

Letter from the President...

Fellow Shareholders,

I am pleased to present the semiannual report for The Oakmark Family of Funds. This past quarter was one which generally rewarded the patient investor. The individual fund results, as well as the portfolio managers' commentaries, are presented in the following sections of this report.

MARKET TIMING

As value investors, we firmly believe that over time security prices and underlying company values converge. Experience has taught us that while the time frame for this convergence is very uncertain, inevitably patience is rewarded. But what is the potential cost of not being patient and "staying the course" during volatile periods? As a long-term investor, the short-term decision to "temporarily" get out of the market requires two correct decisions.

The first relates to identifying the right time to sell, with its attendant costs and tax implications; and, the second relates to choosing the right time to buy back in. Several years ago the folks at the University of Michigan looked at one of the best bull market periods, 1982-1987, and did a piece on "The Penalty for Missing the Market" which is summarized in the following table:

The Penalty for Missing the Market (1982-1987 Bull Market)*

<u>Period of</u> <u>Investment</u>	<u>S&P 500 Annualized</u> <u>Return</u>
Full 1,276 Trading Days	26.3%
Less the 10 Best Days	18.3
Less the 20 Best Days	13.1

*Aug 12, 1982-Aug 25,
1987

Similarly, we tested the performance of The Oakmark Fund for the period since inception, August, 1991 through April 30, 1997. The results presented below are remarkably similar to the University of Michigan study.

The Potential Penalty for Trading In and Out of The Oakmark Fund


<u>The Oakmark Fund</u>	<u>Annualized</u>	<u>Total</u>
Full 1,447 Trading Days	29.6%	342%
Less the 10 Best Days	18.7	167
Less the 20 Best Days	14.8	121

Both of the above studies show that a significant part of the long-term result may be affected by being out of the investment for a very short period. The elimination of less than 2 percent of the trading days reduced the cumulative return by nearly 65%!

While no one expects to be unlucky enough to miss all these days, the potential penalty for missing just a few is very high. As we have learned from recent experience, there will be times when increased market volatility will test your resolve to be long-term investors. Once you have made the appropriate asset allocation to stocks and own a fund you have confidence in (hopefully one of The Oakmark Family!), don't sabotage the potential return by short-term trading.

In our ongoing efforts to upgrade our level of service and reduce costs, we have created our own Web site, www.oakmark.com. The Funds' prospectus, application, quarterly report, and daily net asset values are available on the site. We have also enhanced our audio response system and are enclosing a brochure that describes its use, including all the new features.

Thanks for your support and confidence in us. Very truly yours,



VICTOR A. MORGENSTERN

THE OAKMARK FAMILY OF FUNDS

Summary Information*

<i>Performance for Period Ended April 30, 1997</i>	The Oakmark Fund	The Oakmark Select Fund	The Oakmark Small Cap Fund	The Oakmark Balanced Fund	The Oakmark International Fund	The Oakmark Int'l Small Cap Fund
3 Months	2.5%	-2.0%	-0.1%	1.4%	6.2%	0.1%
6 Months	15.5%	22.5%	15.0%	10.1%	15.5%	6.5%
Performance for						
1 Year	20.0%	N/A	24.6%	16.9%	16.4%	7.2%
3 Years	21.1%**	N/A	N/A	N/A	11.2%**	N/A
5 Years	24.7%**	N/A	N/A	N/A	N/A	N/A
Since Inception	29.6%**	22.5%	32.1%**	15.6%**	17.8%**	13.9%**
Value of \$10,000 from inception date	\$44,197	\$12,250	\$15,170	\$12,429	\$21,149	\$12,152
	08/05/91	11/01/96	11/01/95	11/01/95	09/30/92	11/01/95
<i>Top Five Holdings as of April 30, 1997 Company and % of Total Net Assets</i>	Philip Morris Companies, Inc. 7.2%	U.S. Industries, Inc. 16.1%	SPX Corp. 7.4%	U.S. Industries, Inc. 4.3%	Cordiant plc 4.6%	Enix Corporation 3.9%
	First USA, Inc. 7.0%	Tele-Communications, Inc. 15.4%	U.S. Industries, Inc. 6.4%	Premark International, Inc. 3.8%	Guinness plc 4.3%	JCG Holdings Ltd. 3.8%
	Mellon Bank Corp. 6.1%	Liberty Media, Class A 15.4%	Catellus Dev. Corp. 5.0%	Old Republic International Corp. 3.6%	AB Volvo 4.0%	Cordiant plc 3.6%
	The Black & Decker Corp. 4.8%	USG Corporation 6.1%	People's Bank of Bridgeport, CT 4.8%	First USA, Inc. 3.5%	Telefonos de Mexico, S.A. 3.9%	Sanford Ltd. 3.6%
			Cablevision Systems Corp. 3.3%		Nestle SA 3.3%	Vardon plc 3.3%

	Polaroid Corporation 4.0%	Partner ReLtd. 5.9%		Borg-Warner Automotive, Inc. 3.1%		
		Polaroid Corporation 5.1%				
<i>Top Five Industries as of April 30, 1997 Industries and % of Total Net Assets</i>	Food & Beverage 17.0%	Diversified Conglomerates 16.1%	Other Industrial Goods & Services 17.4%	Government & Agency Securities 26.6%	Food & Beverage 15.9%	Other Industrial Goods & Services 13.4%
	Other Consumer Goods & Services 14.0%	TV Programming 15.4%	Broadcasting & Publishing 10.4%	Other Consumer Goods & Services 13.8%	Telecommunications 12.6%	Other Consumer Goods & Services 11.7%
	Broadcasting & Publishing 12.6%	Broadcasting & Cable TV 13.1%	Insurance 9.7%	Broadcasting & Publishing 7.8%	Banks 12.0%	Food & Beverage 8.9%
	Other Financial 12.3%	Other Consumer Goods & Services 8.7%	Machinery & Metal Processing 8.9%	Insurance 6.6%	Steel 5.7%	Household Products 7.1%
	Foreign Securities 6.5%	Publishing 7.8%	Commercial Real Estate 7.4%	Other Financial 6.0%	Other Industrial Goods & Services 5.5%	Other Financial 6.1%

*The Oakmark Fund's average annual total returns for the twelve months ended March 31, 1997 and for the period August 5, 1991 (inception) through March 31, 1997 were 16.7% and 29.1%, respectively. The Oakmark Select Fund's total return for November 1, 1996 (inception) through March 31, 1997 was 21.4%. The Oakmark Small Cap Fund's average annual total returns for the twelve months ended March 31, 1997 and for the period November 1, 1995 (inception) through March 31, 1997 were 32.8% and 34.5%, respectively. The Oakmark Balanced Fund's average annual total returns for the twelve months ended March 31, 1997 and for the period November 1, 1995 (inception) through March 31, 1997 were 15.7% and 14.8%, respectively.

The Oakmark International Fund's average annual total returns for the twelve months ended March 31, 1997 and for the period September 30, 1992 (inception) through March 31, 1997 were 23.2% and 17.9%, respectively. The Oakmark International Small Cap Fund's average annual total returns for the twelve months ended March 31, 1997 and for the period November 1, 1995 (inception) through March 31, 1997 were 10.1% and 14.3%, respectively. The Funds' past performances are no guarantee of future results. Share prices and investment returns will vary, so you may have a gain or loss when you sell shares.

**Annualized.

THE OAKMARK FUND

Report from Robert J. Sanborn, Portfolio Manager

LETTER &
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OAKMARK
FUND

OAKMARK
SELECT
FUND

OAKMARK
SMALL CAP
FUND

OAKMARK
BALANCED
FUND

OAKMARK
INTERNATIONAL
FUND

OAKMARK
INT'L SMALL
CAP FUND

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As we reach the midpoint of your Fund's fiscal year, it is my custom to review the portfolio and assess how we're doing. Our results year-to-date are doubly satisfactory: on an absolute basis, your Fund returned 15.5 percent, about a percentage point more than the Standard & Poor's 500.

These are benign times in which to invest in equities, particularly those of larger-capitalization US companies. (The smaller cap stocks have continued to lag behind their big cap brethren.) Inflation remains subdued (both the price of gold and oil declined in the six-month period), US business is super-competitive globally, and Boom-ers continue to allocate more of their assets to equities.

I would inject a cautionary note, however. In the six months between October 31, 1996 and now, the yield on the US government 30-year bond has risen from 6.7 percent to 6.9 percent. All things equal, this decoupling of the performance of US stocks and bonds means that bonds are now tougher competition. Just as consumers alter their buying patterns in response to changing relative prices, so do investors.

This does not mean that we prefer bonds to stocks. It does mean that generally valuation for the overall market has deteriorated in the past six months. The real value of a business is dependent on the level of long-term interest rates. With interest rates up a bit (and, of course, bond prices down) and stock prices up a lot, the stock market is not as attractive as it was. Some of our holdings have attained our estimates of value, and we have sold them. Our cash level is at an all-time high. Again, this does not mean that we "don't like the market." It does mean that we are having a tougher time finding individual holdings that meet our criteria.

We have not made major changes to your Fund. Any prospective holding must dominate our current holdings; we never shuffle our investments merely for the sake of change. Our current twenty largest holdings were all substantial holdings in October. We have increased our investments in Black & Decker and Polaroid as the market over-reacted to some short-term developments. In general, your Fund remains heavily invested in high-quality businesses, particularly consumer brands and financial services. In fact, I consider seventeen of our twenty largest holdings as being structurally superior businesses.

Your Fund remains concentrated, with the twenty largest holdings constituting over 75 percent of our holdings. The five largest constitute 33 percent of our holdings. We believe that attractive investment opportunities are scarce, and we believe most mutual funds (let alone most mutual fund investors!) are overly diversified and offer scant chance to outperform an index fund over the long term.

Much of the media treats the equity market as if it were a casino or a sporting event. I find it amusing to tune into one of the ubiquitous market shows on a big up or down day; the corresponding gleeful or funereal tone is a hoot. People, do not let all the noise out there deter you from what you are trying to accomplish with your investment in The Oakmark Fund, and that is increasing your spending power in the long run.

VALUE VS. MOMENTUM INVESTING, WITH A GUEST APPEARANCE FROM BILLY "WHITE SHOES" JOHNSON

I have received many letters from you asking the differences between value and momentum

investing. In brief, value investing: good; momentum investing: bad.

Seriously, these two philosophies frame the investment process quite differently. At the risk of oversimplification, the major difference is that value investors like ourselves focus on price, and what you are getting for that price. Momentum investors tend to focus on those companies with the fastest growth rates—period. At conferences at which I have attended, I have heard many momentum fund managers state, “In the WXYZ Fund, we aim to own the best, fastest-growing companies in America.”

The appeal of value investing to all of us at The Oakmark Funds is that it has the happy characteristic of being simpatico with how people conduct virtually all their economic and financial affairs. If price did not matter, most cars on the road would be Ferraris or BMWs. But—alas!—price does matter, and car shoppers, thinking like value investors, frame their car purchases with respect to budgets and alternatives. Similarly, when entire businesses are bought, the buyer always is relating to what one is getting relative to what one is paying.

A relative indifference to valuation introduces a significant risk element, in the form of added volatility, to a portfolio. Of the 250-plus funds with five-year records in the Lipper Growth (for growth in capital) category, The Oakmark Fund has the highest total return for the five years ending April 30, 1997. The runner-up is a large, well-known momentum fund. However, the two funds are quite different when it comes to risk.

For the 21 calendar quarters ending March 31, 1997, The Oakmark Fund had two negative-return quarters; the momentum fund, let’s call it WXYZ Fund, had six. The range of The Oakmark Fund’s returns ran from -4.2 percent to +15.5 percent; the range of WXYZ’s returns was -19.8 percent to +42.2 percent.

Momentum funds tend to trade a lot, which is expensive and tax-inefficient. WXYZ Fund’s turnover for the years 1992-6 is as follows: 115%, 209, 94, 119, and 45; The Oakmark Fund’s turnover for those same years: 34%, 18, 29, 18, 19. In simple terms, the WXYZ momentum fund turns over its portfolio every ten months, whereas The Oakmark Fund turns over our portfolio every five years!

What does this have to do with Billy “White Shoes” Johnson? Well, those of you who read these carefully may remember that he first appeared in our July 31, 1995 quarterly. In that letter, I discussed the overheated IPO market, especially for technology issues. I mentioned a few recent IPOs that had soared on the first day of trading, and explained why we in The Oakmark Fund avoided earning this sort of “easy” money. ARCSYS (now called Avant!) went public at \$13, soared to \$26 on the first day, got as high as \$51, and now trades at \$21. Oak Technology went public at \$14, ran to \$21 on day one, got as high as \$29, and now trades at \$9. Netscape came public at \$14, traded to \$38 on day one, got as high as \$87, and now trades at \$30.

I said at the time that this sector was very vulnerable, and if I were proved right, I would do a victory dance ala’ Billy, the seminal genius of end-zone celebrations while a receiver for the Houston Oilers. At the risk of flouting the investment gods, this fund manager is now doing the “Billy.” (Count yourselves fortunate that your eyes do not have to witness this spectacle.) Many of the momentum funds like WXYZ own these sorts of stocks, and are down 20 percent or more year-to-date. It was a little frustrating not making the “easy” money in 1995 and 1996, but it sure is gratifying keeping the “hard-earned” money in 1997.



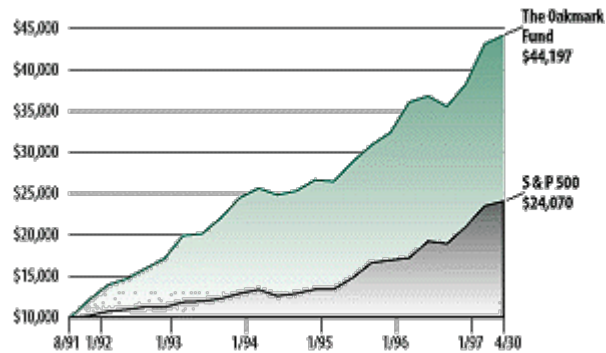
ROBERT J. SANBORN
Portfolio Manager



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 May 9, 1997

*Please note my new e-mail address.

THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK FUND FROM ITS INCEPTION (8/5/91) TO PRESENT (4/30/97) AS COMPARED TO THE STANDARD & POOR'S 500 INDEX



4/30/97 NAV \$35.02

	Total Return Last 3 mos.	Average Annual Total Return* Through 4/30/97
OAKMARK FUND	2.5%	From Fund Inception 8/5/91 29.6%
Standard & Poor's 500 w/inc Stock Index**	2.4%	16.5%
Dow Jones Industrial Average w/inc**	3.4%	18.9%
Value Line Composite Index**	-2.6%	8.0%

*Total return includes change in share prices and in each case, except for the Value Line Index, includes reinvestment of any dividends, interest 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 performance.

THE OAKMARK FUND

Schedule of Investments—April 30, 1997 (Unaudited)

	<i>Shares Held/ Principal Value</i>	<i>Market Value</i>
Common Stocks—86.5%		
<i>Food & Beverage—17.0%</i>		
Philip Morris Companies Inc.	8,911,200	\$ 350,878,500
H.J. Heinz Company	4,007,250	166,300,875
Anheuser-Busch Companies Inc.	3,538,200	151,700,325
Nabisco Holdings Corporation	2,422,100	92,948,087
CPC International, Inc.	843,100	<u>69,661,138</u>
		831,488,925
<i>Retail—0.6%</i>		
Carson Pirie Scott & Company (a) (d)	1,000,000	\$ 29,750,000
<i>Other Consumer Goods & Services—14.0%</i>		
The Black & Decker Corporation (d)	6,947,200	\$ 232,731,200
Polaroid Corporation (d)	4,062,400	197,026,400
American Brands, Inc.	2,435,500	130,908,125
Brunswick Corporation	1,100,000	31,075,000
First Brands Corporation	1,070,400	27,161,400
Whitman Corporation	957,500	22,142,187
GC Companies, Inc. (a) (d)	397,000	15,929,625
Juno Lighting, Incorporated	885,000	13,717,500
Arctic Cat, Inc.	957,500	9,575,000
Justin Industries	601,500	<u>6,691,688</u>
		686,958,125
<i>Banks—6.1%</i>		
Mellon Bank Corporation	3,606,550	\$ 299,794,469
<i>Insurance—2.2%</i>		
Old Republic International Corporation	2,748,620	\$ 77,648,515
American Financial Group, Inc.	684,700	23,878,912
Acordia, Inc.	154,500	<u>4,886,063</u>
		106,413,490
<i>Other Financial—12.3%</i>		
First USA, Inc. (d)	7,096,000	\$ 341,495,000
AMBAC, Inc. (d)	2,194,900	142,119,775
Fannie Mae	2,532,500	104,149,062
Fund American Enterprises Inc.	168,500	<u>16,828,938</u>
		604,592,775
<i>Broadcasting & Publishing—12.6%</i>		
Knight-Ridder, Inc.	4,534,600	\$ 176,282,575
Dun & Bradstreet Corporation	5,976,000	147,159,000
Tele-Communications, Inc., Class A (a)	10,379,179	143,362,410
ACNielsen Corporation (d)	4,764,000	71,460,000
Tele-Communications, Liberty Media, Class A (a)	3,657,741	68,811,253
TCI Satellite Entertainment, Inc., Class A (a)	1,217,917	<u>9,134,377</u>

		616,209,615
<i>Telecommunications—3.5%</i>		
U.S. West Media Group (a)	10,020,800	\$ 172,858,800
<i>Managed Care Services—1.3%</i>		
Foundation Health Systems, Inc. (a)	2,357,810	\$ 63,660,870
<i>Medical Products—1.1%</i>		
Sybron International Corporation (a)	1,567,800	\$ 52,129,350
<i>Aerospace & Defense—4.1%</i>		
Lockheed Martin Corporation	1,125,000	\$ 100,687,500
McDonnell Douglas Corporation	1,220,000	72,437,500
Logicon, Inc.	654,800	<u>26,028,300</u>
		199,153,300
<i>Other Industrial Goods & Services—5.0%</i>		
James River Corporation of Virginia	3,094,100	\$ 92,436,237
SPX Corporation (d)	967,900	52,871,538
Bandag Incorporated, Class A (a)	1,104,100	50,236,550
The Geon Company	971,600	21,253,750
UCAR International, Inc. (a)	303,500	12,747,000
Premark International, Inc.	328,400	8,045,800
W.R.Grace & Company	122,800	<u>6,385,600</u>
		243,976,475
<i>Commercial Real Estate—0.2%</i>		
Catellus Development Corporation (a)	341,300	\$ 5,034,175
Host Marriott Corp. (a)	200,000	<u>3,475,000</u>
		8,509,175
<i>Foreign Securities—6.5%</i>		
DeBeers Consolidated Mines Limited ADR (b)	3,246,000	\$ 116,805,281
Unilever NV (b)	476,000	93,415,000
YPF Sociedad Anonima (b)	3,276,500	90,513,313
European Vinyls Corporation International N.V	547,700	<u>15,686,321</u>
		316,419,915
Total Common Stocks (Cost: \$3,012,435,009)		4,231,915,284
Short-Term Investments—13.3%		
<i>U.S. Government Bills—1.0%</i>		
United States Treasury Bills, 5.36% due 9/18/1997	\$25,000,000	\$ 24,478,889
United States Treasury Bills, 5.40% due 10/16/1997	25,000,000	<u>24,369,416</u>
Total U.S. Government Bills (Cost: \$48,848,305)		48,848,305
<i>Commercial Paper—11.5%</i>		
American Express Credit Corp., 5.34%–5.54% due 5/2–6/9/97	\$180,000,000	\$ 180,000,000
Ford Motor Credit Corp., 5.41%–5.57% due 5/2–6/17/97	190,000,000	190,000,000
General Electric Capital Corporation, 5.42%–5.65% due 5/1–6/20/97	195,000,000	<u>195,000,000</u>
Total Commercial Paper (Cost: \$565,000,000)		565,000,000
<i>Repurchase Agreements—0.8%</i>		
State Street Repurchase Agreement, 5.37% due 5/1/1997	\$38,793,000	<u>\$ 38,793,000</u>
Total Repurchase Agreements (Cost: \$38,793,000)		38,793,000
Total Short Term Investments (Cost: \$652,641,305)		652,641,305
Total Investments (Cost \$3,665,076,314)—99.8% (c)		\$4,884,556,589
Foreign currencies (Cost \$482,705)—0.0%		477,899

Other assets in excess of other liabilities—0.2%

9,973,589

Total Net Assets—100%

\$4,895,008,077

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Notes:

(a) Non-income producing security.

(b) Represents an American Depositary Receipt.

(c) At April 30, 1997, net unrealized appreciation of \$1,219,475,468 for federal income tax purposes consisted of gross unrealized appreciation of \$1,264,288,669 and gross unrealized depreciation of \$44,813,201.

(d) See footnote number five to the financial statements regarding transactions in securities of affiliated issuers.

See accompanying notes to financial statements.

THE OAKMARK SELECT FUND

Report from Bill Nygren, Portfolio Manager

The accompanying chart of stock market indices shows that during the three months ended April 30, the recent trend continued of very large stocks outperforming average-sized stocks. The Oakmark Select Fund was down 2.0% for the quarter. That compares poorly to the 2.4% gain in the S&P 500, but is consistent with losses realized in broader indices. For the six months since your Fund's inception, its gain of 22.5% compares very favorably to all the indices. Again, I'd like to caution against focusing on short-term performance numbers. As the period of time gets shorter, the numbers become more random. Our goal is exceptional long-term performance. That "long term" will include "short terms" that are exceptional and "short terms" that are disappointing. Don't get distracted by the short terms. As a well known political figure says, "Keep your eyes on the prize!"

When you compare this quarter's portfolio with last quarter's, you'll notice quite a change. Three stocks that previously accounted for 27% of the portfolio have been sold. You should now be asking, "Why is this Fund that preaches long-term value-investing experiencing such rapid turnover?"

We buy stocks when they are selling at large discounts to our estimate of intrinsic value. When we buy a stock, we expect to hold it for several years. We set our sell targets based on intrinsic value and expect both value and our targets to move upward as time goes on. We sell stocks for two basic reasons. Our preferred reason to sell is when the stock price increases and we no longer feel the stock is inexpensive relative to its value. The less pleasant reason is when we make mistakes. If new information causes us to lower our estimate of intrinsic value, a stock that has gone down could also be fully valued and would also be sold.

The good news is that the portfolio changes last quarter in The Oakmark Select Fund were caused by successful stock performance. As you may recall, stock prices for two of our holdings, First USA and McDonnell Douglas, rose in response to takeover proposals. Despite thinking these acquisitions are good strategic moves, in my judgement, the acquirers' stocks are not selling at as large a discount to intrinsic value as are the other stocks we own. Therefore, both stocks were sold.

Our third sale was SPX Corp. When SPX was purchased in November, it represented 4% of our portfolio. SPX quickly appreciated to a price where I was unwilling to purchase more shares. By March, SPX represented under 1% of the portfolio and it was sold for a gain of 65%. As you know, The Oakmark Select Fund is very concentrated. If a stock position is too small to be meaningful, and we are unwilling to add to it, it will be sold. Despite last quarter's high turnover, you should be confident that we are consistently applying our long-term value philosophy.

On the buy side, US Industries is now your Fund's largest holding. US Industries is a collection of US-based businesses that was spun off from Hanson PLC two years ago. One of its largest and best-known businesses is Jacuzzi. In February, US Industries Chairman and CEO, David Clarke, visited our office. In addition to those titles, David is also a large shareholder of this company. One of his comments captures what we mean by investing with owner-oriented managements. In discussing how he invests US Industries' money, David said "Acquisitions need to be significantly more attractive than share repurchase or why would we even do it? I'd rather buy what we know best, our own stock." In a world where many managers make acquisitions just to get bigger, it's refreshing to hear David's common-sense approach. You should take great comfort that when US Industries makes an acquisition, they

expect it to lead to a higher share price.

Just as we look for “owner-oriented” managements, you should look for “owner-oriented” fund managers. I am both the portfolio manager and a shareholder of The Oakmark Select Fund. As with you, I will measure our long term success only by our share price. Thank you again for your support.



BILL NYGREN
 Portfolio Manager
 bnygren@oakmark.com
 May 2, 1997



RESULTS FROM FUND INCEPTION (11/1/96) THROUGH 4/30/97

4/30/97 NAV \$12.25

	Total Return* Through 4/30/97
	From Fund Inception
	Total Return Last 3 mos.
	11/1/96
THE OAKMARK SELECT FUND	22.5%
Standard & Poor's 500 w/inc Stock Index**	14.7%
Standard & Poor's MidCap 400 w/inc Index**	6.9%
Value Line Composite Index**	5.2%

*Total return includes change in share prices and in each case, except for the Value Line Index, includes reinvestment of any dividends, interest 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 performance.

THE OAKMARK SELECT FUND

Schedule of Investments—April 30, 1997 (Unaudited)

	<i>Shares Held/ Principal Value</i>	<i>Market Value</i>
Common Stocks—93.6%		
<i>Other Consumer Goods & Services—8.7%</i>		
Polaroid Corporation	206,000	\$ 9,991,000
Brunswick Corporation	255,900	<u>7,229,175</u>
		17,220,175
<i>Banks—4.7%</i>		

People's Bank of Bridgeport, Connecticut	309,000	\$ 9,270,000
<i>Insurance—5.9%</i>		
PartnerRe Ltd.	348,000	\$ 11,701,500
<i>Broadcasting & Cable TV—13.1%</i>		
TCI Satellite Entertainment, Inc., Class A (a)	1,235,000	\$ 9,262,500
Cablevision Systems Corporation (a)	271,100	8,539,650
U.S. West Media Group (a)	469,000	<u>8,090,250</u>
		25,892,400
<i>TV Programming—15.4%</i>		
Tele-Communications, Liberty Media, Class A (a)	1,614,500	\$ 30,372,781
<i>Publishing—7.8%</i>		
ACNielsen Corporation	560,700	\$ 8,410,500
Dun & Bradstreet Corporation	287,000	<u>7,067,375</u>
		15,477,875
<i>Data Storage—3.9%</i>		
Imation Corporation (a)	327,000	\$ 7,725,375
<i>Building Materials & Construction—6.1%</i>		
USG Corporation (a)	351,000	\$ 12,021,750
<i>Oil & Natural Gas—7.0%</i>		
Union Texas Petroleum Holdings, Inc.	425,000	\$ 8,021,875
Titan Exploration, Inc. (a)	780,000	<u>5,850,000</u>
		13,871,875
<i>Other Industrial Goods & Services—4.9%</i>		
Premark International, Inc.	395,000	\$ 9,677,500
<i>Diversified Conglomerates—16.1%</i>		
U.S. Industries, Inc. (a)	880,200	\$ 31,797,225
Total Common Stocks (Cost: \$188,329,947)		185,028,456
Short-Term Investments—5.3%		
<i>Commercial Paper—4.6%</i>		
Ford Motor Credit Corp., 5.46% due 5/12/1997	2,000,000	\$ 2,000,000
American Express Credit Corp., 5.49% due 5/1/1997	2,000,000	2,000,000
General Electric Capital Corporation, 5.65% due 5/1/1997	5,000,000	<u>5,000,000</u>
Total Commercial Paper (Cost: \$9,000,000)		9,000,000
<i>Repurchase Agreements—0.7%</i>		
State Street Repurchase Agreement, 5.37% due 5/1/1997	1,421,000	<u>\$ 1,421,000</u>
Total Repurchase Agreements (Cost: \$1,421,000)		1,421,000
Total Short-Term Investments (Cost: \$10,421,000)		10,421,000
Total Investments (Cost \$198,750,947)—98.9% (b)		\$ 195,449,456
Other assets in excess of other liabilities—1.1%		<u>2,153,232</u>
Total Net Assets		\$197,602,688
		=====

Notes:

(a) Non-income producing security.

(b) At April 30, 1997, net unrealized depreciation of \$3,301,491 for federal income tax purposes consisted of gross unrealized appreciation of \$4,362,670 and gross unrealized depreciation of \$7,664,161.

See accompanying notes to financial statements

THE OAKMARK SMALL CAP FUND

Report from Steven J. Reid, Portfolio Manager

INTERMISSION

April 30, 1997 marked the half way point of The Oakmark Small Cap Fund's fiscal year. For the six month period, your Fund gained 15.0%. This is substantially better than the relevant indices. The Fund's second fiscal quarter ended with a \$0.01 decline in the net asset value; this equated to a loss of 0.07%. The indices to which your Fund is compared declined considerably more.

Several significant events occurred that explain recent results. On the positive side, Kysor Industrial Corp. was acquired by Scotsman Industries Inc., also a holding of your Fund, for \$43 per share in cash. Our only regret is that Scotsman did not offer the option of receiving their shares in lieu of cash. SPX Corp., your Fund's largest holding, announced that they would repurchase up to 18% of their outstanding shares in a Dutch Auction at prices up to \$56 per share. Triarc Companies, Inc. announced several transactions that are expected to increase the value of the company over the long term.

On a less than positive note, we were not exempt from the overall market decline. Financial companies were generally hit the hardest as a group. Several of our holdings did not or were not expected to produce the near-term results on which other investors focus so closely. As long-term investors, we see these situations as opportunities and we can and do try to take advantage of them.

THE VALUE OF LONG-TERM INVESTING

During the quarter it seemed that a lot happened, but very little changed. The Fund rose to an all-time high in early March and promptly gave up those gains and then some before returning to virtually where we were at the end of January. Why did this happen? Well no one knows for sure, but it appears that Wall Street became obsessed with several short-term events—the Fed's decision to raise interest rates and anticipation of second quarter earnings, coupled with the fear of companies not meeting expectations. Last, many investors became concerned over the possibility of an overall market correction. I am pleased to be able to say that the overall operating results and prospects of the companies in which we have invested continue to be quite good. The only significant changes we saw were in the price of their shares.

Our perspective as long-term investors is to focus on investing in individual companies. While the overall level of interest rates will affect economic activity and the valuation of companies, the recent increase in rates is relatively unimportant for the companies in which we have invested. We look at the goods or services our companies provide and the long-term prospects for them. In fact, we do not attempt to predict the direction, or magnitude of change in interest rates or the stock market. I realized long ago that many of the well known pundits of prediction had very poor batting averages over the long term. Thus, we happily accept that the risk of not being invested is far greater than attempting to invest based on predictions of macro outcomes over the long term.

I was particularly amused by an article in the Wall Street Journal regarding the superior share price performance of small companies vs. large companies. The article referred to this as the "small-cap effect" and offered that a recent study showed that \$1 invested in small companies at the end of 1926 would be worth \$3990 at the end of 1996. Whereas, \$1 invested in large companies would only be worth \$1370 over the same period. Several experts were interviewed to garner their views on the subject. One particularly vocal opponent contended

that if one were to eliminate the 9 year period from the end of 1974 through the end of 1983, the returns from small companies since 1926 were inferior to those of large companies.

Several thoughts come to mind. First, the data might not be reliable. It is very likely that small companies in 1926 either don't exist anymore or are large companies now. After all, large companies are small companies that grew up. Second, data manipulation is a dangerous thing. The elimination of 9 years from a 70 year study seems statistically significant. Such that I am willing to predict that if we eliminate the economies of China and India, global economic development will not be as robust as once estimated. What we can take away from this data is the importance of investing for the long term, or in other words, being there—not to mention the very desirable returns of equity investing over the long term.

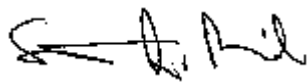
WHAT WOULD A RATIONAL BUSINESS PERSON PAY TO OWN THIS?

This is the question we ask ourselves when valuing the companies in which we invest. I mentioned earlier that Triarc Companies Inc., the producer of Royal Crown and Mystic Brands beverages and the franchisor of Arby's restaurants, made several strategic changes to their business mix. Of particular interest was the purchase of Snapple. Snapple was acquired by Quaker Oats in late 1994 for \$1.7 bil. At the time, we did not understand the rationale for the price Quaker paid. It was a time when ready-to-drink teas were experiencing tremendous growth and the brand commanded a premium. In March of this year, our friends at Triarc bought Snapple for \$300 mil. The important point is that Triarc's managers think like owners (which they are), so they waited until the price was right. This kind of patience pays off for all of us.

WEATHER

Having used up my allotment of one prediction per letter, I will forgo any thoughts on the weather. I will share with you that one of our readers, and a graduate student in meteorology, is particularly interested in my prediction of snow for the Midwest in May. Earlier this week, parts of Michigan and Wisconsin received more than 8 inches of snow. I feel relieved not to have predicted the once-in-100-year flooding.

Once again, I would like to thank everyone involved, especially our shareholders, for your support.

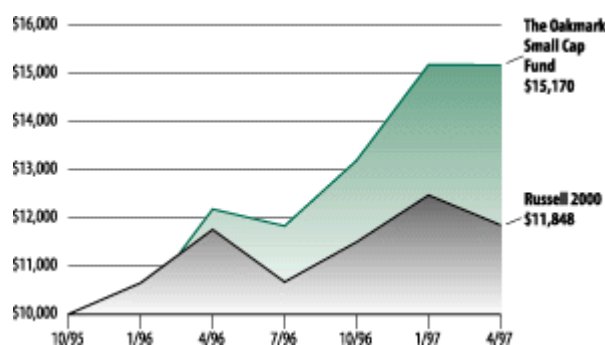


STEVEN J. REID

Portfolio Manager
sreid@oakmark.com
May 14, 1997



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK MALL CAP FUND FROM ITS INCEPTION (11/1/95) TO PRESENT(4/30/97) AS COMPARED TO THE RUSSELL 2000



4/30/97 NAV \$15.17

**Average Annual Total Return*
Through 4/30/97**

	Total Return Last 3 mos.	From Fund Inception 11/1/95
The Oakmark Small Cap Fund	-0.1%	32.1%
Lipper Small Co. Growth**	-12.2%	4.9%
Russell 20000 w/inc**	-6.8%	12.0%
S&P Small Cap 600 w/inc**	-6.0%	14.6%

*Total return includes change in share prices and in each case includes reinvestment of any dividends, interest 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 Lipper Small Company Growth 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 a small market capitalization. Past performance is no guarantee of future results.

THE OAKMARK SMALL CAP FUND

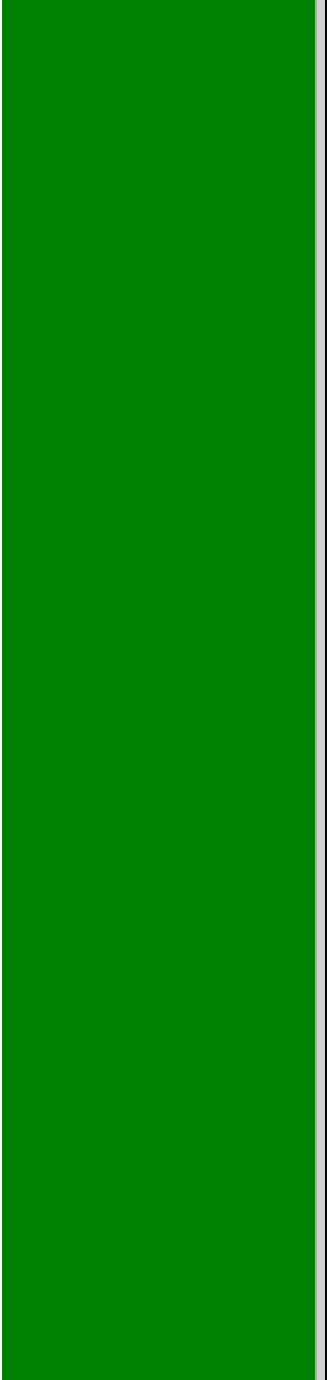
Schedule of Investments—April 30, 1997 (Unaudited)

	<i>Shares Held/ Principal Value</i>	<i>Market Value</i>
Common Stocks—93.4%		
<i>Food & Beverage—6.6%</i>		
Triarc Companies, Inc. (a)	1,000,000	\$18,625,000
Ralcorp Holdings, Inc. (a)	1,200,000	12,300,000
International Multifoods Corporation	351,200	8,736,100
GoodMark Foods, Inc.	91,900	<u>1,183,213</u>
		40,844,313
<i>Retail—5.3%</i>		
Carson Pirie Scott & Company (a)	511,500	\$15,217,125
Zale Corporation (a)	523,900	9,692,150
Cole National Corporation (a)	254,700	<u>8,405,100</u>
		33,314,375
<i>Other Consumer Goods & Services—5.7%</i>		
Scotsman Industries, Inc. (d)	662,100	\$16,883,550
First Brands Corporation	600,000	15,225,000
Justin Industries	207,400	2,307,325

GC Companies, Inc. (a)	30,200	<u>1,211,775</u>
		35,627,650
<i>Banks—7.0%</i>		
People's Bank of Bridgeport, Connecticut	1,000,000	\$30,000,000
Harbor Federal Savings Bank	160,000	5,880,000
Northwest Savings Bank	260,000	3,835,000
Pocahontas Federal Savings and Loan Association (d)	140,000	2,485,000
Savings Bank of the Finger Lakes	94,000	1,386,500
Fidelity Bancshares, Inc. (a)	5,700	<u>108,300</u>
		43,694,800
<i>Insurance—9.7%</i>		
RenaissanceRe Holdings Limited	504,500	\$18,666,500
Highlands Insurance Group, Inc. (a) (d)	900,000	15,862,500
Chartwell Re Corporation (d)	500,000	12,750,000
PXRE Corporation	385,000	9,769,375
Danielson Holding Corporation (a)	452,400	<u>3,053,700</u>
		60,102,075
<i>Other Financial—1.2%</i>		
Duff & Phelps Credit Rating Company (d)	296,800	\$7,753,900
<i>Broadcasting & Publishing—10.4%</i>		
Cablevision Systems Corporation (a)	650,000	\$20,475,000
TCI Satellite Entertainment, Inc., Class A (a)	2,250,000	16,875,000
Lee Enterprises, Inc.	500,000	12,312,500
Central Newspapers, Inc., Class A	180,000	9,697,500
Granite Broadcasting Corporation (a) (d)	625,000	<u>5,156,250</u>
		64,516,250
<i>Data Storage—0.6%</i>		
Imation Corporation (a)	150,000	\$3,543,750
<i>Aerospace & Defense—3.0%</i>		
Logicon, Inc.	281,900	\$11,205,525
Tracor, Inc. (a)	350,000	<u>7,612,500</u>
		18,818,025
<i>Machinery & Metal Processing—8.9%</i>		
Gardner Denver Machinery, Inc. (a) (d)	850,000	\$19,337,500
The Carbide/Graphite Group, Inc. (a) (d)	800,000	18,100,000
Matthews International Corporation, Class A	308,500	9,023,625
Northwest Pipe Company (a) (d)	500,000	8,000,000
Graco, Inc.	41,200	<u>973,350</u>
		55,434,475
<i>Building Materials & Construction—1.4%</i>		
NVR Inc. (a) (d)	700,000	\$8,925,000
<i>Oil & Natural Gas—2.4%</i>		
Titan Exploration, Inc. (a) (d)	1,956,400	\$14,673,000
<i>Other Industrial Goods & Services—17.4%</i>		
SPX Corporation (d)	844,100	\$46,108,962
MagneTek, Inc. (a)	1,050,000	17,587,500
Essex International, Inc. (a)	648,300	11,669,400

Zurn Industries, Inc.	450,000	11,137,500
Binks Manufacturing Company (d)	206,000	8,368,750
Premark International, Inc.	225,000	5,512,500
Columbus McKinnon Corporation	260,000	4,712,500
Dal—Tile International Inc. (a)	248,400	<u>3,229,200</u>
		108,326,312
<i>Commercial Real Estate—7.4%</i>		
Catellus Development Corporation (a)	2,090,500	\$30,834,875
Castle & Cooke, Inc. (a) (d)	1,125,000	<u>15,468,750</u>
		46,303,625
<i>Diversified Conglomerates—6.4%</i>		
U.S. Industries, Inc. (a)	1,100,000	\$39,737,500
Total Common Stocks (Cost: \$546,472,851)		581,615,050
Corporate Bonds—0.5%		
<i>Recreation & Entertainment—0.5%</i>		
Harrah's Jazz Bonds, 14.25% due 11/15/2001 (c)	6,700,000	\$2,881,000
Total Corporate Bonds (Cost: \$3,304,413)		2,881,000
<i>Commercial Paper—5.1%</i>		
American Express Credit Corp., 5.49% due 5/1/1997	2,000,000	\$2,000,000
American Express Credit Corp., 5.48% due 5/5/1997	2,000,000	2,000,000
American Express Credit Corp., 5.49% due 5/6/1997	5,000,000	5,000,000
Ford Motor Credit Corp., 5.46% due 5/12/1997	2,000,000	2,000,000
Ford Motor Credit Corp., 5.48% due 5/20/1997	2,000,000	2,000,000
Ford Motor Credit Corp., 5.55% due 6/10/1997	2,000,000	2,000,000
Ford Motor Credit Corp., 5.55% due 6/13/1997	2,000,000	2,000,000
General Electric Capital Corporation, 5.65% due 5/1/1997	15,000,000	15,000,000
Total Commercial Paper (Cost: \$32,000,000)		32,000,000
<i>Repurchase Agreements—0.9%</i>		
State Street Repurchase Agreement, 5.37% due 5/1/1997	5,525,000	\$5,525,000
Total Repurchase Agreements (Cost: \$5,525,000)		5,525,000
Total Short—Term Investments (Cost: \$37,525,000)		37,525,000
Total Investments (Cost \$587,302,264)—99.9% (b)		622,021,050
Other assets in excess of other liabilities—.1%		<u>819,349</u>
Total Net Assets		\$622,840,399
		=====

Notes:

- 
- (a) Non-income producing security.
 - (b) At April 30, 1997, net unrealized appreciation of \$34,718,766 for federal income tax purposes consisted of gross unrealized appreciation of \$61,140,703 and gross unrealized depreciation of \$26,421,937.
 - (c) This bond is currently in default and the fund is no longer accruing interest.
 - (d) See footnote number five to the financial statements regarding transactions of securities of affiliated issuers.

See accompanying notes to financial statements.

Semi-Annual

Report

April 30, 1997

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THE OAKMARK BALANCED FUND

Report from Clyde S. McGregor, Portfolio Manager

QUARTER REVIEW

The second fiscal quarter demonstrated the value of our balanced approach in a difficult period. Your Fund returned 1.4%. Both stocks and bonds were profitable despite the fact that in March the Federal Reserve raised its target interest rate for Fed Funds for the first time in two years.

We are pleased that the Fund extended its record of positive returns in each quarter since inception. Balanced funds are not immune to market swings, but they do reduce volatility of returns. Part of this lower volatility is an outcome of owning different kinds of assets, and part results from a greater proportion of return coming from income (which is more certain) and less from appreciation (which is less certain). In the current environment where stock prices are at record highs and Alan Greenspan is putting upward pressure on interest rates, The Balanced Fund speaks to the needs of long-term investors seeking growth, income, and capital preservation.

I would also like to take this opportunity to point out that the Fund's expenses are now capped at 1.5% per annum. The Fund's returns have been quite competitive within the universe of similar funds (11th place out of 290 for the 52 weeks ended April 3) despite an above average expense ratio. This handicap departed as of March 1.

MARKET OUTLOOK

At Harris Associates we do not attempt to forecast the economy, nor do we develop our portfolios based on some understanding of the investing environment. We build our portfolios from the bottom up selecting only securities which we determine to be significantly undervalued regardless of the macro picture. As manager of The Oakmark Balanced Fund, however, I am committing assets to several different asset classes, so it is important that I have a point of view about the overall context.

Federal Reserve policy is always one of the key factors creating the investing environment, but given the March rate hike, Fed policy has taken on even greater importance. The Fed last began to tighten money in 1994, eventually raising rates six times during the year. These actions had a dramatic impact on the bond market in 1994, which suffered its worst year since the 1920's. The bond market's weakness also made it impossible for stocks to make any headway despite a respectable increase in corporate profits.

I do not believe that 1997 is setting up to be a close copy of 1994. Economic conditions are quite different:

1. Interest rates began this cycle much higher across the entire yield curve than they were at the beginning of 1994. Real rates (interest rates after subtracting the rate of inflation) are at historically high levels.
2. Price indices for industrial commodities are falling today, but in 1994 they were showing increases. Corporate managers continue to complain that they have no ability to increase prices.
3. Gold's price is particularly weak. In the 1994 cycle it rose more than 10%.

4. The dollar is quite strong relative to other currencies.

5. The Federal budget deficit has shrunk considerably over the last three years even without a balanced budget agreement. In fact, the Treasury will actually pay down approximately \$65 billion in outstanding debt this calendar quarter.

Aside from these fundamental indicators, I also see a vital difference in the structure of the markets. Today, the kind of aggressive speculation in the bond market which was present at the beginning of 1994 is not evident. In 1992 and 1993 large amounts of speculative capital had been devoted to the "carry trade" (borrowing short term and investing in intermediate term Treasury notes). When short rates began to rise, the economics underlying these highly leveraged bets began to turn unfavorable, and the resulting rush for the exits greatly intensified the bond market's pain.

I believe that Fed Chair Greenspan defines his role in terms of smoothing out US economic activity and stamping out speculation wherever it may be found. Greenspan has studied the Japanese experience of the last decade where speculation in several asset classes was not damped but was often unwittingly aided. Having brought reality back to the bond market in 1994, he is seeking to prevent a speculative blowoff in stocks now. He spoke first of "irrational exuberance" in December, reiterated his warning in February, and, equity investors still not listening, he acted in March. Having observed the recent strong recovery in the markets, he will probably do so again.

Given this interest rate backdrop, I look for the markets in 1997 to be choppy and erratic, but I do not expect a great bear market in bonds as in 1994 or a stock market collapse as in 1987.

BOND CALLS AND TENDER OFFERS

Our strategy when investing in corporate bonds and preferred stocks is to identify issues from companies which are enjoying material improvement in their financial condition. Ideally, we will invest in such issues before the bond rating agencies and other investors have recognized this improvement.

One problem with this approach is that the issuing concerns sometimes experience more rapid improvement than we might prefer. The result is often an early bond call or a tender offer.

In the second fiscal quarter a tender offer for one bond, a partial call of another, and a complete call of a third related to the unexpected takeover of the issuer caused your Fund's commitment to corporate fixed income investments to shrink. I am aggressively seeking replacement issues. I will not, however, compromise our standards because we have become "underweighted" in this area.

In the fixed income market, yield spreads between issues of higher and lower quality move around over time. I perceive current spreads to be inadequate, reflecting considerable optimism about our nation's economy. I, too, believe that the economy is in fine shape, but I will not invest The Fund's assets based on that assumption. When we can again find issues that meet our standards of improving financial condition combined with attractive pricing, I will rebuild this segment of the portfolio.

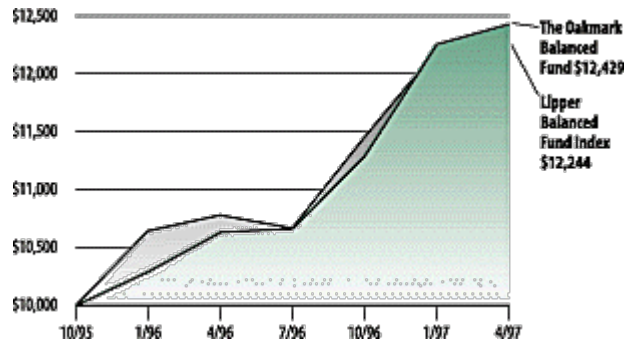
As always, I welcome your questions or comments. For all of you internet communicators, please note my new address for e-mail.

Clyde S. McCreary



CLYDE S. MCGREGOR
 Portfolio Manager
 mcgregor@oakmark.com
 May 6, 1997

THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK BALANCED FUND FROM ITS INCEPTION (11/1/95) TO PRESENT (4/30/97) AS COMPARED TO THE LIPPER BALANCED FUND INDEX



4/30/97 NAV \$12.16

**Average Annual Total Return*
 Through 4/30/97**

	Total Return Last 3 mos.	From Fund Inception 11/1/95
The Oakmark Balanced Fund	1.4%	15.6%
Lipper Balanced Fund Index**	0.4%	14.5%
Lehman Govt./Corp. Bond**	0.5%	4.5%
S&P 500 w/inc**	2.4%	26.5%

*Total return includes change in share prices and in each case includes reinvestment of any dividends, interest 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.

THE OAKMARK BALANCED FUND

Schedule of Investments— April 30, 1997 (Unaudited)

	<i>Shares Held/ Principal Value</i>	<i>Market Value</i>
Equity and Equivalents—52.9%		

<i>Food & Beverage—2.9%</i>		
Philip Morris Companies Inc.	14,700	\$ 578,813
<i>Other Consumer Goods & Services—13.8%</i>		
Borg-Warner Automotive, Inc.	15,000	\$ 630,000
Juno Lighting, Incorporated	38,300	593,650
Armstrong World Industries, Inc.	8,900	585,175
National Presto Industries, Inc.	14,000	511,000
Promus Hotel Corporation (a)	13,400	<u>472,350</u>
		2,792,175
<i>Banks—2.8%</i>		
Mellon Bank Corporation	6,700	\$ 556,938
<i>Insurance—6.6%</i>		
Old Republic International Corporation	25,500	\$ 720,375
PartnerRe Ltd.	18,200	<u>611,975</u>
		1,332,350
<i>Other Financial—6.0%</i>		
First USA, Inc.	14,600	\$ 702,625
Associates First Capital Corporation, Class A	10,000	<u>512,500</u>
		1,215,125
<i>Broadcasting & Publishing—7.8%</i>		
Tele-Communications, Liberty Media, Class A (a)	29,000	\$ 545,562
Lee Enterprises, Inc.	21,400	526,975
Dun & Bradstreet Corporation	20,000	<u>492,500</u>
		1,565,037
<i>Aerospace & Defense—2.4%</i>		
McDonnell Douglas Corporation	8,000	\$ 475,000
<i>Other Industrial Goods & Services—3.8%</i>		
Premark International, Inc.	31,500	\$ 771,750
<i>Commercial Real Estate—2.5%</i>		
Catellus Development Corporation (a)	34,728	\$ 512,238
<i>Diversified Conglomerates—4.3%</i>		
U.S. Industries, Inc. (a)	24,000	\$ 867,000
Total Equity and Equivalents (Cost: \$8,780,740)		10,666,426
Fixed Income—33.6%		
Preferred Stock—1.9%		
<i>Broadcasting & Cable TV—1.9%</i>		
Tele-Communications, Inc., Preferred Junior Class B, 6%	5,800	\$ 382,800
Total Preferred Stock (Cost: \$379,100)		382,800
Corporate Bonds—5.1%		
<i>Other Consumer Goods & Services—1.1%</i>		
Samsonite Corporation, 11.125% due 7/15/2005, Senior Subordinated Note Series B	200,000	\$ 222,250
<i>Aerospace & Automotive—0.8%</i>		
Coltec Industries, Inc., 9.75% due 4/1/2000	150,000	\$ 160,500
<i>Building Materials & .Construction—0.8%</i>		
USG Corporation, 9.25% due 9/15/2001, Senior Notes Series B	150,000	\$ 157,313
<i>Utilities—0.8%</i>		
Midland Funding Corporation, 11.75% due 7/23/2005	150,000	\$ 162,562
<i>Other Industrial Goods & Services—1.6%</i>		

UCAR Global Enterprises Inc., 12.00% due 1/15/2005, Senior Subordinated Note	300,000	\$ 336,750
Total Corporate Bonds (Cost: \$1,030,811)		1,039,375
Government and Agency Securities—26.6%		
<i>U.S. Government Bonds—25.1%</i>		
United States Treasury Notes, 7.125% due 9/30/1999	2,400,000	\$ 2,440,824
United States Treasury Notes, 7.50% due 5/15/2002	1,500,000	1,559,970
United States Treasury Notes, 7.875% due 11/15/2004	1,000,000	<u>1,067,980</u>
		5,068,774
<i>U.S. Government Agencies—1.5%</i>		
Federal Home Loan Bank, 6.405% due 4/10/2001, Consolidated Bond	300,000	\$ 296,451
Total Government and Agency Securities (Cost: \$5,346,469)		5,365,225
Total Fixed Income (Cost: \$6,756,380)		6,787,400
Short Term Investments—14.2%		
<i>Commercial Paper—10.7%</i>		
Ford Motor Credit Corp., 5.41%–5.51% due 5/1–5/20/1997	800,000	\$ 800,000
American Express Credit Corp., 5.45%–5.53% due 5/5–6/9/1997	550,000	550,000
General Electric Capital Corporation, 5.42%–5.65% due 5/1–6/13/1997	800,000	800,000
Total Commercial Paper (Cost: \$2,150,000)		2,150,000
<i>Repurchase Agreements—3.5%</i>		
State Street Repurchase Agreement, 5.37% due 5/1/1997	711,000	\$ 711,000
Total Repurchase Agreements (Cost: \$711,000)		711,000
Total Short Term Investments (Cost: \$2,861,000)		2,861,000
Total Investments (Cost \$18,398,120)—100.7% (b)		\$20,314,826
Other liabilities in excess of other assets—(.7%)		(150,541)
Total Net Assets		\$20,164,285
		=====

Notes:

(a) Non-income producing security.

(b) At April 30, 1997, net unrealized appreciation of \$1,916,706 for federal income tax purposes consisted of gross unrealized appreciation of \$2,080,600 and gross unrealized depreciation of \$163,894.

See accompanying notes to financial statements.

THE OAKMARK INTERNATIONAL FUND

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

FELLOW SHAREHOLDERS:

Your Fund continues to deliver significant results. Our second quarter return of 6.2% compares favorably to the Morgan Stanley EAFE index return of 2.5%. More importantly, your Fund has achieved an annualized return of 17.8% since inception. This compares to a 10.8% return for EAFE and a 13.3% return for the Lipper average of diversified international funds. We continue to find excellent long-term investment opportunities overseas and believe that the long-term prospects of international markets are extremely attractive.

TO ANSWER A FEW QUESTIONS...

On occasion we like to use this space to directly address recent commonly asked questions about the Fund.

Q. What is the reason for the Fund's strong performance?

A. We believe we have done well because of our disciplined approach to value investing. Discipline to us means doing thorough research, visiting countless companies, keeping composure in weak markets and buying stocks that are out of favor for short-term reasons.

Q. Why not invest in Russia?

A. Though Russia appears to offer value for long-term holders, at this time there is not the legal or regulatory framework in place to protect foreign investors. While the market's potential reward could be large, constantly changing laws and taxes, lax (non-existing) corporate governance procedures and the strong influence of organized crime stand in the way of realizing this reward.

Q. What will happen to Hong Kong after June 30th?

A. One can only speculate as to what changes face Hong Kong as its sovereignty changes from British to PRC. However, confidence remains strong and long-term benefits will most likely overpower the short-term transitional strains. The real key is the strength of the Hong Kong people and their ability to adapt to change. They are excellent business people for the most part and we feel they will be able to aptly respond to the change. At the same time, China is a huge investor in Hong Kong, so it is in China's own financial interest not to rock the boat. Finally, southern China, itself, has also been a capitalist hotbed of economic growth. There is a good possibility that, over time, the rest of China will become more like Hong Kong and the South than the reverse.

Q. How do you come up with stock ideas?

A. We spend the majority of our analytical time searching for companies that meet our value criteria. One recurring place we look for candidates is among companies hitting new lows or that have underperformed their respective stock markets. We also give extra attention to searching for ideas in markets that have been weak. If a company looks interesting from a quantitative standpoint, we then like to meet management and gather other qualitative information about the company. If, after all of this, we decide the company represents good value and is managed by people committed to building value, we will put the stock on our buy list.

Q. Where are your favorite areas to invest?

A. We don't have any favorite "areas." We base our investment selection only on companies. It does not matter to us where a company is located or in what industry it does business (although we require proper legal and regulatory protection, as mentioned above with Russia). We seek only companies that are inexpensively priced (the lowest price for the amount of cashflow generation) and that are managed by people who allocate the company's surplus capital in a way beneficial to owners.

Q. Are you still hedging currency? What impact does the dollar's rise have on the Fund's performance?

A. We are still partially hedged, but are slowly unwinding our currency hedges. Our policy has always been to use currency hedging defensively. We hedge only when we believe that a wide divergence between the U.S. dollar and the local currency presents an undue currency risk for the Fund in holding an equity position. With the recent appreciation of the dollar, most of this unsustainable divergence has been erased.

There are two ways the dollar's rise impacts your Fund's performance—one short term and one long term. In the short run, as the dollar increases and foreign currencies fall, your Fund's net asset value drops to reflect this. However, if your Fund is partially hedged, some of this "loss" would be offset through the increased value of the hedges. In the longer term, foreign stocks usually do better in weak home currency environments as many compete against U.S. companies and many have U.S. dollar or dollar-linked revenues that become larger when translated back into their local currency.

In the long term, we generally feel a strong dollar is a net positive for those who invest internationally. It is probably one of the reasons why both the European and Japanese stock markets appear to have awakened.

Q. Still underweight in Japan... why?

A. Remember that we invest in companies only if we see value and managers who care about shareholders' interests. Though we have found some companies in Japan that fit our criteria, it has been difficult to find them. The big problem is usually a lack of management commitment to building shareholder value.

Things appear to be getting better in terms of greater shareholder orientation in Japan. Driven by deregulation in financial services and widening pension shortfalls, even domestic financial institutions are starting to put pressure on company managements to enhance returns. And surprisingly, a few dozen companies have started share buyback programs (we own one of them in Oakmark International, Amway Japan) as a way of returning surplus capital to the owners. Hopefully, this is the beginning of a trend which will result in victory for the much beleaguered shareholders of Japanese companies.

That's it for now. Hope this answered some of the questions you had regarding The Oakmark International Fund. And, as always, you can e-mail us at the addresses listed below.



DAVID G. HERRO
Portfolio Manager

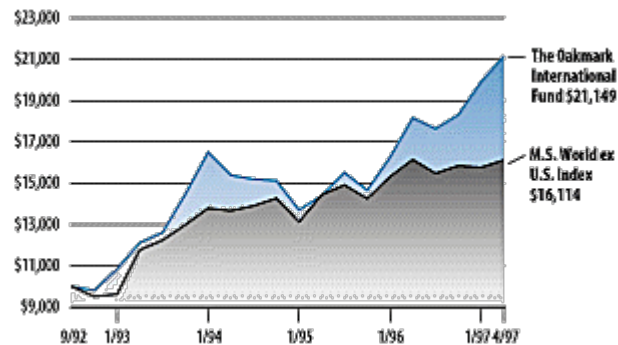


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Michael J. Welsh

MICHAEL J. WELSH
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THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK INTERNATIONAL FUND FROM ITS INCEPTION (9/30/92) TO PRESENT (4/30/97) AS COMPARED TO THE MORGAN STANLEY WORLD EX U.S. INDEX



4/30/97 NAV \$17.05

Average Annual Total Return* Through 4/30/97

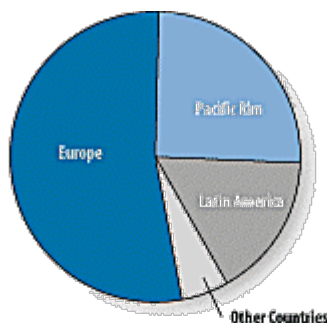
	Total Return Last 3 mos.	From Inception 9/30/92
Oakmark International	6.2%	17.8%
Morgan Stanley World ex U.S. w/inc**	2.2%	11.0%
Morgan Stanley EAFE w/inc**	2.5%	10.8%
Lipper Analytical International Fund Average**	2.8%	13.3%

*Total return includes change in share prices and in each case includes reinvestment of any dividends, interest 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 Morgan Stanley World ex U.S. Index includes 19 country sub-indexes. The Morgan Stanley EAFE Free Index refers to Europe, Asia and the Far East and includes 18 country sub-indexes. The Lipper International Fund Average includes 106 mutual funds that invest in securities whose primary markets are outside the United States. Past performance is no guarantee of future results.

THE OAKMARK INTERNATIONAL FUND

International Diversification—April 30, 1997



	% of Fund Net Assets		% of Fund Net Assets
Europe	46.3%	Pacific Rim	25.9%
Great Britain	19.3%	Hong Kong	8.1%
Sweden	7.7%	Australia	5.1%
France	6.0%	New Zealand	3.8%
Switzerland	3.3%	Indonesia	3.2%
Spain	2.9%	Japan	2.0%
Portugal	2.8%	Korea	1.8%
Netherlands	2.2%	Malaysia	1.6%
Finland	1.3%	Thailand	0.3%
Germany	0.5%	Taiwan	0.0%
Italy	0.3%		
Latin America	15.8%	Other Countries	3.6%
Brazil	6.0%	Israel	3.6%
Argentina	5.1%		
Mexico	4.7%		

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—April 30, 1997 (Unaudited)

	Description	Shares Held/ Principal Value	Market Value
Common Stocks—91.6%			
<i>Consumer Non-durables—4.8%</i>			
Chargeurs International Sa (France), (a) (e)	Wool Production Holding Company	569,169	\$ 33,644,017
Yue Yuen Industrial (Hong Kong)	Athletic Footwear Manufacturing Holdings	15,165,600	33,477,281
BYC Co. Ltd. (Korea) (e)	Textile Manufacturer	31,230	<u>3,781,211</u>
			70,902,509
<i>Food & Beverage—15.9%</i>			
Guinness plc (Great Britain)	Distiller & Brewer	7,745,000	\$ 64,018,639
Nestle SA (Switzerland)	Producer of Foods & Drinks	40,900	49,664,880
Lion Nathan Limited (New Zealand)	New Zealand Brewer	18,073,200	43,475,913

Quilmes Industrial SA (Argentina)	Brewer	2,902,300	32,288,087
Pernod Ricard (France)	Manufactures Wines, Spirits, & Fruit Juices	495,937	25,482,996
Tate & Lyle PLC (Great Britain)	Sugar Producer & Distributor	1,175,000	8,750,608
Lotte Confectionery (Korea)	Confectionary Manufacturer Company	61,000	8,411,435
Lotte Chilsung Beverage Company (Korea)	Manufacturer of Soft Drinks, Juices, & Sport Drinks	44,770	<u>4,692,819</u>
			236,785,377
<i>Household Products—4.2%</i>			
Reckitt & Colman plc (Great Britain)	Household Cleaners & Air Fresheners	2,485,229	\$ 33,733,862
Amway Japan Limited (Japan)	Marketing of Household Products	888,900	27,100,823
Amway Japan Limited ADR (Japan), (b)	Marketing of Household Products	149,400	<u>2,259,675</u>
			63,094,360
<i>Retail—1.0%</i>			
Giordano International Limited (Hong Kong)	East Asian Clothing Retailer & Manufacturer	26,853,000	\$ 14,559,169
<i>Other Consumer Goods & Services—0.0%</i>			
Heiwa Corp (Japan)	Pachinko Machine Manufacturer	31,000	\$ 410,289
Sankyo Company Ltd. (Japan)	Pachinko Machine Manufacturer	16,900	<u>390,097</u>
			800,386
<i>Telecommunications—12.6%</i>			
Telefonos de Mexico SA, (Mexico), (b)	Telephone Company in Mexico	1,415,100	\$ 58,372,875
Bezeq (Israel)	Telephone Company	13,629,271	34,563,662
Telefonica de Espana (Spain)	Spanish Telecommunications	1,000,500	25,627,526
Technology Resources Industries Berhad (Malaysia)	Telecommunications	12,770,000	\$ 23,395,731
Asia Satellite Telecommunications Holdings Ltd. (Hong Kong), (a)	Telecommunications	826,500	21,282,375
Telecomunicacoes Brasileiras S/A (Brazil)	Telecommunications	173,100,000	18,636,530
Stet Societa' Finanziaria Telefonica S.p.A. (Italy)	Telecommunications	1,100,000	<u>5,200,695</u>
			187,079,394
<i>Transportation—4.0%</i>			
AB Volvo (Sweden)	Automobiles and Trucks	2,384,600	\$ 60,035,247
<i>Oil & Natural Gas—2.9%</i>			
YPF Sociedad Anonima (Argentina), (b)	Oil Exploration, Production and Marketing	1,556,200	\$ 42,990,025
<i>Banks—12.0%</i>			
National Australia Bank Ltd. (Australia)	Largest Australian Bank	3,380,651	\$ 46,268,755
Banco Espirito Santo e Comercial de Lisboa SA (Portugal)	Portuguese Bank	2,085,480	41,085,815
Uniao de Bancos Brasileiros SA (Brazil)	Major Brazilian Bank	583,825,000	21,568,862
Compagnie Financiere de Paribas (France)	French Financial Services Group	336,000	21,191,056
Svenska Handelsbanken, Class A (Sweden)	Large Swedish Bank	684,650	18,851,505
Banco Popular Espanol SA (Spain)	Large Spanish Bank	85,093	18,042,358

Grupo Financiero Bancomer, S.A. de C.V. (GFB)-B (Mexico), (a)	Large Mexican Financial Group	26,635,000	9,317,977
Grupo Financiero Bancomer, S.A. de C.V.- L (Mexico), (a)	Large Mexican Financial Group	6,129,630	<u>1,835,842</u> 178,162,170
<i>Other Financial—2.6%</i>			
Sedgwick Group plc (Great Britain)	Insurance Broker, Financial Services	19,275,000	\$ 39,049,838
<i>Marketing Services—4.6%</i>			
Cordiant plc (Great Britain), (a) (e)	Global Advertising Agency	32,538,656	\$ 68,557,946
<i>Aerospace—3.6%</i>			
Rolls-Royce plc (Great Britain)	Jet Engines	6,966,479	\$ 27,380,408
Hong Kong Aircraft Engineering Company Ltd	Commercial Aircraft Overhaul . & Maintenance (Hong Kong)	9,122,600	<u>26,379,170</u> 53,759,578
<i>Chemicals—3.1%</i>			
European Vinyls Corporation International N.V. (Netherlands) (e)	Western European PVC Manufacturer	1,154,165	\$ 33,055,693
Fernz Corporation Ltd. (New Zealand)	Agricultural & Industrial Chemical Producer	3,973,000	<u>13,358,094</u> 46,413,787
<i>Components—1.4%</i>			
Varitronix International Limited (Hong Kong) (e)	Liquid Crystal Displays	14,977,000	\$ 20,880,604
<i>Forestry Products—3.2%</i>			
Asia Pulp & Paper Company Ltd (Indonesia), (a) (b)	Paper & Packaging Products in Asia	3,535,600	\$ 47,288,650
<i>Mining and Building Materials—3.0%</i>			
Pioneer International (Australia)	Concrete Products, Aggregates	8,870,923	\$ 29,193,867
Keumkang Ltd. (Korea)	Building Materials	240,980	10,698,215
Siam City Cement Public Company Limited, Foreign Shares (Thailand)	Cement Producer	801,900	3,745,116
Siam City Cement Public Company Limited, Local Shares (Thailand)	Cement Producer	204,700	<u>956,011</u> 44,593,209
<i>Other Industrial Goods & Services—5.5%</i>			
Tomkins plc (Great Britain)	Industrial Management Company	10,600,000	\$ 45,784,441
Kone Corporation (Finland)	Elevators	161,870	19,080,515
Legris Industries (France)	Europe's Leading Crane Manufacturer	195,097	9,092,159
Buderus AG (Germany), (a)	Industrial Manufacturing Firm	15,450	<u>7,244,139</u> 81,201,254
<i>Steel—5.7%</i>			
Usiminas (Brazil), (a)	Steel Production	41,063,700,000	\$ 48,650,928
Avesta Sheffield AB (Sweden)	Stainless Steel	3,575,000	35,546,292
Tung-Ho Steel Enterprise Corp. (Taiwan), (a)	Taiwanese Manufacturer of Steel Bars & H-Beams	34,000	<u>451,918</u> 84,649,138
<i>Diversified Conglomerates—1.5%</i>			
Koor Industries Limited, ADR (Israel), (a) (b)	Israeli Holding Company	1,058,600	\$ 18,393,175

Lamex Holdings Ltd. (Hong Kong) (e)	Hong Kong's Largest Office Furniture Supplier	14,040,000	3,670,174
Koor Industries Limited (Israel), (a)	Israeli Holding Company	5,660	<u>488,307</u>
			22,551,656
Total Common Stocks (Cost: \$1,219,970,092)			1,363,354,297
Short Term Investments—7.8%			
<i>U.S. Government Bills—0.3%</i>			
United States Treasury Bills, 5.47% due 10/16/1997		5,000,000	\$ 4,872,367
<i>Commercial Paper—6.7%</i>			
American Express Credit Corp., 5.46-5.54% due 5/7-5/22/1997		25,000,000	\$ 25,000,000
Ford Motor Credit Corp., 5.48- 5.55% due 5/12-6/13/1997		30,000,000	30,000,000
General Electric Capital Corporation, 5.49-5.65% due 5/1-6/20/1997		45,000,000	<u>45,000,000</u>
Total Commercial Paper			100,000,000
<i>Repurchase Agreements—0.8%</i>			
State Street Repurchase Agreement, 5.37% due 5/1/1997		11,391,000	\$ 11,391,000
Total Repurchase Agreements			11,391,000
Total Short-Term Investments (Cost: \$116,263,367)			116,263,367
Total Investments (Cost \$1,336,233,459)—99.4% (d)			\$ 1,479,617,664
Foreign Currencies (Cost \$5,092,823)—.3% (d)			5,070,077
Other assets in excess of other liabilities—.3%			<u>3,795,512</u>
Total Net Assets — 100%			\$ 1,488,483,253
			=====

Notes:

- (a) Non-income producing security.
- (b) Represents an American Depositary Receipt.
- (c) Includes portfolio and transaction hedges.
- (d) At April 30, 1997, net unrealized appreciation of \$143,361,460 for federal income tax purposes consisted of gross unrealized appreciation of \$201,449,089 and gross unrealized depreciation of \$58,087,629.
- (e) See footnote number five to the financial statements regarding transactions in securities of affiliated issuers.

See accompanying notes to financial statements.

Semi-Annual

Report

April 30, 1997

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THE OAKMARK INT'L SMALL CAP FUND

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

FELLOW SHAREHOLDERS:

We are pleased to announce that Michael Welsh, co-portfolio manager of The Oakmark International Fund, has succeeded Adam Schor as the co-manager of this Fund. This coincides with Adam's leaving Harris Associates to pursue new opportunities. We want to thank Adam for his valuable contribution to The Oakmark Family of Funds.

Since your Fund's inception, it has returned on an annualized basis 13.9%. This quarter, your Fund was up 0.1% as compared to 2.2% for the Morgan Stanley World ex U.S. and 2.8% for the Lipper Analytical International Fund Index.

We're happy with the record of this Fund. But, this year, some shareholders have asked us why it is lagging The Oakmark International Fund.

There is no one answer. Each Fund invests in different types of stocks. This Fund focuses on small companies while Oakmark International tends to buy medium and large-sized firms. Recently, larger international companies have performed better than the smaller names. This happens from time to time, and we don't get concerned about any short-term deviation in performance. The season is young and both Funds have good stocks. (We introduce a new one below.)

As we have said before, our portfolio of small companies consists of well managed businesses at unbelievable prices. As more capital goes overseas and stock investing becomes more global, these values will not remain undiscovered.

Small companies in general can be great opportunities. Being small makes growth easier. Sometimes it takes just one new contract for a small company to dramatically increase sales and profits. Small firms are often more flexible and so can act more quickly than their larger counterparts. They can be more innovative and nimble and can take advantage of niches. They can be more responsive to changing customer needs or market conditions. Sometimes the best industry for a small firm is one with a few large established players. These behemoths are often predictable, slow to react and too fixed in tradition to recognize a new competitor.

We believe in the fundamentals of our firms and certainly the values. Over time, that's all that matters. We are confident that our portfolio of stocks will produce the returns they should.

LET'S LOOK AT A NEW ADDITION TO OUR PORTFOLIO.

One of our largest positions is Enix, a major developer of game software in Japan. Enix offers everything we like to see before investing in a company. We often mention our difficulty in finding appropriate investment opportunities in Japan. Here's an exception and an example of how we focus on companies, not countries.

Management runs the business well.

Enix is one of Nintendo's most important software suppliers, giving Enix the chance for good

profitability on titles. The company recently increased its revenue potential by developing software for Sony PlayStation, the game platform with the largest installed base in Japan. Enix's entertainment publishing business also provides high returns and diminishes somewhat the cyclical nature of the game software business.

Management focuses on increasing the equity value of the firm.

Enix's management spends money wisely and focuses on return on capital. Part of the reason for this focus is that company president and founder Yasuhiro Fukushima and his family own more than 60% of the firm. After Japanese regulations changed, Enix was one of the first companies to announce a buy back program.

The underlying business is highly cash generative.

Software development and publishing produce excellent free cash flow. The revenues of the game business are cyclical because of the delays between new game introductions, yet Enix's flexible cost structure (and its other publishing businesses) allows it to generate excess cash even in the tough years.

Enix's stock is cheap.

We calculate that we're paying less than five times normal operating profit and less than one times revenue for a high return business whose managers are on our side. A cheap price. Despite using some cash to buy back six percent of its shares, Enix still has one-third of its market capitalization as cash in the bank.



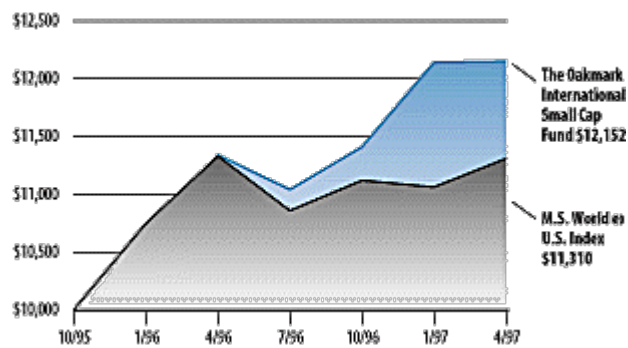
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THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK INTERNATIONAL SMALL CAP FUND FROM ITS INCEPTION (11/1/95) TO PRESENT (4/30/97) AS COMPARED TO THE MORGAN STANLEY WORLD EX U.S. INDEX



4/30/97 NAV \$11.70

Average Annual Total Return* Through 4/30/97

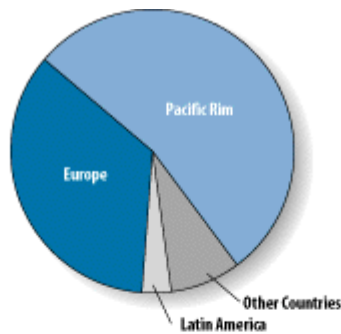
	Total Return Last 3 mos.	From Inception 9/30/92
The Oakmark Int'l Small Cap Fund	0.1%	13.9%
Morgan Stanley World ex U.S. w/inc**	2.2%	8.6%
Lipper Analytical International Fund Average**	2.8%	14.5%
Micropal Int'l Small Co Fund Index	-0.1%	11.8%

*Total return includes change in share prices and in each case includes reinvestment of any dividends, interest 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 Morgan Stanley World ex U.S. Index includes 19 country sub-indexes. The Lipper International Fund Average includes 106 mutual funds that invest in securities whose primary markets are outside the United States. The Micropal Int'l Small Co Fund Index sector average is an unweighted index comprised of all funds within the International Small Company Fund sector. Past performance is no guarantee of future results.

THE OAKMARK INT'L SMALL CAP FUND

International Diversification—April 30, 1997



	% of Fund Net Assets		% of Fund Net Assets
Europe	31.7%	Pacific Rim	49.0%
Great Britain	9.1%	Hong Kong	11.7%
Ireland	5.4%	New Zealand	8.5%
France	5.0%	Indonesia	7.7%
Germany	4.6%	Australia	6.6%
Netherlands	2.5%	Japan	6.3%
Italy	2.3%	Korea	5.5%
Spain	2.3%	Singapore	1.2%
Turkey	0.4%	Philippines	1.2%
Austria	0.1%	Thailand	0.3%
Latin America	2.9%	Other Countries	7.5%
Mexico	2.9%	Israel	5.4%
		Canada	1.7%
		India	0.4%

THE OAKMARK INT'L SMALL CAP FUND

Schedule of Investments—April 30, 1997 (Unaudited)

Description	Shares Held/ Principal Value	Market Value
Common Stocks—91.1%		
<i>Consumer Non—Durables—5.3%</i>		
PT Polysindo Eka Perkasa		
Integrated Textile Manufacturer (Indonesia)	2,652,000	\$1,473,333
Designer Textiles (NZ) Limited		
Manufactures Knit Fabrics (New Zealand) (e)	2,835,000	1,277,470
Altinyildiz Mensucat ve Textile Manufacturer		
Konfeksiyon Fabrikalari A.S. (Turkey)	1,800,000	242,292
<i>Food & Beverage—8.9%</i>		
Grupo Herdez S.A., Class B		
Manufacturer and Distributor (Mexico)	4,024,000	\$1,671,075
Taittinger (France)		
Producer of Wine & Spirits	4,533,159	821,821
DB Group Ltd. (New Zealand)		
Producer of Beer, Wine, & Liquor	483,750	754,550
Alaska Milk Corporation		
Milk Producer (Philippines), (a)	7,200,000	649,829
Chosun Brewery Company		
Korean Brewer (Korea)		
Enix Corporation (Japan)		
Entertainment Software	115,100	2,203,435
WMF (Germany)		
Tableware and Kitchenware	10,000	1,674,558
N. V. Koninklijke Sphinx		
Bathroom Products	15,159	146,276
Gustavsberg (Netherlands), (a)		
4,024,269		
<i>Retail—0.6%</i>		
Daimon (Japan)		
Liquor Retailer & Distributor	49,200	354,654
<i>Other Consumer Goods & Services—11.7%</i>		
Vardon plc (Great Britain)		
Bingo Clubs	915,000	1,853,728
Innovative International		
Auto Parts & Equipment Holdings (Hong Kong)		
	3,530,000	1,526,560
PT Steady Safe (Indonesia)		
Transportation	1,374,500	1,343,390
Fyffes plc (Ireland)		
Distributor of Fresh Fruit, Flowers and Produce in Europe	678,133	967,017
CeWe Color Holding AG		
Photo Equipment & Supplies (Germany)	4,100	944,624
6,635,319		
<i>Telecommunications—2.5%</i>		
Tadiran Ltd. (Israel), (a)		
Telecommunication Equipment	53,984	1,421,570
<i>Banks—1.9%</i>		
Anglo Irish Bank Corporation		
Irish Bank plc (Ireland)	860,000	\$1,071,450
<i>Other Financial—6.1%</i>		
JCG Holdings Ltd.		
Investment Holding Company (Hong Kong)		

2,704,000\$2,164,178Lambert Fenchurch Group plcInsurance Broker(Great Britain) 695,0001,244,692HHI Winterhur InternationalInsurance and Reinsurance BrokerHoldings Ltd. (Australia) 9,24321,552 3,430,422Computer Systems—2.4%Solution 6 Holdings Ltd.Design Computer Systems/(Australia), (a) (e)Consultants3,437,500\$1,340,365Marketing Services—3.6% Cordiant plc, (Great Britain) (a)Global Advertising Agency970,0002,043,760Broadcasting & Publishing—4.7% Woong Jin Publishing CompanyPublisher(Korea) 23,736\$1,543,372Moffat CommunicationsOwner and Operator of TelevisionLimited (Canada)Stations and Cable Systems45,500700,250Zee Telefilms Ltd. (India)Broadcasting & TV85,900223,429Matichon Public CompanyNewspaper PublisherLimited (Thailand) 70,400194,040 2,661,091Chemicals—2.3%European Vinyls CorporationWestern European PVCInternational N.V.Manufacturer(Netherlands) 44,600\$1,277,360Components—5.9%Tower Semiconductor Ltd.Semiconductors(Israel), (a) (b) 132,300\$1,653,750Barlo Group plc, (Ireland)Manufacturer of Radiators and Industrial Plastics1,605,0001,011,858Pentex—Schweizer Circuits Ltd.Manufacturer and Marketer(Singapore)of Printed Circuit Boards546,000675,192 3,340,800Forestry Products—3.2%Asia Pulp & Paper Company Ltd.Paper & Packaging(Indonesia), (a) (b)Products in Asia14,000\$1,524,750Harmac Pacific, Inc.Pulp Producer(Canada), (a) 25,700255,712 1,780,462Machinery & Metal Processing—1.3%Steel & Tube Holdings Ltd.Produces and Distributes Steel(New Zealand) 150,500\$751,196Mining And Building Materials—5.7%Uralita, SA (Spain)Manufacturers of Building Products and Chemicals153,100\$1,272,299Asia Cement ManufacturingLarge Cement ManufacturerCompany Ltd. (Korea) 36,1501,175,280Parbury Limited (Australia)Manufactures Building Products1,327,032755,466 3,203,045Other Industrial Goods & Services—13.4%Sanford Ltd. (New Zealand)Owns and Manages Fisheries1,030,0402,035,088Wattyl Limited, (Australia)Paint Company349,0911,619,817Yip's Hang Cheung Ltd.Paint Company(Hong Kong) 12,614,0001,612,065Techtronic Industries CompanyManufactures Electric Hand Tools(Hong Kong) 7,740,0001,308,901Fukuda Denshi (Japan)Medical Products Manufacturer and Distributor52,000991,373VAE Eisenbahnsysteme AGManufactures Rail—Related Products(Austria) 40038,711 7,605,955Production Equipment—4.5%Danieli & Company (Italy)Steel Mini—Mills Equipment360,3001,296,274NSC Groupe (France)Manufacturer of Textile Equipment9,8301,242,961 2,539,235Total Common Stocks (Cost: \$50,632,715)51,525,959Short Term Investments—3.1%Commercial Paper—2.5%American Express Credit Corporation, 5.50—5.53% due 5/7—6/9/1997650,000\$650,000Ford Motor Credit Corp., 5.46—5.55% due 5/12—6/6/1997500,000500,000General Electric Capital Corporation, 5.45% due 5/5/1997250,000250,0001,400,000Repurchase Agreements—0.6%State Street Repurchase Agreement, 5.37% due 5/1/1997329,000\$329,000Total Repurchase Agreements 329,999Total Short Term Investments (Cost: \$1,729,000) 1,729,000Total Investments (Cost: \$52,361,715)—94.2% (d) \$53,254,959Foreign Currencies (Proceeds: \$297,574)—.5% (d) 296,653Other assets in excess of other liabilities—5.3% 3,008,446Total Net Assets—100% \$56,560,058 =====

Notes:

- (a) Non-income producing security.
- (b) Represents an American Depository Receipt.
- (c) Includes transaction hedges.
- (d) At April 30, 1997, net unrealized appreciation of \$892,323 for federal income tax purposes consisted of gross unrealized appreciation of \$5,191,641 and gross depreciation of \$4,299,318
- (e) See footnote number five to the financial statements regarding transactions in securities of affiliated issuers.

See accompanying notes to financial statements.

Semi-Annual

Report

April 30, 1997

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THE OAKMARK FAMILY OF FUNDS

Statement of Assets and Liabilities—April 30, 1997 (Unaudited)

	THE OAKMARK FUND	THE OAKMARK SELECT FUND	THE OAKMARK SMALL CAP FUND	THE OAKMARK BALANCED FUND	THE OAKMARK INTERNATIONAL FUND	THE OAKMARK INT'L SMALL CAP FUND
Assets						
Investments, at value	\$ 4,884,556,589 (cost: \$3,665,076,314)	\$ 195,449,456 (cost: \$198,750,947)	\$ 622,021,050 (cost: \$587,302,264)	\$ 20,314,826 (cost: \$18,398,120)	\$ 1,479,617,664 (cost: \$1,336,233,459)	\$ 53,254,959 (cost: \$52,361,715)
Cash	2,361,753	875	863	390	154	385
Foreign currency, at value	477,899 (cost: \$482,705)	0	0	0	5,070,077 (cost: \$5,092,823)	296,653 (cost: \$297,574)
Receivable for:						
Forward foreign currency contracts	0	0	0	0	13,349,190	303
Securities sold	8,647,936	0	17,424	0	7,135,027	3,430,390
Fund shares sold	16,327,079	3,020,893	8,075,394	75,950	10,923,306	390,018
Dividends and interest	8,133,924	105,907	361,542	139,364	7,414,915	75,085
Expense reimbursement	0	0	0	6,100	0	0
Total receivables	33,108,939	3,126,800	8,454,360	221,414	38,822,438	3,895,796
Other assets	0	37,440	5,103	5,103	3,688	5,103
Total assets	<u>\$ 4,920,505,180</u>	<u>\$ 198,614,571</u>	<u>\$ 630,481,376</u>	<u>\$ 20,541,733</u>	<u>\$ 1,523,514,021</u>	<u>\$ 57,452,896</u>
Liabilities and Net Assets						
Payable for:						
Securities purchased	18,377,253	498,999	6,219,520	325,068	31,620,184	740,059
Fund shares redeemed	2,222,471	146,228	465,065	1,481	771,488	16,483
Due to adviser	3,728,789	167,061	656,983	12,833	1,172,172	57,356
Forward foreign currency contracts	0	0	0	0	124,591	2,001
Other	1,168,590	199,595	299,409	38,066	1,342,333	76,939
Total liabilities	<u>25,497,103</u>	<u>1,011,883</u>	<u>7,640,977</u>	<u>377,448</u>	<u>35,030,768</u>	<u>892,838</u>
Net assets applicable to fund shares outstanding	<u>\$ 4,895,008,077</u>	<u>\$ 197,602,688</u>	<u>\$ 622,840,399</u>	<u>\$ 20,164,285</u>	<u>\$ 1,488,483,253</u>	<u>\$ 56,560,058</u>
Fund shares outstanding	<u>139,781,152</u>	<u>16,135,055</u>	<u>41,063,312</u>	<u>1,658,346</u>	<u>87,278,812</u>	<u>4,833,387</u>
Pricing of Shares						
Net asset value per share	<u>\$ 35.02</u>	<u>\$ 12.25</u>	<u>\$ 15.17</u>	<u>\$ 12.16</u>	<u>\$ 17.05</u>	<u>\$ 11.70</u>
Analysis of Net Assets						
Paid in capital	\$ 3,499,224,395	\$ 195,473,640	\$ 570,738,711	\$ 17,891,490	\$ 1,224,972,152	\$ 53,685,530
Accumulated undistributed net realized gain on sale of investments, forward currency contracts and foreign exchange transactions	156,941,679	5,633,992	18,268,189	132,261	60,388,114	1,992,796
Net unrealized appreciation/depreciation of investments	1,219,475,468	(3,301,491)	34,718,786	1,916,705	143,361,460	892,323
Net unrealized appreciation of foreign currency portfolio hedges	0	0	0	0	13,291,009	0
Net unrealized appreciation — other	0	0	0	0	(138,008)	(4,417)
Accumulated undistributed net investment income (loss)	<u>19,366,535</u>	<u>(203,453)</u>	<u>(885,287)</u>	<u>223,829</u>	<u>46,608,526</u>	<u>(6,174)</u>

Net assets applicable to Fund shares outstanding \$ 4,895,008,077 \$ 197,602,688 \$ 622,840,399 \$ 20,164,285

\$ 1,488,483,253 \$ 56,560,058

See accompanying notes to financial statements.

THE OAKMARK FAMILY OF FUNDS

Statement of Operations—April 30, 1997 (Unaudited)

	THE OAKMARK FUND	THE OAKMARK SELECT FUND	THE OAKMARK SMALL CAP FUND	THE OAKMARK BALANCED FUND	THE OAKMARK INTERNATIONAL FUND	THE OAKMARK INT'L SMALL CAP FUND
Investment Income:						
Dividends	\$ 38,786,131	\$ 337,622	\$ 1,620,777	\$ 139,463	\$ 20,403,305	\$ 580,566
Interest Income	10,996,923	197,112	845,849	230,271	1,927,671	56,964
Securities lending income	0	4,001	45,224	3,690	506,988	14,607
Foreign taxes withheld	<u>(106,561)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,859,189)</u>	<u>(50,505)</u>
Total investment income	49,676,493	538,735	2,511,850	373,424	20,978,775	601,632
Expenses:						
Investment advisory fee	21,119,623	21,119,623	2,509,799	61,548	6,324,716	300,539
Transfer and dividend disbursing agent fees	1,579,924	75,989	205,210	26,328	485,088	45,134
Reports to shareholders	391,379	5,504	39,537	1,688	158,074	7,177
Custodian and accounting fees	256,285	18,385	51,046	20,265	736,644	67,556
Registration and blue sky expenses	184,360	130,657	169,329	21,358	59,888	24,017
Legal fees	23,007	8,940	7,805	4,879	8,454	4,941
Audit fees	8,437	9,804	8,194	8,937	12,394	11,373
Trustees fees	53,513	9,702	16,286	12,403	23,147	12,871
Amortization of organization cost	0	354	722	722	4,706	722
Other	<u>666,240</u>	<u>36,268</u>	<u>122,795</u>	<u>2,363</u>	<u>284,263</u>	<u>9,685</u>
Total expenses	24,282,768	742,948	3,130,723	160,491	8,097,374	484,015
Expense offset arrangements	(11,354)	(760)	(9,785)	(135)	(3,479)	(325)
Expense reimbursement	<u>0</u>	<u>0</u>	<u>0</u>	<u>(33,700)</u>	<u>0</u>	<u>0</u>
Net expenses	<u>24,271,414</u>	<u>742,188</u>	<u>3,120,938</u>	<u>126,656</u>	<u>8,093,895</u>	<u>483,690</u>
Net investment income (loss)	25,405,079	(203,453)	(609,088)	246,768	12,884,880	117,942
Net realized and unrealized gain (loss) on investments and foreign currency transactions:						
Net realized gain on investments	156,689,717	5,633,992	18,511,480	132,510	86,831,881	2,062,598
Net realized gain (loss) on foreign currency transactions	2,143	0	0	0	7,458,175	(44,245)
Net change in unrealized appreciation (depreciation) of investments and						

foreign currencies	430,927,806	(3,301,491)	14,616,034	1,012,987	60,028,246	595,930
Net change in appreciation of forward currency exchange contracts	0	0	0	0	16,187,497	0
Net change in appreciation (depreciation)—other	0	0	0	0	56,122	(2,629)
Net realized and unrealized gain on investments and foreign currency transactions	<u>587,619,666</u>	<u>2,332,501</u>	<u>33,127,514</u>	<u>1,145,497</u>	<u>170,561,921</u>	<u>2,611,654</u>
Net increase in net assets resulting from operations	<u>\$ 613,024,745</u>	<u>\$ 2,129,048</u>	<u>\$ 32,518,426</u>	<u>\$ 1,392,265</u>	<u>\$ 183,446,801</u>	<u>\$ 2,729,596</u>

See accompanying notes to financial statements.

THE OAKMARK FAMILY OF FUNDS

Statement of Changes in Net Assets—April 30, 1997

THE OAKMARK FUND

	Period Ended April 30, 1997 (Unaudited)	Year Ended October 31, 1996
From Operations:		
Net investment income	\$ 25,405,079	\$ 41,568,343
Net realized gain on sale of investments	156,689,717	226,166,113
Net realized gain (loss) on foreign currency transactions	2,143	(12,777)
Net change in unrealized appreciation	<u>430,927,806</u>	<u>290,431,755</u>
Net increase in net assets from operations	613,024,745	558,153,434
From distributions to shareholders:		
Net investment income (per share \$.3441 in Fiscal Year 1997 and \$.2841 in Fiscal Year 1996)	(41,659,891)	(29,455,748)
Net realized short-term gain (per share \$.1152 in Fiscal Year 1997 and \$.042 in Fiscal Year 1996)	(13,947,126)	(4,354,309)
Net realized long-term gain (per share \$1.7514 in Fiscal Year 1997 and \$.7987 in Fiscal Year 1996)	<u>(212,039,549)</u>	<u>(82,805,333)</u>
Total distributions to shareholders	(267,646,566)	(116,615,390)
From Fund share transactions:		
Proceeds from shares sold	902,938,915	1,810,842,079
Reinvestment of dividends and capital gains distributions	256,259,031	110,976,647
Payments for shares redeemed	<u>(543,503,708)</u>	<u>(1,256,490,130)</u>
Net increase in net assets from Fund share transactions	615,694,238	665,328,596
Total increase in net assets	961,072,417	1,106,866,640
Net assets:		
Beginning of period	<u>3,933,935,660</u>	<u>2,827,069,020</u>

End of period (including undistributed net investment income of \$19,366,535 for 1997 and \$35,496,292 for 1996)

\$ 4,895,008,077 \$ 3,933,935,660
=====

[*See accompanying notes to financial statements.*](#)

THE OAKMARK SELECT FUND

**Period Ended
April 30, 1997
(Unaudited)**

From Operations:

Net investment income (loss)	\$ (203,453)
Net realized gain on sale of investments	5,633,992
Net change in unrealized appreciation	<u>(3,301,491)</u>
Net increase in net assets from operations	2,129,048

From distributions to shareholders:

Net investment income	0
Net realized short-term gain	0
Net realized long-term gain	<u>0</u>
Total distributions to shareholders	0

From Fund share transactions:

Proceeds from shares sold	255,598,337
Reinvestment of dividends and capital gains distributions	0
Payments for shares redeemed	<u>(60,124,697)</u>
Net increase in net assets from Fund share transactions	<u>195,473,640</u>
Total increase in net assets	197,602,688

Net assets:

Beginning of period	<u>0</u>
End of period (including undistributed net investment loss of \$203,453)	\$ 197,602,688 =====

[*See accompanying notes to financial statements.*](#)

THE OAKMARK SMALL CAP FUND

**Period Ended
April 30, 1997 Year Ended
October 31,
(Unaudited) 1996**

From Operations:

Net investment loss	\$ (609,088)	\$ (276,200)
Net realized gain (loss) on sale of investments	18,511,480	(243,291)
Net realized gain (loss) on foreign currency transactions	0	0
Net change in unrealized appreciation	<u>14,616,034</u>	<u>20,102,753</u>
Net increase in net assets from operations	32,518,426	19,583,262

From distributions to shareholders:

Net investment income	0	0
Net realized short-term gain	0	0
Net realized long-term gain	<u>0</u>	<u>0</u>
Total distributions to shareholders	0	0

From Fund share transactions:

Proceeds from shares sold	568,723,911	224,762,208
Reinvestment of dividends and capital gains distributions	0	0
Payments for shares redeemed, net of fees	<u>(196,822,345)</u>	<u>(25,925,063)</u>
Net increase in net assets from Fund share transactions	<u>371,901,566</u>	<u>198,837,145</u>
Total increase in net assets	404,419,992	218,420,407

Net assets:

Beginning of period	<u>218,420,407</u>	<u>0</u>
End of period (including undistributed net investment loss of \$885,287 for 1997 and \$276,200 for 1996)	\$ 622,840,399	\$ 218,420,407
	=====	=====

[See accompanying notes to financial statements.](#)

THE OAKMARK BALANCED FUND

Period Ended	Year Ended
April 30, 1997	October 31,
(Unaudited)	1996

From Operations:

Net investment income	\$ 246,768	\$ 125,528
Net realized gain on sale of investments	132,510	161,939
Net realized gain (loss) on foreign currency transactions	0	0
Net change in unrealized appreciation	<u>1,012,987</u>	<u>903,718</u>
Net increase in net assets from operations	1,392,265	1,191,185

From distributions to shareholders:

Net investment income (per share \$.1202 in Fiscal Year 1997)	(148,467)	0
Net realized short-term gain (per share \$.1311 in Fiscal Year 1997)	(162,188)	0
Net realized long-term gain	<u>0</u>	<u>0</u>

Total distributions to shareholders	(310,655)	0
From Fund share transactions:		
Proceeds from shares sold	10,588,780	15,231,573
Reinvestment of dividends and capital gains distributions	288,062	0
Payments for shares redeemed, net of fees	<u>(5,593,093)</u>	<u>(2,623,832)</u>
Net increase in net assets from Fund share transactions	<u>5,283,749</u>	<u>12,607,741</u>
Total increase in net assets	6,365,359	13,798,926
Net assets:		
Beginning of period	<u>13,798,926</u>	<u>0</u>
End of period (including undistributed net investment income of \$233,829 for 1997 and \$125,528 for 1996)	\$ 20,164,285	\$ 13,798,926
	=====	=====

[See accompanying notes to financial statements.](#)

THE OAKMARK INTERNATIONAL FUND

	Period Ended April 30, 1997 (Unaudited)	Year Ended October 31, 1996
From Operations:		
Net investment income	\$ 12,884,880	\$ 14,823,124
Net realized gain on sale of investments	86,831,881	2,806,950
Net realized gain (loss) on foreign currency transactions	7,458,175	(1,017,660)
Net change in unrealized appreciation of investments	60,028,246	176,382,416
Net change in unrealized appreciation of forward currency exchange contracts	16,187,497	5,165,941
Net change in unrealized appreciation—other	<u>56,122</u>	<u>(363,425)</u>
Net increase in net assets from operations	183,446,801	197,797,346
From distributions to shareholders:		
Net investment income (per share \$1.1617 in Fiscal Year 1997)	(12,477,926)	0
Net realized short-term gain (per share \$.0000 in Fiscal Year 1997 and \$.5020 in Fiscal Year 1996)	0	(29,886,815)
Net realized long-term gain (per share \$.0000 in Fiscal Year 1996 and \$.5413 in Fiscal Year 1996)	<u>0</u>	<u>(32,229,556)</u>
Total distributions to shareholders	(12,477,926)	(62,116,371)
From Fund share transactions:		
Proceeds from shares sold	325,777,624	563,952,538
Reinvestment of dividends and capital gains distributions	11,889,126	57,852,161
Payments for shares redeemed	<u>(192,919,566)</u>	<u>(404,450,022)</u>

Net increase in net assets from Fund share transactions	<u>144,747,184</u>	<u>217,354,677</u>
Total increase in net assets	315,716,059	\$ 353,035,652
Net assets:		
Beginning of period	<u>1,172,767,194</u>	<u>\$ 819,731,542</u>
End of period (including undistributed net investment income of \$46,608,526 for 1997 and \$46,201,571 for 1996)	<u>1,488,483,253</u>	<u>\$ 1,172,767,194</u>

[See accompanying notes to financial statements.](#)

THE OAKMARK INTERNATIONAL SMALL CAP FUND

	Period Ended April 30, 1997 (Unaudited)	Year Ended October 31, 1996
From Operations:		
Net investment income	\$ 117,942	\$ 155,101
Net realized gain on sale of investments	2,062,598	1,284,213
Net realized loss on foreign currency transactions	(44,245)	(24,656)
Net change in unrealized appreciation of investments and foreign currencies	595,930	296,393
Net change in unrealized appreciation of forward currency exchange contracts	0	0
Net change in unrealized appreciation (depreciation) — other	<u>(2,629)</u>	<u>(1,788)</u>
Net increase in net assets resulting from operations	2,729,596	1,709,263
From distributions to shareholders:		
Net investment income (\$.08 in fiscal year ended 1997)	(279,216)	0
Net realized short-term gain (\$.36 in fiscal year ended 1997)	(1,285,114)	0
Net realized long-term gain	<u>0</u>	<u>0</u>
Total distributions to shareholders	(1,564,330)	0
From Fund share transactions:		
Proceeds from shares sold	27,618,561	43,181,467
Reinvestment of dividends	1,523,967	0
Payments for shares redeemed, net of fees	<u>(13,499,777)</u>	<u>(5,138,689)</u>
Net increase in net assets from Fund share transactions	<u>15,642,751</u>	<u>38,042,778</u>
Total increase in net assets	16,808,017	39,752,041

Net assets:

Beginning of period	\$ 39,752,041	\$ 0
	=====	=====
End of period (Including undistributed net investment income (loss) of (\$6,174) in 1997 and \$155,101 in 1996)	\$ 56,560,058	\$ 39,752,041
	=====	=====

[See accompanying notes to financial statements.](#)

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 Balanced Fund (“Balanced”), 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). The International Small Cap Fund was named The Oakmark International Emerging Value Fund prior to March 1, 1997. These accounting policies are in conformity with generally accepted accounting principles (“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.

Security valuation—

Investments are stated at current 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 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 April 30, 1997, only the International and Int’l Small Cap Funds had foreign currency transactions. Net unrealized depreciation—other includes the following components:

	International	Cap
Unrealized depreciation on dividends and dividend reclaims receivable	\$ (113,606)	\$ (2,387)
Unrealized appreciation (depreciation) on open securities purchases and sales	29,307	(368)
Unrealized depreciation on transaction hedge purchases and sales	(66,410)	(1,697)
Other—net	<u>12,701</u>	<u>35</u>
Net Unrealized Depreciation—Other	\$(138,008)	\$ (4,417)

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 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 April 30, 1997, International and Int'l Small Cap had entered into forward foreign currency contracts under which it is obligated to exchange currencies at specified future dates. The Funds' currency transactions are limited to transaction hedging and portfolio hedging involving either specific transactions or portfolio positions.

The contractual amounts of forward foreign exchange contracts do not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movements in currency values.

The International Fund had the following outstanding contracts at April 30, 1997:

Portfolio Hedges:

US Dollars Purchased	Foreign Currency Sold	Settlement Date	Unrealized Appreciation (Depreciation) at April 30, 1997
\$8,697,411	50,525,000 French Francs	May 1997	\$ 1,302,589
7,500,000	4,576,938 Pounds Sterling	May 1997	82,802
15,030,417	9,217,157 Pounds Sterling	May 1997	(30,417)
15,260,430	9,400,000 Pounds Sterling	July 1997	48,868
20,673,886	12,738,854 Pounds Sterling	September 1997	81,147
30,000,000	18,426,387 Pounds Sterling	October 1997	224,360
20,000,000	12,383,901 Pounds Sterling	November 1997	(8,338)
14,977,879	9,217,156 Pounds Sterling	November 1997	85,965
10,000,000	65,855,000 Swedish Krona	May 1997	1,602,577

11,718,088	78,810,000 Swedish Krona	June 1997	1,657,959
29,355,683	198,987,500 Swedish Krona	June 1997	3,937,165
16,436,840	113,595,000 Swedish Krona	July 1997	1,910,627
12,604,294	18,490,500 Swiss Francs	May 1997	<u>2,395,705</u>
			13,291,009
			=====

Transaction Hedges: Foreign Currency Purchases

US Dollars Sold	Foreign Currency Purchased	Settlement Date	Unrealized Appreciation (Depreciation) at April 30, 1997
\$1,184,042	6,841,393 French Francs	May 1997	\$ (11,868)
813,375	4,727,741 French Francs	May 1997	(3,345)
724,986	4,217,603 French Francs	May 1997	(2,360)
4,062,526	2,497,864 Pounds Sterling	May 1997	(14,124)
1,878,783	1,156,744 Pounds Sterling	May 1997	(3,996)
1,849,012	1,138,414 Pounds Sterling	May 1997	(3,933)
1,182,142	76,980 Pounds Sterling	May 1997	(3,893)
1,120,039	688,788 Pounds Sterling	May 1997	(3,688)
756,578	463,220 Pounds Sterling	May 1997	(5,815)
941,206	579,025 Pounds Sterling	May 1997	(2,753)
342,315	2,651,568 Hong Kong Dollar	May 1997	(22)
5,222,875	8,932,422,400 Italian Lira	May 1997	(5,872)
872,135	109,522,720 Japanese Yen	May 1997	(9,310)
401,729	50,939,296 Japanese Yen	May 1997	(427)
386,138	48,962,244 Japanese Yen	May 1997	(411)
488,013	1,218,569 Malaysian Ringgit	May 1997	(2,682)
753,868	1,885,046 Malaysian Ringgit	May 1997	(3,093)
528,360	1,324,915 Malaysian Ringgit	May 1997	(673)
792,556	1,988,918 Malaysian Ringgit	May 1997	(410)
634,754	914,630 New Zealand Dollar	May 1997	(694)
32,733	47,275 New Zealand Dollar	May 1997	40
1,046,884	1,505,874 New Zealand Dollar	May 1997	(2,950)
1,939,700	2,792,945 New Zealand Dollar	May 1997	<u>(3,517)</u>
			\$ (85,796)
			=====

Foreign Currency Sales

US Dollars Purchased	Foreign Currency Sold	Settlement Date	Unrealized Appreciation at April 30, 1997
\$3,089,068	1,899,328 Pounds Sterling	May 1997	\$ 10,740
4,065,346	2,502,984 Pounds Sterling	May 1997	<u>8,646</u>
			\$ 19,386

The Int'l Small Cap Fund had the following outstanding transaction hedges on purchases of securities:

Foreign Currency Purchases

US Dollars Sold	Foreign Currency Purchased	Settlement Date	Unrealized (Depreciation) at April 30, 1997
\$59,970	76,659 Australian Dollars	May 1997	(189)
78,589	457,738 French Francs	May 1997	(162)
355,344	218,519 Pounds Sterling	May 1997	(1,170)
28,663	3,628,820 Japanese Yen	May 1997	(75)
140,781	19,032,186,344 Turkish Lira	May 1997	(405)
			\$ (2,001)

Foreign Currency Sales

US Dollars Purchased	Foreign Currency Sold	Settlement Date	Unrealized Appreciation at April 30, 1997
\$120,662	234,494 Netherlands Guilders	May 1997	303

At April 30, 1997, 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 since 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.

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 and .85% on the excess of \$5 billion 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 as determined at the end of each calendar month. Select pays 1% of net assets, Small Cap pays 1.25% of net assets, Balanced pays .75% of net assets and 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. Effective March 1, 1997, the Adviser has agreed to reimburse the Funds to the extent that annual expenses, excluding certain expenses, exceed 1.5% of total net assets for domestic funds and 2% for international funds. For the six months ended April 30, 1997, the Adviser has waived \$33,700 of expenses for Balanced.

In connection with the organization of the Funds, expenses of approximately \$146,500 and \$47,000 were advanced to Oakmark and International, approximately \$7,283 each to Small Cap, Balanced and Int'l Small Cap, and \$3,500 to Select by the Adviser. These expenses are being amortized on a straight line basis through September, 1997 for International, October, 2000 for Small Cap, Balanced and Int'l Small Cap, and October, 2001 for Select. Oakmark has fully amortized all organization expenses. Registration expenses of approximately \$62,282, \$56,751, \$56,811 and \$56,726 were advanced to Select, Small Cap, Balanced and Int'l Small Cap, respectively, by the Adviser. Registration expenses have been fully amortized for all funds except Select.

During the six months ended April 30, 1997, the Funds incurred brokerage commissions of \$1,495,863, \$408,573, \$884,336, \$10,489, \$2,658,116 and \$143,426 of which \$489,509, \$247,921, \$262,533, \$7,009, \$732, and \$732 were paid by Oakmark, Select, Small Cap, Balanced, International and Int'l Small Cap, respectively, to an affiliate of the Adviser.

3. FUND SHARE TRANSACTIONS

Proceeds and payments on Fund shares as shown in the statement of changes in net assets are in respect to the following number of shares (in thousands):

	Period Ended April 30, 1997					
	Oakmark	Select	Small Cap	Balanced	Int'l	Int'l Small Cap
Shares sold	26,406	21,077	37,457	88	219,961	2,379
Shares issued in reinvestment of dividends	7,958	0	0	25	792	135
Less shares redeemed	(16,035)	(4,942)	(12,948)	(471)	(12,081)	(1,163)
Net increase in shares outstanding	18,329	16,135	24,509	436	8,672	1,351

	Year Ended October 31, 1996				
	Oakmark	Small Cap	Balanced	Int'l	Int'l Small Cap
Shares sold	59,070	18,656	1,466	39,590	3,943
Shares issued in reinvestment of dividends	3,733	0	0	4,757	0
Less shares redeemed	(40,632)	(2,102)	(244)	(28,966)	(460)
Net increase in shares outstanding	22,171	16,554	1,222	15,381	3,483

4. INVESTMENT TRANSACTIONS

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

	Oakmark	Select	Small Cap	Balanced	Int'l	Int'l Small Cap
Purchases	\$496,048	\$232,982	\$442,515	\$10,976	\$477,537	\$26,409
Proceeds from sales	574,417	50,286	102,144	7,953	374,109	15,840

The market values (in thousands) of securities on loan to broker-dealers at April 30, 1997 are shown below. Security loans are required to be secured at all times by collateral at least equal to the market value of securities loaned. The Funds receive income from lending securities by investing the collateral and continue to earn income on the loaned securities. Security loans are subject to the risk of failure by the borrower to return the loaned securities in which case the Funds could incur a loss. The Oakmark Fund does not lend securities.

	Select	Small Cap	Balanced	Int'l	Int'l Small Cap
Market Value of Securities Loaned	\$28,825	\$66,833	\$1,792	\$263,182	\$3,822
Collateral (Cash and U.S. Treasuries)	29,842	70,331	1,834	276,078	4,008

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 a Fund's transactions in the securities of these issuers during the six months ended April 30, 1997 is set forth below:

Summary of Transactions with Affiliated Companies The Oakmark Fund

Affiliates	Purchase Cost	Sales Cost	Dividend Income	Market Value
AMBAC Inc.	\$—	\$—	\$724,317	\$142,119,775
ACNielsen Corporation	53,012,045	—	—	71,460,000
The Black & Decker Corporation	99,457,501	—	1,327,104	232,731,200
Carson Pirie Scott & Co.	—	—	—	29,750,000
First USA, Inc.	—	—	851,520	341,495,000
GC Companies, Inc.	—	3,470,984	—	15,929,625
Polaroid	47,422,336	—	1,084,380	197,026,400
SPX Corporation	2,541,875	—	184,830	52,871,538
TOTALS	\$ 202,433,757	\$ 3,470,984	\$ 4,172,151	\$ 1,083,383,538

Summary of Transactions with Affiliated Companies The Oakmark Small Cap Fund

Affiliates	Purchase Cost	Sales Cost	Dividend Income	Market Value
Binks Manufacturing	\$ 8,186,731	\$ —	\$ —	\$ 8,368,750
Castle & Cooke, Inc.	15,253,217	82,277	—	15,468,750
The Carbide/Graphite Group	11,684,094	1,338,080	—	18,100,000
Chartwell Re Corporation	8,318,229	1,612,626	27,000	12,750,000
Duff & Phelps Credit Rating Company	1,118,438	—	16,005	7,753,900
Gardner Denver Machinery Incorporated	8,679,193	—	—	19,337,500
Granite Broadcasting Corporation	1,364,703	—	—	5,516,250
Highlands InsuranceGroup, Inc.	14,137,406	1,631,001	—	15,862,500
NVR, Inc.	9,822,312	1,323,089	—	8,925,000
Northwest Pipe Company	4,900,750	—	—	8,000,000
Pocahontas Federal Savings & Loan Association	—	—	60,900	2,485,000
Scotsman Industries, Inc.	17,455,659	234,367	18,298	16,883,550
SPX Corporation	22,712,788	5,209,409	123,500	46,108,963
Titan Exploration, Inc.	22,836,175	—	—	14,673,000
TOTALS	\$ 146,469,695	\$ 11,430,849	\$ 245,703	\$ 200,233,162

*Summary of Transactions with Affiliated Companies
The Oakmark International Fund*

Affiliates	Purchase Cost	Sales Cost	Dividend Income	Market Value
BYC Company	\$ —	\$ —	\$ 21,901	\$ 3,781,211
Chargeurs International Sa	11,479,091	—	—	33,644,017
Cordiant plc	6,518,121	4,256,573	—	68,557,946
EVC International NV	5,066,737	—	946,695	33,055,693
Lamex Holdings Limited	—	—	157,892	3,670,174
Varitronix International Holdings Limited	12,550,909	—	—	20,880,604
TOTALS	\$ 35,614,858	\$ 4,256,573	\$ 1,126,488	\$ 163,589,645

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

Affiliates	Purchase Cost	Sales Cost	Dividend Income	Market Value
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Designer Textiles (NZ) Limited	\$ 1,705,701	\$ —	\$ —	\$1,277,470
Solution 6 Holdings Limited	1,569,845	\$ —	—	1,340,365
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TOTALS	\$ 3,275,546	\$ —	\$ —	\$ 2,617,835
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& OFFICERS**THE OAKMARK FUND****Financial Highlights***For a share outstanding throughout the period*

	Period Ended April 30, 1997	1996	1995	Year Ended 1994	1993	1992	Period Ended Oct. 31, 1991 (a)
(Unaudited)							
Net Asset Value, Beginning of Period	\$ 32.39	\$ 28.47	\$ 25.21	\$ 24.18	\$ 17.11	\$ 12.10	\$ 10.00
Income From Investment Operations:							
Net Investment Income (Loss)	0.19	0.34	0.30	0.27	0.17	(0.03)	(0.01)
Net Gains or Losses on Securities (both realized and unrealized)	<u>4.65</u>	<u>4.70</u>	<u>4.66</u>	<u>1.76</u>	<u>7.15</u>	<u>5.04</u>	<u>2.11</u>
Total From Investment Operations:	<u>4.84</u>	<u>5.04</u>	<u>4.96</u>	<u>2.03</u>	<u>7.32</u>	<u>5.01</u>	<u>2.10</u>
Less Distributions:							
Dividends (from net investment income)	(0.34)	(0.28)	(0.23)	(0.23)	(0.04)	—	—
Distributions (from capital gains)	<u>(1.87)</u>	<u>(0.84)</u>	<u>(1.47)</u>	<u>(0.77)</u>	<u>(0.21)</u>	—	—
Total Distributions	(2.21)	(1.12)	(1.70)	(1.00)	(0.25)	—	—
Net Asset Value, End of Period	<u>\$ 35.02</u>	<u>\$ 32.39</u>	<u>\$ 28.47</u>	<u>\$ 25.21</u>	<u>\$ 24.18</u>	<u>\$ 17.11</u>	<u>\$ 12.10</u>
Total Return	15.54%	18.07%	21.55%	8.77%	43.21%	41.40%	87.10% (d)
Ratios/Supplemental Data:							
Net Assets, End of Period (\$million)	\$4,895.0	\$3,933.9	\$2,827.1	\$1,677.3	\$1,107.0	\$114.7	\$4.8
Ratio of Expenses to Average Net Assets (d)	1.10%	1.18%	1.17%	1.22%	1.32%	1.70%	2.50% (b)
Ratio of Net Income (Loss) to Average Net Assets (d)	1.15%	1.13%	1.27%	1.19%	0.94%	(0.24%)	(0.66%) (c)
Portfolio Turnover Rate	14.4%	23.7%	18.0%	29.3%	18.0%	34.0%	0.0%
Average Commission Rate Paid	\$0.0524	\$0.0530					

(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) Data has been annualized.

THE OAKMARK SELECT FUND

Financial Highlights

For a share outstanding throughout the period

	Period Ended April 30, 1997
	(Unaudited)
Net Asset Value, Beginning of Period	\$ 10.00
Income From Investment Operations:	
Net Investment Income (Loss)	(0.01)
Net Gains or Losses on Securities (both realized and unrealized)	<u>2.26</u>
Total From Investment Operations:	<u>2.25</u>
Less Distributions:	
Dividends (from net investments income)	0.00
Distributions (from capital gains)	<u>0.00</u>
Total Distributions	0.00
Net Asset Value, End of Period	\$ 12.25 =====
Total Return	22.50%
Ratios/Supplemental Data:	
Net Assets, End of Period (\$million)	\$ 197.60
Ratio of Expenses to Average net Assets (a)	1.22%
Ratio of Net Income (Loss) to Average Net Assets (a)	0.33%
Portfolio Turnover Rate	42.62%
Average Commission Rate Paid	\$0.0567

(a) Ratios have been annualized.

THE OAKMARK SMALL CAP FUND

Financial Highlights

For a share outstanding throughout each period

	Period Ended April 30, 1997	Year Ended Oct. 31, 1996
	(Unaudited)	
Net Asset Value, Beginning	\$ 13.19	\$ 10.00
Income From Investment Operations:		
Net Investment Income (Loss)	(0.00)	(0.02)
Net Gains or Losses on Securities(both realized and unrealized)	<u>1.98</u>	<u>3.21</u>
Total From Investment Operations:	1.98	3.19

Less Distributions:		
Dividends (from net investment income)	0.00	0.00
Distributions (from capital gains)	<u>0.00</u>	<u>0.00</u>
Total Distributions	0.00	0.00
Net Asset Value, End of Period	\$ 15.17	\$ 13.19
	=====	=====
Total Return	15.01%	31.94%
Ratios/Supplemental Data:		
Net Assets, End of Period (\$million)	\$ 622.8	\$ 218.4
Ratio of Expenses to Average Net Assets (a)	1.45%	1.61%
Ratio of Net Income (Loss) to Average Net Assets (a)	(.25%)	(.29%)
Portfolio Turnover Rate	25.06%	23.15%
Average Commission Rate Paid	\$ 0.0480	\$ 0.0520

(a) Ratios have been annualized.

THE OAKMARK BALANCED FUND

Financial Highlights

For a share outstanding throughout each period

	Period Ended	
	April 30, 1997	Year Ended Oct. 31, 1996
	(Unaudited)	
Net Asset Value, Beginning of Period	\$ 11.29	\$ 10.00
Income From Investment Operations:		
Net Investment Income	0.15	0.10
Net Gains or Losses on Securities (both realized and unrealized)	<u>0.97</u>	<u>1.19</u>
Total From Investment Operations:	1.12	1.29
Less Distributions:		
Dividends (from net investment income)	(0.12)	0.00
Distributions (from capital gains)	<u>(0.13)</u>	<u>0.00</u>
Total Distributions	(0.25)	0.00
Net Asset Value, End of Period	\$ 12.16	\$ 11.29
	=====	=====
Total Return	10.09%	12.91%
Ratios/Supplemental Data:		
Net Assets, End of Period (\$million)	\$ 20.16	\$ 13.8
Ratio of Expenses to Average Net Assets (a)	1.50%	2.50%

Ratio of Net Income to Average Net Assets (a)	2.91%	1.21%
Portfolio Turnover Rate	51.21%	66.35%
Average Commission Rate Paid	\$ 0.0589	\$ 0.0581

(a) If the fund paid all of its expenses and there had been no expense reimbursement by the investment adviser, for the period ended April 30, 1997, and the year ended October 31, 1996, the ratios of expenses to average net assets would have been 1.89% and 2.64% respectively, and the ratios of net income to average net assets would have been 2.52% and 1.08% respectively.

THE OAKMARK INTERNATIONAL FUND

Financial Highlights

For a share outstanding throughout each period

	Period Ended April 30, 1997	Year Ended October 31,				
		1996	1995	1994	1993	1992(a)
	(Unaudited)					
Net Asset Value, Beginning of Period	\$ 14.92	\$ 12.97	\$ 14.50	\$ 14.09	\$ 9.80	\$ 10.00
Income From Investment Operations:						
Net Investment Income	0.11	0.09	0.30	0.21	0.06	0.26
Net Gains or Losses on Securities (both realized and unrealized)	<u>2.18</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:	2.29	2.99	(0.47)	0.64	4.54	(0.2)
Less Distributions:						
Dividends (from net investment income)	(0.16)	0.00	0.00	(.08)	(.25)	—
Distributions (from capital gains)						
	<u>0.00</u>	<u>(1.04)</u>	<u>(1.06)</u>	<u>(0.15)</u>	=	=
Total Distributions	<u>(0.16)</u>	<u>(1.04)</u>	<u>(1.06)</u>	<u>(0.23)</u>	<u>(.25)</u>	=
Net Asset Value, End of Period	\$ 17.05	\$ 14.92	\$ 12.97	\$ 14.50	\$ 14.09	\$ 9.80
	=====	=====	=====	=====	=====	=====
Total Return	15.51%	24.90%	(3.06%)	4.62%	47.49%	(22.81%)
Ratios/Supplemental Data:						
Net Assets, End of Period (\$million)	\$1,488.5	\$1,172.8	\$819.7	\$1,286.0	\$815.4	\$23.5
Ratio of Expenses to Average Net Assets (b)	1.25%	1.32%	1.40%	1.37%	1.26%	2.04
Ratio of Net Income to Average Net Assets (b)	1.99%	1.45%	1.40%	1.44%	1.55%	37.02%
Portfolio Turnover Rate	31%	42%	26%	55%	21%	0
Average Commission Rate Paid	\$0.0031	\$0.0158				

(a) From September 30, 1992, the date on which Fund shares were first offered for sale to the public.

(b) Ratios have been annualized.

THE OAKMARK INT'L SMALL CAP FUND

Financial Highlights

For a share outstanding throughout each period

	Period Ended April 30, 1997	Year Ended Oct. 31, 1996
	(Unaudited)	
Net Asset Value, Beginning of Period	\$ 11.41	\$ 10.00
Income From Investment Operations:		
Net Investment Income	0.03	0.04
Net Gains or Losses on Securities (both realized and unrealized)	<u>0.70</u>	<u>1.37</u>
Total From Investment Operations:	0.73	1.41
Less Distributions:		
Dividends (from net investment income)	(0.08)	0.00
Distributions (from capital gains)	<u>(0.36)</u>	<u>0.00</u>
Total Distributions	(0.44)	0.00
Net Asset Value, End of Period	\$ 11.70 =====	\$ 11.41 =====
Total Return	6.51%	14.15%
Ratios/Supplemental Data:		
Net Assets, End of Period (\$million)	\$ 56.56	\$ 39.8
Ratio of Expenses to Average Net Assets	1.96%	2.50% (a)
Ratio of Net Income to Average Net Assets	0.48%	0.65% (a)
Portfolio Turnover Rate	33.70%	27.44%
Average Commission Rate Paid	\$ 0.0039	\$ 0.0036

(a) If the fund paid all of its expenses and there had been no expense reimbursement by the investment adviser, for the year ended October 31, 1996, the ratio of expenses to average net assets would have been 2.65% and the ratio of net income to average net assets would have been .50%.

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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

Victor A. Morgenstern—*President*
Robert J. Sanborn—*Executive Vice President*
David G. Herro—*Vice President*
Clyde S. McGregor—*Vice President*
William C. Nygren—*Vice President*
Steven J. Reid—*Vice President*
Adam Schor—*Assistant Vice President*
Michael J. Welsh—*Assistant Vice President*
Donald Terao—*Treasurer*
Anita M. Nagler—*Secretary*
Ann W. Regan—*Vice President— Shareholder Operations and Assistant Secretary*
Kristi L. Rowsell—*Assistant Treasurer*

Other Information

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Chicago, Illinois 60602

Legal Counsel

Bell, Boyd & Lloyd
Chicago, Illinois

Independent Public Accountants

Arthur Andersen LLP
Chicago, Illinois

FOR MORE INFORMATION

Please call 1-800-OAKMARK (1-800-625-6275)

24-hour NAV hotline



1-800-GROWOAK (1-800-476-9625)

Web site

www.oakmark.com

This report, including the unaudited 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.