, Inc.	1,730,000	\$ 68,875,625
Bank One Corporation	900,548	34,783,666
		<u>103,659,291</u>

THE OAKMARK FUND

Schedule of Investments—September 30, 2000 cont.

	Shares Held	Market Value
Common Stocks—92.2% (cont.)		
Insurance—1.4%		
MGIC Investment Corporation	475,000	\$ 29,034,375
Other Financial—2.3%		
USA Education Inc.	1,000,000	\$ 48,187,500
Information Services—7.8%		
Dun & Bradstreet Corporation	1,907,500	\$ 65,689,531
ACNielsen Corporation (a)	2,664,000	63,436,500
Equifax Inc.	1,300,000	35,018,750
Moody's Corporation, When Issued (a)	(200,000)	<u>(5,262,500)</u>
		158,882,281
Computer Services—5.7%		
First Data Corporation	1,040,000	\$ 40,625,000
Electronic Data Systems Corporation	940,000	39,010,000
SunGard Data Systems Inc. (a)	840,800	<u>35,996,750</u>
		115,631,750
Telecommunications—3.6%		
AT&T Corp.	1,425,000	\$ 41,859,375
Citizens Communications Company (a)	2,350,000	<u>31,578,125</u>
		73,437,500
Publishing—1.7%		
Knight Ridder, Inc. (a)	692,000	\$ 35,162,250
Pharmaceuticals—0.5%		
Chiron Corporation (a)	235,000	\$ 10,575,000
Medical Products—2.0%		
Sybron International Corporation (a)	1,673,600	\$ 40,166,400
Automobiles—1.9%		
Ford Motor Company	800,000	\$ 20,250,000
DaimlerChrysler AG (b)	400,000	<u>17,756,000</u>
		38,006,000
Aerospace & Defense—3.1%		
Lockheed Martin Corporation	1,000,000	\$ 32,960,000
The B.F. Goodrich Company	770,000	<u>30,174,375</u>
		63,134,375
Instruments—1.6%		
Rockwell International Corporation	1,067,300	\$ 32,285,825
Machinery & Industrial Processing—4.5%		
Cooper Industries, Inc.	1,698,400	\$ 59,868,600
Eaton Corporation	511,700	<u>31,533,512</u>
		91,402,112

THE OAKMARK FUND

Schedule of Investments—September 30, 2000 cont.

	Shares Held/ Par Value	Market Value
Common Stocks—92.2% (cont.)		
Building Materials & Construction—1.8%		
Masco Corporation	1,933,000	\$ 36,002,125
Chemicals—0.6%		
PolyOne Corporation	1,613,200	\$ 11,796,525
Utilities—2.1%		
TXU Corp.	1,080,000	\$ 42,795,000
Recreation & Entertainment—1.6%		
Carnival Corporation	1,350,000	\$ 33,243,750
Total Common Stocks (Cost: \$1,847,268,947)		1,878,632,435
Short Term Investments—6.5%		
U.S. Government Bills—1.2%		
United States Treasury Bills, 6.10% due 11/24/2000	\$25,000,000	\$ 24,771,250
Total U.S. Government Bills (Cost: \$24,771,250)		24,771,250
Commercial Paper—3.4%		
American Express Credit Corporation, 6.55% due 10/4/2000	\$10,000,000	\$ 10,000,000
Ford Motor Credit Corp., 6.56% due 10/4/2000	10,000,000	10,000,000
General Electric Capital Corporation, 6.69% due 10/2/2000	50,000,000	50,000,000
Total Commercial Paper (Cost: \$70,000,000)		70,000,000
Repurchase Agreements—1.9%		
State Street Repurchase Agreement, 6.42% due 10/2/2000	\$37,913,000	\$ 37,913,000
Total Repurchase Agreements (Cost: \$37,913,000)		37,913,000
Total Short Term Investments (Cost: \$132,684,250)		132,684,250
Total Investments (Cost \$1,979,953,197)—98.7% (c)		\$ 2,011,316,685
Other Assets In Excess Of Other Liabilities—1.3%		27,412,122
Total Net Assets—100%		<u>\$2,038,728,807</u>

(a) Non-income producing security.

(b) Represents foreign domiciled corporation.

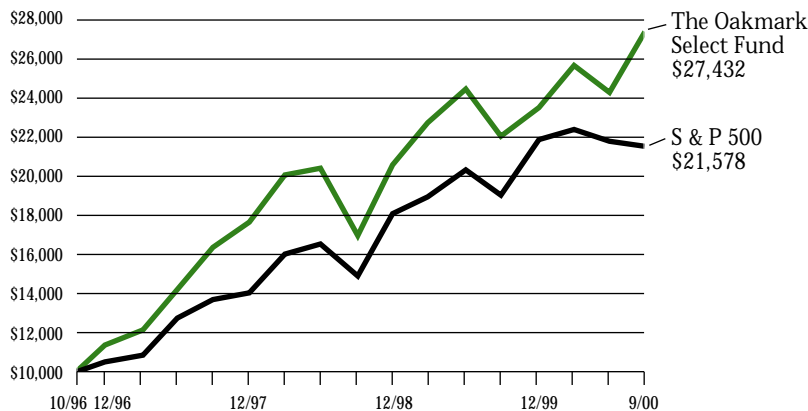
(c) At September 30, 2000, net unrealized appreciation of \$31,363,487, for federal income tax purposes, consisted of gross unrealized appreciation of \$281,525,537 and gross unrealized depreciation of \$250,162,050.

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 (9/30/00) AS COMPARED TO THE STANDARD & POOR'S 500 INDEX



9/30/00 NAV \$21.45

	Average Annual Total Return*	
	Total Return Last 3 months	Through 9/30/00 From Fund Inception 11/1/96
The Oakmark Select Fund	12.8%	29.4%
Standard & Poor's 500 Stock Index w/inc**	-1.0%	21.7%
Standard & Poor's MidCap 400 Index w/inc**	12.2%	24.2%
Value Line Composite Index**	2.9%	4.2%

*Total return includes change in share prices and in each case includes reinvestment of any dividends and capital gain distributions.

**Each of the three indexes or averages is an unmanaged group of stocks whose composition is different from the Fund. The S&P 500 is a broad market-weighted average dominated by blue-chip stocks. The S&P 400 consists of 400 domestic stocks chosen for market size, liquidity, and industry group representation. The Value Line Index is an unweighted average of more than 1,000 stocks. Past performance is no guarantee of future results.

Review of 2000 Performance

Fiscal 2000 was another good year for The Oakmark Select Fund. In the last quarter, the Fund increased in value by 12.8%, bringing the gain for the fiscal year to 24.5%. That gain again placed The Oakmark Select Fund in the top quartile of funds classified by Morningstar as Midcap Value Funds. Since inception of The Oakmark Select Fund, not quite four years ago, the Fund has increased in value by 174%, outperforming all of our benchmark indices (S&P 500, 116%; S&P 400 Midcap, 134%; Value Line Composite, 18%). Not many funds have accomplished that, especially funds that utilize an approach similar to ours, namely, value investing.

We want to thank the research department of Harris Associates for finding the stocks that have performed so well and, just as importantly, helping us avoid those that haven't performed well. Our investment process relies on extensive analysis of any company in which we consider investing. Just as in the TV ads for one of our competitors, our analysts aren't glued to their desks: they spend a great deal of time performing on-site visits, interviewing managements, and polling customers and competitors. We rely heavily on our analysts because we think they are the best in the business, and we could not have achieved these results without them.

Looking back over the past year, our Fund's largest holding, **Washington Mutual**, was a strong performer, gaining 40% as interest rates stabilized in the second half. Acquisitions also had a positive effect on our performance. Corporate buyers purchased **Sterling Commerce** and **Times Mirror** at substantial premiums to their market prices. In addi-

tion, stocks of **Chiron**, **Energizer** and **Thermo Electron** significantly added to our Fund's results. Those positive results were somewhat offset by declines in **USG**, **US Industries**, and **Reynolds & Reynolds**. All three of these *businesses*, not just the stocks, performed below our expectations. Because of this, we have allowed their portfolio weightings to decrease, although we continue to believe each stock is undervalued.

Total Returns <i>September 30, 2000</i>	
3 Months	12.8%
6 Months	6.9%
1 Year	24.5%
Average Annual Total Returns <i>September 30, 2000</i>	
3 Year	18.8%
5 Year	N/A
Since inception	29.4%

The end of this quarter marked an end and a new beginning for one of our investments, **Dun & Bradstreet**. It was just over a year ago that Dun & Bradstreet reported poor operating results and we lost confidence in its top management. With the stock below \$24 last August, we began a very public debate with Dun & Bradstreet about how to maximize its value. After their CEO resigned, we applauded the board's new plan to split the company in two, separating the high growth Moody's bond rating agency from the declining credit information business. That split-up went into effect October 2 this year. The old Dun & Bradstreet ended its corporate life with a stock price of \$36, up 50% from last August.

We are now very pleased with the management and outlook for both Moody's and "new Dun & Bradstreet," and you can see that we added to our holdings in the new Dun & Bradstreet shares. Their database of corporate credit histories is unparalleled and new CEO Allan Loren plans to make that database more profitable. In addition to cutting expenses, revenue can grow as D&B moves from just selling data to selling decisions — helping its customers decide whether or not their potential customers

Highlights

- For the quarter ending 9/30 the Fund was up 12.8%, with a fiscal year gain of 24.5%. This placed it in the top quartile of all mid-cap value funds, as classified by Morningstar.
- Since the Fund's inception on 11/1/96 through 9/30, it's ranked #1 out of all mid-cap value funds by Lipper, Inc.
- Our largest holding, Washington Mutual, gained 40% over the past year as interest rates stabilized. Acquisitions had a positive effect as corporate buyers purchased two holdings, Sterling Commerce and Times Mirror, at substantial premiums.

are credit-worthy. The stock market is pricing D&B as if this turnaround will fail — we think the market is wrong.

Trivia Time

What company is the largest Internet retailer? That's about as easy as a \$100 question on "Who Wants to be a Millionaire?" With estimated sales this year of nearly \$3 billion, the distant leader in e-tailing is Amazon.com. The stock market has certainly rewarded Amazon for this leadership. The company currently loses lots of money, and even the bulls don't expect it to have a profitable quarter until late 2002. Yet, the market value of Amazon.com's stock is \$13 billion, over 4 times this year's expected revenue!

Now, without phoning-a-friend, who is the second largest Internet retailer? The questions are getting tougher! The battle for second place is more competitive, but we believe the second largest Internet retailer, with sales reaching a run-rate by year-end of \$1 billion, is **Office Depot**. Surprised? So were we. But, as the largest office supply company, Office Depot has had a large catalog business for some time. The fulfillment infrastructure for an on-line business was basically in place before the terms B2B and B2C were invented. Transitioning the existing catalog and telephone orders to the Internet was a natural move, and

Top Five Industries
as of September 30, 2000

Industries and % of Total Net Assets	Retail	16.7%
	Banks & Thrifts	14.9%
	Information Services	11.8%
	Other Consumer Goods & Services	7.6%
	Computer Services	7.6%

the reach of the Internet allowed for dramatic growth. Considering that Office Depot has “bricks and mortar” sales of nearly \$11 billion, it’s not so surprising that Internet sales are reaching \$1 billion. And, unlike Amazon.com, Office Depot makes a profit on Internet sales!

Top Five Holdings
as of September 30, 2000

Company and % of Total Net Assets	Washington Mutual, Inc.	14.9%
	Toys ‘Я’ Us, Inc.	8.3%
	The Reynolds & Reynolds Company, Class A	6.7%
	Dun & Bradstreet Corporation	6.1%
	Ceridian Corporation	5.2%

Office Depot has an enterprise value (market capitalization plus debt) of less than \$3 billion — 3 times its Internet revenue, but only 25% of its total revenue. Earnings this year are expected to be around 80¢ per share. Because earnings haven’t grown for two years, Office Depot stock has fallen from \$26 last year to just \$6. So, for less than 10 times earnings and about book value, we have taken a position in a large and rapidly growing e-tailer. New CEO Bruce Nelson, who came to Office Depot with their Viking

Office Products acquisition in 1998, has a great track record of making sure his company provides exceptional customer service, while keeping expenses tightly controlled. Bruce personally bought more Office Depot stock this summer, shortly before we did. We are confident he will measure his success the same way we will, by looking at the stock price.

Thank you for your support.



William C. Nygren, CFA

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Henry R. Berghoef, CFA

Portfolio Manager
berghoef@oakmark.com

October 5, 2000

THE OAKMARK SELECT FUND

Schedule of Investments—September 30, 2000

	Shares Held	Market Value
Common Stocks—92.4%		
Apparel—3.6%		
Liz Claiborne, Inc.	1,648,600	\$ 63,471,100
Retail—16.7%		
Toys 'Я' Us, Inc. (a)	9,048,500	\$ 147,038,125
Tricon Global Restaurants, Inc. (a)	2,615,400	80,096,625
Office Depot, Inc. (a)	9,046,000	<u>70,671,875</u>
		297,806,625
Household Products—4.2%		
Energizer Holdings, Inc. (a)	3,089,200	\$ 75,685,400
Other Consumer Goods & Services—7.6%		
H&R Block, Inc.	1,956,000	\$ 72,494,250
Mattel, Inc.	5,600,000	<u>62,650,000</u>
		135,144,250
Banks & Thrifts—14.9%		
Washington Mutual, Inc.	6,679,800	\$ 265,939,537
Other Financial—1.9%		
MBIA, Inc.	465,800	\$ 33,130,025
Information Services—11.8%		
Dun & Bradstreet Corporation	3,143,600	\$ 108,257,725
Ceridian Corporation	3,284,500	92,171,281
Dun & Bradstreet Corporation, When Issued (a)	536,400	<u>9,118,800</u>
		209,547,806
Computer Services—7.6%		
First Data Corporation	1,810,200	\$ 70,710,938
Electronic Data Systems Corporation	1,545,000	<u>64,117,500</u>
		134,828,438
Computer Software—6.7%		
The Reynolds and Reynolds Company, Class A (b)	5,979,700	\$ 118,846,538
Pharmaceuticals—1.7%		
Chiron Corporation (a)	668,900	\$ 30,100,500
Automotive—3.5%		
Visteon Corporation	4,128,900	\$ 62,449,613

THE OAKMARK SELECT FUND

Schedule of Investments—September 30, 2000 cont.

	Shares Held/ Par Value	Market Value
Common Stocks—92.4% (cont.)		
Machinery & Industrial Processing—4.9%		
Thermo Electron Corporation (a)	3,369,000	\$ 87,594,000
Building Materials & Construction—4.9%		
USG Corporation (b)	3,474,900	\$ 87,089,681
Diversified Conglomerates—2.4%		
U.S. Industries, Inc. (b)	4,286,800	\$ 42,600,075
Total Common Stocks (Cost: \$1,457,018,607)		1,644,233,588
Short Term Investments—7.4%		
U.S. Government Bills—1.1%		
United States Treasury Bills, 6.10% due 11/24/2000	\$20,000,000	\$ 19,817,000
Total U.S. Government Bills (Cost: \$19,817,000)		19,817,000
Commercial Paper—3.4%		
American Express Credit Corporation, 6.51% due 10/2/2000	\$20,000,000	\$ 20,000,000
Ford Motor Credit Corp., 6.56% due 10/4/2000	10,000,000	10,000,000
General Electric Capital Corporation, 6.69% due 10/2/2000	30,000,000	30,000,000
Total Commercial Paper (Cost: \$60,000,000)		60,000,000
Repurchase Agreements—2.9%		
State Street Repurchase Agreement, 6.42% due 10/2/2000	\$51,597,000	\$ 51,597,000
Total Repurchase Agreements (Cost: \$51,597,000)		51,597,000
Total Short Term Investments (Cost: \$131,414,000)		131,414,000
Total Investments (Cost \$1,588,432,607)—99.8% (c)		\$ 1,775,647,588
Other Assets In Excess Of Other Liabilities—0.2%		3,088,886
Total Net Assets—100%		\$1,778,736,474

(a) Non-income producing security.

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

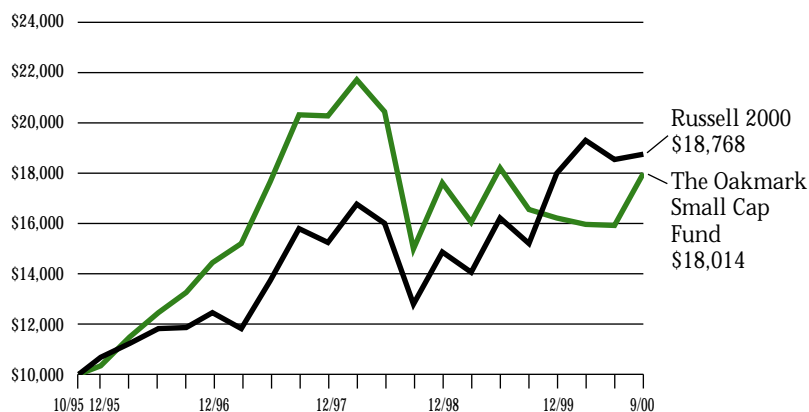
(c) At September 30, 2000, net unrealized appreciation of \$187,214,980, for federal income tax purposes, consisted of gross unrealized appreciation of \$302,941,071 and gross unrealized depreciation of \$115,726,091.

THE OAKMARK SMALL CAP FUND

Report from James P. Benson and Clyde S. McGregor, Portfolio Managers



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK SMALL CAP FUND FROM ITS INCEPTION (11/1/95) TO PRESENT (9/30/00) AS COMPARED TO THE RUSSELL 2000 INDEX



9/30/00 NAV \$15.10

	Total Return Last 3 months	Average Annual Total Return* Through 9/30/00 From Fund Inception 11/1/95
The Oakmark Small Cap Fund	13.1%	12.7%
Lipper Small Cap Fund Index**	3.4%	16.1%
Russell 2000 w/inc**	1.1%	13.7%
S&P Small Cap 600 w/inc.**	3.3%	14.8%

*Total return includes change in share prices and in each case includes reinvestment of any dividends and capital gain distributions.

**Each of the three indexes or averages is an unmanaged group of stocks or funds whose composition is different from the Fund. The Lipper Small Cap Fund Index is comprised of 30 Small Cap Funds. The Russell 2000 Index measures the performance of smaller companies, and represents approximately 10% of the total value of publicly traded companies in the U.S. The S&P 600 Index measures the performance of selected U.S. stocks with small market capitalization. Past performance is no guarantee of future results.

The third calendar quarter of 2000 was a period where the portfolio actions that we undertook in the first half of 2000 began to bear fruit. For the quarter, your Fund was up 13.1% versus the Russell 2000 Index which rose by 1.1%. On a calendar year-to-date basis, your Fund is up 11.0% compared to the Russell 2000's rise of 4.2%. While pleased with recent results, we believe we can continue to improve our performance based upon the values that we can currently find among small cap stocks. We will continue to work to position your Fund to improve returns and liquidity while doing all we rationally can to minimize the Fund's taxable gains.

Building On Recent Success

In last quarter's letter, we indicated that we were trying to invest not just in good companies trading at low valuations, but in companies that had a higher probability of experiencing a positive catalyst. A positive catalyst can help expose the undervaluation of a particular stock to a wider group of investors which often results in these investors bidding up the stock's price. These fortuitous events can sometime compound upon themselves resulting in excellent investment returns. A good example of this phenomenon from your Fund's portfolio has been our recent experience with **Dura Pharmaceuticals**. While it is unusual to find a pharmaceutical stock trading at levels that are comfortable for value investors, we often investigate stocks in this industry in the hopes that we can find value. Our work was rewarded early this year as we came to know Dura and, after our analytical work convinced us that the company's value greatly exceeded its

stock price, we accumulated a position in the stock at just under \$13 per share.

Total Returns <i>as of September 30, 2000</i>	
3 Months	13.1%
6 Months	12.8%
1 Year (a)	8.8%
(a) During the year ended September 30, 2000, Initial Public Offerings ("IPOs") contributed 1.10% to the performance of Small Cap. As the IPO environment changes and the total assets of the Fund grows, the impact of IPOs on performance will diminish.	
Average Annual Total Returns <i>as of September 30, 2000</i>	
3 Year	(4.0%)
5 Year	N/A
Since inception	12.7%

What attracted us to Dura was that its rapidly growing drug business was being overshadowed in their financial results by sizeable investments in research and development for a new drug delivery technology. We believed that the drug business was worth far more than \$13 per share and that the new drug delivery technology was likely to be additive to Dura's long-term value as well. Within months following our purchase, Dura announced a downsizing of the drug delivery research and development budget to improve profits. Strong quarterly financial results showed good growth in revenues and profits from the core drug business and, in September, Dura announced that Elan Pharmaceuticals was buying the company. Over a five-month period, Dura's stock rose from \$13 to \$39 due mainly to the combination of low initial valuation followed by positive catalysts. While we do not expect this type of performance to be repeated often, we believe that if we continue to invest in stocks with characteristics similar to Dura's, the portfolio should experience success over time.

New Investments

As we start the fourth calendar quarter of 2000, the Fund's portfolio has expanded to forty-six stocks, up from forty stocks at June 30, 2000. During the last quarter we added

Highlights

- **The stock market has been a difficult place to make money this year, in part due to exaggerated moves in stock prices, with only moderate changes in business fundamentals.**
- **For the third quarter 2000, Small Cap was up 13.1% versus the Russell 2000, which rose by only 1.1%. Calendar year-to-date the Fund was up 11.03% compared to the Russell 2000's rise of 4.2%.**
- **At the beginning of the 4th quarter 2000, the Fund's portfolio has expanded to 46 stocks, up from 40 stocks on June 30.**

ten stocks to the portfolio while four stocks exited the Fund (one company was purchased for cash while the other three stocks were sold). The stocks that we bought were: **American Greetings Corp.** (greeting cards), **CIBER, Inc.** (computer services), **Conmed Corp.** (medical instruments), **Gardner Denver, Inc.** (compressors and petroleum equipment), **Georgia Gulf Corp.** (chemical manufacturer), **Imation Corp.** (computer storage products and services), **Integrated Electrical Services, Inc.** (electrical and communications contracting), **NCO Group, Inc.** (accounts receivable collection services), **Scott Technologies, Inc.** (self-contained breathing apparatus manufacturer) and **ShopKo Stores, Inc.** (general retailer). While we believe each of these stocks has a compelling investment case, we would like to highlight two issues that seem particularly interesting at current prices.

The two new stocks your Fund owns that we would like to discuss in detail are: American Greetings and Conmed. Both of these companies appear close to a turning point and, despite the fact that we might be a quarter or two early, we are excited about the long-term prospects for these firms.

American Greetings is the number two greeting card company behind Hallmark and we believe the current uncertainty about the company's growth prospects has resulted in an undervalued security. A reduction in inventory at

Top Five Industries
as of September 30, 2000

<i>Industries and % of Total Net Assets</i>	Real Estate	12.0%
	Banks & Thrifts	8.6%
	Educational Services	8.2%
	Pharmaceuticals	7.0%
	Insurance	6.5%

American Greeting's retail customers has caused some near-term sluggishness in revenues, but this trend could be a longer-term positive as it should allow for more timely inventory being on the shelves at greeting card retailers. Additionally, the acquisition of Gibson Greetings has caused some unusual variations in American Greetings' financial results. However, we believe over time this acquisition will add to the firm's financial performance. Lastly, new accounting rules that have resulted in the shifting of some quarterly revenues and the losses associated with the building of the company's on-line offering have further confused investors. However, when we strip away all the aforementioned noise, we see a company that continues to build for the long-term and is trading at a low multiple of its cash flow.

Top Five Holdings
as of September 30, 2000

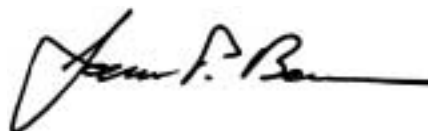
<i>Company and % of Total Net Assets</i>	ITT Educational Services, Inc.	8.2%
	Dura Pharmaceuticals, Inc.	7.0%
	Catellus Development Corporation	6.3%
	National Data Corporation	5.7%
	The PMI Group, Inc.	5.2%

Conmed is a medical instruments company that specializes in arthroscopy and powered surgical instruments. This company experienced an earnings shortfall in the second quarter and its stock was promptly cut in half. Cash flow, however, remains robust since Conmed has large quarterly charges for goodwill. These non-cash charges hurt reported earnings per share but they do not impact cash generation. Since the key item that we evaluate is a company's free cash flow generation, we became interested in Conmed.

Outlook

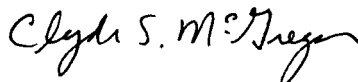
The stock market has been a difficult place to make money this year in part due to exaggerated moves in stock prices based upon only a moderate change in business fundamentals. These excessive price fluctuations can provide opportunities for long-term investors to acquire the stocks of good businesses at attractive prices. We find it fascinating that many investors believe that building a business is a linear process. It is not; indeed, almost every business experiences ups and downs. Our goal remains the same: buy good businesses at attractive prices and over time this should accrue to the benefit of our shareholders despite short-term price fluctuations.

Once again we would like to thank you, our shareholders, for your support of The Oakmark Small Cap Fund.



James P. Benson, CFA

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Clyde S. McGregor, CFA

Portfolio Manager
mcgregor@oakmark.com

October 5, 2000

THE OAKMARK SMALL CAP FUND

Schedule of Investments—September 30, 2000

	Shares Held	Market Value
Common Stocks—94.5%		
Food & Beverage—6.2%		
Ralcorp Holdings, Inc.	465,000	\$ 6,568,125
Del Monte Foods Company (a)	850,000	5,259,375
International Multifoods Corporation	127,500	2,215,312
M&F Worldwide Corp. (a)	225,000	1,307,813
		<u>15,350,625</u>
Apparel—1.0%		
R.G. Barry Corporation (a)(c)	855,000	\$ 2,565,000
Retail—6.2%		
Ugly Duckling Corporation (a)(c)	1,750,000	\$ 10,171,875
ShopKo Stores, Inc. (a)	500,000	5,187,500
		<u>15,359,375</u>
Other Consumer Goods & Services—3.7%		
Department 56, Inc. (a)	525,000	\$ 6,923,437
American Greetings Corporation, Class A	135,000	2,362,500
		<u>9,285,937</u>
Banks & Thrifts—8.6%		
People's Bank of Bridgeport, Connecticut	360,000	\$ 7,582,500
Golden State Bancorp Inc. (a)	200,000	4,725,000
BankAtlantic Bancorp, Inc., Class A	1,020,000	4,271,250
PennFed Financial Services, Inc.	250,000	3,843,750
Finger Lakes Financial Corp.	160,000	1,080,000
		<u>21,502,500</u>
Insurance—6.5%		
The PMI Group, Inc.	190,000	\$ 12,872,500
The MONY Group Inc. (a)	80,000	3,190,000
		<u>16,062,500</u>
Other Financial—0.5%		
NCO Group, Inc. (a)	100,000	\$ 1,187,500
Educational Services—8.2%		
ITT Educational Services, Inc. (a)	750,000	\$ 20,343,750
Information Services—5.7%		
National Data Corporation	435,000	\$ 14,273,437
Data Storage—0.9%		
Imation Corp. (a)	125,000	\$ 2,328,125
Computer Services—0.7%		
CIBER, Inc. (a)	200,000	\$ 1,650,000

THE OAKMARK SMALL CAP FUND

Schedule of Investments—September 30, 2000 cont.

	Shares Held	Market Value
Common Stocks—94.5% (cont.)		
Computer Software—4.1%		
Mentor Graphics Corporation (a)	280,000	\$ 6,597,500
MSC.Software Corp. (a)	225,000	2,385,000
Symantec Corporation (a)	30,000	<u>1,320,000</u>
		10,302,500
Computer Systems—3.0%		
Micron Electronics, Inc. (a)	825,000	\$ 7,425,000
Security Systems—1.7%		
Checkpoint Systems, Inc. (a)	550,000	\$ 4,159,375
Pharmaceuticals—7.0%		
Dura Pharmaceuticals, Inc. (a)	490,000	\$ 17,333,750
Medical Research—0.7%		
Covance Inc. (a)	200,000	\$ 1,637,500
Medical Products—2.9%		
Hanger Orthopedic Group, Inc. (a)(c)	1,150,000	\$ 4,312,500
CONMED Corporation (a)	215,000	<u>2,942,813</u>
		7,255,313
Automotive—1.4%		
Stoneridge, Inc. (a)	177,800	\$ 1,711,325
Standard Motor Products, Inc.	210,000	<u>1,680,000</u>
		3,391,325
Automobile Rentals—1.4%		
Dollar Thrifty Automotive Group, Inc. (a)	175,000	\$ 3,456,250
Transportation Services—3.8%		
Teekay Shipping Corporation (b)	200,000	\$ 9,387,500
Machinery & Industrial Processing—4.0%		
Columbus McKinnon Corporation	495,000	\$ 6,713,437
Sames Corporation (a)(c)	235,000	<u>3,201,875</u>
		9,915,312
Chemicals—2.4%		
Ferro Corporation	155,000	\$ 2,954,688
H.B. Fuller Company	70,000	2,012,500
Georgia Gulf Corporation	100,000	<u>1,143,750</u>
		6,110,938

THE OAKMARK SMALL CAP FUND

Schedule of Investments—September 30, 2000 cont.

	Shares Held/ Par Value	Market Value
Common Stocks—94.5% (cont.)		
Other Industrial Goods & Services—0.8%		
Gardner Denver Inc. (a)	64,000	\$ 1,040,000
Scott Technologies, Inc. (a)	45,000	797,344
Intergrated Electrical Services, Inc. (a)	37,500	257,812
		<u>2,095,156</u>
Real Estate—12.0%		
Catellus Development Corporation (a)	900,000	\$ 15,750,000
Prime Hospitality Corp. (a)	800,000	8,100,000
Trammell Crow Company (a)	400,000	6,000,000
		<u>29,850,000</u>
Diversified Conglomerates—1.1%		
U.S. Industries, Inc.	275,000	\$ 2,732,813
		234,961,481
Short Term Investments—5.8%		
Commercial Paper—2.8%		
General Electric Capital Corporation, 6.69% due 10/2/2000	\$7,000,000	\$ 7,000,000
Total Commercial Paper (Cost: \$7,000,000)		7,000,000
Repurchase Agreements—3.0%		
State Street Repurchase Agreement, 6.42% due 10/2/2000	\$7,598,000	\$ 7,598,000
Total Repurchase Agreements (Cost: \$7,598,000)		7,598,000
		14,598,000
		\$ 249,559,481
Call Options Written—0.0%		
Equity Options—0.0%		
Insurance—0.0%		
The MONY Group Inc., November 40 Calls	(21,000)	\$ (42,000)
Total Call Option Written (Cost: \$(64,578))		(42,000)
Other Liabilities In Excess Of Other Assets—(0.3)%		(813,869)
		\$ 248,703,612

(a) Non-income producing security.

(b) Represents foreign domiciled corporation.

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

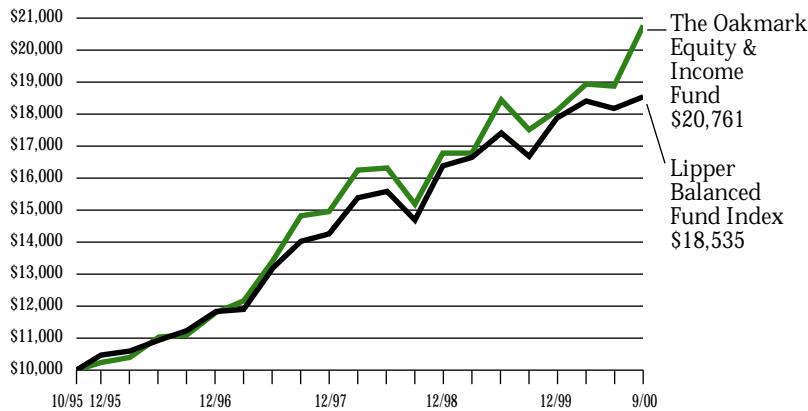
(d) At September 30, 2000, net unrealized appreciation of \$3,506,881, for federal income tax purposes, consisted of gross unrealized appreciation of \$50,635,465 and gross unrealized depreciation of \$47,128,584.

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 (9/30/00) AS COMPARED TO THE LIPPER BALANCED FUND INDEX



9/30/00 NAV \$16.50

	Average Annual Total Return*	
	Total Return Last 3 mos.	From Fund Inception 11/1/95
The Oakmark Equity & Income Fund	9.9%	16.0%
Lipper Balanced Fund Index**	2.0%	13.4%
Lehman Govt./Corp. Bond**	2.9%	6.1%
S&P 500 w/inc.**	-1.0%	22.2%

*Total return includes change in share prices and in each case includes reinvestment of any dividends and capital gain distributions.

**Each of the three indexes or averages is an unmanaged group of stocks or funds whose composition is different from the Fund. The Lipper Balanced Fund Index Composite is comprised of 30 balanced funds. The Lehman Govt./Corp. Bond Index includes the Lehman Government and Lehman Corporate indices. The S&P 500 is a broad market-weighted average dominated by blue-chip stocks. Past performance is no guarantee of future results.

Quarter and Annual Review

After a slow start, fiscal 2000 proved quite rewarding for The Oakmark Equity and Income Fund. The return for the 12 months was 18.5%, 7.4% better than the return which the Lipper Balanced Fund Index, our primary standard of comparison, registered. The result for the quarter ended September 30 was 9.9%, a handsome absolute return in any three month period but, in this case, well in excess of relevant competitive indices. While returns to the Fund's stocks were generally strong in the quarter, it was the financial stocks that blossomed in the period, an apparent outcome of the end of the Federal Reserve's effort to increase short term interest rates.

As the Fund draws near to its five-year anniversary, it is satisfying to note that the annualized rate of return has been 16%. This means that \$10,000 invested in the Fund at inception is now worth approximately \$21,000 (ignoring taxes). And, this return has been achieved with less volatility than would be present in an all-stock portfolio.

Mighty Oaks Awards

In October, we hand out awards to members of our firm's research team for their important efforts in crafting the fiscal year's outcome. This task is particularly happy in a strong year like 2000. Successful ideas were plentiful, making the choice of award winners somewhat arbitrary. The final list is quite diverse. It includes "old economy" issues as well as new, the smallest market capitalization name in the portfolio as well as the largest, a company created by spin-off during the year, and a pure technology company. The list should also include **Catellus Development** which Edward Studzinski follows. Ed, having put on the portfolio manager mantle during the year, is no longer

eligible to receive the honor, but we thought it appropriate to point out the important role Catellus played in the Fund's fiscal 2000 success.

Kevin Grant, of our research department and a manager of The Oakmark Fund, wins an award for two ideas. **Sterling Commerce** proved to be the largest contributor to Fund returns in the fiscal year, though it left the portfolio six months ago by way of a takeover. At Harris Associates, we all often labor under the misguided notion that, as value managers, we do not consider technology companies for investment. Our routine response to this comment is that we will consider investing in any industry as long as we can do it on terms that are biased to favor our shareholders. Our "eclecticism" is limited only by the willingness of the market to mis-price securities.

Total Returns <i>as of September 30, 2000</i>	
3 Months	9.9%
6 Months	9.7%
1 Year (a)	18.5%
(a) During the year ended September 30, 2000, Initial Public Offerings ("IPOs") contributed 2.08% to the performance of Equity and Income. As the IPO environment changes and the total assets of the Fund grows, the impact of IPOs on performance will diminish.	
Average Annual Total Returns <i>as of September 30, 2000</i>	
3 Year	11.9%
5 Year	N/A
Since inception	16.0%

Sterling is a prototypical example of what can become available to us in technology. After the company's earnings disappointed investors, we were able to acquire a position in the stock for a modest multiple of earnings. The fact that the company's balance sheet had cash equal to more than one-quarter of the share price gave us great comfort. Eventually, SBC Communications agreed with

Highlights

- **The Fund celebrates its five-year anniversary on 11/1/00.**
- **For the 12 months ended 9/30 the Fund was up 18.5%, outpacing the Lipper Balanced Fund Index by more than 7%.**
- **Financial stocks blossomed in the past quarter, an apparent outcome of the end of the Federal Reserve's effort to increase short-term interest rates.**
- **Sterling Commerce (bought out six months ago) proved to be the largest contributor to the Fund's return, and is a prototypical example of an attractively priced stock in the technology industry.**

our assessment and purchased Sterling at a substantial premium to our acquisition price.

Kevin's second highly successful idea for the Fund was **Energizer**, the battery company, which Ralston Purina spun off to its shareholders in April. Always a reticent company, Ralston spun off Energizer without spoon-feeding earnings guidance to Wall Street analysts. Soon thereafter Energizer surprised investors with its first report, and the stock swooned. We took advantage of this opportunity to initiate a position and were pleased to find out later that company insiders had aggressively increased their holdings at the same time. We do not expect that the recent rebound in the stock presages a similar rosy future for the company; the consumer spending environment is simply too chancy at present. We do believe, however, that the stock price had declined to a level that was significantly below absolute value and offered opportunity absent an economic depression.

Greg Jackson, of our research department and a manager of The Global Fund, wins an award for his recommendation of **Ceridian**. Ceridian is in three businesses, the smaller two of which have been doing well but the largest, payroll processing, has suffered through a difficult period.

Top Five Industries
as of September 30, 2000

<i>Industries and % of Total Net Assets</i>	U.S. Government Notes	24.9%
	Information Services	8.0%
	Real Estate	6.4%
	Medical Products	5.4%
	Banks & Thrifts	5.4%

We expect the company to restructure while the payroll division fixes its problems. Apparently the stock market agrees with our assessment as the strong return to the stock gives evidence.

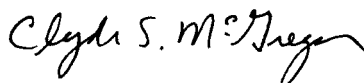
Last, but not least, is Jim Benson, an analyst and manager of The Small Cap Fund. Jim scored with a very small manufacturer, **Alamo Group**, and a very large financial company, **Washington Mutual**. At this time last year, Alamo was a classic smaller value situation as the stock sold for less than book value and carried a low P/E ratio on depressed earnings. As well, an energetic new CEO came on board in mid-1999. All that happened over the last 12 months is a gradual return to historic trends in earnings, but the rebound in the stock has been substantial. Washington Mutual (WM) is the nation's largest savings and

Top Five Holdings
as of September 30, 2000

<i>Company and % of Total Net Assets</i>	The Reynolds & Reynolds Company, Class A	4.3%
	Ceridian Corporation	4.1%
	NOVA Corporation	3.9%
	Catellus Development Corporation	3.7%
	Alamo Group Inc.	3.7%

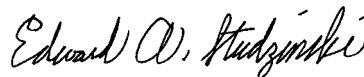
loan with operations extending from Florida to Washington state. During the first part of the Fund's fiscal 2000, WM experienced a substantial decline in stock price. The rationale appeared to be that investors forecasted a limitless series of Federal Reserve moves to hike interest rates with the outcome that thrift institutions would see diminishing profit margins. Six months ago, the market began to sense the end of the series of interest rate hikes with the effect that WM has nearly doubled from its low.

In closing, we would like to take this opportunity to thank our shareholders for their interest and support. In particular, we would like to thank our investors who have been with us from inception. While we are pleased with the cumulative outcome of the last five years, our effort is to ensure that the best is yet to come. As always, we welcome your e-mailed questions or comments.



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Edward A. Studzinski, CFA

Portfolio Manager
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October 6, 2000

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2000

	Shares Held	Market Value
Equity and Equivalents—62.2%		
Food & Beverage—2.9%		
UST Inc.	68,900	\$ 1,576,088
Retail—4.3%		
Office Depot, Inc. (a)	200,000	\$ 1,562,500
J.C. Penney Company, Inc.	67,500	797,344
		<u>2,359,844</u>
Household Products—3.6%		
Energizer Holdings, Inc. (a)	80,000	\$ 1,960,000
Other Consumer Goods & Services—2.3%		
H&R Block, Inc.	34,500	\$ 1,278,656
Banks & Thrifts—3.4%		
Washington Mutual, Inc.	47,000	\$ 1,871,187
Other Financial—2.6%		
Heller Financial, Inc.	50,000	\$ 1,428,125
Educational Services—1.2%		
ITT Educational Services, Inc. (a)	25,000	\$ 678,125
Information Services—8.0%		
Ceridian Corporation (a)	80,000	\$ 2,245,000
NOVA Corporation (a)	125,000	2,140,625
		<u>4,385,625</u>
Computer Services—3.4%		
Electronic Data Systems Corporation	30,000	\$ 1,245,000
SunGard Data Systems Inc. (a)	15,000	642,187
		<u>1,887,187</u>
Computer Software—4.2%		
The Reynolds and Reynolds Company, Class A	117,500	\$ 2,335,312
Telecommunications—2.6%		
Citizens Communications Company (a)	105,000	\$ 1,410,938
Medical Products—5.4%		
Sybron International Corporation (a)	70,000	\$ 1,680,000
Edwards Lifesciences Corporation (a)	60,000	1,308,750
		<u>2,988,750</u>

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2000 cont.

	Shares Held	Market Value
Equity and Equivalents—62.2% (cont.)		
Automotive—1.7%		
Borg-Warner, Inc.	27,900	\$ 924,188
Transportation Services—3.9%		
GATX Corporation	38,000	\$ 1,591,250
Nordic American Tanker Shipping Limited	25,000	540,625
		<u>2,131,875</u>
Agricultural Equipment—3.7%		
Alamo Group Inc.	159,150	\$ 2,019,216
Instruments—1.1%		
Rockwell International Corporation	20,000	\$ 605,000
Machinery & Industrial Processing—0.5%		
Gardner Denver Inc. (a)	16,000	\$ 260,000
Real Estate—6.2%		
Catellus Development Corporation (a)	116,728	\$ 2,042,740
The St. Joe Company	50,000	1,387,500
		<u>3,430,240</u>
Total Equity (Cost: \$26,552,422)		33,530,356
Convertible Preferred Stock—1.2%		
Telecommunications—1.2%		
Metromedia International Group, Inc., Convertible Preferred, 7.25%	28,600	\$ 650,650
Total Convertible Preferred Stock (Cost: \$808,041)		650,650
Total Equity and Equivalents (Cost: \$27,360,463)		34,181,006
Fixed Income—35.2%		
Preferred Stock—3.1%		
Banks & Thrifts—2.0%		
Pennfed Capital Trust, Preferred, 8.90%	27,500	\$ 598,125
Fidelity Capital Trust I, Preferred, 8.375%	43,500	372,469
BBC Capital Trust I, Preferred, 9.50%	6,000	114,000
		<u>1,084,594</u>
Telecommunications—0.9%		
MediaOne Finance Trust III, Preferred, 9.04%	20,000	\$ 503,750

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2000 cont.

	Shares Held/ Par Value	Market Value
Fixed Income—35.2% (cont.)		
Real Estate—0.2%		
Host Marriott Corporation, Preferred Class B, 10.00%	6,000	\$ 141,750
Total Preferred Stock (Cost: \$1,847,110)		1,730,094
Corporate Bonds—3.5%		
Retail—1.1%		
Ugly Duckling Corporation, 12.00% due 10/15/2003, Subordinated Debenture	\$ 650,000	\$ 585,000
Building Materials & Construction—1.4%		
Juno Lighting, Inc., 11.875% due 7/1/2009, Senior Subordinated Note	\$ 750,000	\$ 630,000
USG Corporation, 9.25% due 9/15/2001, Senior Notes Series B	150,000	152,062
		<u>782,062</u>
Utilities—1.0%		
Midland Funding Corporation, 11.75% due 7/23/2005	\$ 500,000	\$ 556,875
Total Corporate Bonds (Cost: \$1,931,691)		1,923,937
Government and Agency Securities—28.6%		
U.S. Government Notes—24.9%		
United States Treasury Notes, 6.50% due 10/15/2006	\$3,000,000	\$ 3,082,500
United States Treasury Notes, 5.25% due 8/15/2003	2,500,000	2,453,125
United States Treasury Notes, 6.50% due 2/15/2010	2,000,000	2,082,500
United States Treasury Notes, 6.50% due 2/28/2002	2,000,000	2,009,376
United States Treasury Notes, 5.25% due 5/15/2004	2,000,000	1,956,876
United States Treasury Notes, 9.125% due 5/15/2009	1,000,000	1,095,625
United States Treasury Notes, 7.875% due 8/15/2001	1,000,000	1,013,438
		<u>13,693,440</u>
U.S. Government Agencies—3.7%		
Federal Home Loan Bank, 6.75% due 5/1/2002	\$2,000,000	\$ 2,007,832
Total Government and Agency Securities (Cost: \$15,489,609)		15,701,272
Total Fixed Income (Cost: \$19,268,410)		19,355,303

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2000 cont.

	Par Value	Market Value
Short Term Investments—3.8%		
Commercial Paper—1.8%		
General Electric Capital Corporation, 6.69% due 10/2/2000	\$1,000,000	\$ 1,000,000
Total Commercial Paper (Cost: \$1,000,000)		1,000,000
Repurchase Agreements—2.0%		
State Street Repurchase Agreement, 6.42% due 10/2/2000	\$1,058,000	\$ 1,058,000
Total Repurchase Agreements (Cost: \$1,058,000)		1,058,000
Total Short Term Investments (Cost: \$2,058,000)		2,058,000
Total Investments (Cost \$48,686,873)—101.2% (b)		55,594,309
Other Liabilities In Excess Of Other Assets—(1.2)%		(658,472)
		<u>54,935,837</u>
Total Net Assets—100%		\$ 54,935,837

(a) Non-income producing security.

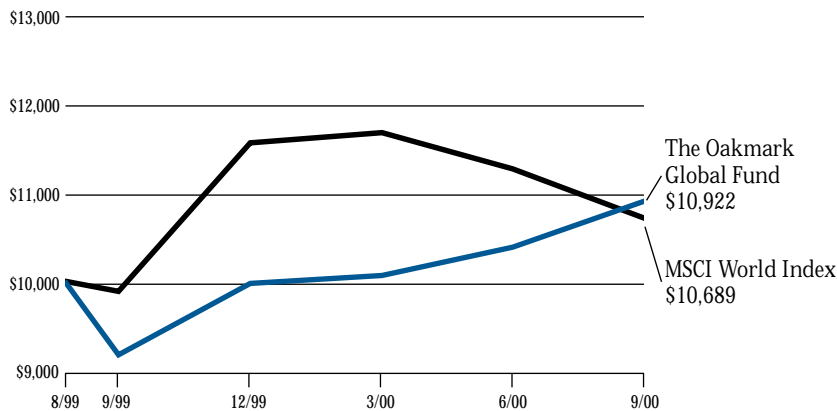
(b) At September 30, 2000, net unrealized appreciation of \$6,907,435, for federal income tax purposes, consisted of gross unrealized appreciation of \$7,676,838 and gross unrealized depreciation of \$769,403.

THE OAKMARK GLOBAL FUND

Report from Michael J. Welsh and Gregory L. Jackson, Portfolio Managers



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK GLOBAL FUND FROM ITS INCEPTION (8/4/99) TO PRESENT (9/30/00) AS COMPARED TO THE MSCI WORLD INDEX



9/30/00 NAV \$10.91

	Total Return Last 3 months	Average Annual Total Return* Through 9/30/00 From Fund Inception 8/4/99
The Oakmark Global Fund	5.2%	7.8%
MSCI World Index w/inc.**	-5.0%	5.9%
Lipper Global Fund Index**	-3.5%	15.2%

*Total return includes change in share prices and in each case includes reinvestment of any dividends and capital gain distributions.

**Each of the three indexes or averages is an unmanaged group of stocks whose composition is different from the Fund. The MSCI World Index includes 22 country sub-indexes. The Lipper Global Fund Index includes 30 mutual funds that invest in securities throughout the world. Past performance is no guarantee of future results.

Fellow Shareholders,

For the three-month period ending September 30, 2000, The Oakmark Global Fund achieved a return of 5.2%. This compares favorably to the -5.0% decline in the MSCI World Index and the -3.5% decline in the Lipper Global Fund Index. For the past twelve months, the Fund returned 19.0% compared with the 8.2% and the 19.2% returned by the MSCI World Index and the Lipper Global Fund Index, respectively. We are happy with the solid performance of the Fund during this time of exceptional market turbulence, both here and abroad.

During the past quarter, the Fund completed its first full year in operation. We wish to thank all of you for the trust you have placed in us, and every one at Harris Associates, for their dedication to and enthusiasm for The Oakmark Global Fund. We look forward to searching the world for the most attractive value opportunities for many years.

Growth and Value

Over the past few quarters (and continuing into the current quarter in which we are writing this letter) the tech-heavy NASDAQ has seen substantial drops in many of its most turbo-charged constituents. We must admit that, like other value investors, we take a good bit of pleasure in seeing the share prices of many momentum market darlings crash and burn. But our pleasure is more than mere schadenfreude (the German term that refers to a feeling of happiness at another's misfortune). We are actually hoping to be able to pick through some of the wreckage and pick up some excellent businesses at reasonable prices.

We believe several of our current holdings have the growth prospects and sizzle of NASDAQ stocks but trade in the market at value prices. Companies in your portfolio like **Nova Corp**, **Reynolds & Reynolds**, **First Data** in the United States, and **Telemig** in Brazil have prospects for profit growth which far outstrip that of the NASDAQ composite, yet they trade at fractions of the index's current, albeit lowered, valuation. It is the best possible scenario for us to be able to buy quality companies growing faster than the market at prices below market averages.

Total Returns <i>as of September 30, 2000</i>	
3 Months	5.2%
6 Months	8.6%
1 Year (a)	19.0%
(a) During the year ended September 30, 2000, Initial Public Offerings ("IPOs") contributed 11.86% to the performance of Global. As the IPO environment changes and the total assets of the Fund grows, the impact of IPOs on performance will diminish.	
Average Annual Total Returns <i>as of September 30, 2000</i>	
3 Year	N/A
5 Year	N/A
Since inception	7.8%

In fact, dogmatic cleaving of the market into two camps, "value" and "growth," has always made us somewhat uncomfortable. Our philosophy of value investing is about finding companies trading at significant discounts to underlying business value. Our estimate of the growth rate is a critical component to determining underlying business value. We have nothing against growth - far from it. The difficulty in is developing a reasonable level of confidence in the sustainability of a fast growth rate for many "growth" companies. To us, where some growth investors

Highlights

- **During the past quarter the Fund completed its first full year in operation. Global equity markets continue to provide exceptional value opportunities, even more so that when we started it in August 1999.**
- **For the past twelve months, the Fund returned 19.0%, compared with MSCI World Index return of 8.2% and Lipper Global Fund Index of 19.2%.**
- **We believe several of our current holdings have the growth prospects and sizzle of NASDAQ stocks, but trade in the market at value prices.**

fail is by mindlessly projecting growth rates for businesses that may not have defensible franchises, or by ignoring the inevitable competition that is attracted to high economic returns, or even by ignoring simple truths like the law of large numbers and reversion to the mean.

The focus on price is what sets value investors apart. For us, such measures as book value or current earnings may or may not be relevant to determining business value. A long-term disciplined value investing process is much more than robotically buying companies that are cheap on stated earnings.

First Data ("FDC") is an example of a perfect combination of a quality, high-return business with a faster-than-average growth rate trading at a value price. Currently FDC trades around 8.5 times 2001 operating profit, and we have a high level of confidence that their annual growth rate over the next three years will be in the mid-teens percent. What gives us the confidence in the rapid growth rate? The defensibility of their position in payment processing and the inexorable expansion of electronic payments for

Top Five Industries <i>as of September 30, 2000</i>		
Industries and % of Total Net Assets	Information Services	15.8%
	Retail	15.1%
	Other Consumer Goods & Services	8.4%
	Food & Beverage	8.2%
	Educational Services	6.0%

transactions (fueled further by the Internet). FDC has an unassailable low-cost position in high-volume transaction processing. Their economies of scale are difficult to replicate making it nearly impossible for a competitor to economically take business away from them.

Top Five Holdings <i>as of September 30, 2000</i>		
Company and % of Total Net Assets	NOVA Corporation	6.9%
	ITT Educational Services, Inc.	6.0%
	The Reynolds & Reynolds Company, Class A	5.5%
	Somerfield plc	5.2%
	Ceridian Corporation	5.2%

Looking Forward

Global equity markets are currently providing exceptional value opportunities, even more so than when we started the Fund last August. We believe the current portfolio represents excellent long-term appreciation potential.

Thank you for your continued confidence and support.



Michael J. Welsh, CFA, CPA

Portfolio Manager
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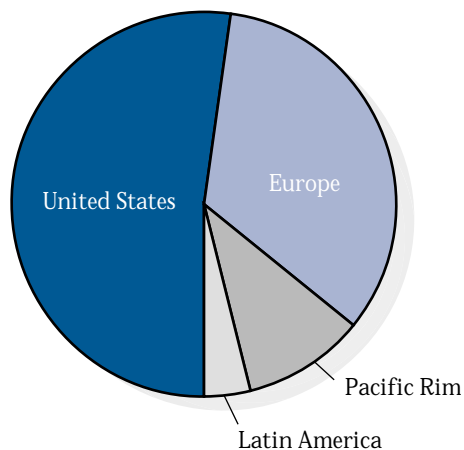
Gregory L. Jackson





Portfolio Manager
gjackson@oakmark.com

October 10, 2000

THE OAKMARK GLOBAL FUND

Global Diversification—September 30, 2000



	% of Fund Net Assets		% of Fund Net Assets
 United States	50.3%	 Pacific Rim	9.9%
		New Zealand	4.1%
 Europe	32.1%	Korea	4.0%
Great Britain	18.9%	Hong Kong	1.7%
* France	4.3%	Singapore	0.1%
* Germany	3.4%	 Latin America	3.8%
* Italy	2.9%	Panama	2.7%
* Finland	2.6%	Brazil	1.1%

* Euro currency countries comprise 13.2% of the Fund.

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2000

Description	Shares Held	Market Value
Common Stocks—94.5%		
Food & Beverage—8.2%		
Diageo plc (Great Britain)	Beverages, Wines, & Spirits Manufacturer	130,000 \$ 1,161,233
Hite Brewery Co., Ltd. (Korea)	Brewer	27,000 1,088,329
		<u>2,249,562</u>
Apparel—2.9%		
Fila Holding S.p.A. (Italy), (a)(b)	Athletic Footwear & Apparel	87,900 \$ 802,087
Retail—13.5%		
Somerfield plc (Great Britain)	Food Retailer	1,198,000 \$ 1,408,520
House of Fraser Plc (Great Britain)	Department Store	1,601,000 1,166,102
Toys ‘Я’ Us, Inc. (United States), (a)	Toy Retailer	50,000 812,500
Ugly Duckling Corporation (United States), (a)	Automobile Retailer & Financier	50,000 290,625
		<u>3,677,747</u>
Other Consumer Goods & Services—8.4%		
Royal Doulton plc (Great Britain), (a)	Tableware & Giftware	700,000 \$ 843,713
Department 56, Inc. (United States), (a)	Collectibles & Giftware Products	60,000 791,250
H&R Block, Inc. (United States)	Financial Services Provider	18,000 667,125
		<u>2,302,088</u>
Banks & Thrifts—4.1%		
Banco Latinoamericano de Exportaciones, S.A., Class E (Panama), (b)	Latin American Trade Bank	26,300 \$ 729,825
Washington Mutual, Inc. (United States)	Thrift	10,000 398,125
		<u>1,127,950</u>
Hotels & Motels—0.1%		
Mandarin Oriental International Limited (Singapore)	Hotel Management	30,000 \$ 19,500
Human Resources—1.3%		
Spherion Corporation (United States), (a)	Workforce Management Services	30,000 \$ 358,125

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2000 cont.

	Description	Shares Held	Market Value
Common Stocks—94.5% (cont.)			
Educational Services—6.0%			
	ITT Educational Services, Postsecondary Degree Programs Inc. (United States), (a)	60,000	\$ 1,627,500
Information Services—15.8%			
	NOVA Corporation Transaction Processing Services (United States), (a)	110,000	\$ 1,883,750
	Ceridian Corporation Data Management Services (United States), (a)	50,000	1,403,125
	Equifax Inc. Consumer Credit Information (United States)	37,000	996,687
	Dun & Bradstreet Decision Support Services Corporation, When Issued (United States), (a)	1,500	25,500
			<u>4,309,062</u>
Computer Services—3.9%			
	First Data Corporation Electronic Commerce Services (United States)	27,000	\$ 1,054,687
Computer Software—5.5%			
	The Reynolds and Information Management Systems Reynolds Company, Class A (United States)	75,000	\$ 1,490,625
Printing—4.1%			
	Valassis Communications, Product Promotions Printer Inc. (United States), (a)	50,000	\$ 1,112,500
Telecommunications—1.1%			
	Telemig Celular Mobile Telecommunications Participacoes S.A. (Brazil), (a)	111,345,000	\$ 290,597
Medical Products—1.4%			
	Hanger Orthopedic Group, Orthotics & Prosthetics Inc. (United States), (a) Manufacturer	100,000	\$ 375,000
Machinery & Metal Processing—2.6%			
	Metso Oyj (Finland) Paper & Pulp Machinery	69,500	\$ 706,337
Mining & Building Materials—4.1%			
	Fletcher Challenge Building Materials Manufacturer Building (New Zealand)	1,107,186	\$ 1,110,307

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2000 cont.

Description		Shares Held/ Par Value	Market Value
Common Stocks—94.5% (cont.)			
Other Industrial Goods & Services—4.8%			
Chargeurs SA (France)	Wool, Textile Production & Trading	9,900	\$ 599,315
GFI Industries SA (France)	Industrial Fastener Manufacturer	26,600	564,656
Tomkins plc (Great Britain)	Diversified Engineering	57,432	140,569
			<u>1,304,540</u>
Production Equipment—3.4%			
Krones AG (Germany)	Production Machinery Manufacturer	33,400	\$ 929,793
Diversified Conglomerates—3.3%			
First Pacific Company Limited (Hong Kong)	Diversified Operations	1,540,000	\$ 459,245
Enodis plc (Great Britain)	Food Processing Equipment	150,000	431,469
			<u>890,714</u>
Total Common Stocks (Cost: \$23,392,410)			25,738,721
Fixed Income—1.6%			
Retail—1.6%			
Ugly Duckling Corporation, Subordinated Debenture, 11.00% due 4/15/2007		\$ 605,000	\$ 423,500
Total Fixed Income (Cost: \$436,404)			423,500
Short Term Investments—3.6%			
Commercial Paper—1.8%			
General Electric Capital Corporation, 6.69% due 10/2/2000		\$ 500,000	\$ 500,000
Total Commercial Paper (Cost: \$500,000)			500,000
Repurchase Agreements—1.8%			
State Street Repurchase Agreement, 6.42% due 10/2/2000		\$ 473,000	\$ 473,000
Total Repurchase Agreements (Cost: \$473,000)			473,000
Total Short Term Investments (Cost: \$973,000)			973,000
Total Investments (Cost \$24,801,814)—99.7% (c)			\$ 27,135,222
Foreign Currencies (Proceeds \$28)—0.0%			28
Other Assets In Excess Of Other Liabilities—0.3% (d)			91,989
Total Net Assets—100%			\$ 27,227,239

(a) Non-income producing security.

(b) Represents an American Depository Receipt.

(c) At September 30, 2000, net unrealized appreciation of \$2,333,407, for federal income tax purposes, consisted of gross unrealized appreciation of \$3,679,374 and gross unrealized depreciation of \$1,345,967.

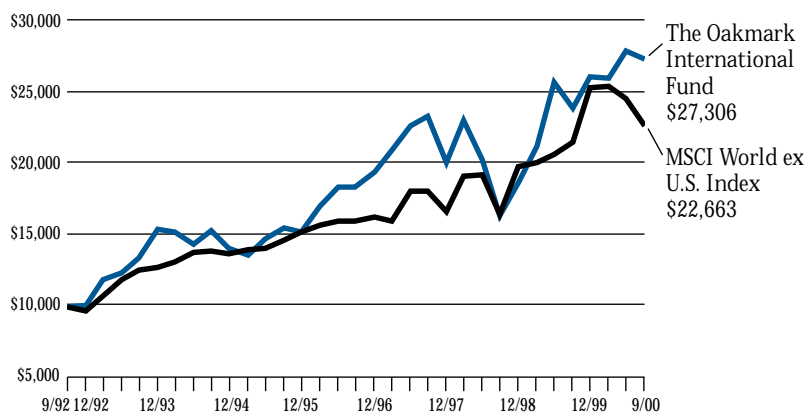
(d) Includes portfolio and transaction hedges.

THE OAKMARK INTERNATIONAL FUND

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



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK INTERNATIONAL FUND FROM ITS INCEPTION (9/30/92) TO PRESENT (9/30/00) COMPARED TO THE MSCI WORLD EX U.S. INDEX



9/30/00 NAV \$15.40

	Total Return Last 3 months	Average Annual Total Return* Through 9/30/00 From Fund Inception 9/30/92
The Oakmark International Fund	-2.0%	13.4%
MSCI World ex U.S. Index w/inc.**	-7.6%	10.8%
MSCI EAFE Index w/inc.**	-8.1%	10.5%
Lipper International Fund Index**	-7.3%	12.4%

*Total return includes change in share prices and in each case includes reinvestment of any dividends and capital gain distributions.

**Each of the three indexes or averages is an unmanaged group of stocks or funds whose composition is different from the Fund. The MSCI World ex U.S. Index includes 21 country sub-indexes. The MSCI EAFE Index refers to Europe, Asia and the Far East and includes 20 country sub-indexes. The Lipper International Fund Index includes 30 mutual funds that invest in securities whose primary markets are outside the United States. Past performance is no guarantee of future results.

Fellow Shareholders,

For the fiscal year 2000, The Oakmark International Fund produced a return of 14.3%. This compares very favorably to the MSCI EAFE Index, which was up 3.2%. Although the Fund was down 2.0% for the fourth quarter of the fiscal year, this compares favorably to the return of the MSCI EAFE Index that was -8.1% for the same quarter.

Most importantly, since Oakmark International's inception eight years ago, it has averaged a 13.4% annual return. This exceeds the MSCI EAFE Index return of 10.5% and the Lipper International Fund Index return of 12.4%. Though we are pleased with these returns, there is room for improvement. Given the state of the portfolio today and boundless opportunities, we hope to build upon the return in the years to follow.

Winners of the 4th Quarter

Our top performer of the quarter was one of last year's worst performers, **Somerfield Plc.** Somerfield is a UK based grocery store, which we know very well. Though the company has made some mistakes in the past, we are quite certain that the market has greatly overreacted in terms of the Somerfield share price. The share price does not reflect the company's business strengths and does not factor in the impact of a new, very experienced and competent management. Again, we believe patience is a virtue in the investment business and are pleased that our patience has generally benefited our shareholders (**Cordiant, Chargeurs, Telmex, etc**). Another 4th quarter winner, South Korean building materials company **Kumkang**, was up almost 15% in the

last quarter. This was achieved in an extremely weak equity environment in South Korea.

Total Returns <i>as of September 30, 2000</i>	
3 Months	(2.0%)
6 Months	5.0%
1 Year	14.3%
Average Annual Total Returns <i>as of September 30, 2000</i>	
3 Year	5.5%
5 Year	12.0%
Since inception	13.4%

And some Losers

Enodis Plc, a British-based maker of food preparation equipment, was hit as a few areas of their business showed some weakness. However, we are quite confident that, on whole, the business is extremely strong. It is a global leader in its industry and will benefit from growth in the restaurant business as well as its wide product line which provides marketing and distribution synergies. **Tomkins Plc**, an engineering group which itself is being re-engineered, also disappointed us over the last three months although it has posted only good news. This one is a real puzzler: it has sold its lower profit businesses, managed its cyclical yet profitable businesses well, has bought back over 10% of its company, has lots of cash on its balance sheet, has grown its dividend 15% a year for the last 15 years and trades at 6 times earnings with a **11% yield!** Although a downturn in the growth of the US economy would not be good for Tomkins, we believe the current price seems irrational.

Wither the Euro???

The Euro, the new European currency unit, has been extremely weak versus the dollar, thus negatively impacting return of international equity funds like ours. As a refresher, the Euro was introduced with great fanfare 21 months ago at a price of E1.15. At this writing, it sits at E .87, a decline of around 25%. It's ironic that when it was introduced and rising, the pundits, as one would expect, were all over it claiming that E1.25 was a reasonable level.

Highlights

- **The Fund returned 14.3% for the fiscal year ended 9/30, versus the MSCI EAFE Index return of 3.2% and the Lipper International Fund Index return of 10.8%.**
- **Third quarter top performer was one of last year's worst performers — Somerfield Plc. Another winner, South Korean building materials company Kumkang, was up almost 15% for the quarter.**
- **The Euro, the new European currency unit, has been extremely weak versus the dollar, thus negatively impacting the returns of international equity funds. However, with positive changes occurring in many countries throughout Europe, we are encouraged by its prospects.**

Today, -25% later, the same people are saying that the Euro is dead. What is the truth???

You may recall from past quarterly reports how we have explained that long-term currency movements are ultimately derived from a nation's (or an area's) competitiveness. As desired goods and services are produced from a currency region, the demand for these goods and services will increase, as will the demand for their underlying currency. This is also true for longer-term investment in a particular region. If investors think a region is competitive, they will invest there for the long term. Remember back in the days of a very weak dollar (mid 90's), we argued that continued weakness was unsustainable because the US was the most competitive nation in the world. As the dollar dropped, foreign companies

Top Five Industries <i>as of September 30, 2000</i>		
Industries and % of Total Net Assets	Banks & Thrifts	18.4%
	Other Industrial	
	Goods & Services	9.1%
	Food & Beverage	8.4%
	Apparel	6.4%
	Household Products	6.1%

continued to buy US companies, land, equipment, etc. Even BMW and Mercedes now produce vehicles in the US!

Today, it seems markets have again overreacted. Europe, which has done so much to become globally competitive, is not being rewarded for these efforts in the global currency markets. Whether one speaks of micro, on the plant floor changes, or macro, national economic changes, it is evident that Europe and its companies are truly changing for the better. As an example, Germany has made monumental changes in the areas of taxation and social welfare. France is attempting to do the same. Spain is reforming its labor markets. And, hostile takeovers are starting to happen. Who would have thought that a British phone company, Vodafone, would ever be allowed to take over a German national champion like Mannesman?

Top Five Holdings <i>as of September 30, 2000</i>		
Company and % of Total Net Assets	Somerfield plc	5.8%
	Diageo plc	4.0%
	Hunter Douglas N.V.	3.8%
	Metso Oyj	3.8%
	Chargeurs SA	3.2%

These positive events, coupled with the current low price of the Euro, should represent investment opportunity over the medium and longer term.

Future Outlook

With the continued deflation of the technology stock bubble and the bargain basement prices of the stocks in our portfolio, we remain very enthusiastic about future prospects. Whether it be as extreme an example as exists in Tomkins or just the great values we are finding in financial services, consumer non-durables and in the many well-managed, very profitable companies across the industrial and geographic spectrum, we believe that future prospects are very promising. Again, going into our ninth year, we thank all of our shareholders for your trust and support.



David G. Herro, CFA

Portfolio Manager
dherro@compuserve.com



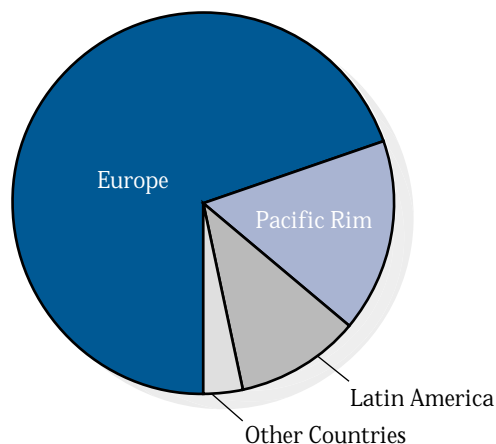
Michael J. Welsh, CFA, CPA

Portfolio Manager
102521.2142@compuserve.com

October 6, 2000

THE OAKMARK INTERNATIONAL FUND

International Diversification—September 30, 2000



	% of Fund Net Assets		% of Fund Net Assets
 Europe	66.8%	 Latin America	10.1%
Great Britain	24.4%	Brazil	3.9%
* France	10.0%	Panama	3.2%
* Finland	6.3%	Argentina	2.7%
Denmark	5.2%	Mexico	0.3%
* Netherlands	5.2%		
Sweden	4.9%	 Pacific Rim	15.7%
* Italy	3.0%	Korea	6.5%
* Germany	3.0%	Singapore	3.3%
* Ireland	2.1%	Australia	2.7%
Switzerland	1.9%	Hong Kong	2.3%
* Austria	0.8%	Japan	0.9%
		 Other	3.1%
		Canada	3.1%

* Euro currency countries comprise 30.4% of the Fund.

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2000

	Description	Shares Held	Market Value
Common Stocks—95.7%			
Food & Beverage—8.4%			
Diageo plc (Great Britain)	Beverages, Wines, & Spirits Manufacturer	3,520,000	\$ 31,442,608
Quilmes Industrial S.A. (Argentina), (b)	Brewer	2,032,000	21,336,000
Lotte Chilsung Beverage Company (Korea) (d)	Soft Drinks, Juices, & Sport Drinks Manufacturer	88,080	9,399,202
Lotte Confectionery Co., Ltd. (Korea)	Confection Manufacturer	37,270	3,275,308
			<u>65,453,118</u>
Apparel—6.4%			
Fila Holding S.p.A. (Italy), (a)(b)(d)	Athletic Footwear & Apparel	2,577,800	\$ 23,522,425
Adidas-Salomon AG (Germany)	Worldwide Manufacturer/Marketer of Sportswear	335,100	18,399,461
Giordano International Limited (Hong Kong)	Pacific Rim Clothing Retailer & Manufacturer	14,286,000	8,291,432
			<u>50,213,318</u>
Retail—5.8%			
Somerfield plc (Great Britain) (d)	Food Retailer	38,321,000	\$ 45,054,993
Household Products—6.1%			
Hunter Douglas N.V. (Netherlands)	Window Coverings Manufacturer	1,106,184	\$ 30,012,009
Reckitt Benckiser plc (Great Britain)	Household Cleaners & Air Fresheners	1,443,000	17,755,325
			<u>47,767,334</u>
Other Consumer Goods & Services—0.9%			
Shimano Inc. (Japan)	Bicycle Components Manufacturer	345,000	\$ 6,669,989
Banks & Thrifts—18.4%			
Banco Latinoamericano de Exportaciones, S.A., Class E (Panama), (b)	Latin American Trade Bank	898,500	\$ 24,933,375
Danske Bank Group (Denmark), (a)	Commercial Banking	177,700	22,597,004
Uniao de Bancos Brasileiros S.A. (Brazil), (c)	Commercial Banking	623,300	20,568,900
Nordic Baltic Holding (NBH) AB (Denmark)	Commercial Banking	2,520,728	17,758,329
Bank of Ireland (Ireland)	Commercial Banking	2,030,000	16,217,869
Canadian Imperial Bank of Commerce (Canada)	Commercial Banking	335,000	11,001,460

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2000 cont.

Description	Shares Held	Market Value	
Common Stocks—95.7% (cont.)			
Banks & Thrifts—18.4% (continued)			
BNP Paribas SA (France)	Commercial Banking	108,500	\$ 9,579,096
Svenska Handelsbanken AB (Sweden)	Commercial Banking	502,500	8,100,624
Kookmin Bank (Korea)	Commercial Banking	430,000	5,128,458
United Overseas Bank Limited, Foreign Shares (Singapore)	Commercial Banking	583,968	4,197,223
National Australia Bank Limited (Australia)	Commercial Banking	295,000	4,076,433
			<u>144,158,771</u>
Insurance—1.9%			
Swiss Re (Switzerland)	Reinsurance Provider	7,700	\$ 14,724,886
Hotels & Motels—2.7%			
Mandarin Oriental International Limited (Singapore)	Hotel Management	33,134,400	\$ 21,537,360
Publishing—1.4%			
Wolters Kluwer NV (Netherlands)	Reference Material Publisher	535,000	\$ 10,874,541
Telecommunications—2.7%			
SK Telecom Co., Ltd. (Korea)	Mobile Telecommunications	44,130	\$ 10,763,897
Telemig Celular Participacoes S.A. (Brazil), (a)	Mobile Telecommunications	2,297,800,000	5,996,971
Brasil Telecom Participacoes S.A. (Brazil), (a)	Mobile Telecommunications	469,200,000	4,088,634
			<u>20,849,502</u>
Pharmaceuticals—2.5%			
Aventis S.A. (France)	Pharmaceuticals	152,000	\$ 11,418,047
Glaxo Wellcome plc (Great Britain)	Pharmaceuticals	265,000	8,010,613
			<u>19,428,660</u>
Automotive—5.1%			
Autoliv, Inc (Sweden)	Automotive Safety Systems Manufacturer	950,000	\$ 18,723,349
Compagnie Generale des Etablissements Michelin (France)	Tire Manufacturer	644,000	17,927,748

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2000 cont.

Description	Shares Held	Market Value
Common Stocks—95.7% (cont.)		
Automotive—5.1% (continued)		
Dongah Tire Industry Company (Korea) (d)	Innertube Manufacturer 166,290	\$ 3,459,560 <u>40,110,657</u>
Aerospace—2.1%		
Rolls-Royce plc (Great Britain)	Aviation & Marine Power 6,638,702	\$ 16,666,021
Airport Maintenance—1.1%		
Flughafen Wien AG (Austria)	Airport Management & Operations 170,825	\$ 6,189,629
Grupo Aeroportuario del Sureste S.A. de C.V. (Mexico), (a) (b)	Airport Operator 170,000	<u>2,581,875</u> 8,771,504
Components—4.2%		
Morgan Crucible Company plc (Great Britain)	Crucible & Components Manufacturer 4,396,424	\$ 16,807,344
IMI plc (Great Britain)	Components Manufacturer 5,140,000	<u>15,982,256</u> 32,789,600
Chemicals—2.2%		
Nufarm Limited (Australia) (d)	Agricultural & Industrial Chemical Producer 10,381,415	\$ 17,097,359
Oil & Natural Gas—1.8%		
ISIS (France)	Oil Services 200,950	\$ 14,082,849
Machinery & Metal Processing—3.8%		
Metso Oyj (Finland)	Paper & Pulp Machinery 2,937,987	\$ 29,859,122
Mining & Building Materials—2.4%		
Kumkang Korea Chemical Co., Ltd. (Korea)	Building Materials 419,260	\$ 18,798,367
Other Industrial Goods & Services—9.1%		
Chargeurs SA (France) (d)	Wool, Textile Production & Trading 418,930	\$ 25,360,707
Tomkins plc (Great Britain)	Diversified Engineering 8,698,685	21,290,731
Kone Corporation, Class B (Finland)	Elevators 313,110	19,093,052
Buderus AG (Germany)	Industrial Manufacturing 327,820	<u>5,455,255</u> 71,199,745

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2000 cont.

Description	Shares Held/ Par Value	Market Value
Common Stocks—95.7% (cont.)		
Steel—1.5%		
SSAB Svenskt Stal AB, Series A (Sweden)	Steel Producer 1,451,920	\$ 11,551,938
Diversified Conglomerates—5.2%		
Enodis plc (Great Britain)	Food Processing Equipment 6,240,000	\$ 17,949,120
Canadian Pacific Limited (Canada)	Diversified Operations 517,000	13,411,199
First Pacific Company Limited (Hong Kong)	Diversified Operations 31,760,868	9,471,431
		<u>40,831,750</u>
Total Common Stocks (Cost: \$792,892,042)		748,491,384
Short Term Investments—3.0%		
Commercial Paper—1.3%		
General Electric Capital Corporation, 6.69% due 10/2/2000	\$10,000,000	\$ 10,000,000
Total Commercial Paper (Cost: \$10,000,000)		10,000,000
Repurchase Agreements—1.7%		
State Street Repurchase Agreement, 6.42% due 10/2/2000	\$13,828,000	\$ 13,828,000
Total Repurchase Agreements (Cost: \$13,828,000)		13,828,000
Total Short Term Investments (Cost: \$23,828,000)		23,828,000
Total Investments (Cost \$816,720,042)—98.7% (e)		\$ 772,319,384
Foreign Currencies (Proceeds \$76)—0.0%		76
Other Assets In Excess Of Other Liabilities—1.3% (f)		10,194,506
Total Net Assets—100%		\$ 782,513,966

(a) Non-income producing security.

(b) Represents an American Depository Receipt.

(c) Represents a Global Depository Receipt.

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

(e) At September 30, 2000, net unrealized depreciation of \$44,400,657, for federal income tax purposes, consisted of gross unrealized appreciation of \$88,414,759 and gross unrealized depreciation of \$132,815,412.

(f) Includes portfolio and transaction hedges.

THE OAKMARK INTERNATIONAL SMALL CAP FUND

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



Fellow Shareholders,

For the fourth quarter of the fiscal year, your fund was down 4.0%, compared to negative returns of 7.6% and 3.5% for the MSCI World ex US index and the Lipper International Small Cap Fund Average, respectively. For the nine months ended September 30, 2000, the Fund was down 7.9%, compared to negative returns of 10.3% and 2.5% for the MSCI World ex US Index and the Lipper International Small Cap Fund Average.

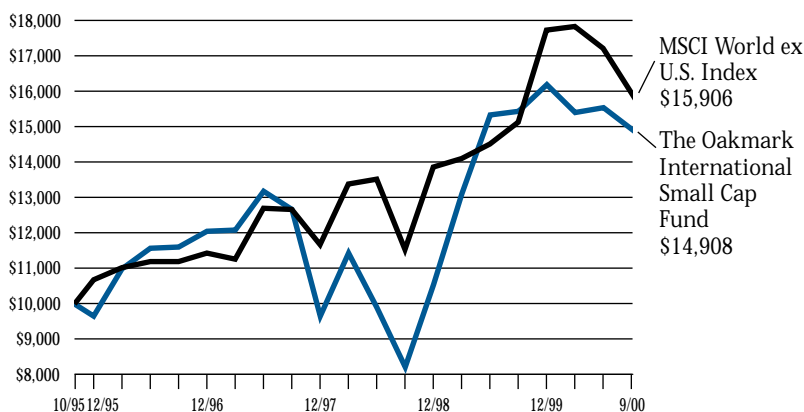
The past quarter was a rough one for most of the world's equity markets. The areas of greatest market excess, the ubiquitous "T-M-T" favorites (Technology, Media and Telecommunications) shouldered the brunt of the declines, but weakness was nearly universal. As long-term shareholders remember, we believe it is often in times of volatile share price movements that exceptional long-term values are unearthed.

Private Equity in Europe—Dry Powder

For quite a few quarters now, we have written about the exceptional values we are finding among the small and mid-cap stocks in Europe. Even with the latest downturns in the market indices, a large valuation gap still exists between huge, liquid, index names and everything else. A good question to ask is: "what is going to change this?"

One possibility is private equity — money that is raised from pension funds, insurance companies, and other institutions, pooled with ample amounts of debt, and used to buy pieces of businesses or entire companies. A healthy private equity market helps maintain "honesty" in share prices by focusing on businesses that are priced by the market

THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK INTERNATIONAL SMALL CAP FUND FROM ITS INCEPTION (11/1/95) TO PRESENT (9/30/00) AS COMPARED TO THE MSCI WORLD EX U.S.



9/30/00 NAV \$11.51

	Total Return Last 3 months	Average Annual Total Return* Through 9/30/00 From Fund Inception 11/1/95
The Oakmark International Small Cap Fund	-4.0%	8.5%
MSCI World ex U.S. Index w/inc.**	-7.6%	9.9%
Lipper International Small Cap Fund Average**	-3.5%	18.5%
Micropal Equity International Small Cap Index**	-4.0%	18.5%

*Total return includes change in share prices and in each case includes reinvestment of any dividends and capital gain distributions.

**Each of the three indexes or averages is an unmanaged group of indexes or funds whose composition is different from the Fund. The MSCI World ex U.S. Index includes 21 country sub-indexes. The Lipper International Small Cap Fund Average includes 76 mutual funds that invest in securities whose primary markets are outside the United States. The Micropal Equity International Small Cap Index is an unweighted index comprised of all funds within the international small company fund sector. Past performance is no guarantee of future results.

at significant discounts to business value. These financial investors can make a bid for the entire enterprise, their non-core business lines, or under-performing operations.

The trend is clear. We continue to see a pronounced increase in private equity, raised both in the US and Europe, that is earmarked for deals in the UK and Continental Europe. In the past quarter, some examples of private equity investors raising significant funds include BC Partners (Euro3.5 bill), KKR (US\$3 bill), CVC Capital Partners (US\$3.5 bill), and Schroder Ventures (Euro3 bill). Other firms actively involved in searching for European deals include Hicks Muse Tate & Furst, Carlyle Group, ABN-AMRO Holdings, Morgan Grenfell Private Equity, Texas Pacific Group, and Clayton, Dubilier, & Rice.

Total Returns <i>as of September 30, 2000</i>	
3 Months	(4.0%)
6 Months	(3.1%)
1 Year	(3.4%)
Average Annual Total Returns <i>as of September 30, 2000</i>	
3 Year	5.6%
5 Year	N/A
Since inception	8.5%

This year, your fund had two companies that were bought out by private equity investors, each for similar reasons. The first, UK-based **Wassall**, was purchased in the first quarter by KKR for \$1 billion. KKR saw Wassall as the perfect first step in their plan to consolidate the fragmented European lighting business. Wassall management will remain intact to assist KKR in this consolidation effort. The second buyout was **De Dietrich**, one of the oldest industrial companies founded in France over three hundred years ago. In this instance, when one of the controlling families wanted to sell their ownership interest, ABN-AMRO Holdings approached management with a full takeover offer. As with KKR, the buyer wanted to keep the existing superb management intact and simply supply the funding needed to grow the business.

Highlights

- **The past quarter was quite a rough one for most of the world's equity markets. The areas of greatest market excess — the technology, media, and telecommunications favorites — shouldered the brunt of the declines.**
- **We are finding exceptional value in small and mid-cap stocks in Europe. However, even with the latest downturns in market indices, a large valuation gap still exists between large, liquid, index names and everything else.**
- **We are continuing to see a pronounced increase in private equity, raised both in the U.S. and in Europe, being specifically earmarked for deals in the U.K. and Continental Europe.**

In both cases, it was apparent to the management teams that the market was not giving them proper credit for substantial value creation, something that a deep-pocketed private equity buyer was happy to do. Both companies continue to operate as before, the only difference is they now have direct access to easy capital instead of a low stock market valuation.

Another good example of a buyout by private equity investors occurred in the past few weeks with **Laporte plc**, the UK chemicals group. Our analyst, Dan O'Keefe, was investigating the company for the Oakmark International Fund. Laporte plc announced the sale of a part of their business which they considered "non-core" to KKR for \$1.2 billion, representing a huge valuation premium to the multiple for which the entire business was trading at the time. The share price, understandably, skyrocketed. As one market analyst put it: "Management has exploited the wide gulf between equity market multiples and the valuations that financial and trade buyers are willing to stomach."

Top Five Industries <i>as of September 30, 2000</i>		
Industries and % of Total Net Assets	Retail	11.0%
	Other Consumer Goods & Services	10.1%
	Food & Beverage	9.4%
	Diversified Conglomerates	6.5%
	Other Industrial Goods & Services	6.4%

We believe there is a substantial crop of low-hanging fruit to be harvested in Europe by private equity buyers, especially considering the presence of plentiful and cheap debt financing. The primary reasons you are not seeing a greater volume of transactions are political and cultural. Unlike the United States, it is still very early in Europe for these types of transactions to take place and it will take more time and delicacy to overcome political problems. Culturally, it will take time for top European managers to realize that divestitures and sales do not always equal failure. Despite these obstacles, the size and number of private equity transactions likely will grow in the years ahead.

Top Five Holdings <i>as of September 30, 2000</i>		
Company and % of Total Net Assets	Royal Doulton plc	5.5%
	GFI Industries SA	4.9%
	Hite Brewery Co., Ltd.	4.3%
	Fletcher Challenge Building	4.2%
	Jarvis Hotels plc	4.1%

Looking Forward

We continue to find very attractive situations in the small cap area across the globe. While the turbulence may continue for a bit, we believe the portfolio represents terrific long-term value at current prices.

We appreciate your continued support.



David G. Herro, CFA

Portfolio Manager
dherro@cs.com



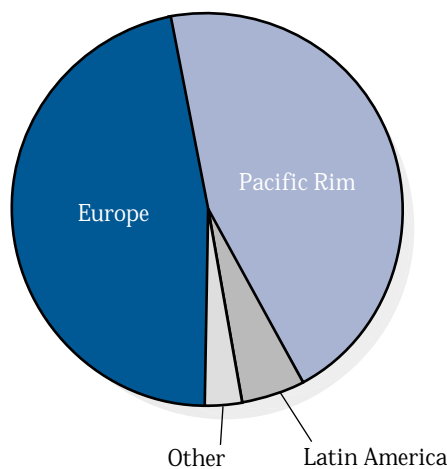
Michael J. Welsh, CFA, CPA



















Portfolio Manager
102521.2142@compuserve.com

October 10, 2000

THE OAKMARK INTERNATIONAL SMALL CAP FUND

International Diversification—September 30, 2000



		% of Fund Net Assets			% of Fund Net Assets																																																																									
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* Euro currency countries comprise 22.7% of the Fund.

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2000

Description	Shares Held	Market Value
Common Stocks—94.7%		
Food & Beverage—9.4%		
Hite Brewery Co., Ltd. (Korea)	Brewer 95,531	\$ 3,850,709
Alaska Milk Corporation (Philippines)	Milk Producer 44,874,000	2,233,987
Grupo Continental, S.A. (Mexico)	Soft Drink Manufacturer 1,213,000	1,477,389
Mikuni Coca-Cola Bottling Co., Ltd. (Japan)	Soft Drink Manufacturer 87,000	968,056
		<u>8,530,141</u>
Apparel—2.1%		
Kingmaker Footwear Holdings Limited (Hong Kong)	Athletic Footwear Manufacturer 12,300,000	\$ 1,861,605
Retail—11.0%		
House of Fraser Plc (Great Britain)	Department Store 4,195,000	\$ 3,055,464
Carpetright plc (Great Britain)	Carpet Retailer 346,000	2,522,679
Denny's Japan Co., Ltd. (Japan)	Restaurant Chain 110,000	2,111,364
York-Benimaru Co., Ltd. (Japan)	Supermarket Chain 41,300	1,056,961
Jusco Stores (Hong Kong) Co., Limited (Hong Kong)	Department Stores 6,996,000	807,593
Harvey Nichols plc (Great Britain)	High Fashion Clothing Retailer 142,000	364,357
		<u>9,918,418</u>
Other Consumer Goods & Services—10.1%		
Royal Doulton plc (Great Britain), (a)	Tableware & Giftware 4,129,219	\$ 4,976,964
Il Shin Spinning Company (Korea)	Fabric & Yarn Manufacturer 65,220	2,397,902
Dickson Concepts (International) Limited (Hong Kong)	Jewelry Wholesaler & Retailer 1,315,000	877,060
Sanford Limited (New Zealand)	Fisheries 358,334	642,729
Designer Textiles (NZ) Limited (New Zealand) (c)	Knit Fabrics 1,960,000	191,758
		<u>9,086,413</u>

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2000 cont.

Description	Shares Held	Market Value
Common Stocks—94.7% (cont.)		
Insurance—2.6%		
IPC Holdings, Ltd. (Bermuda)	Reinsurance Provider	87,700 \$ 1,622,450
Hannover Rueckversicherungs- AG (Germany)	Reinsurance Provider	8,000 <u>685,790</u>
		2,308,240
Other Financial—5.6%		
JCG Holdings Ltd. (Hong Kong)	Investment Holding Company	5,604,000 \$ 3,162,650
Ichiyoshi Securities Co., Ltd. (Japan)	Stock Broker	345,000 <u>1,919,421</u>
		5,082,071
Hotels & Motels—4.1%		
Jarvis Hotels plc (Great Britain)	Hotel Operator	2,537,000 \$ 3,658,171
Publishing—3.5%		
Matichon Public Company Limited, Foreign Shares (Thailand) (c)	Newspaper Publisher	2,039,500 \$ 2,105,571
VLT AB, Class B (Sweden)	Newspaper Publisher	125,950 <u>1,087,244</u>
		3,192,815
Printing—2.3%		
Hung Hing Printing Group Limited (Hong Kong)	Printing Company	5,498,000 \$ 2,080,305
Telecommunications—2.2%		
Telemig Celular Participacoes S.A. (Brazil), (a)	Mobile Telecommunications	475,000,000 \$ 1,239,691
SK Telecom Co., Ltd. (Korea)	Mobile Telecommunications	2,960 <u>721,983</u>
		1,961,674
Automotive—0.8%		
Dongah Tire Industry Company (Korea)	Innertube Manufacturer	34,400 \$ 715,670
Automobiles—3.3%		
Ducati Motor Holding S.p.A. (Italy), (a)	Motorcycle Manufacturer	1,287,000 \$ 2,974,264

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2000 cont.

Description	Shares Held	Market Value
Common Stocks—94.7% (cont.)		
Transportation Services—4.2%		
Mainfreight Limited (New Zealand) (c)	Logistics Services 4,373,551	\$ 2,317,741
DelGro Corporation Limited (Singapore)	Bus, Taxi, & Car Leasing 572,000	<u>1,466,878</u>
		3,784,619
Airport Maintenance—4.6%		
Flughafen Wien AG (Austria)	Airport Management & Operations 73,500	\$ 2,663,180
Grupo Aeroportuario del Sureste S.A. de C.V. (Mexico), (a) (b)	Airport Operator 100,000	<u>1,518,750</u>
		4,181,930
Chemicals—0.6%		
Kemira Oyj (Finland)	Chemicals 111,000	\$ 580,730
Oil & Natural Gas—3.8%		
ISIS (France)	Oil Services 32,477	\$ 2,276,032
Cairn Energy plc (Great Britain), (a)	Oil & Natural Gas Producer 419,000	<u>1,180,451</u>
		3,456,483
Instruments—0.1%		
Rotork plc (Great Britain)	Industrial Controls & Instruments Supplier 32,000	\$ 113,580
Mining & Building Materials—5.3%		
Fletcher Challenge Building (New Zealand)	Building Materials Manufacturer 3,753,251	\$ 3,763,831
Anglian Group plc (Great Britain)	Window & Door Manufacturer 459,000	<u>1,001,253</u>
		4,765,084
Other Industrial Goods & Services—6.4%		
GFI Industries SA (France)	Industrial Fastener Manufacturer 208,400	\$ 4,423,847
Vaisala Oyj, Class A (Finland)	Atmospheric Observation Equipment 72,100	<u>1,382,688</u>
		5,806,535
Production Equipment—6.2%		
Krones AG (Germany)	Production Machinery Manufacturer 115,700	\$ 3,220,870
NSC Groupe (France)	Textile Equipment Manufacturer 23,630	<u>2,340,985</u>
		5,561,855

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2000 cont.

Description	Shares Held/ Par Value	Market Value
Common Stocks—94.7% (cont.)		
Diversified Conglomerates—6.5%		
Haw Par Corporation Ltd. (Singapore)	Healthcare & Leisure Products 1,972,000	\$ 3,288,273
Jardine Strategic Holdings Limited (Bermuda)	Diversified Operations 340,700	994,844
Tae Young Corporation (Korea)	Heavy Construction 64,000	1,601,220
		<u>5,884,337</u>
Total Common Stocks (Cost: \$92,815,393)		85,504,940
Short Term Investments—3.7%		
Commercial Paper—1.6%		
General Electric Capital Corporation, 6.69% due 10/2/2000	\$1,500,000	\$ 1,500,000
Total Commercial Paper (Cost: \$1,500,000)		1,500,000
Repurchase Agreements—2.1%		
State Street Repurchase Agreement, 6.42% due 10/2/2000	\$1,867,000	\$ 1,867,000
Total Repurchase Agreements (Cost: \$1,867,000)		1,867,000
Total Short Term Investments (Cost: \$3,367,000)		3,367,000
Total Investments (Cost \$96,182,393)—98.4% (d)		\$ 88,871,940
Foreign Currencies (Proceeds \$75)—(0.0)%		70
Other Assets In Excess Of Other Liabilities—1.6% (e)		<u>1,473,772</u>
Total Net Assets—100%		\$ 90,345,782

(a) Non-income producing security.

(b) Represents an American Depository Receipt.

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

(d) At September 30, 2000, net unrealized depreciation of \$7,310,458, for federal income tax purposes, consisted of gross unrealized appreciation of \$8,729,481 and gross unrealized depreciation of \$16,039,939.

(e) Includes portfolio and transaction hedges.



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THE OAKMARK FAMILY OF FUNDS

Statement of Assets and Liabilities—September 30, 2000

	The Oakmark Fund	The Oakmark Select Fund	The Oakmark Small Cap Fund
Assets			
Investments, at value	\$ 2,011,316,685 (cost: 1,979,953,197)	\$ 1,775,647,588 (cost: 1,588,432,607)	\$ 249,559,481 (cost: 246,075,178)
Cash	199	626	942
Foreign currency, at value	0	0	0
Receivable for:			
Forward foreign currency contracts	0	0	0
Securities sold	28,311,454	24,325,561	559,320
Fund shares sold	5,751,925	2,225,652	48,707
Dividends and interest	4,017,332	1,264,708	96,313
Total receivables	38,080,711	27,815,921	704,340
Other assets	158,764	30,591	19,752
Total assets	<u>\$ 2,049,556,359</u>	<u>\$ 1,803,494,726</u>	<u>\$ 250,284,515</u>
Liabilities and Net Assets			
Options sold, at fair value	\$ 0	\$ 0	\$ 42,000 (premiums received: 64,578)
Payable for:			
Securities purchased	6,097,075	23,506,634	578,950
Fund shares redeemed	3,378,486	604,856	704,562
Forward foreign currency contracts	0	0	0
Other	1,351,991	646,762	255,391
Total liabilities	10,827,552	24,758,252	1,580,903
Net assets applicable to fund shares outstanding	<u>\$ 2,038,728,807</u>	<u>\$ 1,778,736,474</u>	<u>\$ 248,703,612</u>
Fund shares outstanding	<u>75,659,245</u>	<u>82,931,572</u>	<u>16,467,408</u>
Analysis of Net Assets			
Paid in capital	\$ 2,327,702,018	\$ 1,443,945,477	\$ 234,310,878
Accumulated undistributed net realized gain (loss) on sale of investments, forward contracts and foreign currency exchange transactions	(358,898,002)	138,991,711	10,885,853
Net unrealized appreciation (depreciation) of investments	31,363,487	187,214,980	3,506,881
Net unrealized appreciation (depreciation) of foreign currency portfolio hedges	0	0	0
Net unrealized appreciation (depreciation)—other	0	0	0
Accumulated undistributed net investment income (loss)	38,561,304	8,584,306	0
Net assets applicable to Fund shares outstanding	<u>\$ 2,038,728,807</u>	<u>\$ 1,778,736,474</u>	<u>\$ 248,703,612</u>
Price of Shares			
Net asset value per share: Class I	\$ 26.95	\$ 21.45	\$ 15.10
Class I—Net assets	\$ 2,038,728,807	\$ 1,771,965,140	\$ 248,703,612
Class I—Shares outstanding	75,659,245	82,615,135	16,467,408
Net asset value per share: Class II		\$ 21.40	
Class II—Net assets		\$ 6,771,334	
Class II—Shares outstanding		316,437	

The Oakmark Equity and Income Fund	The Oakmark Global Fund	The Oakmark International Fund	The Oakmark International Small Cap Fund
\$ 55,594,309 (cost: 48,686,873) 692 0 0 552,777 127,518 381,529 <hr/> 1,061,824 1,370 <hr/> <u>\$ 56,658,195</u>	\$ 27,135,222 (cost: 24,801,814) 751 28 76,462 211,224 3,217 95,357 <hr/> 386,260 10,706 <hr/> <u>\$ 27,532,967</u>	\$ 772,319,384 (cost: 816,720,042) 341 76 2,048,003 12,558,641 898,742 4,349,544 <hr/> 19,854,930 29,368 <hr/> <u>\$ 792,204,099</u>	\$ 88,871,940 (cost: 96,182,393) 425 70 289,441 2,966,110 3,922 392,597 <hr/> 3,652,070 7,147 <hr/> <u>\$ 92,531,652</u>
\$ 0 1,463,121 158,960 0 100,277 <hr/> 1,722,358 <hr/> <u>\$ 54,935,837</u> <hr/> <u>3,329,607</u>	\$ 0 215,752 0 0 89,976 <hr/> 305,728 <hr/> <u>\$ 27,227,239</u> <hr/> <u>2,495,109</u>	\$ 0 8,428,894 350,885 38,795 871,559 <hr/> 9,690,133 <hr/> <u>\$ 782,513,966</u> <hr/> <u>50,813,807</u>	\$ 0 1,819,092 170,404 7,014 189,360 <hr/> 2,185,870 <hr/> <u>\$ 90,345,782</u> <hr/> <u>7,852,136</u>
\$ 42,415,052 4,605,687 6,907,435 0 0 1,007,663 <hr/> <u>\$ 54,935,837</u>	\$ 24,526,429 11,546 2,333,407 76,462 (1,515) 280,910 <hr/> <u>\$ 27,227,239</u>	\$ 773,453,511 27,284,016 (44,400,657) 2,048,003 (180,240) 24,309,333 <hr/> <u>\$ 782,513,966</u>	\$ 89,764,601 4,660,607 (7,310,458) 289,441 (25,686) 2,967,277 <hr/> <u>\$ 90,345,782</u>
\$ 16.50 \$ 54,494,455 3,302,834 \$ 16.49 \$ 441,382 26,773	\$ 10.91 \$ 27,227,239 2,495,109	\$ 15.40 \$ 782,416,127 50,807,440 \$ 15.37 \$ 97,839 6,367	\$ 11.51 \$ 90,345,782 7,852,136

THE OAKMARK FAMILY OF FUNDS

Statement of Operations—September 30, 2000

	The Oakmark Fund	The Oakmark Select Fund	The Oakmark Small Cap Fund
Investment Income:			
Dividends	\$ 62,217,821	\$ 24,190,270	\$ 2,270,400
Interest Income	11,152,574	6,316,298	868,545
Other Income	189,274	8,202	109
Foreign taxes withheld	(153,721)	0	0
Total investment income	73,405,948	30,514,770	3,139,054
Expenses:			
Investment advisory fee	28,116,035	15,325,113	3,683,621
Transfer and dividend disbursing agent fees	2,144,292	959,533	282,517
Other shareholder servicing fees	1,407,173	1,058,557	144,292
Service Fee—Class II	0	10,765	0
Reports to shareholders	1,390,953	569,655	164,908
Custody and accounting fees	303,434	209,167	77,569
Registration and blue sky expenses	15,171	80,450	29,896
Trustee fees	117,583	67,881	36,760
Legal fees	37,929	25,327	10,729
Audit fees	24,116	23,005	22,105
Other	240,627	136,950	113,185
Total expenses	33,797,313	18,466,403	4,565,582
Expense reimbursement	0	0	(252,000)
Expense offset arrangements	(9,433)	(6,506)	(832)
Net expenses	33,787,880	18,459,897	4,312,750
Net Investment Income (loss):	39,618,068	12,054,873	(1,173,696)
Net realized and unrealized gain (loss) on investments and foreign currency transactions:			
Net realized gain (loss) on investments	(358,898,002)	161,052,611	25,233,378
Net realized gain (loss) on foreign currency transactions	0	0	0
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	(135,635,885)	159,978,754	(12,748,906)
Net change in appreciation (depreciation) of forward currency exchange contracts	0	0	0
Net change in appreciation (depreciation)—other	0	0	0
Net realized and unrealized gain (loss) on investments and foreign currency transactions:	(494,533,887)	321,031,365	12,484,472
Net increase (decrease) in net assets resulting from operations	\$ (454,915,819)	\$ 333,086,238	\$ 11,310,776

The Oakmark Equity and Income Fund	The Oakmark Global Fund	The Oakmark International Fund	The Oakmark International Small Cap Fund
\$ 1,149,410	\$ 615,292	\$ 25,208,892	\$ 4,628,168
1,219,738	60,281	2,284,194	234,290
911	0	0	0
(22,837)	(56,319)	(2,623,737)	(579,417)
<u>2,347,222</u>	<u>619,254</u>	<u>24,869,349</u>	<u>4,283,041</u>
410,864	267,710	7,849,938	1,451,394
57,692	46,375	596,790	112,558
13,549	4,638	358,338	65,130
165	0	251	0
28,049	44,681	305,840	59,570
50,428	51,259	868,495	201,396
40,366	41,928	53,092	32,622
27,682	26,900	50,812	29,502
8,381	10,047	16,642	9,028
20,005	21,057	27,222	24,116
24,440	14,772	80,226	32,150
<u>681,621</u>	<u>529,367</u>	<u>10,207,646</u>	<u>2,017,466</u>
0	(55,500)	0	0
(1,017)	(1,355)	(2,912)	(3,039)
<u>680,604</u>	<u>472,512</u>	<u>10,204,734</u>	<u>2,014,427</u>
1,666,618	146,742	14,664,615	2,268,614
4,310,645	96,088	60,562,992	4,863,798
(645)	132,840	10,609,055	991,046
3,084,969	4,122,450	13,902,115	(13,182,275)
0	81,181	2,556,178	281,817
159	(1,568)	(111,145)	(28,709)
<u>7,395,128</u>	<u>4,430,991</u>	<u>87,519,195</u>	<u>(7,074,323)</u>
<u>\$ 9,061,746</u>	<u>\$ 4,577,733</u>	<u>\$ 102,183,810</u>	<u>\$ (4,805,709)</u>

THE OAKMARK FAMILY OF FUNDS

Statement of Changes in Net Assets—September 30, 2000

	The Oakmark Fund	
	Year Ended September 30, 2000	Year Ended September 30, 1999
From Operations:		
Net investment income	\$ 39,618,068	\$ 63,903,129
Net realized gain (loss) on sale of investments	(358,898,002)	748,595,189
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	<u>(135,635,885)</u>	<u>(147,719,773)</u>
Net increase (decrease) in net assets from operations	(454,915,819)	664,778,545
Distribution to shareholders from (1):		
Net investment income	(32,700,105)	(89,026,890)
Net realized short-term gain	(100,782,239)	(128,028,090)
Net realized long-term gain	<u>(487,248,675)</u>	<u>(195,972,927)</u>
Total distributions to shareholders	(620,731,019)	(413,027,907)
From Fund share transactions:		
Proceeds from shares sold	290,642,873	832,343,635
Reinvestment of dividends and capital gain distributions	603,462,527	391,307,098
Payments for shares redeemed, net of fees	<u>(2,552,562,124)</u>	<u>(3,626,526,884)</u>
Net increase (decrease) in net assets from Fund share transactions	(1,658,456,724)	(2,402,876,151)
Total increase (decrease) in net assets	(2,734,103,562)	(2,151,125,513)
Net assets:		
Beginning of period	<u>4,772,832,369</u>	<u>6,923,957,882</u>
End of period	<u>\$ 2,038,728,807</u>	<u>\$ 4,772,832,369</u>
Undistributed net investment income	<u>\$ 38,561,304</u>	<u>\$ 40,937,014</u>
(1) Distributions per share:		
Net investment income	\$ 0.2632	\$ 0.4401
Net realized short-term gain	0.8111	0.6329
Net realized long-term gain	<u>3.9217</u>	<u>0.9686</u>
Total distributions to shareholders	\$ 4.9960	\$ 2.0416

The Oakmark Select Fund

	Year Ended September 30, 2000	Year Ended September 30, 1999
From Operations:		
Net investment income	\$ 12,054,873	\$ 15,427,356
Net realized gain (loss) on sale of investments	161,052,611	301,413,442
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	<u>159,978,754</u>	<u>18,463,317</u>
Net increase (decrease) in net assets from operations	333,086,238	335,304,115
Distribution to shareholders from (1):		
Net investment income—Class I	(14,709,648)	(3,491,747)
Net investment income—Class II	0	0
Net realized short-term gain	(8,341,169)	(497,653)
Net realized long-term gain	<u>(268,872,301)</u>	<u>(50,206,634)</u>
Total distributions to shareholders	(291,923,118)	(54,196,034)
From Fund share transactions:		
Proceeds from shares sold—Class I	628,490,960	688,865,887
Proceeds from shares sold—Class II	7,021,801	0
Reinvestment of dividends and capital gain distributions	287,179,516	51,676,128
Payments for shares redeemed, net of fees—Class I	(823,014,435)	(610,635,670)
Payments for shares redeemed, net of fees—Class II	<u>(1,013,300)</u>	<u>0</u>
Net increase (decrease) in net assets from Fund share transactions	98,664,542	129,906,345
Total increase (decrease) in net assets	139,827,662	411,014,426
Net assets:		
Beginning of period	<u>1,638,908,812</u>	<u>1,227,894,386</u>
End of period	<u>\$ 1,778,736,474</u>	<u>\$ 1,638,908,812</u>
Undistributed net investment income	<u>\$ 8,584,306</u>	<u>\$ 13,170,342</u>
(1) Distributions per share:		
Net investment income	\$ 0.1972	\$ 0.0491
Net realized short-term gain	0.1118	0.0070
Net realized long-term gain	<u>3.6040</u>	<u>0.7058</u>
Total distributions to shareholders	\$ 3.9130	\$ 0.7619

THE OAKMARK FAMILY OF FUNDS

Statement of Changes in Net Assets—September 30, 2000 cont.

	The Oakmark Small Cap Fund	
	Year Ended September 30, 2000	Year Ended September 30, 1999
From Operations:		
Net investment income (loss)	\$ (1,173,696)	\$ (2,516,832)
Net realized gain (loss) on sale of investments	25,233,378	(11,002,740)
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	<u>(12,748,906)</u>	<u>82,350,204</u>
Net increase (decrease) in net assets from operations	11,310,776	68,830,632
Distribution to shareholders from (1):		
Net investment income	0	0
Net realized short-term gain	0	0
Net realized long-term gain	<u>0</u>	<u>(4,508,112)</u>
Total distributions to shareholders	0	(4,508,112)
From Fund share transactions:		
Proceeds from shares sold	51,615,294	262,182,135
Reinvestment of dividends and capital gain distributions	0	4,278,943
Payments for shares redeemed, net of fees	<u>(251,361,737)</u>	<u>(511,639,081)</u>
Net increase (decrease) in net assets from Fund share transactions	(199,746,443)	(245,178,003)
Total increase (decrease) in net assets	(188,435,667)	(180,855,483)
Net assets:		
Beginning of period	437,139,279	617,994,762
End of period	<u>\$ 248,703,612</u>	<u>\$ 437,139,279</u>
Undistributed net investment income	<u>\$ 0</u>	<u>\$ 0</u>
(1) Distributions per share:		
Net investment income	\$ 0	\$ 0
Net realized short-term gain	0	0
Net realized long-term gain	<u>0</u>	<u>0.0874</u>
Total distributions to shareholders	\$ 0	\$ 0.0874

The Oakmark Equity and Income Fund

	Year Ended September 30, 2000	Year Ended September 30, 1999
From Operations:		
Net investment income	\$ 1,666,618	\$ 1,640,639
Net realized gain (loss) on sale of investments	4,310,645	6,246,386
Net realized gain (loss) on foreign currency transactions	(645)	(1,597)
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	3,084,969	690,123
Net change in unrealized appreciation (depreciation)—other	<u>159</u>	<u>(159)</u>
Net increase (decrease) in net assets from operations	9,061,746	8,575,392
Distribution to shareholders from (1):		
Net investment income—Class I	(1,718,499)	(855,395)
Net investment income—Class II	0	0
Net realized short-term gain	0	0
Net realized long-term gain	<u>(5,192,802)</u>	<u>(829,557)</u>
Total distributions to shareholders	(6,911,301)	(1,684,952)
From Fund share transactions:		
Proceeds from shares sold—Class I	11,520,117	21,877,864
Proceeds from shares sold—Class II	418,255	0
Reinvestment of dividends and capital gain distributions	6,650,712	1,610,146
Payments for shares redeemed, net of fees—Class I	(26,121,233)	(27,806,714)
Payments for shares redeemed, net of fees—Class II	<u>(50)</u>	<u>0</u>
Net increase (decrease) in net assets from Fund share transactions	(7,532,199)	(4,318,704)
Total increase (decrease) in net assets	(5,381,754)	2,571,736
Net assets:		
Beginning of period	<u>60,317,591</u>	<u>57,745,855</u>
End of period	<u>\$ 54,935,837</u>	<u>\$ 60,317,591</u>
Undistributed net investment income	<u>\$ 1,007,663</u>	<u>\$ 1,631,244</u>
(1) Distributions per share:		
Net investment income	\$ 0.4509	\$ 0.2118
Net realized short-term gain	0	0
Net realized long-term gain	<u>1.3625</u>	<u>0.2053</u>
Total distributions to shareholders	\$ 1.8134	\$ 0.4171

THE OAKMARK FAMILY OF FUNDS

Statement of Changes in Net Assets—September 30, 2000 cont.

	The Oakmark Global Fund	
	Year Ended September 30, 2000	Period Ended September 30, 1999(a)
From Operations:		
Net investment income	\$ 146,742	\$ 32,032
Net realized gain (loss) on sale of investments	96,088	(84,542)
Net realized gain (loss) on foreign currency transactions	132,840	(871)
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	4,122,450	(1,789,042)
Net change in unrealized appreciation (depreciation) of forward currency exchange contracts	81,181	(4,719)
Net change in unrealized appreciation (depreciation)—other	<u>(1,568)</u>	<u>53</u>
Net increase (decrease) in net assets from operations	4,577,733	(1,847,089)
Distribution to shareholders from (1):		
Net investment income	(29,834)	0
Net realized short-term gain	0	0
Net realized long-term gain	<u>0</u>	<u>0</u>
Total distributions to shareholders	(29,834)	0
From Fund share transactions:		
Proceeds from shares sold	12,896,002	25,938,577
Reinvestment of dividends and capital gain distributions	28,883	0
Payments for shares redeemed, net of fees	<u>(14,198,899)</u>	<u>(138,134)</u>
Net increase (decrease) in net assets from Fund share transactions	(1,274,014)	25,800,443
Total increase (decrease) in net assets	3,273,885	23,953,354
Net assets:		
Beginning of period	<u>23,953,354</u>	<u>0</u>
End of period	<u>\$ 27,227,239</u>	<u>\$ 23,953,354</u>
Undistributed net investment income	<u>\$ 280,910</u>	<u>\$ 31,161</u>
(1) Distributions per share:		
Net investment income	\$ 0.0098	\$ 0
Net realized short-term gain	0	0
Net realized long-term gain	<u>0</u>	<u>0</u>
Total distributions to shareholders	\$ 0.0098	\$ 0

(a) The date which Fund shares were first offered to the public was August 4, 1999.

The Oakmark International Fund

	Year Ended September 30, 2000	Year Ended September 30, 1999
From Operations:		
Net investment income	\$ 14,664,615	\$ 15,632,479
Net realized gain (loss) on sale of investments	60,562,992	(28,187,781)
Net realized gain (loss) on foreign currency transactions	10,609,055	11,558,024
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	13,902,115	290,561,381
Net change in unrealized appreciation (depreciation) of forward currency exchange contracts	2,556,178	1,014,015
Net change in unrealized appreciation (depreciation)—other	<u>(111,145)</u>	<u>(274,516)</u>
Net increase (decrease) in net assets from operations	102,183,810	290,303,602
Distribution to shareholders from (1):		
Net investment income—Class I	(27,231,383)	(16,590,763)
Net investment income—Class II	(1,053)	0
Net realized short-term gain	0	(32,678,201)
Net realized long-term gain	<u>0</u>	<u>(20,071,535)</u>
Total distributions to shareholders	(27,232,436)	(69,340,499)
From Fund share transactions:		
Proceeds from shares sold—Class I	172,133,473	370,563,788
Proceeds from shares sold—Class II	143,284	0
Reinvestment of dividends and capital gain distributions	26,258,587	65,432,760
Payments for shares redeemed, net of fees—Class I	(302,066,042)	(601,921,972)
Payments for shares redeemed, net of fees—Class II	<u>(48,697)</u>	<u>0</u>
Net increase (decrease) in net assets from Fund share transactions	<u>(103,579,395)</u>	<u>(165,925,424)</u>
Total increase (decrease) in net assets	(28,628,021)	55,037,679
Net assets:		
Beginning of period	<u>811,141,987</u>	<u>756,104,308</u>
End of period	<u>\$ 782,513,966</u>	<u>\$ 811,141,987</u>
Undistributed net investment income	<u>\$ 24,309,333</u>	<u>\$ (3,080,259)</u>
(1) Distributions per share:		
Net investment income	\$ 0.4861	\$ 0.2440
Net realized short-term gain	0	0.4807
Net realized long-term gain	<u>0</u>	<u>0.2953</u>
Total distributions to shareholders	<u>\$ 0.4861</u>	<u>\$ 1.0200</u>

THE OAKMARK FAMILY OF FUNDS

Statement of Changes in Net Assets—September 30, 2000 cont.

	The Oakmark International Small Cap Fund	
	Year Ended September 30, 2000	Year Ended September 30, 1999
From Operations:		
Net investment income	\$ 2,268,614	\$ 2,541,981
Net realized gain (loss) on sale of investments	4,863,798	12,338,825
Net realized gain (loss) on foreign currency transactions	991,046	968,518
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	(13,182,275)	34,768,296
Net change in unrealized appreciation (depreciation) of forward currency exchange contracts	281,817	186,436
Net change in unrealized appreciation (depreciation)—other	<u>(28,709)</u>	<u>(2,615)</u>
Net increase (decrease) in net assets from operations	(4,805,709)	50,801,441
Distribution to shareholders from (1):		
Net investment income	(1,252,257)	(1,558,450)
Net realized short-term gain	(3,278,736)	0
Net realized long-term gain	<u>(3,226,904)</u>	<u>0</u>
Total distributions to shareholders	(7,757,897)	(1,558,450)
From Fund share transactions:		
Proceeds from shares sold	39,669,014	253,467,836
Reinvestment of dividends and capital gain distributions	7,637,609	1,470,554
Payments for shares redeemed, net of fees	<u>(99,763,438)</u>	<u>(200,585,753)</u>
Net increase (decrease) in net assets from Fund share transactions	<u>(52,456,815)</u>	<u>54,352,637</u>
Total increase (decrease) in net assets	(65,020,421)	103,595,628
Net assets:		
Beginning of period	<u>155,366,203</u>	<u>51,770,575</u>
End of period	<u>\$ 90,345,782</u>	<u>\$ 155,366,203</u>
Undistributed net investment income	<u>\$ 2,967,277</u>	<u>\$ 3,165,289</u>
(1) Distributions per share:		
Net investment income	\$ 0.1135	\$ 0.2049
Net realized short-term gain	0.2972	0
Net realized long-term gain	<u>0.2923</u>	<u>0</u>
Total distributions to shareholders	<u>\$ 0.7030</u>	<u>\$ 0.2049</u>

THE OAKMARK FAMILY OF FUNDS

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 Small Cap Fund ("Small Cap"), 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 the Harris Associates Investment Trust (a Massachusetts business trust). These policies are in conformity with accounting principles generally accepted in the United States ("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 .25% of average net assets of Class II Shares of the Fund. This service fee is paid to an administrator for performing the services associated with the administration of such retirement plans.

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. At this time, expenses directly attributable to each class are transfer agent fees, service fees and other shareholder servicing fees.

Security valuation—

Investments are stated at market value. Securities traded on securities exchanges and securities traded on the NASDAQ National Market are valued at the last sales price on the day of valuation, or if lacking any reported sales that day, at the most recent bid quotation. Over-the-counter securities not so traded are valued at the most recent bid quotation. Money market instruments having a maturity of 60 days or less from the date of valuation are valued on an amortized cost basis which approximates market value. Securities for which quotations are not readily available are valued at a fair value as determined by the Pricing Committee appointed by the Board of Trustees.

Foreign currency translations—

Values of investments and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using the mean of the bid and offer prices of such currencies at the time 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.

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 gain or loss from investments.

Net realized gains 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 difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Funds' books, and the U.S. dollar equivalent of the amounts actually received or paid, and the realized gains or losses resulting from the portfolio and transaction hedges.

At September 30 2000, only the Global, International and Int'l Small Cap Funds had foreign currency transactions. Net unrealized appreciation (depreciation)-other includes the following components:

	Global	International	Int'l Small Cap
Unrealized appreciation (depreciation) on dividends and dividend claims receivable	\$(1,594)	\$(191,459)	\$(25,844)
Unrealized appreciation (depreciation) on open securities purchases and sales	0	22,322	1,041
Unrealized appreciation (depreciation) on transaction hedge purchases and sales	0	(29,882)	(1,454)
Unrealized appreciation (depreciation) on tax expense payable	79	18,779	571
Net Unrealized Appreciation (Depreciation) - Other	<u>\$(1,515)</u>	<u>\$(180,240)</u>	<u>\$(25,686)</u>

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 the accrual basis.

Fund shares are sold and redeemed on a continuing basis at net asset value. Net asset value per share is determined daily as of the close of regular trading on the New York Stock Exchange on each day the

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements (cont.)

Exchange is open for trading by dividing the total value of the Fund's investments and other assets, less liabilities, by the number of Fund shares outstanding.

Forward foreign currency contracts—

At September 30, 2000, Global, International and Int'l Small Cap had entered into forward foreign currency contracts under which they are obligated to exchange currencies at specified future dates. The Funds'

The Global Fund had the following outstanding contracts at September 30, 2000:

Portfolio Hedges—

US Dollar Proceeds	Foreign Currency Sold	Settlement Date	Unrealized Appreciation (Depreciation) at September 30, 2000
\$1,185,825	750,000 Pound Sterling	October 2000	<u>\$76,462</u>
			<u>\$76,462</u>

The International Fund had the following outstanding contracts at September 30, 2000:

Portfolio Hedges—

US Dollar Proceeds	Foreign Currency Sold	Settlement Date	Unrealized Appreciation (Depreciation) at September 30, 2000
\$15,811,000	10,000,000 Pound Sterling	October 2000	\$1,019,496
27,659,700	18,000,000 Pound Sterling	November 2000	1,021,282
3,811,339	400,000,000 Japanese Yen	February 2001	<u>7,225</u>
			<u>\$2,048,003</u>

Transaction Hedges: Foreign Currency Purchases—

US Dollar Sold	Foreign Currency Purchased	Settlement Date	Unrealized Appreciation (Depreciation) at September 30, 2000
\$1,352,619	1,533,755 Euro Currency	October 2000	\$2,837
133,806	151,553 Euro Currency	October 2000	129
1,153,383	1,306,357 Euro Currency	October 2000	1,110
362,329	410,902 Euro Currency	October 2000	805
2,020,755	2,289,808 Euro Currency	October 2000	2,862
825,839	935,795 Euro Currency	October 2000	<u>1,170</u>
			<u>\$8,913</u>

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements (cont.)

Transaction Hedges: Foreign Currency Sales—

US Dollar Purchased	Foreign Currency Sold	Settlement Date	Unrealized Appreciation (Depreciation) at September 30, 2000
\$1,474,421	1,669,975 Euro Currency	October 2000	\$ (1,419)
3,043,854	3,448,735 Euro Currency	October 2000	(3,965)
2,023,098	1,385,304 Pound Sterling	October 2000	(25,629)
41,124	28,119 Pound Sterling	October 2000	(461)
2,570,357	1,742,969 Pound Sterling	October 2000	(7,321)
			<u>\$(38,795)</u>

The Int'l Small Cap Fund had the following outstanding contracts at September 30, 2000:

Portfolio Hedges—

US Dollar Proceeds	Foreign Currency Sold	Settlement Date	Unrealized Appreciation (Depreciation) at September 30, 2000
\$4,189,915	2,650,000 Pound Sterling	October 2000	\$270,166
2,882,398	300,000,000 Japanese Yen	October 2000	19,275
			<u>\$289,441</u>

Transaction Hedges: Foreign Currency Purchases—

US Dollars Sold	Foreign Currency Purchased	Settlement Date	Unrealized Appreciation (Depreciation) at September 30, 2000
\$302,964	207,311 Pound Sterling	October 2000	\$3,628
			<u>\$3,628</u>

Transaction Hedges: Foreign Currency Sales—

US Dollars Purchased	Foreign Currency Sold	Settlement Date	Unrealized Appreciation (Depreciation) at September 30, 2000
\$1,348,240	2,029,291 Canadian Dollar	October 2000	\$ 1,932
25,616	29,013 Euro Currency	October 2000	(25)
32,537	36,852 Euro Currency	October 2000	(31)
1,002,315	1,137,057 Euro Currency	October 2000	(2,558)
20,704	23,460 Euro Currency	October 2000	(29)
154,457	175,023 Euro Currency	October 2000	(219)
200,724	138,323 Pound Sterling	October 2000	(3,841)
42,854	74,695 Singapore Dollar	October 2000	(95)
32,896	57,420 Singapore Dollar	October 2000	(120)
100,684	175,270 Singapore Dollar	October 2000	(96)
			<u>\$(5,082)</u>

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements (cont.)

At September 30, 2000, Global, International and Int'l Small Cap Funds each had sufficient cash and/or securities to cover any commitments under these contracts.

Federal income taxes, dividends and distributions to shareholders—

No provision is made for Federal income taxes. The Funds elect to be taxed as "regulated investment companies" and make such distributions to their shareholders as to be relieved of all Federal income taxes under provisions of current Federal tax law.

The Funds hereby designate the approximate long term capital gains for purposes of the dividends paid deduction (in thousands):

Oakmark	Select	Small Cap	Equity & Income	Global	Int'l	Int'l Small Cap
\$0	\$127,158	\$10,886	\$4,590	\$0	\$9,190	\$4,864

Income dividends and capital gains distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. To the extent these tax and book differences are permanent in nature, such amounts are reclassified among paid in capital, undistributed net investment income and undistributed net realized gain (loss) on investments. These differences are primarily related to foreign currency transactions, deferral of losses on wash sales, and character of capital loss carryforwards. The Funds also utilize earnings and profits distributed to shareholders on redemption of shares as a part of the dividends paid deduction for income tax purposes.

Bank Loans—

The Funds have an unsecured line of credit with a syndication of banks. It is a committed line of \$300 million. Borrowings under this arrangement bear interest at .45% above the Federal Funds Effective Rate. As of September 30, 2000, there were no outstanding borrowings.

Accounting for Options—

When the 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, which expire unexercised, 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.

During the year ended September 30, 2000, Small Cap wrote option contracts. Portfolio securities valued at \$837,375 were held in escrow by the custodian as cover for call options written by the Small Cap.

2. TRANSACTIONS WITH AFFILIATES

Each fund has an investment advisory agreement with Harris Associates L.P. (Adviser). For management services and facilities furnished, the Funds pay the Adviser monthly fees at annual rates as follows. Oakmark pays 1% on the first \$2.5 billion of net assets, .95% on the next \$1.25 billion of net assets, .90% on the next \$1.25 billion of net assets, .85% on the next \$5 billion of net assets, and .80% on the excess of \$10 billion of net assets. Select pays 1% on the first \$1 billion of net assets, .95% on the next \$500 million of net assets, .90% on the next \$500 million of net assets, .85% on the next \$500 million of net assets, .80% on the next \$2.5 billion of net assets, and .75% on the excess of \$5 billion of net assets. Small Cap pays 1.25% on the first \$1 billion of net assets, 1.15% on the next \$500 million of net assets, 1.10% on the next \$500 million of net assets, 1.05% on the next \$500 million of net assets, and 1% on the excess of \$2.5 billion of net assets. Equity and Income pays .75% of net assets. Global pays 1.00% of net assets. International pays 1% on the first \$2.5 billion of net assets, .95% on the next \$2.5 billion of net assets, and .90% on the excess of \$5 billion of net assets. Int'l Small Cap pays 1.25% of net assets. Each fee is calculated on the total net assets as determined at the end of each preceding calendar month. The Adviser has voluntarily agreed to reimburse the Funds to the extent that annual expenses, excluding certain expenses, exceed 1.5% for domestic funds, 2.0% for international funds, and 1.75% for the Global Fund. In connection with the organization of the Funds, expenses of approximately \$7,283 were advanced each to Small Cap, Equity and Income and Int'l Small Cap, and \$3,500 to Select by the Adviser. These expenses are being amortized on a straight line basis through October, 2000 for Small Cap, Equity and Income and Int'l Small Cap, and October, 2001 for Select.

During the twelve months ended September 30, 2000, the Funds incurred brokerage commissions of \$7,645,100, \$4,102,031, \$680,633, \$200,588, \$256,580, \$2,905,834, and \$469,454 of which \$2,765,022, \$1,112,365, \$226,659, \$100,258, \$87,377, \$0, and \$0 were paid by Oakmark, Select, Small Cap, Equity and Income, Global, International and Int'l Small Cap, respectively, to an affiliate of the Adviser.

The Funds' Trustees may participate in a Deferred Compensation Plan which may be terminated at any time. The obligations of the Plan are paid solely out of the assets of the Funds.

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements (cont.)

3. FUND SHARE TRANSACTIONS

Proceeds and payments on Fund shares as shown in the Statement of Changes in Net Assets are in respect of the following number of shares (in thousands):

	Twelve Months Ended September 30, 2000						
	Oakmark	Select	Small Cap	Equity & Income	Global	International	Int'l Small Cap
Shares sold	11,007	32,899	3,743	784	1,361	11,609	3,311
Shares issued in							
reinvestment of dividends	21,629	15,744	0	463	3	1,899	656
Less shares redeemed	<u>(95,833)</u>	<u>(44,043)</u>	<u>(18,761)</u>	<u>(1,763)</u>	<u>(1,477)</u>	<u>(20,847)</u>	<u>(8,406)</u>
Net increase (decrease) in shares outstanding	<u>(63,197)</u>	<u>4,600</u>	<u>(15,018)</u>	<u>(516)</u>	<u>(113)</u>	<u>(7,339)</u>	<u>(4,439)</u>

	Twelve Months Ended September 30, 1999						
	Oakmark	Select	Small Cap	Equity & Income	Global(a)	International	Int'l Small Cap
Shares sold	22,559	32,332	18,587	1,449	2,623	27,499	21,542
Shares issued in							
reinvestment of dividends	10,299	2,853	298	112	0	6,003	178
Less shares redeemed	<u>(100,457)</u>	<u>(30,105)</u>	<u>(36,338)</u>	<u>(1,842)</u>	<u>(15)</u>	<u>(47,902)</u>	<u>(16,944)</u>
Net increase (decrease) in shares outstanding	<u>(67,599)</u>	<u>5,080</u>	<u>(17,453)</u>	<u>(281)</u>	<u>2,608</u>	<u>(14,400)</u>	<u>4,776</u>

(a) The date which Fund shares were first offered for sale to the public was August 4, 1999.

4. INVESTMENT TRANSACTIONS

Transactions in investment securities (excluding short term securities) were as follows (in thousands):

	Oakmark	Select	Small Cap	Equity & Income	Global	International	Int'l Small Cap
Purchases	\$1,287,017	\$1,007,676	\$ 77,253	\$45,616	\$38,215	\$473,207	\$43,098
Proceeds from sales	\$3,249,901	\$1,233,828	\$285,248	\$56,873	\$39,785	\$570,706	\$95,650

Transactions in options written by Small Cap during the year ended September 30, 2000 were as follows:

	Number of Contracts	Premiums Received
Options outstanding at September 30, 1999	\$ 0	\$ 0
Options written	2,360	678,033
Options terminated in closing purchase transactions	(200)	(50,794)
Options expired	(1,750)	(538,261)
Options exercised	<u>(200)</u>	<u>(24,400)</u>
Options outstanding at September 30, 2000	<u>\$ 210</u>	<u>\$ 64,578</u>

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements (cont.)

5. TRANSACTIONS IN SECURITIES OF AFFILIATED ISSUERS

Affiliated issuers, as defined under the Investment Company Act of 1940, are those in which the Fund's holdings of an issuer represent 5% or more of the outstanding voting securities of the issuer. A summary of the Fund's transactions in the securities of these issuers during the year ended September 30, 2000 is set forth below:

Summary of Transactions with Affiliated Companies The Oakmark Select Fund

Affiliates	Purchase (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2000
The Reynolds and Reynolds Company, Class A	\$71,680,613	\$17,864,227	\$2,363,801	\$118,846,538
U.S. Industries, Inc.	2,912,258	55,191,225	1,248,195	42,600,075
USG Corporation	<u>17,059,825</u>	<u>16,769,233</u>	<u>2,147,190</u>	<u>87,089,681</u>
TOTALS	\$91,652,696	\$89,824,685	\$5,759,186	\$248,536,294

Summary of Transactions with Affiliated Companies The Oakmark Small Cap Fund

Affiliates	Purchase (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2000
Hanger Orthopedic Group, Inc.	\$ 7,335,666	\$ 61,472	\$ 0	\$ 4,312,500
R.G. Barry Corporation	49,200	192,456	0	2,565,000
Sames Corporation	0	242,030	0	3,201,875
Ugly Duckling Corporation	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,171,875</u>
TOTALS	\$ 7,384,866	\$ 495,958	\$ 0	\$ 20,251,250

Summary of Transactions with Affiliated Companies The Oakmark International Fund

Affiliates	Purchase (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2000
Chargeurs SA	\$ 0	\$12,532,174	\$1,336,880	\$ 25,360,707
Dongah Tire Industry Company	0	0	222,263	3,459,560
Fila Holding S.p.A.	1,824,332	1,710,130	0	23,522,425
Lotte Chilsung Beverage Company	1,542,010	0	32,524	9,399,202
Nufarm Limited	32,936,973	0	0	17,097,359
Somerfield plc	<u>42,112,018</u>	<u>12,444,936</u>	<u>813,479</u>	<u>45,054,993</u>
TOTALS	\$78,415,333	\$26,687,240	\$2,405,146	\$123,894,246

Summary of Transactions with Affiliated Companies The Oakmark International Small Cap Fund

Affiliates	Purchase (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2000
Designer Textiles (NZ) Limited	\$ 0	\$ 0	\$ 20,634	\$ 191,758
Mainfreight Limited	115,895	15,170	167,324	2,317,741
Matichon Public Company Limited, Foreign Shares	<u>0</u>	<u>0</u>	<u>215,963</u>	<u>2,105,571</u>
TOTALS	\$ 115,895	\$ 15,170	\$ 403,921	\$ 4,615,070

THE OAKMARK FUND

Financial Highlights

For a share outstanding throughout each period

	Year Ended	Year Ended	Year Ended	Eleven Months	Year Ended October 31,					Period Ended
	September 30, 2000	September 30, 1999	September 30, 1998	September 30, 1997(d)	1996	1995	1994	1993	1992	October 31, 1991(a)
Net Asset Value, Beginning of Period	\$ 34.37	\$ 33.54	\$ 41.21	\$ 32.39	\$ 28.47	\$ 25.21	\$ 24.18	\$ 17.11	\$ 12.10	\$10.00
Income From Investment Operations:										
Net Investment Income (Loss)	0.49	0.36	0.47	0.36	0.34	0.30	0.27	0.17	(0.03)	(0.01)
Net Gains or Losses on Securities (both realized and unrealized)	(2.91)	2.51	(1.73)	10.67	4.70	4.66	1.76	7.15	5.04	2.11
Total From Investment Operations:	(2.42)	2.87	(1.26)	11.03	5.04	4.96	2.03	7.32	5.01	2.10
Less Distributions:										
Dividends (from net investment income)	(0.26)	(0.44)	(0.40)	(0.34)	(0.28)	(0.23)	(0.23)	(0.04)	0	0
Distributions (from capital gains)	(4.74)	(1.60)	(6.01)	(1.87)	(0.84)	(1.47)	(0.77)	(0.21)	0	0
Total Distributions	(5.00)	(2.04)	(6.41)	(2.21)	(1.12)	(1.70)	(1.00)	(0.25)	0	0
Net Asset Value, End of Period	\$ 26.95	\$ 34.37	\$ 33.54	\$ 41.21	\$ 32.39	\$ 28.47	\$ 25.21	\$ 24.18	\$ 17.11	\$12.10
Total Return	(7.55%)	7.98%	(4.06%)	39.24%*	18.07%	21.55%	8.77%	43.21%	41.40%	87.10%*
Ratios/Supplemental Data:										
Net Assets, End of Period (\$million)	\$2,038.7	\$4,772.8	\$6,924.0	\$6,614.9	\$3,933.9	\$2,827.1	\$1,677.3	\$1,107.0	\$114.7	\$ 4.8
Ratio of Expenses to Average Net Assets	1.21%	1.11%	1.08%	1.08%*	1.18%	1.17%	1.22%	1.32%	1.70%	2.50%(b)*
Ratio of Net Investment Income (Loss) to Average Net Assets	1.42%	1.02%	1.22%	1.19%*	1.13%	1.27%	1.19%	0.94%	(0.24)%	(0.66)%(c)*
Portfolio Turnover Rate	50%	13%	43%	17%	24%	18%	29%	18%	34%	0%

*Data has been annualized.

(a) From August 5, 1991, the date on which Fund shares were first offered for sale to the public.

(b) If the Fund had paid all of its expenses and there had been no reimbursement by the Adviser, this annualized ratio would have been 4.92% for the period.

(c) Computed giving effect to the Adviser's expense limitation undertaking.

(d) A move to a September 30th fiscal year end from an October 31st fiscal year end resulted in an eleven-month fiscal year in 1997.

THE OAKMARK SELECT FUND

Financial Highlights

For a share outstanding throughout each period

	Year Ended September 30, 2000 Class I	December 31, 1999 through September 30, 2000 Class II (a)	Year Ended September 30, 1999	Year Ended September 30, 1998	Eleven Months Ended September 30, 1997(b)
Net Asset Value, Beginning of Period	\$ 20.92	\$ 18.42	\$ 16.76	\$ 16.34	\$ 10.00
Income From Investment Operations:					
Net Investment Income (Loss)	0.13	0.10	0.19	0.03	(0.01)
Net Gains or Losses on Securities (both realized and unrealized)	<u>4.32</u>	<u>2.88</u>	<u>4.73</u>	<u>0.56</u>	<u>6.35</u>
Total From Investment Operations:	4.45	2.98	4.92	0.59	6.34
Less Distributions:					
Dividends (from net investment income)	(0.20)	0.00	(0.05)	0	0
Distributions (from capital gains)	<u>(3.72)</u>	<u>0.00</u>	<u>(0.71)</u>	<u>(0.17)</u>	<u>0</u>
Total Distributions	<u>(3.92)</u>	<u>0.00</u>	<u>(0.76)</u>	<u>(0.17)</u>	<u>0</u>
Net Asset Value, End of Period	<u>\$ 21.45</u>	<u>\$ 21.40</u>	<u>\$ 20.92</u>	<u>\$ 16.76</u>	<u>\$ 16.34</u>
Total Return	24.53%	21.57%*	30.07%	3.64%	69.16%*
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$1,772.0	\$ 6.8	\$1,638.9	\$1,227.9	\$514.2
Ratio of Expenses to Average Net Assets	1.17%	1.41%*	1.16%	1.22%	1.12%*
Ratio of Net Investment Income (Loss) to Average Net Assets	0.76%	0.59%*	0.98%	.17%	(0.11)%*
Portfolio Turnover Rate	69%	69%	67%	56%	37%

*Data has been annualized.

(a) The date which Class II shares were first sold to the public was December 31, 1999.

(b) A move to a September 30th fiscal year end from an October 31st fiscal year end resulted in an eleven-month fiscal year in 1997.

THE OAKMARK SMALL CAP FUND

Financial Highlights

For a share outstanding throughout each period

	Year Ended September 30, 2000	Year Ended September 30, 1999	Year Ended September 30, 1998	Eleven Months Ended September 30, 1997(b)	Year Ended October 31, 1996
Net Asset Value, Beginning of Period	\$ 13.88	\$ 12.63	\$ 20.34	\$ 13.19	\$ 10.00
Income From Investment Operations:					
Net Investment Income (Loss)	0.00	0.14	(0.12)	(0.01)	(0.02)
Net Gains or Losses on Securities (both realized and unrealized)	<u>1.22</u>	<u>1.20</u>	<u>(4.73)</u>	<u>7.16</u>	<u>3.21</u>
Total From Investment Operations:	1.22	1.34	(4.85)	7.15	3.19
Less Distributions:					
Dividends (from net investment income)	0.00	0.00	0	0	0
Distributions (from capital gains)	<u>0.00</u>	<u>(0.09)</u>	<u>(2.86)</u>	<u>0</u>	<u>0</u>
Total Distributions	<u>0.00</u>	<u>(0.09)</u>	<u>(2.86)</u>	<u>0</u>	<u>0</u>
Net Asset Value, End of Period	<u>\$ 15.10</u>	<u>\$ 13.88</u>	<u>\$ 12.63</u>	<u>\$ 20.34</u>	<u>\$ 13.19</u>
Total Return	8.79%	10.56%	(26.37%)	59.14%*	31.94%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$248.7	\$437.1	\$618.0	\$1,513.4	\$218.4
Ratio of Expenses to Average Net Assets	1.50%(a)	1.48%	1.45%	1.37%*	1.61%
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.41%)(a)	(0.44)%	(0.40)%	(0.25)%*	(0.29)%
Portfolio Turnover Rate	28%	68%	34%	27%	23%

*Data has been annualized.

(a) 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, 2000
Ratio of Expenses to Average Net Assets	1.59%
Ratio of Net Income (Loss) to Average Net Assets	(0.50)%

(b) A move to a September 30th fiscal year end from an October 31st fiscal year end resulted in an eleven-month fiscal year in 1997.

THE OAKMARK EQUITY AND INCOME FUND

Financial Highlights

For a share outstanding throughout each period

	Year Ended September 30, 2000 Class I	July 13, 2000 through September 30, 2000 Class II (a)	Year Ended September 30, 1999	Year Ended September 30, 1998	Eleven Months Ended September 30, 1997(c)	Year Ended October 31, 1996
Net Asset Value, Beginning of Period	\$ 15.68	\$ 15.51	\$ 13.99	\$ 14.49	\$ 11.29	\$ 10.00
Income From Investment Operations:						
Net Investment Income (Loss)	0.35	0.30	0.39	0.29	0.21	0.10
Net Gains or Losses on Securities (both realized and unrealized)	<u>2.28</u>	<u>0.68</u>	<u>1.72</u>	<u>0.04</u>	<u>3.24</u>	<u>1.19</u>
Total From Investment Operations:	2.63	0.98	2.11	0.33	3.45	1.29
Less Distributions:						
Dividends (from net investment income)	(0.45)	0.00	(0.21)	(0.24)	(0.12)	0
Distributions (from capital gains)	<u>(1.36)</u>	<u>0.00</u>	<u>(0.21)</u>	<u>(0.59)</u>	<u>(0.13)</u>	<u>0</u>
Total Distributions	<u>(1.81)</u>	<u>0.00</u>	<u>(0.42)</u>	<u>(0.83)</u>	<u>(0.25)</u>	<u>0</u>
Net Asset Value, End of Period	<u>\$ 16.50</u>	<u>\$ 16.49</u>	<u>\$ 15.68</u>	<u>\$ 13.99</u>	<u>\$ 14.49</u>	<u>\$ 11.29</u>
Total Return	18.51%	30.34%*	15.32%	2.57%	34.01%*	12.91%
Ratios/Supplemental Data:						
Net Assets, End of Period (\$million)	\$ 54.5	\$ 0.4	\$60.3	\$57.7	\$33.5	\$13.8
Ratio of Expenses to Average Net Assets	1.24%	1.32%*	1.18%	1.31%	1.50%*(b)	2.50%(b)
Ratio of Net Investment Income (Loss) to Average Net Assets	3.04%	2.59%*	2.65%	2.39%	2.38%*(b)	1.21%(b)
Portfolio Turnover Rate	87%	87%	81%	46%	53%	66%

*Data has been annualized.

- (a) The date which Class II shares were first sold to the public was July 13, 2000.
 (b) 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, 1997	October 31, 1996
Ratio of Expenses to Average Net Assets	1.70%	2.64%
Ratio of Net Income (Loss) to Average Net Assets	2.18%	1.08%

- (c) A move to a September 30th fiscal year end from an October 31st fiscal year end resulted in an eleven-month fiscal year in 1997.

THE OAKMARK GLOBAL FUND

Financial Highlights

For a share outstanding throughout each period

	Year Ended September 30, 2000	Period Ended September 30, 1999(a)
Net Asset Value, Beginning of Period	\$ 9.18	\$10.00
Income From Investment Operations:		
Net Investment Income (Loss)	0.11	0.01
Net Gains or Losses on Securities (both realized and unrealized)	<u>1.63</u>	<u>(0.83)</u>
Total From Investment Operations:	1.74	(0.82)
Less Distributions:		
Dividends (from net investment income)	(0.01)	0.00
Distributions (from capital gains)	<u>0.00</u>	<u>0.00</u>
Total Distributions	<u>(0.01)</u>	<u>0.00</u>
Net Asset Value, End of Period	<u>\$10.91</u>	<u>\$ 9.18</u>
Total Return	18.97%	(51.60%)*
Ratios/Supplemental Data:		
Net Assets, End of Period (\$million)	\$27.2	\$24.0
Ratio of Expenses to Average Net Assets	1.75%(b)	1.75%*(b)
Ratio of Net Investment Income (Loss) to Average Net Assets	0.54%(b)	0.98%*(b)
Portfolio Turnover Rate	147%	7%

*Data has been annualized.

(a) The date which Fund shares were first offered for sale to the public was August 4, 1999.

(b) 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, 2000	September 30, 1999
Ratio of Expenses to Average Net Assets	1.96%	2.22%
Ratio of Net Income (Loss) to Average Net Assets	0.34%	0.51%

THE OAKMARK INTERNATIONAL FUND

Financial Highlights

For a share outstanding throughout each period

	Year Ended	November 4,	Year Ended	Year Ended	Eleven Months	Year Ended October 31,				Period Ended
	September 30,	1999, through	September 30,	September 30,	Ended	1996	1995	1994	1993	October 31,
	2000	September 30,	1999	1998	September 30,					1992(b)
	Class I	2000 Class II(a)			1997(c)					
Net Asset Value, Beginning of Period	\$ 13.95	\$ 14.36	\$ 10.42	\$ 18.77	\$ 14.92	\$ 12.97	\$ 14.50	\$ 14.09	\$ 9.80	\$10.00
Income From Investment Operations:										
Net Investment Income (Loss)	1.02	0.96	(0.34)	0.41	0.27	0.09	0.30	0.21	0.06	0.26
Net Gains or Losses on Securities (both realized and unrealized)	<u>0.92</u>	<u>0.54</u>	<u>4.89</u>	<u>(5.32)</u>	<u>3.74</u>	<u>2.90</u>	<u>(0.77)</u>	<u>0.43</u>	<u>4.48</u>	<u>(0.46)</u>
Total From Investment Operations:	1.94	1.50	4.55	(4.91)	4.01	2.99	(0.47)	0.64	4.54	(0.2)
Less Distributions:										
Dividends (from net investment income)	(0.49)	(0.49)	(0.24)	(0.58)	(0.16)	0	0	(0.08)	(0.25)	0
Distributions (from capital gains)	<u>0.00</u>	<u>0.00</u>	<u>(0.78)</u>	<u>(2.86)</u>	<u>0</u>	<u>(1.04)</u>	<u>(1.06)</u>	<u>(0.15)</u>	<u>0</u>	<u>0</u>
Total Distributions	<u>(0.49)</u>	<u>(0.49)</u>	<u>(1.02)</u>	<u>(3.44)</u>	<u>(0.16)</u>	<u>(1.04)</u>	<u>(1.06)</u>	<u>(0.23)</u>	<u>(0.25)</u>	<u>0</u>
Net Asset Value, End of Period	<u>\$ 15.40</u>	<u>\$15.37</u>	<u>\$ 13.95</u>	<u>\$ 10.42</u>	<u>\$ 18.77</u>	<u>\$ 14.92</u>	<u>\$ 12.97</u>	<u>\$ 14.50</u>	<u>\$ 14.09</u>	<u>\$ 9.80</u>
Total Return	14.27%	11.77%*	46.41%	(29.90)%	29.63%*	24.90%	(3.06)%	4.62%	47.49%	(22.81)%*
Ratios/Supplemental Data:										
Net Assets, End of Period (\$million)	\$782.4	\$ 0.1	\$811.1	\$756.1	\$1,647.3	\$1,172.8	\$819.7	\$1,286.0	\$815.4	\$23.5
Ratio of Expenses to Average Net Assets	1.30%	1.50%*	1.29%	1.32%	1.26%*	1.32%	1.40%	1.37%	1.26%	2.04%*
Ratio of Net Investment Income (Loss) to Average Net Assets	1.87%	1.98%*	1.94%	1.95%	2.09%*	1.45%	1.40%	1.44%	1.55%	37.02%*
Portfolio Turnover Rate	64%	64%	54%	43%	61%	42%	26%	55%	21%	0%

*Data has been annualized.

(a) The date which Class II shares were first sold to the public was November 4, 1999.

(b) The date which Fund shares were first offered for sale to the public was September 30, 1992.

(c) A move to a September 30th fiscal year end from an October 31st fiscal year end resulted in an eleven-month fiscal year in 1997.

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Financial Highlights

For a share outstanding throughout each period

	Year Ended September 30, 2000	Year Ended September 30, 1999	Year Ended September 30, 1998	Eleven Months Ended September 30, 1997(b)	Year Ended October 31, 1996
Net Asset Value, Beginning of Period	\$ 12.64	\$ 6.89	\$ 12.20	\$ 11.41	\$ 10.00
Income From Investment Operations:					
Net Investment Income (Loss)	0.23	0.24	0.18	0.13	0.04
Net Gains or Losses on Securities (both realized and unrealized)	<u>(0.66)</u>	<u>5.71</u>	<u>(4.09)</u>	<u>1.10</u>	<u>1.37</u>
Total From Investment Operations:	(0.43)	5.95	(3.91)	1.23	1.41
Less Distributions:					
Dividends (from net investment income)	(0.11)	(0.20)	(0.06)	(0.08)	0
Distributions (from capital gains)	<u>(0.59)</u>	<u>0.00</u>	<u>(1.34)</u>	<u>(0.36)</u>	<u>0</u>
Total Distributions	<u>(0.70)</u>	<u>(0.20)</u>	<u>(1.40)</u>	<u>(0.44)</u>	<u>0</u>
Net Asset Value, End of Period	\$ <u>11.51</u>	\$ <u>12.64</u>	\$ <u>6.89</u>	\$ <u>12.20</u>	\$ <u>11.41</u>
Total Return	(3.44)%	88.02%	(35.20)%	12.07%*	14.15%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$90.3	\$155.4	\$51.8	\$66.0	\$39.8
Ratio of Expenses to Average Net Assets	1.76%	1.79%	1.96%	1.93%*	2.50%(a)
Ratio of Net Investment Income (Loss) to Average Net Assets	1.98%	2.31%	2.17%	1.23%*	0.65%(a)
Portfolio Turnover Rate	40%	126%	69%	63%	27%

*Data has been annualized.

(a) 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:

	October 31, 1996
Ratio of Expenses to Average Net Assets	2.65%
Ratio of Net Income (Loss) to Average Net Assets	0.50%

(b) A move to a September 30th fiscal year end from an October 31st fiscal year end resulted in an eleven-month fiscal year in 1997.

THE OAKMARK FAMILY OF FUNDS

Report of Independent Public Accountants

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

We have audited the accompanying statements of assets and liabilities of The Oakmark Fund, The Oakmark Select Fund, The Oakmark Small Cap Fund, The Oakmark Equity and Income Fund, The Oakmark Global Fund, The Oakmark International Fund, and the Oakmark International Small Cap Fund (each a series of Harris Associates Investment Trust), including the schedules of investments on pages 5-7, 11-12, 16-18, 22-25, 30-32, 37-40 and 45-48, as of September 30, 2000, and the related statements of operations, statements of changes in net assets and the financial highlights for the periods indicated thereon. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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. An audit 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, 2000, by correspondence with the custodian and brokers. As to securities purchased but not received, we requested confirmation from brokers, and when replies were not received, we carried out alternative 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 positions of The Oakmark Fund, The Oakmark Select Fund, The Oakmark Small Cap Fund, The Oakmark Equity and Income Fund, The Oakmark Global Fund, The Oakmark International Fund, and The Oakmark International Small Cap Fund of the Harris Associates Investment Trust as of September 30, 2000, the results of their operations, the changes in their net assets, and their financial highlights for the periods indicated thereon in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Chicago, Illinois

October 26, 2000





THE OAKMARK FAMILY OF FUNDS

Trustees and Officers

Trustees

Michael J. Friduss
Thomas H. Hayden
Christine M. Maki
Victor A. Morgenstern
Allan J. Reich
Marv Rotter
Burton W. Ruder
Peter S. Voss
Gary Wilner, M.D.

Officers

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Robert M. Levy—*President*
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Henry R. Berghoef—*Vice President*
Kevin G. Grant—*Vice President*
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Edward A. Studzinski—*Vice President*
Michael J. Welsh—*Vice President*
Anita M. Nagler—*Secretary*
Ann W. Regan—*Vice President—*
Shareholder Operations and Assistant Secretary
Kristi L. Rowsell—*Treasurer*
John J. Kane—*Assistant Treasurer*

Other Information

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This report, including the audited financial statements contained herein, 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.

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