

The Oakmark Fund

The Oakmark
Select Fund

The Oakmark Small
Cap Fund

The Oakmark Equity
and Income Fund

The Oakmark
Global Fund

The Oakmark
International Fund

The Oakmark
International Small
Cap Fund

ANNUAL REPORT

SEPTEMBER 30, 2003

THE OAKMARK FAMILY OF FUNDS

2003 Annual Report

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FORWARD-LOOKING STATEMENT DISCLOSURE

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

Presidents' Letter

Dear Fellow Shareholders,

The stock market continued its recent gains during the third calendar quarter. While each of our funds posted a positive return for the quarter, performance relative to our benchmarks was mixed. More importantly, with most broad indices posting strong double digit gains for the full fiscal year, most of our funds outperformed their benchmarks.

Market Assessment

The economy continues its recovery, which started at the end of 2002. While interest rates have risen, they still remain near record lows. Corporate earnings appear to be gaining strength and are providing more frequent positive surprises. Good economic news and strong consumer spending are tempered though, by concerns over the Iraqi conflict, a large budget deficit, and lack of jobs growth. While the market has posted sizable gains since the first quarter, returns have varied widely across the market—often rewarding promises of growth more than delivered results. As we look at the relative performance of our holdings we believe that much of the recent quarter's performance is more reflective of emotion than business fundamentals.

While the attractive valuation discounts we saw in early spring are not as prevalent today, we believe this has become more of a "stock pickers" market—where values exist, but are tougher to find. We believe that short-term emotional valuation swings, while sometimes painful, will in the long-term play to our strengths as disciplined, bottom-up investors.

Capital Gain Distributions

We are pleased that with the exception of a small estimated capital gains distribution in The Oakmark Global Fund, we do not anticipate paying a capital gains distribution for any other funds this year. While this is not unusual for many mutual funds this year because of longer-term realized losses, it is unusual for a fund family like ours, where many of the funds fared well in the bear market and continue to reach new highs.

Fund Trading

Most of you have no doubt heard about New York Attorney General Eliot Spitzer's investigation into market timing and trading practices at certain investment firms.

We are very troubled by those allegations involving other fund companies, as they erode investor confidence in the mutual fund industry. Trust is essential to our business



and once lost, it is hard to earn back. Our position on the kind of activities alleged by Mr. Spitzer is clear. We believe that market timers hurt the returns of long-term investors in our funds. Market timers are unwelcome in our funds and are not provided any special breaks. We have redemption fees in place for most of our funds to discourage market timers and we police subscription and redemption activity to catch other timers. In regard to "after-hours" trading, our position is also straightforward: we don't permit it, period. We believe we have taken proper steps to prevent this from happening in our funds. We hope for a clear and rapid solution to these issues in order to regain investor confidence in the industry. If you want to know more about our position on this subject, please visit our web site at www.oakmark.com.

Thank you for entrusting your long-term assets to The Oakmark Family of Funds. We welcome your comments and questions; you can reach us via email at ContactOakmark@oakmark.com.

Robert M. Levy
President
of the Oakmark Funds
Chairman and CIO
of Harris Associates L.P.

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

THE OAKMARK FAMILY OF FUNDS

Summary Information

<i>Performance for Period Ended September 30, 2003¹</i>	The Oakmark Fund (OAKMX)	The Oakmark Select Fund (OAKLX)	The Oakmark Small Cap Fund (OAKSX)
3 Months*	0.33%	0.04%	5.79%
6 Months*	17.33%	16.24%	23.69%
1 Year	20.99%	27.25%	21.84%
<i>Average Annual Total Return for:</i>			
3 Year	8.73%	11.30%	5.67%
5 Year	5.11%	17.42%	7.25%
10 Year	10.73%	N/A	N/A
Since inception	16.50% (8/5/91)	21.20% (11/1/96)	9.99% (11/1/95)
<i>Value of \$10,000 from inception date</i>	\$64,034	\$37,820	\$21,255
<i>Top Five Equity Holdings as of September 30, 2003²</i>	Washington Mutual, Inc. 3.8%	Washington Mutual, Inc. 18.1%	eFunds Corporation 4.7%
<i>Company and % of Total Net Assets</i>	H&R Block, Inc. 2.7%	H&R Block, Inc. 7.5%	Ralcorp Holdings, Inc. 4.5%
	Fannie Mae 2.5%	Yum! Brands, Inc. 5.4%	Checkpoint Systems, Inc. 4.4%
	McDonald's Corporation 2.4%	The Kroger Co. 4.5%	Hanger Orthopedic Group, Inc. 4.2%
	Yum! Brands, Inc. 2.3%	First Data Corporation 4.4%	BankAtlantic Bancorp, Inc., Class A 4.1%
<i>Top Five Industries as of September 30, 2003</i>	Retail 10.0%	Banks & Thrifts 18.1%	Computer Software 8.7%
<i>Industries and % of Total Net Assets</i>	Pharmaceuticals 8.5%	Other Consumer 11.6%	Banks & Thrifts 8.4%
	Food & Beverage 8.3%	Goods & Services 10.8%	Food & Beverage 7.7%
	Banks & Thrifts 7.0%	Retail 7.1%	Medical Products 7.3%
	Other Consumer 6.3%	Information Services 6.8%	Oil & Natural Gas 5.6%
	Goods & Services 6.3%	Pharmaceuticals 6.8%	

Past performance is no guarantee of future results. Investment return and principal value vary, and you may have a gain or loss when you sell shares. Average annual total return measures annualized change, while total return measures aggregate change.

* Not annualized

The Oakmark Equity and Income Fund (OAKBX)		The Oakmark Global Fund (OAKGX)		The Oakmark International Fund (OAKIX)		The Oakmark International Small Cap Fund (OAKEX)	
2.01%		9.55%		7.70%		14.12%	
15.47%		46.25%		35.09%		47.42%	
19.75%		50.27%		29.97%		39.78%	
10.89%		17.63%		3.61%		11.14%	
13.25%		N/A		13.21%		20.03%	
N/A		N/A		8.53%		N/A	
14.04% (11/1/95)		14.83% ³ (8/4/99)		10.62% (9/30/92)		9.46% (11/1/95)	
\$28,308		\$17,774		\$30,368		\$20,465	
Synopsys, Inc.	2.6%	Diageo plc	5.9%	Diageo plc	3.7%	Baycorp Advantage Limited	4.6%
Watson Pharmaceuticals Inc.	2.4%	Nestle SA	4.5%	GlaxoSmithKline plc	3.6%	Bulgari S.p.A.	3.7%
First Health Group Corp.	2.4%	Fannie Mae	4.0%	Nestle SA	3.2%	Neopost SA	3.6%
SAFECO Corporation	2.3%	First Health Group Corp.	3.9%	Aventis S.A.	3.2%	Gurit-Heberlein AG	3.6%
Diageo plc	2.3%	Aventis S.A.	3.8%	Henkel KGaA	3.1%	Schindler Holding AG	3.5%
U.S. Government Notes	27.2%	Food & Beverage	11.3%	Food & Beverage	14.2%	Retail	9.3%
Oil & Natural Gas	5.8%	Pharmaceuticals	9.8%	Pharmaceuticals	11.4%	Machinery & Industrial Processing	8.1%
Health Care Services	4.8%	Other Financial	9.2%	Banks & Thrifts	11.0%	Airport Maintenance	6.5%
Food & Beverage	4.6%	Information Services	7.0%	Other Financial	7.6%	Diversified	
Aerospace & Defense	4.2%	Retail	5.8%	Chemicals	6.5%	Conglomerates	6.3%
						Food & Beverage	5.9%

THE OAKMARK AND OAKMARK SELECT FUNDS

At Oakmark, we look for stocks with prices less than 60% of intrinsic value, with intrinsic value that is likely to grow and with management that acts in the interest of outside shareholders. The combination of these factors creates our biggest competitive advantage—the ability to be more patient than most investors.



Next quarter when you notice that we no longer own AOL, don't assume that we sold our position. In a press release last month, AOL announced they would change their name back to Time Warner Inc. This was an acknowledgement that the company's future belongs more to their outstanding portfolio of traditional media assets than to their Internet access company. Jerry Levin

and Steve Case, the CEOs who four years ago united these companies in what they referred to as the "merger of the century", have both since resigned. AOL stock, which traded at nearly \$100 in the Internet bubble, today is priced at just \$15. Though we believe it is significantly undervalued, it will almost certainly fail to produce a profit for those who bought into the merger hype.

The success of corporate strategies, business leaders, and, yes, portfolio managers can only be determined after long periods of time. Perhaps that's what makes reading old business books so entertaining. Bookstores are filled with newly published texts promoting recently successful business strategies. On the bargain counter, one of our portfolio managers found one such book, *Lessons from the Top*⁴ by Neff and Citrin. (As we've said before, our value approach is deeply ingrained!) It was written in 1999 during the peak of the "Marquee CEO" approach to investing as a study of "the 50 most successful business leaders in America." Since one of our three key stock selection criteria is investing with good management, I decided to give the book a quick read.

To their credit, the authors concluded that successful business leaders share common traits such as a passion for their work, strong competitive drives, clarity of thought, and the ability to clearly communicate those thoughts. (Not coincidentally, we believe these traits are also shared by successful investors.) But what makes the book more entertaining today is how events of the past four years have changed the way we read the quotes. Tyco CEO Dennis Kozlowski's claim that "there is a lot one person can do" was read differently in 1999 than it is today after Tyco's turmoil. When Bernie Ebbers from WorldCom said, "I look at my stewardship of this company as an opportunity that the

Highlights

- We seek to avoid overvalued, low-growth, or poorly managed companies.
- Our investment approach has been consistent over time.
- Only shareholders with long time horizons should buy our funds.

Lord has given me," or when Ken Lay attributed the strength of Enron's culture to, "my basic value system" it didn't produce the sighs or smirks it does today. Yes, all three of them were considered Top 50 business leaders (as was AOL's Steve Case) just four short years ago! In fairness, among the Top 50 were also many CEOs still considered exceptional such as Michael Dell of Dell Computer, Herb Kelleher of Southwest Airlines, and Bob Tillman of Lowe's. Their companies have each enjoyed four great years since the book was written. So, how would an investor who bought stock in all the profiled companies have fared over the past four years? Unfortunately, not too well. An investor who equal-weighted positions would have underperformed the equal-weighted S&P 500 by about three percentage points. Likewise, an investor who weighted positions based on market capitalization would have underperformed the cap-weighted S&P 500 by a similar amount.

Why does this sort of investment strategy almost always fail? After all, the authors went to great lengths to make sure their selections were based on solid quantitative measures of excellence that were free of industry bias. Though their approach was very logical, stock market prices generally incorporate the obvious. Investors were aware of these excellent leaders' track records and had bid up prices of these stocks. Simply put, betting on a single-factor model rarely outperforms the market. If you buy the highest growth or best-managed companies, the stocks' valuations are generally too high to make the strategy work. Likewise, if you buy only the cheapest stocks, you end up with too many businesses that have either stopped growing or are poorly managed.

That's why at The Oakmark Family we utilize a three-pronged approach to stock selection. We aren't necessarily


looking for the statistically cheapest stocks, but we are looking for stocks priced at a bigger discount to business value than most. We don't require our businesses to be the fastest growers, but we do want the combination of dividend yield and projected per-share value growth to be at least average. And we don't require the managements to be recognized as among America's most successful business leaders, but we do require them to be smart, honest, and working to further the shareholders' interests. Although we make our share of mistakes, when we find a business that is growing, being managed to benefit shareholders, and is priced at a discount to business value, we can purchase the stock with the knowledge that, given time, the price and the value will usually converge.

We write these reports with the goal of helping shareholders and potential shareholders better understand how we approach investing their money. On our website we include all the quarterly reports we have written since 1997 and our annual reports from two years before that. Our hope is that by reading a history of these reports, one would know what to expect from us. The danger of allowing access to our old reports is that our mistakes, much like those in the Top CEOs book, may look even more glaring in hindsight. The benefit to those studying our funds is that history can be revisited and one can see what we were saying back then. You can see what we got wrong on stocks like USG Corp or Electronic Data Systems. You can also see what we got right on stocks we still own, like Washington Mutual, and on those we fortunately never owned, like the Internet stocks. But most importantly, you can see that our investment approach has been consistent throughout The Oakmark Family's history.

Our reports also explain our thinking on the importance of protecting shareholders. Over the past quarter, mutual fund industry news was dominated by allegations about special privileges being accorded to hyper-active traders. Following the negative publicity, market timers now seem to be universally hated. Interestingly, just two years ago US Congressman Thomas Tancredo wrote a letter to the SEC

Chairman expressing concern about the industry's "increasingly discriminatory practices towards market timers."⁵ He further stated, "I have an issue with these nefarious attempts by mutual fund families to limit this key benefit (the flexibility to buy and sell at will) that they have been promising." Amazing how fast the winds change! You don't have to wonder what Oakmark's attitude was back then towards timers. You can read our quarterly letter from June 1999 when we put redemption fees on those funds that appealed to market timers. From day one, we have told potential investors that our funds were only suited to investors who have the same long-term time horizon that we use when selecting stocks. When, despite our efforts to thwart frequent traders, we found them using our funds, we instituted redemption fees that eliminated the profit potential from their trades. All of The Oakmark Family portfolio managers have made substantial personal investments in our mutual funds—it gives us the same economic alignment with our shareholders that we look for in the companies in which we invest.

Best wishes,



William C. Nygren, CFA
Portfolio Manager

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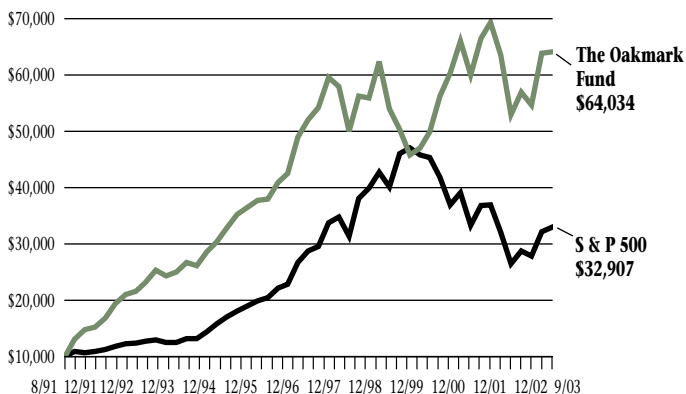
PS: Last quarter this report discussed the Michael Lewis book *Moneyball* and the successful use in baseball of a value investing strategy by Billy Beane, General Manager of the Oakland Athletics. Congratulations to Mr. Beane on another in a string of successful seasons for his penny-pinching American League Western Division champs! And congratulations to our hometown favorites, the Chicago Cubs, on their first of what is hopefully a long string of division championships!

THE OAKMARK FUND

Report from Bill Nygren and Kevin Grant, Portfolio Managers



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK FUND FROM ITS INCEPTION (8/5/91) TO PRESENT (9/30/03) AS COMPARED TO THE STANDARD & POOR'S 500 INDEX⁶



Annual Average Total Returns¹

	Total Return Last 3 Months*	(as of 9/30/03)				Since Inception (8/5/91)
		1-year	5-year	10-year		
Oakmark Fund	0.33%	20.99%	5.11%	10.73%	16.50%	
S&P 500	2.65%	24.40%	1.00%	10.04%	10.29%	
Dow Jones Average ⁹	3.91%	25.13%	5.32%	12.35%	12.12%	
Lipper Large Cap Value Index ¹⁰	1.95%	22.65%	2.00%	8.92%	9.78%	

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

Past performance is no guarantee of future results. Investment return and principal value vary, and you may have a gain or loss when you sell shares. Average annual total return measures annualized change, while total return measures aggregate change.

* Not annualized

The Oakmark Fund increased in value by less than 1% last quarter bringing the fiscal year to a 21% increase. The quarter was disappointing relative to gains achieved in the market averages—the S&P 500 gained 3% and the NASDAQ⁷ added to its great year by rising another 10%. The technology stocks were very strong, and we own almost none of them. We maintain that their premium prices—particularly versus high quality non-technology stocks—are a result of overly positive investor sentiment rather than fundamental value. Even our one traditional technology holding, Sun Microsystems, was among our worst performers in the quarter. The reason Sun appeals to us—high book value, large cash balance, large sales base, high R&D spending—is of no interest to today's tech stock buyers that seem to focus only on earnings growth. Our pharmaceutical stocks also lost money in the quarter. We continue to believe that these companies have above-average futures and therefore deserve to sell at above-average multiples. Looking across our portfolio, we are generally very pleased with how the businesses are performing. That gives us confidence about the stocks as we look ahead to next year. During the quarter, we sold the Medco shares we received from the Merck spinoff and we added one new holding, AFLAC.

AFLAC INC. (AFL—\$31)

We have been a fan of AFLAC since the duck made his television debut several years ago! Those funny commercials have not only brought many smiles, but have quickly made the AFLAC name one of the insurance industry's most recognized. AFLAC's strong track record during the 1990's, (20% compounded annual earnings growth), caused the stock to reach a high of \$37 in 2000, which was over thirty times earnings. Despite achieving rapid growth in the US market, the majority of AFLAC's sales and income still comes from Japan where it is the leading provider of supplemental medical insurance. While growth has slowed in the US, profit growth in Japan remains robust. With projected growth "just" in the low teens, the stock fell below \$30. Selling at less than half its peak P/E⁸ multiple, just over fourteen times our earnings estimate for next year, we believe AFLAC is another on our growing list of excellent businesses priced below the market multiple.

Best wishes,

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

Schedule of Investments—September 30, 2003

Name	Shares Held	Market Value
Common Stocks—91.7%		
Food & Beverage—8.3%		
General Mills, Inc.	1,805,000	\$ 84,961,350
Kraft Foods Inc.	2,845,000	83,927,500
Diageo plc (b)	1,821,000	80,397,150
H.J. Heinz Company	2,310,000	79,186,800
Anheuser-Busch Companies, Inc.	1,400,000	<u>69,076,000</u>
		397,548,800
Household Products—1.3%		
The Clorox Company	1,390,200	\$ 63,768,474
Other Consumer Goods & Services—6.3%		
H&R Block, Inc. (c)	3,029,300	\$ 130,714,295
Fortune Brands, Inc.	1,745,600	99,062,800
Mattel, Inc.	3,839,800	<u>72,802,608</u>
		302,579,703
Broadcasting & Programming—2.2%		
Liberty Media Corporation, Class A (a)	7,399,400	\$ 73,772,018
The Walt Disney Company	1,500,000	<u>30,255,000</u>
		104,027,018
Building Materials & Construction—1.8%		
Masco Corporation	3,533,000	\$ 86,487,840
Cable Systems & Satellite TV—6.1%		
General Motors Corporation, Class H (Hughes Electronics Corporation) (a)	6,100,000	\$ 87,291,000
AOL Time Warner Inc. (a)(d)	5,727,700	86,545,547
EchoStar Communications Corporation (a)	2,075,000	79,410,250
Comcast Corporation, Special Class A (a)	1,300,000	<u>38,402,000</u>
		291,648,797
Hardware—1.6%		
The Black & Decker Corporation	1,922,200	\$ 77,945,210
Motorcycles—1.6%		
Harley-Davidson, Inc.	1,575,000	\$ 75,915,000
Publishing—2.7%		
Gannett Co., Inc.	884,500	\$ 68,601,820
Knight-Ridder, Inc.	916,000	<u>61,097,200</u>
		129,699,020
Recreation & Entertainment—1.2%		
Carnival Corporation (e)	1,678,300	\$ 55,199,287

THE OAKMARK FUND

Schedule of Investments—September 30, 2003 cont.

Name	Shares Held	Market Value
Common Stocks—91.7% (cont.)		
Restaurants—4.7%		
McDonald's Corporation	4,900,000	\$ 115,346,000
Yum! Brands, Inc (a)	3,674,000	108,823,880
		<u>224,169,880</u>
Retail—10.0%		
The Home Depot, Inc.	3,281,500	\$ 104,515,775
The Kroger Co. (a)	5,790,000	103,467,300
The Gap, Inc.	4,776,700	81,777,104
Safeway Inc. (a)	3,327,000	76,321,380
J.C. Penney Company, Inc.	3,502,900	74,856,973
Toys 'Я' Us, Inc. (a)(c)	3,125,000	37,593,750
		<u>478,532,282</u>
Bank & Thrifts—7.0%		
Washington Mutual, Inc.	4,587,300	\$ 180,602,001
U.S. Bancorp	3,700,000	88,763,000
The Bank of New York Company, Inc.	2,300,000	66,953,000
		<u>336,318,001</u>
Insurance—3.2%		
MGIC Investment Corporation	1,640,600	\$ 85,426,042
AFLAC Incorporated	2,067,000	66,764,100
		<u>152,190,142</u>
Other Financial—2.4%		
Fannie Mae	1,670,000	\$ 117,234,000
Health Care Services—1.1%		
AmerisourceBergen Corp	1,000,000	\$ 54,050,000
Medical Products—2.5%		
Baxter International Inc.	2,500,000	\$ 72,650,000
Guidant Corporation	956,700	44,821,395
		<u>117,471,395</u>
Pharmaceuticals—8.5%		
Bristol-Myers Squibb Company	3,750,000	\$ 96,225,000
Merck & Co., Inc.	1,850,000	93,647,000
Abbott Laboratories	2,050,000	87,227,500
Schering-Plough Corporation	5,100,000	77,724,000
Chiron Corporation (a)	999,000	51,638,310
		<u>406,461,810</u>
Telecommunications—1.8%		
Sprint Corporation	5,741,800	\$ 86,701,180

THE OAKMARK FUND

Schedule of Investments—September 30, 2003 cont.

Name	Shares Held	Market Value
Common Stocks—91.7% (cont.)		
Computer Services—4.8%		
First Data Corporation	2,513,800	\$ 100,451,448
SunGard Data Systems, Inc. (a)	3,203,700	84,289,347
Automatic Data Processing, Inc.	1,200,000	<u>43,020,000</u>
		227,760,795
Computer Systems—1.2%		
Sun Microsystems, Inc. (a)	17,450,000	\$ 57,759,500
Office Equipment—1.4%		
Xerox Corporation (a)	6,472,400	\$ 66,406,824
Aerospace & Defense—2.6%		
Honeywell International, Inc.	3,250,000	\$ 85,637,500
The Boeing Company	1,152,800	<u>39,575,624</u>
		125,213,124
Other Industrial Goods & Services—0.8%		
Illinois Tool Works Inc.	604,200	\$ 40,034,292
Waste Disposal—1.9%		
Waste Management, Inc.	3,474,300	\$ 90,922,431
Oil & Natural Gas—3.2%		
ConocoPhillips	1,435,335	\$ 78,584,591
Burlington Resources, Inc.	1,571,100	<u>75,727,020</u>
		154,311,611
Electric Utilities—1.5%		
Duke Energy Corporation	3,997,700	\$ 71,199,037
Total Common Stocks (Cost: \$3,864,754,742)		4,391,555,453

THE OAKMARK FUND

Schedule of Investments—September 30, 2003 cont.

Name	Par Value	Market Value
Short Term Investments—8.4%		
U.S. Government Bills—5.0%		
United States Treasury Bills, 0.845% - 0.93% due 10/2/2003 - 11/28/2003	\$240,000,000	\$ 239,824,096
Total U.S. Government Bills (Cost: \$239,816,491)		239,824,096
Repurchase Agreements—3.4%		
IBT Repurchase Agreement, 0.95% due 10/1/2003, repurchase price \$160,004,222 collateralized by U.S. Government Agency Securities	\$160,000,000	\$ 160,000,000
IBT Repurchase Agreement, 0.75% due 10/1/2003, repurchase price \$1,752,013 collateralized by a U.S. Government Agency Security	1,751,976	1,751,976
Total Repurchase Agreements (Cost: \$161,751,976)		161,751,976
Total Short Term Investments (Cost: \$401,568,467)		401,576,072
Total Investments (Cost \$4,266,323,209)—100.1%		\$ 4,793,131,525
Other Liabilities In Excess Of Other Assets—(0.1%)		<u>(2,616,390)</u>
Total Net Assets—100%		<u>\$4,790,515,135</u>

- (a) Non-income producing security.
- (b) Represents an American Depository Receipt.
- (c) See footnote number five in the Notes to Financial Statements regarding transactions in securities of affiliated issuers.
- (d) Effective October 16, 2003, AOL Time Warner Inc. changed its name to Time Warner Inc.
- (e) Represents a foreign domiciled corporation.

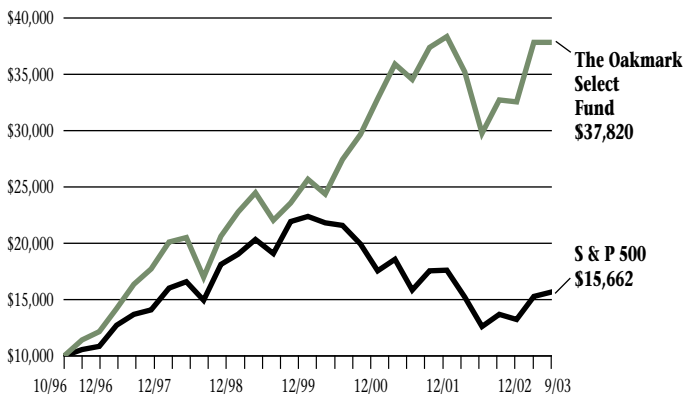
THE OAKMARK SELECT FUND

Report from Bill Nygren and Henry Berghoef, Portfolio Managers



The Oakmark Select Fund increased last quarter by 1¢, so let's just call it a flat quarter. For the fiscal year so far, the increase has been 27%. Although the quarter was disappointing relative to a 3% gain in the S&P 500, the nine-month increase is still a bit more than the S&P 500. The stock market has been strong this year, far outpacing returns from other asset classes. The strongest part of the market has been tech stocks. We don't own any because we only buy stocks that we believe are selling at less than 60% of business value, and most technology names fail that test miserably. We are very pleased that gains in stocks such as Washington Mutual, IMS Health, and Xerox have allowed us to keep pace with the market despite having zero exposure to its hottest sector.

THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK SELECT FUND FROM ITS INCEPTION (11/1/96) TO PRESENT (9/30/03) AS COMPARED TO THE STANDARD & POOR'S 500 INDEX⁶



Annual Average Total Returns¹

	Total Return Last 3 Months*	(as of 9/30/03)		Since Inception (11/1/96)
		1-year	5-year	
Oakmark Select Fund	0.04%	27.25%	17.42%	21.20%
S&P 500	2.65%	24.40%	1.00%	6.70%
S&P MidCap 400 ¹¹	6.59%	26.81%	11.96%	12.70%
Lipper Mid Cap Value Index ¹²	6.17%	29.17%	9.30%	8.39%

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

Past performance is no guarantee of future results. Investment return and principal value vary, and you may have a gain or loss when you sell shares. Average annual total return measures annualized change, while total return measures aggregate change.

* Not annualized

In the quarter just ended, our two worst performers were Washington Mutual and Janus. Washington Mutual gave back some of its first half increase as the mortgage refinancing boom was halted by higher interest rates. We believe that Washington Mutual's earnings will continue to grow despite declining refinancings and that its biggest, though underpublicized, positive is its increasing share of primary checking accounts, which should allow its continued rapid growth in retail banking. Priced at less than half the market P/E⁸ multiple, with twice the dividend yield, Washington Mutual's future is being seriously underestimated in our opinion. Janus, though still up on the year, lost 15% in the quarter following allegations of allowing rapid traders into their mutual funds. Unfortunately, the strength of Janus' brand has been confirmed by the publicity these matters received. We are continuing to hold our Janus stock because it is priced at a large discount to other money management firms. Unless new information causes us to believe that discount is deserved, we are likely to continue holding this position.

Thank you for your continued support,

Bill Nygren

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Henry Berghoef

Henry R. Berghoef, CFA
Portfolio Manager
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THE OAKMARK SELECT FUND

Schedule of Investments—September 30, 2003

Name	Shares Held	Market Value
Common Stocks—92.8%		
Other Consumer Goods & Services—11.6%		
H&R Block, Inc. (b)	8,859,800	\$ 382,300,370
Mattel, Inc.	10,955,400	<u>207,714,384</u>
		590,014,754
Cable Systems & Satellite TV—3.8%		
AOL Time Warner Inc. (a)(c)	12,710,000	\$ 192,048,100
Hotels & Motels—2.7%		
Starwood Hotels & Resorts Worldwide, Inc.	3,880,000	\$ 135,024,000
Information Services—7.1%		
The Dun & Bradstreet Corporation (a)(b)	4,534,900	\$ 188,379,746
Moody's Corporation	3,123,600	<u>171,704,292</u>
		360,084,038
Publishing—3.4%		
Knight-Ridder, Inc.	2,606,500	\$ 173,853,550
Restaurants—5.4%		
Yum! Brands, Inc (a)	9,307,000	\$ 275,673,340
Retail—10.8%		
The Kroger Co. (a)	12,675,700	\$ 226,514,759
Toys 'R' Us, Inc. (a)(b)	13,698,500	164,792,955
Office Depot, Inc. (a)	11,384,900	<u>159,957,845</u>
		551,265,559
Bank & Thrifts—18.1%		
Washington Mutual, Inc.	23,351,400	\$ 919,344,618
Investment Management—2.5%		
Janus Capital Group, Inc.	9,169,600	\$ 128,099,312
Health Care Services—4.1%		
IMS Health Incorporated	9,903,441	\$ 208,962,605
Pharmaceuticals—6.8%		
Bristol-Myers Squibb Company	6,840,200	\$ 175,519,532
Chiron Corporation (a)	3,292,000	<u>170,163,480</u>
		345,683,012
Telecommunications—4.1%		
Sprint Corporation	13,834,600	\$ 208,902,460

THE OAKMARK SELECT FUND

Schedule of Investments—September 30, 2003 cont.

Name	Shares Held/ Par Value	Market Value
Common Stocks—92.8% (cont.)		
Computer Services—4.4%		
First Data Corporation	5,630,400	\$ 224,990,784
Office Equipment—3.9%		
Xerox Corporation (a)	19,354,700	\$ 198,579,222
Oil & Natural Gas—4.1%		
Burlington Resources, Inc.	4,326,800	\$ 208,551,760
Total Common Stocks (Cost: \$3,484,167,653)		4,721,077,114
Short Term Investments—7.4%		
U.S. Government Bills—4.7%		
United States Treasury Bills, 0.77% - 1.015% due 10/9/2003 - 12/18/2003	\$240,000,000	\$ 239,731,710
Total U.S. Government Bills (Cost: \$239,719,675)		239,731,710
Repurchase Agreements—2.7%		
IBT Repurchase Agreement, 0.95% due 10/1/2003, repurchase price \$134,503,549 collateralized by U.S. Government Agency Securities	\$134,500,000	\$ 134,500,000
IBT Repurchase Agreement, 0.75% due 10/1/2003, repurchase price \$741,235 collateralized by a U.S. Government Agency Security	741,220	741,220
Total Repurchase Agreements (Cost: \$135,241,220)		135,241,220
Total Short Term Investments (Cost: \$374,960,895)		374,972,930
Total Investments (Cost \$3,859,128,548)—100.2%		\$ 5,096,050,044
Other Liabilities In Excess Of Other Assets—(0.2%)		<u>(9,962,774)</u>
Total Net Assets—100%		<u><u>\$5,086,087,270</u></u>

(a) Non-income producing security.

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

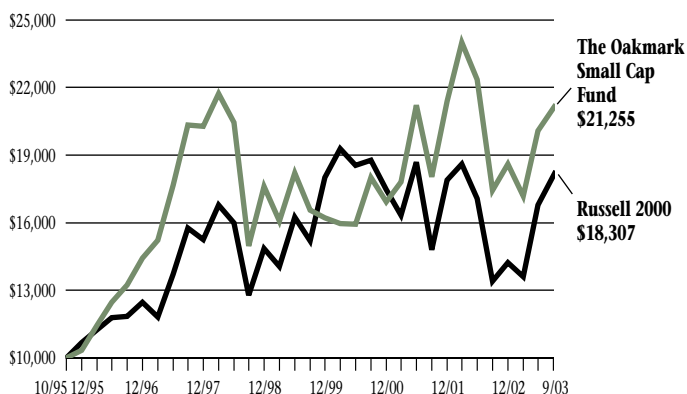
(c) Effective October 16, 2003, AOL Time Warner Inc. changed its name to Time Warner Inc.

THE OAKMARK SMALL CAP FUND

Report from James P. Benson and Edward A. Studzinski, Portfolio Managers



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK SMALL CAP FUND FROM ITS INCEPTION (11/1/95) TO PRESENT (9/30/03) AS COMPARED TO THE RUSSELL 2000 INDEX¹³



Annual Average Total Returns¹

	(as of 9/30/03)			
	Total Return Last 3 Months*	1-year	5-year	Since Inception (11/1/95)
Oakmark Small Cap Fund	5.79%	21.84%	7.25%	9.99%
Russell 2000	9.08%	36.50%	7.46%	7.93%
S&P Small Cap 600 ¹⁴	7.08%	26.86%	10.20%	10.44%
Lipper Small Cap Value Index ¹⁵	9.46%	33.80%	11.67%	11.40%

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

Past performance is no guarantee of future results. Investment return and principal value vary, and you may have a gain or loss when you sell shares. Average annual total return measures annualized change, while total return measures aggregate change.

* Not annualized

The positive returns we achieved during the third calendar quarter of 2003 built upon the strong returns of the second quarter, but the sharp stock market sell-off in the final week of the quarter trimmed our gains. Investors seem to be nervous with respect to the sustainability of the economic expansion. While we understand these concerns, we believe the fiscal and monetary stimulus in the economy is likely to create a sustained economic recovery. Our goal is to invest in companies positioned to do well in an economic recovery, but these companies must also possess the staying power to do reasonably well if the economy unexpectedly fades. In summary, during the just concluded quarter the S&P 500 Index rose by 3% and the Russell 2000 Index climbed by 9%. Your Fund experienced a gain of 6% during the past three months, which places its performance above the S&P 500 Index⁶, but below the Russell 2000 Index.

Recent Successes and Shortcomings

One of the key reasons for having a portfolio diversified among 40-50 stocks is to decrease the volatility of the portfolio's returns over time. Despite your Fund's 14% gain on a year-to-date basis, we are trailing our benchmark index, the Russell 2000, for the first time since 1999. There are two principal reasons for this relative underperformance. First, several stock groups within the Russell 2000 that have done particularly well thus far in 2003 are underrepresented in our portfolio. The strongest small cap stocks have been those with negative earnings over the trailing twelve months and this is a group of stocks where we have only a limited number of investments. We have tended to avoid some industries within this strong group of stocks such as airlines, biotech, telecommunications and technology capital equipment companies since our analysis indicates that most of these companies fail to earn a reasonable return on capital over time. We prefer to invest in companies where we believe our invested capital can earn above average rates of return and achieve above average growth on value. During those periods when stocks of unprofitable companies perform better than the market averages, we are likely to underperform. However, while we are not surprised by our relative underperformance thus far in 2003, we continue

Highlights

- Small-cap stocks with negative earnings—those we tend to avoid—were strongest this quarter.
- We prefer companies where we believe invested capital can earn above-average rates of return.
- We continue to invest with a long-term bias toward reasonably priced stocks of profitable companies.

to invest with a long-term bias towards reasonably priced stocks of profitable companies.

The second topic we would highlight is stock selection. While the majority of our stock holdings are up on a year-to-date basis with two of our stocks more than doubling (Mentor Graphics and Measurement Specialties which was sold earlier in 2003), two stocks have been notable drags on our performance. The two offenders are MCSi Inc., which we sold for a loss earlier in 2003 following an accounting scandal, and Surebeam which is encountering slower than expected consumer adoption of its food safety technology. While we continue to believe Surebeam's technology for killing food borne pathogens via irradiating food would make our food safer, the outlook for this company's products and services remains dependent on consumer acceptance. We will continue to monitor Surebeam's progress closely.

What's New (and Not So New)

During the past few months there has been extensive media coverage of "market timers" and their trading in mutual funds. We believe trading by market timers in your Fund would be detrimental to our long-term investors since large scale, rapid-fire additions and subtractions of funds would drive up our trading costs. Therefore, back in 1999 we took a proactive stance against people that wanted to rapidly trade your Fund by imposing a 2% redemption fee on shares sold that were held 90 days or less. This redemption cost has, we believe, largely eliminated any interest market timers would have in your Fund. While this is largely old news, we just wanted to

remind everyone how we conduct the stewardship of your funds.

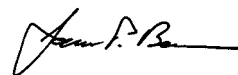
Our new news is a change in your portfolio management team. We bid a fond farewell to Clyde McGregor and thank him for his valuable contributions over the past three years. The demands on Clyde's time have been increasing over the past year or so as the other fund he manages, The Oakmark Equity and Income Fund, experienced tremendous growth. Ed Studzinski joins the management team of your Fund. Ed has been an active participant in supplying investment ideas for your Fund for many years and we believe his investment insights should prove valuable to your Fund.

Portfolio Changes

During the third quarter we sold three stocks from your Fund's portfolio and we added four new stocks. The companies we sold were Columbus McKinnon, InFocus Corp. and Measurement Specialties. We sold all three companies based upon our belief that intensifying international competition would continue to pressure their profit margins. We initiated positions in Hudson Highland Group (a specialty staffing company), Jack In The Box (a quick serve restaurant company), Landry's Restaurants (a firm that operates mainly casual dining seafood restaurants) and Schweitzer-Mauduit (a manufacturer of premium specialty papers). We believe all four of our new positions are healthy companies that are well positioned to benefit from an economic recovery.

Summation

We would like to thank our shareholders for your continuing interest in and your support of The Oakmark Small Cap Fund. We look forward to communicating with you again next quarter.



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Edward A. Studzinski, CFA
Portfolio Manager
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THE OAKMARK SMALL CAP FUND

Schedule of Investments—September 30, 2003

Name	Shares Held	Market Value
Common Stocks—93.4%		
Food & Beverage—7.7%		
Ralcorp Holdings, Inc. (a)	575,000	\$ 15,927,500
Del Monte Foods Company (a)	1,260,000	<u>10,974,600</u>
		26,902,100
Household Products—4.0%		
Tupperware Corporation	1,060,000	\$ 14,182,800
Other Consumer Goods & Services—4.9%		
Department 56, Inc. (a)	688,000	\$ 8,737,600
Callaway Golf Company	475,000	6,778,250
Central Parking Corporation	137,200	<u>1,680,700</u>
		17,196,550
Security Systems—4.4%		
Checkpoint Systems, Inc. (a)	968,300	\$ 15,299,140
Apparel—3.2%		
Oakley, Inc. (a)	671,200	\$ 6,712,000
R.G. Barry Corporation (a)(b)	900,000	<u>4,680,000</u>
		11,392,000
Automobile Rentals—2.4%		
Dollar Thrifty Automotive Group, Inc. (a)	375,000	\$ 8,520,000
Building Materials & Construction—5.2%		
Insituform Technologies, Inc., Class A (a)	738,500	\$ 13,115,760
Integrated Electrical Services, Inc. (a)	750,000	<u>5,175,000</u>
		18,290,760
Hotels & Motels—0.8%		
Prime Hospitality Corp. (a)	327,800	\$ 2,848,582
Human Resources—1.0%		
Hudson Highland Group, Inc. (a)	175,000	\$ 3,367,000
Information Services—4.7%		
eFunds Corporation (a)(b)	1,327,600	\$ 16,395,860
Marketing Services—0.3%		
Grey Global Group, Inc.	1,500	\$ 1,141,650

THE OAKMARK SMALL CAP FUND

Schedule of Investments—September 30, 2003 cont.

Name	Shares Held	Market Value
Common Stocks—93.4% (cont.)		
Restaurants—3.8%		
Triarc Companies, Inc., Class B	500,000	\$ 5,200,000
Jack in the Box Inc. (a)	210,000	3,738,000
Triarc Companies, Inc.	250,000	2,517,500
Landry's Restaurants, Inc.	87,800	<u>1,808,680</u>
		13,264,180
Retail—2.2%		
ShopKo Stores, Inc. (a)(c)	517,600	\$ 7,764,000
Bank & Thrifts—8.4%		
BankAtlantic Bancorp, Inc., Class A	1,000,000	\$ 14,250,000
People's Bank of Bridgeport, Connecticut	360,000	10,778,400
PennFed Financial Services, Inc.	150,000	<u>4,365,000</u>
		29,393,400
Insurance—3.2%		
The PMI Group, Inc.	330,000	\$ 11,137,500
Other Financial—3.5%		
NCO Group, Inc. (a)	530,000	\$ 12,439,100
Real Estate—1.8%		
Trammell Crow Company (a)	495,000	\$ 6,162,750
Medical Products—7.3%		
Hanger Orthopedic Group, Inc. (a)	950,000	\$ 14,582,500
CONMED Corporation (a)	400,000	8,256,000
Advanced Medical Optics, Inc. (a)	150,000	<u>2,694,000</u>
		25,532,500
Computer Services—4.0%		
CIBER, Inc. (a)	1,625,000	\$ 12,350,000
Interland, Inc. (a)	210,000	<u>1,614,900</u>
		13,964,900
Computer Software—8.7%		
Mentor Graphics Corporation (a)	650,000	\$ 11,394,500
MSC.Software Corp. (a)	1,350,000	9,720,000
Sybase, Inc. (a)	550,000	<u>9,355,500</u>
		30,470,000
Computer Systems—1.7%		
Optimal Robotics Corp., Class A (a)(d)	723,500	\$ 6,120,810
Data Storage—2.0%		
Imation Corp.	215,000	\$ 7,019,750

THE OAKMARK SMALL CAP FUND

Schedule of Investments—September 30, 2003 cont.

Name	Shares Held/ Par Value	Market Value
Common Stocks—93.4% (cont.)		
Machinery & Industrial Processing—1.7%		
SureBeam Corporation, Class A (a)(b)	4,250,000	\$ 6,077,500
Forestry Products—0.9%		
Schweitzer-Mauduit International, Inc.	130,500	\$ 3,295,125
Oil & Natural Gas—5.6%		
St. Mary Land & Exploration Company	350,000	\$ 8,862,000
Cabot Oil & Gas Corporation	250,000	6,500,000
Berry Petroleum Company	232,800	4,255,584
		19,617,584
Total Common Stocks (Cost: \$306,039,431)		327,795,541
Short Term Investments—7.3%		
U.S. Government Bills—4.3%		
United States Treasury Bills, 0.845% - 0.91% due 10/2/2003 - 10/9/2003	\$15,000,000	\$ 14,998,813
Total U.S. Government Bills (Cost: \$14,998,813)		14,998,813
Repurchase Agreements—3.0%		
IBT Repurchase Agreement, 0.95% due 10/1/2003, repurchase price \$9,000,238 collateralized by U.S. Government Agency Securities	\$ 9,000,000	\$ 9,000,000
IBT Repurchase Agreement, 0.75% due 10/1/2003, repurchase price \$1,558,003 collateralized by a U.S. Government Agency Security	1,587,970	1,587,970
Total Repurchase Agreements (Cost: \$10,587,970)		10,587,970
Total Short Term Investments (Cost: \$25,586,783)		25,586,783
Total Investments (Cost \$331,626,214)—100.7%		\$ 353,382,324

THE OAKMARK SMALL CAP FUND

Schedule of Investments—September 30, 2003 cont.

Name	Shares Subject to Call	Market Value
Call Options Written—(0.1%)		
Retail—(0.1%)		
ShopKo Stores, Inc., March 17.50 Calls	(45,000)	\$ (38,250)
ShopKo Stores, Inc., December 15 Calls	(50,000)	<u>(60,000)</u>
		(98,250)
Total Call Options Written (Premiums Received: \$(116,769))—(0.1%)		\$ (98,250)
Other Liabilities In Excess Of Other Assets—(0.6%)		<u>(2,270,441)</u>
Total Net Assets—100%		<u><u>\$351,013,633</u></u>

- (a) Non-income producing security.
- (b) See footnote number five in the Notes to Financial Statements regarding transactions in securities of affiliated issuers.
- (c) A portion of this security has been segregated to cover written option contracts.
- (d) Represents a foreign domiciled corporation.

THE OAKMARK EQUITY AND INCOME FUND

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

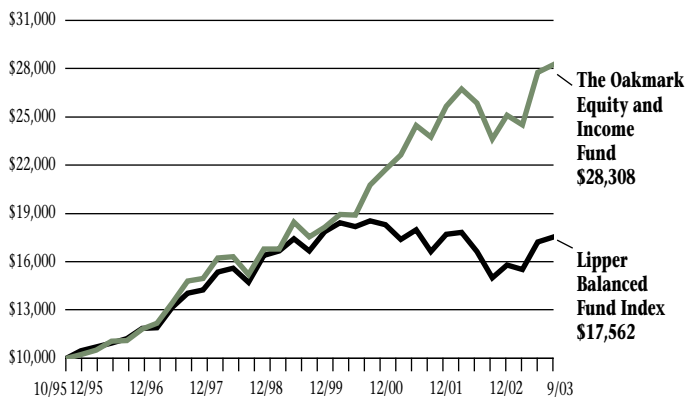


Quarter and Annual Review

The rebound in the equity markets enabled The Oakmark Equity and Income Fund to deliver solid absolute returns in fiscal 2003. The result for the 12 months came in just shy of 20% despite earning a relatively quiet 2% in the recently ended September quarter. The outcome for the fiscal year compared favorably with the 17% that the Lipper Balanced Fund Index, our primary standard of comparison, registered. The quarter's result came in essentially equal with the Lipper Balanced Index.

The 20% return represents the second highest fiscal year return in the fund's history. While pleasing, it must be placed in context. The fiscal year began at the tail end of a major stock market decline. This decline had compressed valuations of equities, thereby creating numerous opportunities for our talented team of security analysts to exploit. In contrast, the bond market began the fiscal year in the late innings of a powerful upward thrust. Bonds lost momentum as the year progressed, and the summer witnessed what appears to be a change in direction to higher interest rates. The net result for the Fund was that the equities contributed a robust 35% return for the fiscal year while bonds came in at only 5%. Remember, however, that in the previous fiscal year it was bonds that dominated returns. It is this variability and unpredictability of markets that makes a balanced fund such as Oakmark Equity and Income a sensible investing plan for many investors.

THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK EQUITY AND INCOME FUND FROM ITS INCEPTION (11/1/95) TO PRESENT (9/30/03) AS COMPARED TO THE LIPPER BALANCED FUND INDEX¹⁶



Annual Average Total Returns¹

(as of 9/30/03)

	Total Return Last 3 Months*	1-year	5-year	Since Inception (11/1/95)
--	--------------------------------	--------	--------	---------------------------------

Oakmark Equity & Income Fund	2.01%	19.75%	13.25%	14.04%
S&P 500 ⁶	2.65%	24.40%	1.00%	8.75%
Lehman Govt./Corp. Bond ¹⁷	-0.51%	6.51%	6.69%	7.40%
Lipper Balanced Fund Index	2.05%	17.19%	3.62%	7.37%

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

Past performance is no guarantee of future results. Investment return and principal value vary, and you may have a gain or loss when you sell shares. Average annual total return measures annualized change, while total return measures aggregate change.

* Not annualized

The Return of the Bubble?

As noted above, stocks have enjoyed a strong resurgence over the last 12 months. Given the perilous state of world affairs, it is hardly surprising that many pundits believe that the stock market has outrun its fundamental support and have described the rally as a return to the overheated conditions that eventually ended the previous bull market. We share some of this skepticism concerning current levels of valuation and fret about the miserable insider selling statistics. We also observe that it is more difficult to identify compelling opportunities. Nevertheless, we recall that several of our investing progenitors taught us "the hardest time to invest is always right now." We might not like current valuations, but the market today has favorable attributes that were not present in the bubble and that make it a much better time to be an investor.

Highlights

- Market variability and unpredictability makes balanced funds a sensible investing plan for most.
- Despite less-attractive valuations, the market has favorable attributes not present in the late 90s.
- In spite of dividend-tax changes, investors have not yet bid up prices of dividend-paying companies.

The most definitive evidence of the health and vigor of the 2003 stock market rally is the market's breadth. "Breadth" simply measures the proportion of stocks that are rising, without taking size or other factors into account. Strong market breadth statistics characterize long-lived market rallies, and this characteristic is definitely present currently: in the first nine months of 2003 more than 83% of the issues in the Russell 3000 Stock Index enjoyed price increases. The positive returns have not skipped specific sectors but have been spread across the entire market. While this outcome is not rare, it has been absent since 1997. In contrast, the 1998-'99 stock market saw a dwindling list of very large companies keep that bull market going. In 1999, for example, the popular stock market averages rose more than 20% even though the majority of stocks declined in price that year. This deterioration in market breadth presaged the 2000-'02 bear market.

Aside from the market's own internal characteristics, economic fundamentals also appear to be very supportive of the stock market. Fiscal and monetary stimulus is approaching record levels, productivity is achieving remarkable advances, and corporate profits are both growing rapidly and improving qualitatively. Interest rates, though off of their lows, remain moderate. To sum up, the market is high but probably deserves to be. And, while it feels to us that undervalued opportunities are scarce, the experience of the last decade teaches that the market will reward our patient search for value.

Dividends

Oakmark Equity and Income is a balanced fund seeking to provide its shareholders high current income as well as preservation and growth of capital. Given the fund's income objective, we were quite pleased earlier this year when the tax cut bill included a roughly 60% reduction in the rate of taxation on corporate dividends. For the next five years the maximum marginal tax rate for both dividends and capital

gains will be 15%. This change in the law has already altered corporate behavior as companies that never before paid dividends (e.g. Microsoft) have initiated payouts while others that paid token dividends (e.g. Waste Management) have drastically increased their payout.

Given the fund's mandate to produce income for its shareholders, we have always studied the available universe to discover opportunities to enhance the fund's income generation. With the change in dividend taxes, we believed that our search for income would become more difficult as investors bid up the prices of dividend paying companies. To our surprise, this has not yet happened. In fact, throughout 2003, stocks of companies that do not pay dividends have trounced dividend payers in total return, and those companies that have instituted dividends have generally not seen much favorable impact on their share price.

Experience has taught us that restrictive investing guidelines reduce total returns to portfolios. Accordingly, we have not limited Oakmark Equity and Income to income-producing securities. Nevertheless, our search for value is well suited to identify companies with the potential for meaningful dividend increases. In particular, we seek out companies with substantial free cash flow—that is, cash flow after corporate activities such as capital spending, working capital, debt repayment, and acquisitions. While the stock market's short term reaction to the tax law change remains abstruse, we expect the combination of our investing approach and lower dividend taxes to enhance returns to our shareholders over time.

The last time that we wrote about dividends in a quarterly report was in January of 2000. We noted then that dividends generally correlate positively with total returns. In both 1999 and 2003 that correlation turned negative. Rather than merely whine about it, our best course of action is to take advantage of this sort of anomalous market behavior.

In closing, we thank our shareholders for their interest and support. As always, we welcome e-mailed questions or comments.

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Edward A. Studzinski, CFA
Portfolio Manager
estudzinski@oakmark.com

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2003

Name	Shares Held	Market Value
Equity and Equivalent—56.2%		
Common Stocks—55.8%		
Food & Beverage—4.6%		
Diageo plc (b)	2,300,000	\$ 101,545,000
Nestle SA (b)	1,200,000	69,170,400
Kraft Foods Inc.	1,000,000	29,500,000
		<u>200,215,400</u>
Cable Systems & Satellite TV—2.1%		
General Motors Corporation, Class H (Hughes Electronics Corporation) (a)	6,356,200	\$ 90,957,222
Hardware—0.7%		
The Stanley Works	962,100	\$ 28,401,192
Information Services—2.0%		
Ceridian Corporation (a)	4,800,000	\$ 89,376,000
Marketing Services—1.9%		
The Interpublic Group of Companies, Inc.	5,750,000	\$ 81,190,000
Restaurants—0.4%		
Darden Restaurants, Inc.	1,000,000	\$ 19,000,000
Retail—3.7%		
Costco Wholesale Corporation (a)	2,200,000	\$ 68,376,000
J.C. Penney Company, Inc.	3,000,000	64,110,000
Office Depot, Inc. (a)	2,230,000	31,331,500
		<u>163,817,500</u>
Insurance—2.4%		
SAFECO Corporation	2,900,000	\$ 102,254,000
RenaissanceRe Holdings Ltd. (c)	100,000	4,563,000
		<u>106,817,000</u>
Real Estate—0.4%		
Hospitality Properties Trust	488,500	\$ 17,136,580
Health Care Services—4.3%		
Caremark Rx, Inc. (a)	4,250,000	\$ 96,050,000
Cardinal Health, Inc.	1,600,000	93,424,000
		<u>189,474,000</u>
Managed Care Services—2.4%		
First Health Group Corp. (a)(d)	3,950,000	\$ 103,292,500

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2003 cont.

Name	Shares Held	Market Value
Equity and Equivalents—56.2% (cont.)		
Medical Centers—2.3%		
Laboratory Corporation of America Holdings (a)	3,500,000	\$ 100,450,000
Medical Products—1.7%		
Apogent Technologies, Inc. (a)	2,264,400	\$ 47,235,384
Techne Corporation (a)	750,000	23,842,500
Edwards Lifesciences Corporation (a)	100,000	2,708,000
		<u>73,785,884</u>
Pharmaceuticals—3.0%		
Watson Pharmaceuticals, Inc. (a)	2,550,000	\$ 106,309,500
Abbott Laboratories	565,400	24,057,770
		<u>130,367,270</u>
Computer Services—1.4%		
Concord EFS, Inc. (a)	4,500,000	\$ 61,515,000
Computer Software—3.9%		
Synopsys, Inc. (a)	3,690,000	\$ 113,541,300
Novell, Inc. (a)	8,000,000	42,640,000
Mentor Graphics Corporation (a)	800,000	14,024,000
		<u>170,205,300</u>
Computer Systems—0.7%		
The Reynolds and Reynolds Company, Class A	1,164,000	\$ 32,068,200
Aerospace & Defense—4.2%		
Rockwell Collins, Inc.	3,107,900	\$ 78,474,475
General Dynamics Corporation	730,800	57,046,248
Honeywell International, Inc.	1,889,500	49,788,325
		<u>185,309,048</u>
Agricultural Equipment—0.0%		
Alamo Group, Inc.	141,900	\$ 2,023,494
Diversified Conglomerates—1.3%		
Textron, Inc.	1,400,100	\$ 55,233,945
Instruments—1.2%		
Varian, Inc. (a)	1,649,400	\$ 51,659,208
Machinery & Industrial Processing—2.0%		
Rockwell Automation, Inc.	2,075,000	\$ 54,468,750
Cooper Industries, Ltd.	727,500	34,941,825
		<u>89,410,575</u>
Agricultural Operations—1.9%		
Monsanto Company	3,500,000	\$ 83,790,000

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2003 cont.

Name	Shares Held/ Par Value	Market Value
Equity and Equivalents—56.2% (cont.)		
Forestry Products—1.5%		
Plum Creek Timber Company, Inc.	2,657,044	\$ 67,595,199
Oil & Natural Gas—5.8%		
Burlington Resources, Inc.	2,100,000	\$ 101,220,000
XTO Energy, Inc.	4,499,933	94,453,594
St. Mary Land & Exploration Company	1,200,000	30,384,000
Cabot Oil & Gas Corporation	1,075,000	27,950,000
Cross Timbers Royalty Trust	33,295	699,195
		254,706,789
Total Common Stocks (Cost: \$2,080,904,989)		2,447,797,306
Convertible Bonds—0.4%		
Cable Systems & Satellite TV—0.4%		
EchoStar Communications Corporation, 4.875% due 1/1/2007	\$ 15,000,000	\$ 15,281,250
Total Convertible Bonds (Cost: \$12,744,913)		15,281,250
Total Equity And Equivalents (Cost: \$2,093,649,902)		2,463,078,556
Fixed Income—33.4%		
Preferred Stocks—0.0%		
Bank & Thrifts—0.0%		
Fidelity Capital Trust I, Preferred, 8.375%	43,500	\$ 446,310
Telecommunications—0.0%		
MediaOne Finance Trust III, Preferred, 9.04%	20,000	\$ 502,600
Total Preferred Stocks (Cost: \$935,000)		948,910
Corporate Bonds—2.1%		
Broadcasting & Programming—0.3%		
Liberty Media Corporation, 8.25% due 2/1/2030, Debenture	12,900,000	\$ 14,934,137
Building Materials & Construction—0.0%		
Juno Lighting, Inc., 11.875% due 7/1/2009, Senior Subordinated Note	750,000	\$ 821,250

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2003 cont.

Name	Par Value	Market Value
Fixed Income—33.4% (cont.)		
Cable Systems & Satellite TV—0.1%		
CSC Holdings Inc., 7.875% due 12/15/2007	3,000,000	\$ 3,067,500
Hotels & Motels—0.1%		
HMH Properties, 7.875% due 8/1/2005, Senior Note Series A	2,960,000	\$ 3,034,000
Park Place Entertainment, 7.00% due 7/15/2004, Senior Notes	2,750,000	2,822,187
		5,856,187
Retail—0.5%		
The Gap, Inc., 6.90% due 9/15/2007	9,187,000	\$ 9,876,025
Toys 'Я' Us, Inc., 7.875% due 4/15/2013	5,000,000	5,467,800
Rite Aid Corporation, 7.625% due 4/15/2005, Senior Notes	4,900,000	5,022,500
Ugly Duckling Corporation, 12.00% due 10/23/2003, Subordinated Debenture	650,000	642,687
		21,009,012
Health Care Services—0.5%		
Omnicare, Inc., 6.125% due 6/1/2013	20,000,000	\$ 19,600,000
Medical Products—0.0%		
Apogent Technologies Inc., 144A, 6.50% due 5/15/2013	1,000,000	\$ 1,025,000
Office Equipment—0.3%		
Xerox Corporation, 7.125% due 6/15/2010	15,000,000	\$ 14,887,500
Machinery & Industrial Processing—0.1%		
Columbus McKinnon Corporation New York, 8.50% due 4/1/2008	3,000,000	\$ 2,640,000
Other Industrial Goods & Services—0.2%		
Sealed Air Corporation, 144A, 5.625% due 7/15/2013	8,300,000	\$ 8,407,975
Electric Utilities—0.0%		
Midland Funding Corporation, 11.75% due 7/23/2005	458,221	\$ 498,315
Total Corporate Bonds (Cost: \$87,298,047)		92,746,876
Government and Agency Securities—31.3%		
Canadian Government Bonds—3.4%		
Canada Government, 3.50% due 6/1/2004	100,000,000	\$ 74,487,227
Canada Government, 3.00% due 12/1/2005	100,000,000	74,091,077
		148,578,304

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2003 cont.

Name	Par Value	Market Value
Fixed Income—33.4% (cont.)		
U.S. Government Notes—27.2%		
United States Treasury Notes, 3.375% due 1/15/2007, Inflation Indexed	247,224,840	\$ 271,947,324
United States Treasury Notes, 5.75% due 11/15/2005	200,000,000	217,593,800
United States Treasury Notes, 1.625% due 1/31/2005	200,000,000	201,265,600
United States Treasury Notes, 1.50% due 7/31/2005	200,000,000	200,461,000
United States Treasury Notes, 1.50% due 2/28/2005	125,000,000	125,576,125
United States Treasury Notes, 1.875% due 9/30/2004	75,000,000	75,600,600
United States Treasury Notes, 1.625% due 4/30/2005	50,000,000	50,292,950
United States Treasury Notes, 1.25% due 5/31/2005	50,000,000	49,970,700
		<u>1,192,708,099</u>
U.S. Government Agencies—0.7%		
Federal Home Loan Mortgage Corporation, 3.75% due 11/26/2007	10,000,000	\$ 10,041,380
Federal Home Loan Mortgage Corporation, 2.35% due 5/5/2008	7,100,000	7,147,187
Fannie Mae, 2.25% due 12/30/2008	6,975,000	6,901,281
Federal Home Loan Bank, 3.125% due 7/10/2009	4,000,000	3,897,568
Federal Home Loan Bank, 5.10% due 12/26/2006	2,035,000	2,053,584
Federal Home Loan Bank, 3.875% due 12/15/2004	1,000,000	1,029,836
		<u>31,070,836</u>
Total Government and Agency Securities (Cost: \$1,335,285,283)		1,372,357,239
Total Fixed Income (Cost: \$1,423,518,330)		1,466,053,025
Short Term Investments—9.7%		
U.S. Government Bills—7.5%		
United States Treasury Bills, 0.765% - 0.925% due 10/2/2003 - 12/26/2003	\$330,000,000	\$ 329,705,731
Total U.S. Government Bills (Cost: \$329,700,153)		329,705,731
Repurchase Agreements—2.2%		
IBT Repurchase Agreement, 0.95% due 10/1/2003, repurchase price \$92,002,428 collateralized by U.S. Government Agency Securities	\$ 92,000,000	\$ 92,000,000
IBT Repurchase Agreement, 0.75% due 10/1/2003, repurchase price \$1,457,275 collateralized by a U.S. Government Agency Security	1,457,245	1,457,245
Total Repurchase Agreements (Cost: \$93,457,245)		93,457,245
Total Short Term Investments (Cost: \$423,157,398)		423,162,976
Total Investments (Cost \$3,940,325,630)—99.3%		\$ 4,352,294,557

THE OAKMARK EQUITY AND INCOME FUND

Schedule of Investments—September 30, 2003 cont.

Name	Contracts Held	Market Value
Call Options Purchased—0.0%		
Bank & Thrifts—0.0%		
First Health Group Corp., January 30 Calls	420	\$ 22,050
First Health Group Corp., October 30 Calls	170	<u>2,550</u>
		24,600
Aerospace & Defense—0.0%		
General Dynamics Corporation, November 80 Calls	2,548	\$ 522,340
Total Call Options Purchased (Cost: \$431,250)—0.0%		\$ 546,940
Other Assets In Excess Of Other Liabilities—0.7%		<u>31,807,514</u>
Total Net Assets—100%		<u><u>\$4,384,649,011</u></u>

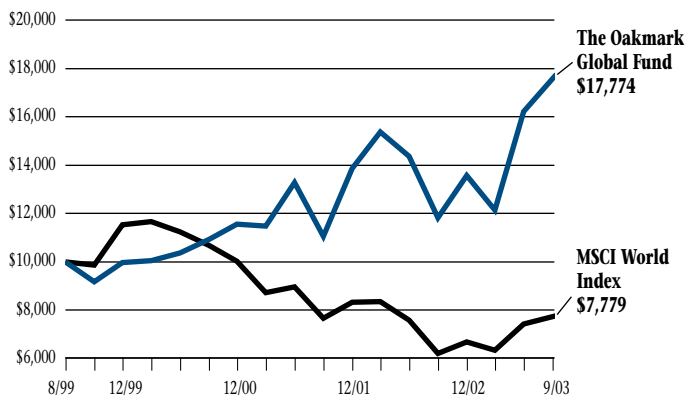
- (a) Non-income producing security.
- (b) Represents an American Depository Receipt.
- (c) Represents a foreign domiciled corporation.
- (d) See footnote number five in the Notes to Financial Statements regarding transactions in securities of affiliated issuers.

THE OAKMARK GLOBAL FUND

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



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK GLOBAL FUND FROM ITS INCEPTION (8/4/99) TO PRESENT (9/30/03) AS COMPARED TO THE MSCI WORLD INDEX¹⁸



Annual Average Total Returns¹

(as of 9/30/03)

	Total Return Last 3 Months*	1-year	3-year	Since Inception (8/4/99)
--	-----------------------------	--------	--------	--------------------------

Oakmark Global Fund	9.55%	50.27%	17.63%	14.83% ³
MSCI World	4.84%	25.40%	-10.05%	-5.85%
Lipper Global Fund Index ¹⁹	5.39%	22.61%	-9.18%	-2.91%

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

Past performance is no guarantee of future results. Investment return and principal value vary, and you may have a gain or loss when you sell shares. Average annual total return measures annualized change, while total return measures aggregate change.

* Not annualized

Fellow Shareholders,

The Oakmark Global Fund had a strong quarter, gaining 10% for the three-month period ending September 30, 2003. This quarter's results compare favorably with the 5% increase for the MSCI World Index and the 5% increase for the Lipper Global Fund Index.

For the first nine months of calendar year 2003, The Oakmark Global Fund has returned 31%, compared to the smaller gains of 16% for both MSCI World Index and the Lipper Global Fund Index. Most importantly, since inception the Fund has returned 15% annualized compared to declines in the above indices.

Happy 4th Anniversary

On August 4th, the Oakmark Global Fund had its 4-year anniversary. We are proud of the record we have achieved over these past four years, with performance that is in the top 2% out of 187 global funds over that period according to Lipper.²⁰ We feel this anniversary is a good opportunity to reiterate the philosophy of the Fund and revisit how we manage the portfolio.

Philosophy and Process

As with the other Oakmark Funds we believe superior long-term results are achieved by investing in quality companies purchased at significant discounts to the underlying business value. We base our investment decisions on our own intensive, independent, fundamental research, focusing on the long-term worth of a business. Equally important as the price we pay, we must have confidence that the priority of management is to make money for the owners, namely, us.

Inherent in our philosophy is the belief that, over time, a company's share price will reflect underlying business value. It may take time for this gap to close, perhaps, if the short-term uncertainty that created the opportunity persists. It is our job as analysts to determine whether the current share price is properly compensating us for this uncertainty.

Portfolio Construction

The Global Fund is built from the bottom-up on a stock-by-stock basis. We will never allocate money, as many global investors do, based solely on macroeconomic predictions of the various

Highlights

- Investment decisions are based on our own intensive, independent, fundamental research.
- As bottom up investors, we never allocate money based solely on top-down macro issues.
- We continue to find better value outside the U.S., and in bigger cap blue-chip stocks.

regions of the world. Too often this sort of top-down investing ignores valuation and, more important, the quality of the underlying companies in a particular economy. We certainly consider macroeconomic factors in our appraisals of companies, but never as a primary reason for making an investment.

We like to characterize the construction process as “ideas battling their way into the portfolio on a stock-by-stock basis”. Each idea is judged strictly on its merits, not whether it is a large or small cap, or where the company’s headquarters is located. Strict discipline is maintained by adhering to individual stock buy and sell targets.

Position sizes within the Fund are determined primarily by the size of the perceived gap between price and value. Concentration—bigger weightings in fewer companies—is another important component of portfolio construction.

This is important, as we want our best ideas to have significant impact on the Fund’s net asset value.

Probably the most unique aspect of the Oakmark Global Fund is its flexibility—we are able to invest in companies of any size capitalization, in any industry, in any location. This flexibility allows us to go wherever value takes us.

Current Portfolio

Where value takes us today is primarily Europe, and in larger cap, blue-chip stocks. At today’s prices, we continue to find better value outside of the United States. Looking at the composition of the Fund, the geographic breakdown is Europe & the United Kingdom 44%, United States 37%, Pacific Rim 14%, and Latin America 4%. Apart from the US the largest country weightings include the UK (11%), France (11%), Japan (8%), and Switzerland (8%). Among the largest industry concentrations include banking & financials, food & beverages, pharmaceuticals, information services and computer software.

We have very much enjoyed the past four years as managers of Oakmark Global. We appreciate your continued confidence and support.



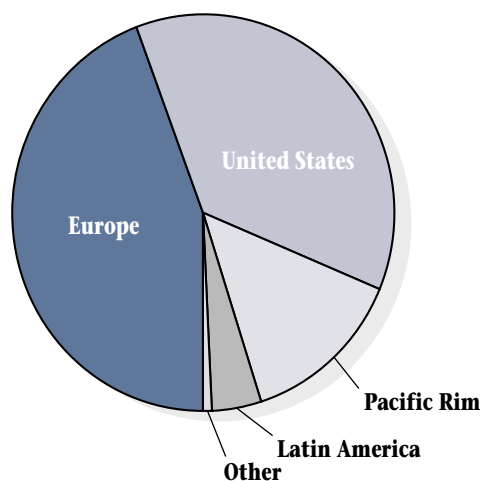
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THE OAKMARK GLOBAL FUND

Global Diversification—September 30, 2003



	% of Fund Equity Market Value	
Europe	44.3%	
Great Britain	11.0%	
* France	10.6%	
Switzerland	7.6%	
* Netherlands	6.0%	
* Italy	5.1%	
* Germany	3.2%	
Sweden	0.8%	
United States	37.0%	

	% of Fund Equity Market Value	
Pacific Rim	13.8%	
Japan	7.9%	
Australia	3.1%	
Korea	2.8%	
Latin America	4.2%	
Mexico	4.2%	
Other	0.7%	
Israel	0.7%	

* Euro currency countries comprise 24.9% of the Fund.

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2003

Name	Description	Shares Held	Market Value
Common Stocks—92.2%			
Food & Beverage—11.3%			
Diageo plc (Great Britain)	Beverages, Wines, & Spirits Manufacturer	3,885,000	\$ 42,041,811
Nestle SA (Switzerland)	Food & Beverage Manufacturer	139,100	32,072,048
Lotte Chilsung Beverage Co., Ltd. (Korea) (b)	Soft Drinks, Juices & Sports Drinks Manufacturer	13,430	6,375,499
			<u>80,489,358</u>
Household Products—3.0%			
Henkel KGaA (Germany)	Consumer Chemical Products Manufacturer	328,700	\$ 21,065,972
Broadcasting & Programming—3.8%			
Grupo Televisa S.A. (Mexico) (c)	Television Production & Broadcasting	566,500	\$ 20,728,235
Liberty Media Corporation, Class A (United States) (a)	Broadcast Services & Programming	650,000	6,480,500
			<u>27,208,735</u>
Cable Systems & Satellite TV—1.4%			
AOL Time Warner Inc. (United States) (a)(d)	Multimedia	675,000	\$ 10,199,250
Human Resources—1.7%			
Michael Page International plc (Great Britain) (b)	Recruitment Consultancy Services	4,815,400	\$ 11,966,936
Information Services—7.0%			
eFunds Corporation (United States) (a)(b)(e)	Electronic Debit Payment Services	1,845,000	\$ 22,785,750
Ceridian Corporation (United States) (a)	Data Management Services	1,025,000	19,085,500
Equifax Inc. (United States)	Credit Reporting & Collection	350,000	7,794,500
			<u>49,665,750</u>
Marketing Services—3.5%			
The Interpublic Group of Companies, Inc. (United States)	Advertising & Marketing Services	1,750,000	\$ 24,710,000

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Shares Held	Market Value
Common Stocks—92.2% (cont.)			
Motorcycles—0.4%			
Ducati Motor Holding S.p.A. (Italy) (a)	Motorcycle Manufacturer	1,933,500	\$ 3,174,492
Retail—5.8%			
Bulgari S.p.A. (Italy)	Jewelry Manufacturer & Retailer	2,890,100	\$ 23,270,731
The TJX Companies, Inc. (United States)	Discount Apparel & Home Fashion Retailer	900,000	<u>17,478,000</u>
			40,748,731
Bank & Thrifts—1.8%			
Banco Popolare di Verona e Novara Scrl (Italy)	Commercial Bank	498,600	\$ 7,028,280
Washington Mutual, Inc. (United States)	Thrift	150,000	<u>5,905,500</u>
			12,933,780
Financial Services—2.5%			
Julius Baer Holding Ltd., Zurich (Switzerland)	Asset Management	39,800	\$ 11,451,937
Credit Suisse Group (Switzerland)	Investment Services & Insurance	190,700	<u>6,100,841</u>
			17,552,778
Other Financial—9.2%			
Fannie Mae (United States) (e)	Mortgage Provider	400,000	\$ 28,080,000
Euronext (Netherlands)	Stock Exchange	968,200	23,590,559
Daiwa Securities Group Inc. (Japan)	Stock Broker	2,062,000	<u>13,967,432</u>
			65,637,991
Managed Care Services—3.9%			
First Health Group Corp. (United States) (a)(b)	Health Benefits Company	1,064,000	\$ 27,823,600
Medical Centers—2.6%			
Laboratory Corporation of America Holdings (United States) (a)	Medical Laboratory & Testing Services	650,000	\$ 18,655,000

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Shares Held	Market Value
Common Stocks—92.2% (cont.)			
Medical Products—2.9%			
Ansell Limited (Australia)	Protective Rubber & Plastics Products	4,468,100	\$ 20,424,936
Pharmaceuticals—9.8%			
Aventis S.A. (France)	Pharmaceuticals	520,900	\$ 27,040,902
Takeda Chemical Industries, Ltd. (Japan)	Pharmaceuticals & Food Supplements	656,900	23,986,928
GlaxoSmithKline plc (Great Britain)	Pharmaceuticals	875,300	<u>18,231,290</u>
			69,259,120
Telecommunications—1.7%			
SK Telecom Co., Ltd. (Korea)	Mobile Telecommunications	73,700	\$ 11,790,462
Telecommunications Equipment—0.7%			
Telefonaktiebolaget LM Ericsson, Class B (Sweden) (a)	Mobile & Wired Telecommunications Products	3,470,000	\$ 5,060,790
Computer Services—5.6%			
Concord EFS, Inc. (United States) (a)	Electronic Processing Services	1,450,000	\$ 19,821,500
Meitec Corporation (Japan) (b)	Software Engineering Services	381,200	14,022,250
First Data Corporation (United States)	Data Processing & Management	150,000	<u>5,994,000</u>
			39,837,750
Computer Software—3.9%			
Novell, Inc. (United States) (a)	Network & Internet Integration Software	3,000,000	\$ 15,990,000
Synopsys, Inc. (United States) (a)(e)	Electronic Design Automation	390,000	<u>12,000,300</u>
			27,990,300
Office Equipment—2.4%			
Neopost SA (France)	Mailroom Equipment Supplier	362,050	\$ 16,790,775

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Shares Held/ Par Value	Market Value
Common Stocks—92.2% (cont.)			
Airport Maintenance—0.9%			
Grupo Aeroportuario del Sureste S.A. de C.V. (Mexico) (b)(c)	Airport Operator	463,000	\$ 6,806,100
Diversified Conglomerates—3.6%			
Vivendi Universal SA (France) (a)	Multimedia	1,430,500	\$ 25,336,730
Instruments—0.6%			
Orbotech, Ltd. (Israel) (a)(b)	Optical Inspection Systems	228,700	\$ 4,674,628
Chemicals—2.2%			
Akzo Nobel N.V. (Netherlands)	Chemical Producer	497,800	\$ 15,528,245
Total Common Stocks (Cost: \$573,667,677)			655,332,209
Short Term Investments—9.2%			
U.S. Government Bills—7.0%			
United States Treasury Bills, 0.845%-0.93% due 10/2/2003 - 10/23/2003		\$50,000,000	\$ 49,988,023
Total U.S. Government Bills (Cost: \$49,988,023)			49,988,023
Repurchase Agreements—2.2%			
IBT Repurchase Agreement, 0.95% due 10/1/2003, repurchase price of \$13,500,356, collateralized by U.S. Government Agency Securities		\$13,500,000	\$ 13,500,000
IBT Repurchase Agreement, 0.75% due 10/1/2003, repurchase price of \$1,835,844, collateralized by a U.S. Government Agency Security		1,835,806	1,835,806
Total Repurchase Agreements (Cost: \$15,335,806)			15,335,806
Total Short Term Investments (Cost: \$65,323,829)			65,323,829
Total Investments (Cost \$638,991,506)—101.4%			\$ 720,656,038

THE OAKMARK GLOBAL FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Shares Subject to Call	Market Value
Call Options Written—0.0%			
Information Services—0.0%			
eFunds Corporation, December 15 Calls (United States)	Electronic Debit Payment Services	(100,000)	\$ (22,500)
Computer Software—0.0%			
Synopsys, Inc., December 35 Calls (United States)	Electronic Design Automation	(100,000)	\$ (80,000)
Total Call Options Written (Premiums Received: \$(175,242))—0.0%			(102,500)

Name	Description	Shares Subject to Put	Market Value
Put Options Written—0.0%			
Computer Software—0.0%			
Synopsys, Inc., December 27.50 Puts (United States)	Electronic Design Automation	(100,000)	\$ (105,000)
Total Put Options Written (Premiums Received: \$(80,746))—0.0%			(105,000)
Other Liabilities In Excess Of Other Assets—(1.4%)			<u>(9,851,103)</u>
Total Net Assets—100%			<u>\$710,597,435</u>

- (a) Non-income producing security.
- (b) See footnote number five in the Notes to Financial Statements regarding transactions in securities of affiliated issuers.
- (c) Represents an American Depository Receipt.
- (d) Effective October 16, 2003, AOL Time Warner Inc. changed its name to Time Warner Inc.
- (e) A portion of this security has been segregated to cover written option contracts.

THE OAKMARK INTERNATIONAL AND OAKMARK INTERNATIONAL SMALL CAP FUNDS

Fellow Shareholders:

Both The Oakmark International and International Small Cap Funds had positive performance, up 8%, and 14% for the quarter ending September 30th; versus the MSCI World ex-US Index²¹ which returned 8% for the same period. Both Funds are up significantly from recent market lows in March. Given the availability of value in overseas markets, we continue to remain enthusiastic about prospects in global equity markets.

“I want it now, daddy!”

Those telltale words from young Veruca Salt’s mouth in “Willy Wonka and the Chocolate Factory” are instructive on how not to behave in the investment world. We think impatience is almost always a bad thing and it is particularly so in investing. Financial markets have been extremely volatile in the last 5 years: a stock market bubble build-up, a stock market bubble implosion, a bond market bubble build up, an implosion, etc. Certainly, in the short term, the price of any particular stock will react or, in many cases, overreact to “macro” factors, i.e., events in the company’s environment that exist but do not have a long-term impact on the economic value of the firm.

Now more than ever, given the threat of terrorist attacks, war in the Mid-East and Africa, a nuclear threat in North Korea, we try to harness the volatility these events precipitate for the good of our shareholders. We are keenly aware that all of these threats/risks exist but believe they often times have little long-term bearing on the worth of most businesses. Therefore, with discipline and our long-term orientation, we attempt to take advantage of the impatience of others.

In sum, we believe our patience and discipline is a source of investment advantage and we will continue to use it. As an example, today, beside the macro threats listed above, there is a great deal of worry surrounding pharmaceutical companies. The news is filled with talk of regulatory issues, patent expiries, generic competition, meager pipelines, and other threats. The stock prices of these companies have collapsed, while in many cases business value per share has increased. We think this has materially increased the value proposition for many of these businesses and have therefore made significant investments. While we think there is validity to a few of the market concerns, pharmaceutical companies remain terrific economic enterprises, with high returns on capital, high barriers to entry, tremendous free cash flow, and above average long-term secular growth.

Highlights

- Given the availability of value overseas, we remain enthusiastic about the global equity markets.
- We seek to take advantage of others’ impatience through a long-term, disciplined investment process.
- Pharmaceutical companies, in which we have large weightings, remain terrific economic enterprises.

Our three largest pharmaceutical holdings are GlaxoSmithKline (UK), Aventis (France), and Takeda (Japan). Glaxo trades for 15.0x earnings and 11.0x operating income. It throws off 7% of its market capitalization every year in free cash flow and uses this cash to buyback inexpensive stock and payout a healthy dividend equating to a current yield of 3.1%. Aventis’ valuation is even more compelling, although the underlying business is not as high quality as Glaxo’s. Aventis trades for 11.0x earnings and 8.0x operating income. It throws off 7% of its market capitalization every year in free cash flow as well. It is using this cash to pay a 1.7% dividend plus fund unique in-licensing arrangements. Takeda trades at 15x earnings, a very reasonable price given that it is run by one of the best management teams in Japan and cash represents over one-third of the market capitalization.

Long-Term Investing

We would be remiss in not mentioning the recent news regarding the issue of market timers in mutual funds. Harris Associates L.P. and The Oakmark Funds have remained focused on building wealth from a long-term perspective. The very idea of short-term opportunists picking off incremental pieces of our core shareholders’ return has always made our blood boil.

These timers primarily prey upon funds investing in non-US markets. They attempt to take advantage of time lags in market closes and the perceived short-term correlation in global equity prices.

For most of the 1990’s our fund operations group spent a portion of every day tracking new subscriptions into the Oakmark International and International Small Cap Funds and vetting the ones that looked suspicious. We were searching for potential traders (or, as they are not so affectionately known around here, “flippers”). This was a tedious and time-consuming process.

In 1999 we were very relieved to put in place a 90-day 2% redemption fee on Oakmark International and Oakmark International Small Cap. This fee, which short-term traders pay directly into the Fund that they are selling, for all intents and purposes destroys the flipper's ability to profit from our Funds at the expense of our long-term shareholders. We believe that if a potential shareholder cannot commit to a minimum of a 90-day investment horizon, we're probably not the right fit for him or her.

We take our responsibilities to our shareholders very seriously. This includes frequent and open correspondence (like this quarterly), clear disclosure, closing Funds to new

investors (when appropriate), and a disciplined adherence to our investment philosophy and process. Both of us have always had and continue to maintain a substantial personal investment in The Oakmark Funds. We mean it when we start each letter with "Fellow Shareholders".

Thank you for your continued confidence and support.



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



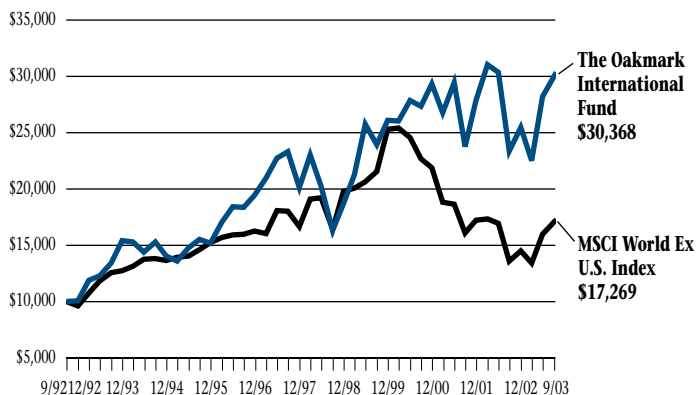
Michael J. Welsh, CFA, CPA
Portfolio Manager
mwelsh@oakmark.com

THE OAKMARK INTERNATIONAL FUND

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



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK INTERNATIONAL FUND FROM ITS INCEPTION (9/30/92) TO PRESENT (9/30/03) COMPARED TO THE MSCI WORLD EX U.S. INDEX²¹



Annual Average Total Returns¹

	(as of 9/30/03)				
Total Return Last 3 Months*	1-year	5-year	10-year	Since Inception (9/30/92)	

Oakmark International Fund	7.70%	29.97%	13.21%	8.53%	10.62%
MSCI World ex. U.S.	8.08%	26.95%	1.03%	3.23%	5.09%
MSCI EAFE ²²	8.13%	26.01%	0.55%	2.92%	4.86%
Lipper International Fund Index ²³	7.89%	25.63%	2.14%	4.89%	6.49%

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

Past performance is no guarantee of future results. Investment return and principal value vary, and you may have a gain or loss when you sell shares. Average annual total return measures annualized change, while total return measures aggregate change.

* Not annualized

The Oakmark International Fund was up 8% for the quarter ending September 30, 2003. This performance was in line with relevant indices for both the quarter and for the calendar year to date. Most importantly, your Fund is up 11% annualized since inception in September, 1992, comparing very favorably to the indices and our peer group. It's hard to believe we've had yet another anniversary—our 11th. It seems like we just celebrated Oakmark International's 10th birthday a few months ago!

The strong price recovery in global stocks that began in March continued through the 3rd quarter. The rise in share prices has been broad-based, with most regions of the world participating.

The Fund benefited this quarter from strong stock selection relative to underlying market performance, especially in the United Kingdom and in Sweden. In the UK, the share price of Enodis plc, the food and refrigeration equipment manufacturer, rebounded very strongly as the market reacted to a strengthening in demand for their products. Michael Page International plc, the recruitment consultant, also saw a very strong increase in its share price, as did LM Ericsson, the Swedish telecommunications equipment giant. Ericsson was the single biggest contributor to the Fund's NAV²⁴ for the quarter as its share price continued its strong recent performance from the lows of March.

Overall, the performance of the Fund for the quarter was in line with the various indices despite being significantly underweight in Japan. This is worth noting, as Japan was the single strongest performer of all developed markets. Because it has a significant weighting in all non-US indices it's performance has a big impact.

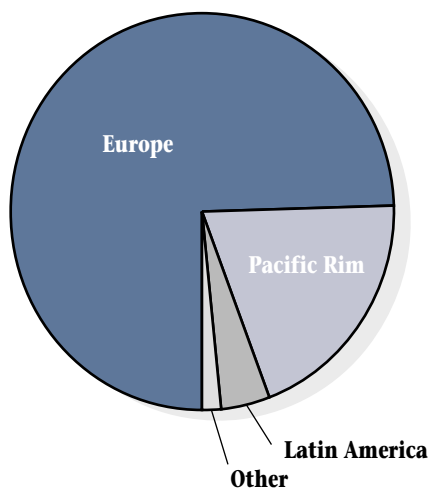
Looking Forward

Given the quality of the holdings and the attractive valuation of the portfolio, we remain optimistic about potential price appreciation. Thank you for your continued confidence.

David G. Herro, CFA Portfolio Manager
Michael J. Welsh, CFA, CPA Portfolio Manager
 dherro@oakmark.com mwelsh@oakmark.com

THE OAKMARK INTERNATIONAL FUND

International Diversification—September 30, 2003



	% of Fund Equity Market Value
Europe	74.5%
Great Britain	21.5%
* France	16.7%
Switzerland	12.4%
* Germany	7.7%
* Netherlands	6.0%
* Italy	4.0%
* Ireland	2.4%
Sweden	2.4%
* Finland	1.4%

	% of Fund Equity Market Value
Pacific Rim	19.8%
Japan	9.3%
Korea	4.6%
Australia	2.7%
Singapore	1.8%
Hong Kong	1.4%
Latin America	4.1%
Mexico	4.1%
Other	1.6%
Israel	1.6%

* Euro currency countries comprise 38.2% of the Fund.

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2003

Name	Description	Shares Held	Market Value
Common Stocks—95.1%			
Food & Beverage—14.2%			
Diageo plc (Great Britain)	Beverages, Wines, & Spirits Manufacturer	9,655,900	\$ 104,492,027
Nestle SA (Switzerland)	Food & Beverage Manufacturer	392,300	90,451,937
Cadbury Schweppes plc (Great Britain)	Beverage & Confectionary Manufacturer	11,515,500	70,874,053
Pernod-Ricard SA (France)	Manufactures Wines, Spirits, & Fruit Juices	615,425	58,302,180
Lotte Chilsung Beverage Co., Ltd. (Korea) (c)	Soft Drinks, Juices & Sports Drinks Manufacturer	83,400	39,591,705
Fomento Economico Mexicano S.A. de C.V. (Mexico) (b)	Soft Drink & Beer Manufacturer	979,700	37,375,555
			<u>401,087,457</u>
Household Products—3.1%			
Henkel KGaA (Germany)	Consumer Chemical Products Manufacturer	1,355,350	\$ 86,862,687
Other Consumer Goods & Services—1.6%			
Swatch Group AG, Bearer Shares (Switzerland)	Watch Manufacturer	457,900	\$ 43,513,762
Swatch Group AG, Registered Shares (Switzerland)	Watch Manufacturer	24,700	474,119
			<u>43,987,881</u>
Automobiles—2.2%			
Bayerische Motoren Werke (BMW) AG (Germany)	Luxury Automobile Manufacturer	1,620,100	\$ 61,259,808
Automotive—1.9%			
Compagnie Generale des Etablissements Michelin (France)	Tire Manufacturer	1,454,500	\$ 54,116,756
Broadcasting & Programming—2.4%			
Grupo Televisa S.A. (Mexico) (b)	Television Production & Broadcasting	1,841,200	\$ 67,369,508

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Shares Held	Market Value
Common Stocks—95.1% (cont.)			
Human Resources—2.1%			
Michael Page International plc (Great Britain) (c)	Recruitment Consultancy Services	23,736,600	\$ 58,988,739
Marketing Services—3.8%			
Publicis Groupe (France) Aegis Group plc (Great Britain)	Advertising & Media Services Media Services	2,286,100 30,524,200	\$ 62,814,244 44,524,681
			107,338,925
Publishing—4.3%			
John Fairfax Holdings Limited (Australia)	Newspaper Publisher	32,814,100	\$ 71,652,951
Reed Elsevier plc (Great Britain)	Publisher	5,943,100	46,506,405
			118,159,356
Recreation & Entertainment—0.9%			
Nintendo Company, Ltd. (Japan)	Video Game Manufacturer	284,800	\$ 23,916,454
Retail—3.1%			
Signet Group plc (Great Britain)	Jewelry Retailer	28,446,100	\$ 49,768,465
Giordano International Limited (Hong Kong) (c)	Pacific Rim Clothing Retailer & Manufacturer	82,924,300	37,744,455
			87,512,920
Bank & Thrifts—11.0%			
Sanpaolo IMI S.p.A. (Italy)	Banking Services	6,565,300	\$ 65,294,592
Bank of Ireland (Ireland)	Commercial Banking	5,347,000	63,925,871
BNP Paribas SA (France)	Commercial Banking	1,156,000	56,709,921
United Overseas Bank Limited, Foreign Shares (Singapore)	Commercial Banking	6,178,368	47,876,323
Banco Popolare di Verona e Novara Scrl (Italy)	Commercial Banking	2,938,400	41,419,772
Svenska Handelsbanken AB (Sweden)	Commercial Banking	1,498,800	25,437,816
Kookmin Bank (Korea)	Commercial Banking	231,168	7,577,302
			308,241,597
Financial Services—1.8%			
Credit Suisse Group (Switzerland)	Investment Services & Insurance	1,552,900	\$ 49,680,101

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Shares Held	Market Value
Common Stocks—95.1% (cont.)			
Other Financial—7.6%			
Daiwa Securities Group Inc. (Japan)	Stock Broker	11,688,000	\$ 79,171,362
Euronext (Netherlands)	Stock Exchange	3,221,600	78,495,500
Deutsche Boerse AG (Germany)	Electronic Trading Systems	1,105,200	56,407,142
			<u>214,074,004</u>
Pharmaceuticals—11.4%			
GlaxoSmithKline plc (Great Britain)	Pharmaceuticals	4,799,700	\$ 99,971,123
Aventis S.A. (France)	Pharmaceuticals	1,738,800	90,264,390
Takeda Chemical Industries, Ltd. (Japan)	Pharmaceuticals & Food Supplements	2,314,000	84,496,501
Novartis AG (Switzerland)	Pharmaceuticals	1,170,700	45,297,975
			<u>320,029,989</u>
Telecommunications—2.7%			
SK Telecom Co., Ltd. (Korea)	Mobile Telecommunications	473,600	\$ 75,766,117
Telecommunications Equipment—1.4%			
Telefonaktiebolaget LM Ericsson, Class B (Sweden) (a)	Mobile & Wired Telecommunications Products	26,012,000	\$ 37,936,964
Computer Services—2.1%			
Meitec Corporation (Japan) (c)	Software Engineering Services	1,613,200	\$ 59,340,750
Airport Maintenance—0.1%			
Grupo Aeroportuario del Sureste S.A. de C.V. (Mexico) (b)(c)	Airport Operator	242,000	\$ 3,557,400
Diversified Conglomerates—3.4%			
Vivendi Universal SA (France) (a)	Multimedia	4,702,700	\$ 83,293,282
LVMH Moët Hennessy Louis Vuitton SA (France)	Diversified Luxury Goods	159,600	9,921,708
Haw Par Corporation Limited (Singapore)	Healthcare & Leisure Products	58,338	144,390
			<u>93,359,380</u>

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Shares Held	Market Value
Common Stocks—95.1% (cont.)			
Instruments—1.5%			
Orbotech, Ltd. (Israel) (a)(c)	Optical Inspection Systems	2,041,200	\$ 41,722,128
Machinery & Industrial Processing—1.4%			
Metso Corporation (Finland)	Paper & Pulp Machinery	3,863,000	\$ 38,576,662
Other Industrial Goods & Services—2.5%			
Enodis plc (Great Britain) (a)(c)	Food Processing Equipment	33,585,320	\$ 39,080,214
Chargeurs SA (France) (c)	Wool, Textile Production & Trading	1,050,201	<u>30,593,668</u>
			69,673,882
Transportation Services—2.1%			
Associated British Ports Holdings plc (Great Britain)	Port Operator	8,497,299	\$ 58,371,811
Chemicals—6.5%			
Akzo Nobel N.V. (Netherlands)	Chemical Producer	2,576,500	\$ 80,370,678
Givaudan (Switzerland)	Fragrance & Flavor Compound Manufacturer	182,700	77,332,601
Lonza Group AG, Registered Shares (Switzerland)	Industrial Organic Chemicals	492,900	<u>23,102,646</u>
			180,805,925
Total Common Stocks (Cost: \$2,310,623,395)			2,661,737,201

THE OAKMARK INTERNATIONAL FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Par Value	Market Value
Short Term Investments—4.7%			
U.S. Government Bills—1.4%			
	United States Treasury Bills, 0.845%-0.875% due 10/2/2003 - 10/9/2003	\$40,000,000	\$ 39,995,759
Total U.S. Government Bills (Cost: \$39,995,759)			39,995,759
Repurchase Agreements—3.3%			
	IBT Repurchase Agreement, 0.95% due 10/1/2003, repurchase price \$90,502,388 collateralized by U.S. Government Agency Securities	\$90,500,000	\$ 90,500,000
	IBT Repurchase Agreement, 0.75% due 10/1/2003, repurchase price \$2,247,122 collateralized by a U.S. Government Agency Security	2,247,075	2,247,075
Total Repurchase Agreements (Cost: \$92,747,075)			92,747,075
Total Short Term Investments (Cost: \$132,742,834)			132,742,834
Total Investments (Cost \$2,443,366,229)—99.8%			\$2,794,480,035
Other Assets In Excess Of Other Liabilities—0.2%			<u>5,365,101</u>
Total Net Assets—100%			<u>\$2,799,845,136</u>

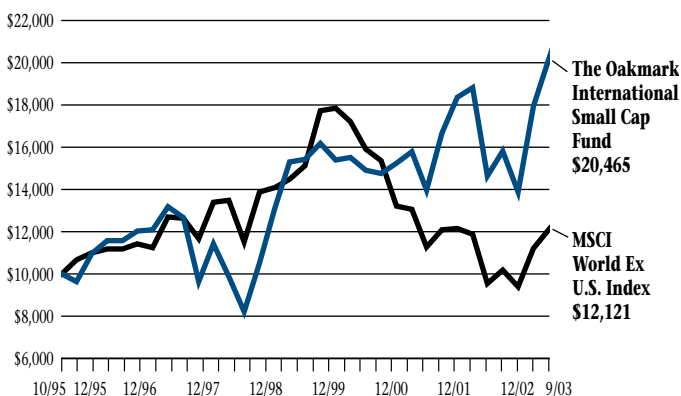
- (a) Non-income producing security.
- (b) Represents an American Depository Receipt.
- (c) See footnote number five in the Notes to Financial Statements regarding transactions in securities of affiliated issuers.

THE OAKMARK INTERNATIONAL SMALL CAP FUND

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



THE VALUE OF A \$10,000 INVESTMENT IN THE OAKMARK INTERNATIONAL SMALL CAP FUND FROM ITS INCEPTION (11/1/95) TO PRESENT (9/30/03) AS COMPARED TO THE MSCI WORLD EX U.S. INDEX²¹



Annual Average Total Returns¹

	(as of 9/30/03)			
Total Return	1-year	5-year	Since Inception (11/1/95)	
Last 3 Months*				

Oakmark International

Small Cap Fund	14.12%	39.78%	20.03%	9.46%
MSCI World ex. U.S. ²¹	8.08%	26.95%	1.03%	2.46%
Lipper International Small Cap Average ²⁵	15.07%	38.43%	8.26%	9.36%

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

Past performance is no guarantee of future results. Investment return and principal value vary, and you may have a gain or loss when you sell shares. Average annual total return measures annualized change, while total return measures aggregate change.

* Not annualized

The Oakmark International Small Cap Fund was up 14% for the quarter ending September 30, 2003. This performance was in line with relevant indices for the quarter. The strong price recovery in global stocks that began in March continued through the 3rd quarter, with small cap stocks outperforming large caps over the period. Reflective of this recovery your Fund is up 47% over the past six months.

A number of companies contributed to performance in the quarter. Baycorp Advantage Ltd, the Australasian (Australia & New Zealand) credit reference provider, had the strongest price appreciation and was the single biggest contributor to the Fund's NAV²⁴. You may recall Baycorp from our discussion in the March 31, 2003, shareholder's letter. It was one of the worst performers for that three month period, and we remarked the market's overreaction to a slow down in growth had created a significant gap between price and business value, and that we continued to add to our holding. Baycorp is now the single largest position in the Fund.

Bulgari S.p.A, the Italian luxury goods company, was another very strong performer. Other contributors included two Swiss companies, Schindler Holding AG and Gurit-Heberlein AG, as well as UK-based Carptright.

In Japan the Fund benefited from very strong stock selection, due to the performance of AsatsudK, Square-Enix, and Ichiyoshi Securities Co. Ltd.

Looking Forward

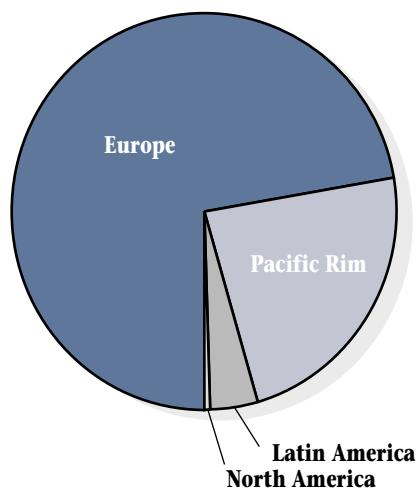
Even with the strong recent performance of the portfolio, we remain optimistic about potential price appreciation. We continue to own generally good quality businesses trading a significant discount to our estimate of intrinsic value. Thank you for your continued confidence.

David G. Herro, CFA Portfolio Manager
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Michael J. Welsh, CFA, CPA Portfolio Manager
mwelsh@oakmark.com

THE OAKMARK INTERNATIONAL SMALL CAP FUND

International Diversification—September 30, 2003



	% of Fund Equity Market Value
Europe	72.3%
Switzerland	17.6%
* France	14.8%
* Italy	9.6%
Great Britain	8.9%
Denmark	6.3%
* Germany	5.4%
Sweden	3.0%
* Spain	2.7%
* Finland	2.0%
* Netherlands	1.7%
* Austria	0.3%

	% of Fund Equity Market Value
Pacific Rim	23.2%
Australia	8.5%
Japan	7.1%
Korea	3.3%
New Zealand	2.2%
Thailand	1.0%
Philippines	0.6%
Hong Kong	0.5%
Latin America	4.0%
Mexico	4.0%
North America	0.5%
Canada	0.5%

* Euro currency countries comprise 36.5% of the Fund.

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2003

Name	Description	Shares Held	Market Value
Common Stocks—94.8%			
Food & Beverage—5.9%			
Campari Group (Italy)	Soft Drinks, Wines, & Spirits Producer	245,200	\$ 9,925,888
Baron de Ley, S.A. (Spain) (a)	Wines & Spirits Manufacturer	150,985	6,069,767
Hite Brewery Co., Ltd. (Korea)	Brewer	68,000	4,138,591
Alaska Milk Corporation (Philippines) (b)	Milk Producer	49,394,000	2,745,362
Grupo Continental, S.A. (Mexico)	Soft Drink Manufacturer	1,654,100	2,451,633
Kook Soon Dang Brewery Co., Ltd. (Korea)	Wine & Spirits Manufacturer	122,676	2,191,881
			<u>27,523,122</u>
Household Products—0.6%			
Societe BIC SA (France)	Consumer & Office Supplies	64,800	\$ 2,763,600
Other Consumer Goods & Services—0.2%			
Royal Doulton plc (Great Britain) (a)(b)	Tableware & Giftware	22,373,000	\$ 1,069,231
Broadcasting & Publishing—2.3%			
Tamedia AG (Switzerland)	TV Broadcasting & Publishing	184,151	\$ 11,155,174
Building Materials & Construction—0.8%			
Fletcher Building Limited (New Zealand)	Building Materials Manufacturer	1,489,800	\$ 3,788,877
Human Resources—2.1%			
DIS Deutscher Industrie Service AG (Germany)	Recruitment Consultancy Services	552,142	\$ 10,242,665
Information Services—4.6%			
Baycorp Advantage Limited (Australia) (b)	Credit Reference Services	14,303,477	\$ 22,184,264
Marketing Services—2.1%			
Asatsu-DK, Inc. (Japan)	Advertising Services Provider	426,700	\$ 9,934,384
Motorcycles—1.1%			
Ducati Motor Holding S.p.A. (Italy) (a)	Motorcycle Manufacturer	3,238,300	\$ 5,316,762

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Shares Held	Market Value
Common Stocks—94.8% (cont.)			
Publishing—2.2%			
Recoletos Grupo de Comunicacion, S.A. (Spain)	Publisher	880,000	\$ 6,121,757
Matichon Public Company Limited, Foreign Shares (Thailand) (b)	Newspaper Publisher	2,039,500	4,381,639
			<u>10,503,396</u>
Recreation & Entertainment—2.0%			
Square Enix Co., Ltd. (Japan)	Entertainment Software	324,600	\$ 8,096,070
Konami Sports Corporation (Japan)	Fitness Centers	96,500	1,506,460
			<u>9,602,530</u>
Retail—9.3%			
Bulgari S.p.A. (Italy)	Jewelry Manufacturer & Retailer	2,170,800	\$ 17,479,016
Carpetright plc (Great Britain)	Carpet Retailer	1,174,500	15,326,115
D.F.S. Furniture Company plc (Great Britain)	Furniture Retailer & Manufacturer	1,743,600	11,897,876
			<u>44,703,007</u>
Bank & Thrifts—3.7%			
Jyske Bank A/S (Denmark) (a)	Commercial Banking	222,400	\$ 9,562,739
Vontobel Holding AG (Switzerland)	Commercial Banking	469,000	7,972,627
			<u>17,535,366</u>
Financial Services—4.6%			
Julius Baer Holding Ltd., Zurich (Switzerland)	Asset Management	49,090	\$ 14,125,014
Van der Moolen Holding N.V. (Netherlands)	International Trading Firm	761,200	7,920,806
			<u>22,045,820</u>
Other Financial—2.5%			
Ichiyoshi Securities Co., Ltd. (Japan)	Stock Broker	2,480,000	\$ 9,545,308
TSX Group Inc. (Canada)	Stock Exchanges	101,500	2,442,614
			<u>11,987,922</u>
Medical Products—4.2%			
Ansell Limited (Australia)	Protective Rubber & Plastics Products	3,587,350	\$ 16,398,781
Coloplast A/S, Class B (Denmark)	Healthcare Products & Services Provider	46,100	3,863,128
			<u>20,261,909</u>

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Shares Held	Market Value
Common Stocks—94.8% (cont.)			
Pharmaceuticals—0.6%			
Santen Pharmaceutical Co., Ltd. (Japan)	Pharmaceuticals	265,500	\$ 2,977,526
Telecommunications—0.5%			
Asia Satellite Telecommunications Holdings Limited (Hong Kong)	Satellite Operator	1,491,000	\$ 2,281,436
Computer Services—4.2%			
Morse plc (Great Britain)	Business & Technology Solutions	5,734,300	\$ 12,153,462
Sopra Group (France)	Computer Engineering	128,430	5,207,926
Alten (France) (a)	Systems Consulting & Engineering	298,141	3,081,516
			<u>20,442,904</u>
Computer Systems—2.4%			
Lectra (France) (a)	Manufacturing Process Systems	1,718,500	\$ 11,714,520
Office Equipment—3.6%			
Neopost SA (France)	Mailroom Equipment Supplier	374,800	\$ 17,382,081
Airport Maintenance—6.5%			
Grupo Aeroportuario del Sureste S.A. de C.V. (Mexico) (b)(c)	Airport Operator	1,064,000	\$ 15,640,800
Kobenhavns Lufthavne A/S (Copenhagen Airports A/S - CPH) (Denmark)	Airport Management & Operations	162,700	15,191,529
			<u>30,832,329</u>
Diversified Conglomerates—6.3%			
Pargesa Holding AG (Switzerland)	Diversified Operations	5,374	\$ 12,390,739
Financiere Marc de Lacharriere SA (Fimalac) (France)	Diversified Operations	346,764	9,071,299
Tae Young Corp. (Korea)	Heavy Construction	213,000	8,518,889
Financiere Marc de Lacharriere SA (Fimalac), Warrants (France)	Diversified Operations	31,866	83,918
			<u>30,064,845</u>

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Shares Held	Market Value
Common Stocks—94.8% (cont.)			
Environmental Products & Services—0.1%			
Munters AB (Sweden)	Cooling & Moisture Control Systems	23,500	\$ 509,551
Instruments—1.7%			
Vaisala Oyj, Class A (Finland)	Atmospheric Observation Equipment	329,700	\$ 8,052,474
Machinery & Industrial Processing—8.1%			
Pfeiffer Vacuum Technology AG (Germany) (b)	Vacuum Pump Manufacturer	471,140	\$ 14,262,913
Alfa Laval (Sweden)	Filtration & Separation Equipment	1,133,100	13,308,221
Carbone Lorraine SA (France)	Electrical Systems Manufacturer	300,382	9,678,056
Andritz AG (Austria)	General Industrial Machinery	41,700	1,348,398
			<u>38,597,588</u>
Other Industrial Goods & Services—5.3%			
Schindler Holding AG (Switzerland) (a)	Elevator & Escalator Manufacturer	71,900	\$ 16,768,409
LISI (France)	Industrial Fastener Manufacturer	241,813	7,044,315
Kone Oyj, Class B (Finland)	Elevators	24,500	1,224,451
			<u>25,037,175</u>
Production Equipment—2.4%			
Interpump Group S.p.A. (Italy)	Pump & Piston Manufacturer	2,816,400	\$ 10,656,037
NSC Groupe (France)	Textile Equipment Manufacturer	12,316	1,062,708
			<u>11,718,745</u>
Transportation Services—1.3%			
Mainfreight Limited (New Zealand) (b)	Logistics Services	7,765,726	\$ 6,151,604
Chemicals—3.6%			
Gurit-Heberlein AG (Switzerland)	Chemical Producer	27,664	\$ 17,176,754
Total Common Stocks (Cost: \$383,420,899)			453,557,561

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Schedule of Investments—September 30, 2003 cont.

Name	Description	Par Value	Market Value
Short Term Investments—4.4%			
U.S. Government Bills—1.1%			
	United States Treasury Bills, 0.845% due 10/9/2003	\$ 5,000,000	\$ 4,999,061
	Total U.S. Government Bills (Cost: \$4,999,061)		4,999,061
Repurchase Agreements—3.3%			
	IBT Repurchase Agreement, 0.95% due 10/1/2003, repurchase price of \$14,000,369 collateralized by U.S. Government Agency Securities	\$14,000,000	\$ 14,000,000
	IBT Repurchase Agreement, 0.75% due 10/1/2003, repurchase price of \$1,838,097 collateralized by a U.S. Government Agency Security	1,838,059	1,838,059
	Total Repurchase Agreements (Cost: \$15,838,059)		15,838,059
	Total Short Term Investments (Cost: \$20,837,120)		20,837,120
	Total Investments (Cost \$404,258,019)—99.2%		\$ 474,394,681
	Foreign Currencies (Cost \$93,014)—0.0%		\$ 93,140
	Other Assets In Excess Of Other Liabilities—0.8%		3,756,608
	Total Net Assets—100%		<u>\$478,244,429</u>

- (a) Non-income producing security.
- (b) See footnote number five in the Notes to Financial Statements regarding transactions in securities of affiliated issuers.
- (c) Represents an American Depository Receipt.

THE OAKMARK FAMILY OF FUNDS

Statements of Assets and Liabilities—September 30, 2003

		The Oakmark Fund	The Oakmark Select Fund	The Oakmark Small Cap Fund
Assets				
Investments in unaffiliated securities, at value	(a)	\$ 4,624,823,480	\$ 4,360,576,973	\$ 326,228,964
Investments in affiliated securities, at value	(b)	168,308,045	735,473,071	27,153,360
Foreign currency, at value	(c)	0	0	0
Receivable for:				
Securities sold		0	0	2,042,304
Fund shares sold		10,156,339	7,738,785	460,427
Dividends and interest		6,479,553	4,186,428	247,903
Tax reclaim		0	0	0
Total receivables		16,635,892	11,925,213	2,750,634
Other assets		2,049	2,076	1,783
Total assets		\$ 4,809,769,466	\$ 5,107,977,333	\$ 356,134,741
Liabilities and Net Assets				
Options written, at value	(d)	\$ 0	\$ 0	\$ 98,250
Payable for:				
Securities purchased		13,833,926	16,639,652	4,315,627
Fund shares redeemed		2,475,482	2,887,634	186,605
Due to Adviser		120,488	124,770	10,303
Due to transfer agent		531,261	316,261	80,462
Trustees fees		16,796	17,890	6,591
Deferred trustee compensation		633,260	504,425	221,776
Other		1,643,118	1,399,431	201,494
Total liabilities		19,254,331	21,890,063	5,121,108
Net assets applicable to fund shares outstanding		\$ 4,790,515,135	\$ 5,086,087,270	\$ 351,013,633
Analysis of Net Assets				
Paid in capital		\$ 4,577,792,523	\$ 4,017,762,883	\$ 341,279,922
Accumulated undistributed net realized gain (loss) of investments, forward contracts and foreign currency exchange transactions		(332,994,872)	(178,322,687)	(11,819,142)
Net unrealized appreciation (depreciation) of investments		526,808,316	1,236,921,496	21,774,629
Net unrealized appreciation (depreciation)—other		0	0	0
Accumulated undistributed net investment income (loss)		18,909,168	9,725,578	(221,776)
Net assets applicable to Fund shares outstanding		\$ 4,790,515,135	\$ 5,086,087,270	\$ 351,013,633
Price of Shares				
Net asset value per share: Class I		\$ 33.85	\$ 27.55	\$ 17.18
Class I—Net assets		\$ 4,769,381,577	\$ 4,993,029,715	\$ 350,261,221
Class I—Shares outstanding (Unlimited shares authorized)		140,880,178	181,227,232	20,384,382
Net asset value per share: Class II		\$ 33.68	\$ 27.37	\$ 17.10
Class II—Net assets		\$ 21,133,558	\$ 93,057,555	\$ 752,412
Class II—Shares outstanding (Unlimited shares authorized)		627,434	3,399,741	44,013
(a) Identified cost of investments in unaffiliated securities		\$ 4,145,259,797	\$ 3,399,502,648	\$ 287,196,683
(b) Identified cost of investments in affiliated securities		121,063,412	459,625,900	44,429,531
(c) Identified cost of foreign currency		0	0	0
(d) Premiums received on options written		0	0	116,769

The Oakmark Equity and Income Fund	The Oakmark Global Fund	The Oakmark International Fund	The Oakmark International Small Cap Fund
\$ 4,249,548,997 103,292,500 0 11,963,539 22,586,257 15,014,757 0 <u>49,564,553</u> 1,967 <u>\$ 4,402,408,017</u>	\$ 626,201,275 94,454,763 0 0 5,217,976 1,395,507 113,158 <u>6,726,641</u> 12,453 <u>\$ 727,395,132</u>	\$ 2,483,860,976 310,619,059 0 0 15,637,549 6,473,864 1,233,241 <u>23,344,654</u> 1,888 <u>\$ 2,817,826,577</u>	\$ 407,958,868 66,435,813 93,140 2,276,361 1,429,207 247,648 787,921 <u>4,741,137</u> 1,783 <u>\$ 479,230,741</u>
\$ 0 12,316,799 3,407,236 88,925 228,292 14,783 280,303 1,422,668 <u>17,759,006</u> <u>\$ 4,384,649,011</u>	\$ 207,500 14,557,379 1,560,608 16,315 53,826 6,796 174,344 220,929 <u>16,797,697</u> <u>\$ 710,597,435</u>	\$ 0 14,328,817 2,004,232 72,155 183,349 11,225 311,238 1,070,425 <u>17,981,441</u> <u>\$ 2,799,845,136</u>	\$ 0 148,185 395,649 15,629 41,845 6,745 192,332 185,927 <u>986,312</u> <u>\$ 478,244,429</u>
\$ 4,019,126,985 (70,194,686) 412,084,617 86,868 23,545,227 <u>\$ 4,384,649,011</u>	\$ 626,594,459 2,553,786 81,764,860 (25,111) (290,559) <u>\$ 710,597,435</u>	\$ 2,640,297,749 (211,075,834) 351,213,309 127,745 19,282,167 <u>\$ 2,799,845,136</u>	\$ 438,410,162 (33,870,230) 70,126,173 60,059 3,518,265 <u>\$ 478,244,429</u>
\$ 20.30 <u>\$ 4,138,019,989</u> 203,828,648 <u>\$ 20.24</u> <u>\$ 246,629,022</u> 12,185,691	\$ 16.98 <u>\$ 704,789,043</u> 41,511,169 <u>\$ 16.84</u> <u>\$ 5,808,392</u> 344,894	\$ 15.67 <u>\$ 2,676,610,268</u> 170,773,739 <u>\$ 15.58</u> <u>\$ 123,234,868</u> 7,908,472	\$ 13.74 <u>\$ 477,804,840</u> 34,774,368 <u>\$ 13.69</u> <u>\$ 439,589</u> 32,113
\$ 3,845,345,286 95,411,594 0 0	\$ 555,621,304 83,370,202 0 255,988	\$ 2,175,433,085 267,933,144 0 0	\$ 336,790,323 67,467,696 93,014 0

See accompanying notes to financial statements.

THE OAKMARK FAMILY OF FUNDS

Statements of Operations—Year Ended September 30, 2003

	The Oakmark Fund	The Oakmark Select Fund	The Oakmark Small Cap Fund
Investment Income:			
Dividends from unaffiliated securities	\$ 59,602,137	\$ 44,753,904	\$ 2,129,441
Dividends from affiliated securities	2,241,682	6,736,252	0
Interest Income	4,037,177	4,522,097	182,668
Securities lending income	0	0	0
Other income	89,785	35,751	0
Foreign taxes withheld	(255,528)	0	0
Total investment income	65,715,253	56,048,004	2,312,109
Expenses:			
Investment advisory fee	37,074,474	38,938,068	3,492,495
Transfer and dividend disbursing agent fees	2,825,387	1,661,800	418,413
Other shareholder servicing fees	3,073,278	2,731,432	239,250
Service fee—Class II	31,136	193,129	1,674
Reports to shareholders	2,142,621	1,259,823	297,125
Custody and accounting fees	434,075	469,750	50,691
Registration and blue sky expenses	147,168	77,419	37,320
Trustee fees	69,818	79,240	27,628
Deferred trustee compensation	179,772	191,415	71,267
Legal fees	53,468	56,404	21,291
Audit fees	55,910	64,005	12,996
Other	243,537	262,021	57,493
Total expenses	46,330,644	45,984,506	4,727,643
Expense reimbursement	0	0	(654)
Expense offset arrangements	(170)	(51)	(9)
Net expenses	46,330,474	45,984,455	4,726,980
Net Investment Income (Loss):	19,384,779	10,063,549	(2,414,871)
Net realized and unrealized gain (loss) on investments and foreign currency transactions:			
Net realized gain (loss) on unaffiliated securities	(150,513,441)	(103,743,922)	(10,678,339)
Net realized loss on affiliated securities	0	(5,847,345)	(970,575)
Net realized gain (loss) on options	12,672,486	7,892,086	326,790
Net realized gain on short sales	153,209	2,021	0
Net realized gain (loss) on foreign currency transactions	0	0	0
Net change in unrealized appreciation of investments and foreign currencies	867,321,548	1,121,320,614	80,258,968
Net change in appreciation (depreciation)—other	0	0	0
Net realized and unrealized gain on investments and foreign currency transactions:	729,633,802	1,019,623,454	68,936,844
Net increase in net assets resulting from operations	<u>\$ 749,018,581</u>	<u>\$ 1,029,687,003</u>	<u>\$ 66,521,973</u>

The Oakmark Equity and Income Fund	The Oakmark Global Fund	The Oakmark International Fund	The Oakmark International Small Cap Fund
\$ 23,518,559 0 41,360,992 0 6,277 (228,206) <u>64,657,622</u>	\$ 3,650,525 661,483 236,693 38,886 0 (460,738) <u>4,126,849</u>	\$ 43,137,392 5,858,702 872,451 1,118,106 0 (5,707,195) <u>45,279,456</u>	\$ 9,195,319 1,576,048 142,837 0 0 (1,242,916) <u>9,671,288</u>
23,468,519 1,161,063 3,446,666 423,874 915,859 356,560 209,265 64,182 154,035 46,562 47,139 189,829 <u>30,483,553</u> 0 (1) <u>30,483,552</u>	2,982,092 267,441 149,118 5,196 183,647 225,992 121,133 27,876 71,226 20,340 11,562 51,789 <u>4,117,412</u> 0 (9) <u>4,117,403</u>	19,015,386 941,105 1,903,171 209,143 722,282 1,835,731 129,664 48,026 119,153 35,759 32,729 129,236 <u>25,121,385</u> 0 (68) <u>25,121,317</u>	4,626,713 212,442 331,936 803 143,097 389,671 37,788 28,893 72,553 21,472 8,905 57,848 <u>5,932,121</u> 0 (9) <u>5,932,112</u>
34,174,070	9,446	20,158,139	3,739,176
7,108,734 0 2,453,329 0 370,636 517,697,982 87,469	4,193,675 (151,560) (227,233) 0 (168,173) 114,576,882 (43,405)	(194,022,549) (114,714) 0 0 (659,981) 712,978,826 294,152	(30,903,635) (2,571,782) 0 0 (58,650) 160,461,142 36,163
<u>527,718,150</u>	<u>118,180,186</u>	<u>518,475,734</u>	<u>126,963,238</u>
<u>\$ 561,892,220</u>	<u>\$ 118,189,632</u>	<u>\$ 538,633,873</u>	<u>\$ 130,702,414</u>

THE OAKMARK FAMILY OF FUNDS

Statements of Changes in Net Assets

	The Oakmark Fund	
	Year Ended September 30, 2003	Year Ended September 30, 2002
From Operations:		
Net investment income	\$ 19,384,779	\$ 14,076,323
Net realized loss on investments	(137,687,746)	(32,394,066)
Net change in unrealized appreciation (depreciation) of investments	<u>867,321,548</u>	<u>(498,006,779)</u>
Net increase (decrease) in net assets from operations	749,018,581	(516,324,522)
Distributions to shareholders from:		
Net investment income—Class I	(13,880,781)	(19,630,178)
Net investment income—Class II	<u>(29,599)</u>	<u>(447)</u>
Total distributions to shareholders	(13,910,380)	(19,630,625)
From Fund share transactions:		
Proceeds from shares sold—Class I	1,533,121,113	1,648,934,264
Proceeds from shares sold—Class II	17,938,866	10,646,454
Reinvestment of distributions—Class I	13,078,556	19,105,784
Reinvestment of distributions—Class II	700	347
Payments for shares redeemed, net of fees—Class I	(810,690,610)	(942,439,538)
Payments for shares redeemed, net of fees—Class II	<u>(6,723,524)</u>	<u>(838,834)</u>
Net increase in net assets from Fund share transactions	<u>746,725,101</u>	<u>735,408,477</u>
Total increase in net assets	1,481,833,302	199,453,330
Net assets:		
Beginning of period	<u>3,308,681,833</u>	<u>3,109,228,503</u>
End of period	<u>\$ 4,790,515,135</u>	<u>\$ 3,308,681,833</u>
Undistributed net investment income	<u>\$ 18,909,168</u>	<u>\$ 13,434,769</u>
Fund Share Transactions—Class I:		
Shares sold	49,341,298	48,113,112
Shares issued in reinvestment of dividends	425,457	562,595
Less shares redeemed	<u>(26,435,618)</u>	<u>(28,259,864)</u>
Net increase in shares outstanding	<u>23,331,137</u>	<u>20,415,843</u>
Fund Share Transactions—Class II:		
Shares sold	576,827	298,334
Shares issued in reinvestment of dividends	23	10
Less shares redeemed	<u>(225,241)</u>	<u>(25,887)</u>
Net increase in shares outstanding	<u>351,609</u>	<u>272,457</u>

The Oakmark Select Fund

	Year Ended September 30, 2003	Year Ended September 30, 2002
From Operations:		
Net investment income	\$ 10,063,549	\$ 4,018,416
Net realized loss on investments	(101,697,160)	(29,674,087)
Net change in unrealized appreciation (depreciation) of investments	<u>1,121,320,614</u>	<u>(635,685,201)</u>
Net increase (decrease) in net assets from operations	1,029,687,003	(661,340,872)
Distributions to shareholders from:		
Net investment income—Class I	<u>(3,934,423)</u>	<u>(8,379,997)</u>
Total distributions to shareholders	(3,934,423)	(8,379,997)
From Fund share transactions:		
Proceeds from shares sold—Class I	917,786,177	1,260,687,129
Proceeds from shares sold—Class II	37,698,020	74,250,948
Reinvestment of distributions—Class I	3,705,408	7,956,922
Payments for shares redeemed, net of fees—Class I	(654,181,633)	(1,056,777,332)
Payments for shares redeemed, net of fees—Class II	<u>(26,725,613)</u>	<u>(31,085,298)</u>
Net increase in net assets from Fund share transactions	<u>278,282,359</u>	<u>255,032,369</u>
Total increase (decrease) in net assets	1,304,034,939	(414,688,500)
Net assets:		
Beginning of period	<u>3,782,052,331</u>	<u>4,196,740,831</u>
End of period	<u>\$ 5,086,087,270</u>	<u>\$ 3,782,052,331</u>
Undistributed net investment income	<u>\$ 9,725,578</u>	<u>\$ 3,596,452</u>
Fund Share Transactions—Class I:		
Shares sold	36,086,657	47,211,312
Shares issued in reinvestment of dividends	150,625	299,856
Less shares redeemed	<u>(26,578,347)</u>	<u>(41,080,996)</u>
Net increase in shares outstanding	<u>9,658,935</u>	<u>6,430,172</u>
Fund Share Transactions—Class II:		
Shares sold	1,482,025	2,801,878
Less shares redeemed	<u>(1,069,612)</u>	<u>(1,223,864)</u>
Net increase in shares outstanding	<u>412,413</u>	<u>1,578,014</u>

THE OAKMARK FAMILY OF FUNDS

Statements of Changes in Net Assets

	The Oakmark Small Cap Fund	
	Year Ended September 30, 2003	Year Ended September 30, 2002
From Operations:		
Net investment loss	\$ (2,414,871)	\$ (2,748,950)
Net realized gain (loss) on investments	(11,322,124)	325,855
Net change in unrealized appreciation (depreciation) of investments	<u>80,258,968</u>	<u>(51,515,515)</u>
Net increase (decrease) in net assets from operations	66,521,973	(53,938,610)
From Fund share transactions:		
Proceeds from shares sold—Class I	50,502,211	326,865,529
Proceeds from shares sold—Class II	216,335	777,070
Payments for shares redeemed, net of fees—Class I	(123,497,018)	(180,818,640)
Payments for shares redeemed, net of fees—Class II	<u>(123,957)</u>	<u>(103,465)</u>
Net increase (decrease) in net assets from Fund share transactions	<u>(72,902,429)</u>	<u>146,720,494</u>
Total increase (decrease) in net assets	(6,380,456)	92,781,884
Net assets:		
Beginning of period	<u>357,394,089</u>	<u>264,612,205</u>
End of period	<u>\$ 351,013,633</u>	<u>\$ 357,394,089</u>
Undistributed net investment loss	<u>\$ (221,776)</u>	<u>\$ (150,509)</u>
Fund Share Transactions—Class I:		
Shares sold	3,238,264	17,912,470
Less shares redeemed	<u>(8,156,424)</u>	<u>(10,773,500)</u>
Net increase (decrease) in shares outstanding	<u>(4,918,160)</u>	<u>7,138,970</u>
Fund Share Transactions—Class II:		
Shares sold	13,910	44,265
Less shares redeemed	<u>(7,871)</u>	<u>(6,291)</u>
Net increase in shares outstanding	<u>6,039</u>	<u>37,974</u>

The Oakmark Equity and Income Fund

	Year Ended September 30, 2003	Year Ended September 30, 2002
From Operations:		
Net investment income	\$ 34,174,070	\$ 28,439,569
Net realized gain (loss) on investments	9,562,063	(81,982,611)
Net realized gain (loss) on foreign currency transactions	370,636	(2,938)
Net change in unrealized appreciation (depreciation) of investments	517,697,982	(107,419,745)
Net change in unrealized appreciation (depreciation)—other	87,469	(601)
Net increase (decrease) in net assets from operations	561,892,220	(160,966,326)
Distributions to shareholders from:		
Net investment income—Class I	(33,616,359)	(6,931,173)
Net investment income—Class II	(1,569,445)	(90,128)
Net realized gain—Class I	0	(1,870,660)
Net realized gain—Class II	0	(33,869)
Total distributions to shareholders	(35,185,804)	(8,925,830)
From Fund share transactions:		
Proceeds from shares sold—Class I	2,076,491,027	2,457,322,254
Proceeds from shares sold—Class II	144,338,218	146,887,453
Reinvestment of distributions—Class I	32,429,243	8,525,720
Reinvestment of distributions—Class II	321,834	85,801
Payments for shares redeemed, net of fees—Class I	(709,955,319)	(683,906,125)
Payments for shares redeemed, net of fees—Class II	(46,269,411)	(21,792,340)
Net increase in net assets from Fund share transactions	1,497,355,592	1,907,122,763
Total increase in net assets	2,024,062,008	1,737,230,607
Net assets:		
Beginning of period	2,360,587,003	623,356,396
End of period	<u>\$ 4,384,649,011</u>	<u>\$ 2,360,587,003</u>
Undistributed net investment income	<u>\$ 23,545,227</u>	<u>\$ 25,964,233</u>
Fund Share Transactions—Class I:		
Shares sold	109,874,694	132,277,123
Shares issued in reinvestment of dividends	1,796,634	477,891
Less shares redeemed	(38,350,539)	(37,783,411)
Net increase in shares outstanding	73,320,789	94,971,603
Fund Share Transactions—Class II:		
Shares sold	7,706,490	7,935,953
Shares issued in reinvestment of dividends	17,840	4,809
Less shares redeemed	(2,462,923)	(1,205,519)
Net increase in shares outstanding	5,261,407	6,735,243

THE OAKMARK FAMILY OF FUNDS

Statements of Changes in Net Assets

	The Oakmark Global Fund	
	Year Ended September 30, 2003	Year Ended September 30, 2002
From Operations:		
Net investment income (loss)	\$ 9,446	\$ (18,547)
Net realized gain (loss) on investments	3,814,882	(1,261,095)
Net realized gain (loss) on foreign currency transactions	(168,173)	(37,184)
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	114,576,882	(30,244,164)
Net change in unrealized appreciation (depreciation)—other	(43,405)	18,109
Net increase (decrease) in net assets from operations	118,189,632	(31,542,881)
Distributions to shareholders from:		
Net investment income—Class I	0	(11,774)
Net investment income—Class II	0	(61)
Net realized gain—Class I	0	(1,361,493)
Net realized gain—Class II	0	(7,099)
Total distributions to shareholders	0	(1,380,427)
From Fund share transactions:		
Proceeds from shares sold—Class I	524,732,272	228,014,650
Proceeds from shares sold—Class II	6,645,694	754,996
Reinvestment of distributions—Class I	0	1,321,517
Payments for shares redeemed, net of fees—Class I	(112,770,994)	(69,082,440)
Payments for shares redeemed, net of fees—Class II	(2,412,970)	(75,625)
Net increase in net assets from Fund share transactions	416,194,002	160,933,098
Total increase in net assets	534,383,634	128,009,790
Net assets:		
Beginning of period	176,213,801	48,204,011
End of period	<u>\$ 710,597,435</u>	<u>\$ 176,213,801</u>
Undistributed net investment loss	<u>\$ (290,559)</u>	<u>\$ (131,833)</u>
Fund Share Transactions—Class I:		
Shares sold	34,670,227	16,329,528
Shares issued in reinvestment of dividends	0	108,677
Less shares redeemed	(8,703,761)	(5,343,294)
Net increase in shares outstanding	25,966,466	11,094,911
Fund Share Transactions—Class II:		
Shares sold	462,296	61,020
Less shares redeemed	(171,894)	(6,528)
Net increase in shares outstanding	290,402	54,492

The Oakmark International Fund

	Year Ended September 30, 2003	Year Ended September 30, 2002
From Operations:		
Net investment income	\$ 20,158,139	\$ 16,380,565
Net realized loss on investments	(194,137,263)	(2,111,019)
Net realized loss on foreign currency transactions	(659,981)	(744,096)
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	712,978,826	(199,327,235)
Net change in unrealized appreciation (depreciation)—other	<u>294,152</u>	<u>(155,750)</u>
Net increase (decrease) in net assets from operations	538,633,873	(185,957,535)
Distributions to shareholders from:		
Net investment income—Class I	(15,119,015)	(10,170,790)
Net investment income—Class II	<u>(515,254)</u>	<u>(76,332)</u>
Total distributions to shareholders	(15,634,269)	(10,247,122)
From Fund share transactions:		
Proceeds from shares sold—Class I	1,342,461,828	1,172,930,611
Proceeds from shares sold—Class II	210,555,153	71,056,423
Reinvestment of distributions—Class I	13,994,235	9,816,822
Reinvestment of distributions—Class II	172,223	1,669
Payments for shares redeemed, net of fees—Class I	(573,914,822)	(339,595,271)
Payments for shares redeemed, net of fees—Class II	<u>(158,686,779)</u>	<u>(16,218,827)</u>
Net increase in net assets from Fund share transactions	834,581,838	897,991,427
Total increase in net assets	1,357,581,442	701,786,770
Net assets:		
Beginning of period	<u>1,442,263,694</u>	<u>740,476,924</u>
End of period	<u>\$ 2,799,845,136</u>	<u>\$ 1,442,263,694</u>
Undistributed net investment income	<u>\$ 19,282,167</u>	<u>\$ 15,418,278</u>
Fund Share Transactions—Class I:		
Shares sold	98,256,816	78,310,031
Shares issued in reinvestment of dividends	1,050,618	726,633
Less shares redeemed	<u>(43,071,914)</u>	<u>(23,511,785)</u>
Net increase in shares outstanding	56,235,520	55,524,879
Fund Share Transactions—Class II:		
Shares sold	15,141,504	4,928,274
Shares issued in reinvestment of dividends	12,959	124
Less shares redeemed	<u>(11,241,101)</u>	<u>(1,088,826)</u>
Net increase in shares outstanding	3,913,362	3,839,572

THE OAKMARK FAMILY OF FUNDS

Statements of Changes in Net Assets

	The Oakmark International Small Cap Fund	
	Year Ended September 30, 2003	Year Ended September 30, 2002
From Operations:		
Net investment income	\$ 3,739,176	\$ 4,016,566
Net realized gain (loss) on investments	(33,475,417)	12,083,383
Net realized loss on foreign currency transactions	(58,650)	(31,834)
Net change in unrealized appreciation (depreciation) of investments and foreign currencies	160,461,142	(70,664,400)
Net change in unrealized appreciation—other	36,163	21,128
Net increase (decrease) in net assets from operations	<u>130,702,414</u>	<u>(54,575,157)</u>
Distributions to shareholders from:		
Net investment income—Class I	(3,076,432)	(2,120,585)
Net investment income—Class II	(1,637)	(921)
Net realized gain—Class I	(9,181,861)	(1,891,258)
Net realized gain—Class II	(6,548)	(1,136)
Total distributions to shareholders	<u>(12,266,478)</u>	<u>(4,013,900)</u>
From Fund share transactions:		
Proceeds from shares sold—Class I	122,746,015	428,499,905
Proceeds from shares sold—Class II	978,707	333,324
Reinvestment of distributions—Class I	11,533,652	3,875,545
Reinvestment of distributions—Class II	4,554	0
Payments for shares redeemed, net of fees—Class I	(132,515,271)	(134,986,731)
Payments for shares redeemed, net of fees—Class II	(945,332)	(34,570)
Net increase in net assets from Fund share transactions	<u>1,802,325</u>	<u>297,687,473</u>
Total increase in net assets	120,238,261	239,098,416
Net assets:		
Beginning of period	<u>358,006,168</u>	<u>118,907,752</u>
End of period	<u>\$ 478,244,429</u>	<u>\$ 358,006,168</u>
Undistributed net investment income	<u>\$ 3,518,265</u>	<u>\$ 2,936,581</u>
Fund Share Transactions—Class I:		
Shares sold	11,051,169	34,412,757
Shares issued in reinvestment of dividends	1,095,314	375,172
Less shares redeemed	(12,545,416)	(11,505,764)
Net increase (decrease) in shares outstanding	<u>(398,933)</u>	<u>23,282,165</u>
Fund Share Transactions—Class II:		
Shares sold	88,462	27,354
Shares issued in reinvestment of dividends	432	0
Less shares redeemed	(85,057)	(2,766)
Net increase in shares outstanding	<u>3,837</u>	<u>24,588</u>

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements—September 30, 2003

1. SIGNIFICANT ACCOUNTING POLICIES

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

Class Disclosure—

Each Fund offers two classes of shares: Class I Shares and Class II Shares. Class I Shares are offered to the general public. Class II Shares are offered to certain retirement plans such as 401(k) and profit sharing plans. Class II Shares pay a service fee at the annual rate of .25% of average net assets of Class II Shares of the Funds. This service fee is paid to an administrator for performing the services associated with the administration of such retirement plans.

Expenses of the Funds that are not directly attributable to a specific class of shares are prorated among the classes based on the relative net assets of each class. Expenses directly attributable to a class of shares are recorded to the specific class.

Security valuation—

Securities traded on securities exchanges and over-the-counter securities are valued at the last sales price on the day of valuation, or lacking any reported sales that day, at the most recent bid quotation. Securities traded on the NASDAQ National Market are valued at the NASDAQ Official Closing Price ("NOCP"), or lacking an NOCP, at the most recent bid quotation on the NASDAQ National Market. Debt obligations and money market instruments maturing in more than 60 days from the date of purchase are valued at the latest bid quotation. Debt obligations and money market instruments maturing in less than 61 days from the date of purchase are valued on an amortized cost basis which approximates market value. Options are valued at the last reported sale price on the day of valuation, or lacking any reported sales that day, at the mean of the most recent bid and ask quotations. Securities for which quotations are not readily available, or securities which may have been affected by a significant event after the price was determined, and other assets are valued at a fair value

as determined by or under the direction of the Board of Trustees. At September 30, 2003, the Funds held no securities for which quotations were not readily available, nor any securities that may have been affected by a significant event after the price was determined.

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 securities.

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

At September 30, 2003, net unrealized appreciation (depreciation) - other includes the following components:

	Equity and Income	Global	International	Int'l Small Cap
Unrealized appreciation on dividends and dividend reclaims receivable	\$86,868	\$ 41,624	\$ 235,195	\$48,934
Unrealized appreciation (depreciation) on open securities purchases and sales	<u>0</u>	<u>(66,735)</u>	<u>(107,450)</u>	<u>11,125</u>
Net Unrealized appreciation (depreciation) - Other	<u>\$86,868</u>	<u>\$(25,111)</u>	<u>\$ 127,745</u>	<u>\$60,059</u>

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements—September 30, 2003 (cont.)

Security transactions and investment income—

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

Forward foreign currency contracts—

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 counter parties to meet the terms of their contracts and from movements in currency values. At September 30, 2003, the Funds had no forward foreign currency contracts outstanding.

Distributions to shareholders—

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

Committed Line of Credit—

The Funds have an unsecured committed line of credit with Investors Bank & Trust Company in the amount of \$350 million. Borrowings under that arrangement bear interest at .45% above the Federal Funds Effective Rate. There were no borrowings during the year ended September 30, 2003.

Accounting for Options—

When a Fund writes an option, the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current market value of the option written. Premiums received from writing

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

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

For the year ended September 30, 2003, Oakmark, Select, Small Cap, Equity & Income, and Global wrote option contracts. At September 30, 2003, Small Cap and Global had outstanding option contracts for which portfolio securities valued at \$1,425,000 and \$10,208,800 respectively, were held in escrow by the custodian as cover for the options written.

Security Lending—

Each Fund except Oakmark Fund may lend its portfolio securities to broker-dealers and banks. Any such loan must be continuously secured by collateral in cash or cash equivalents maintained on a current basis in an amount at least equal to the value of the securities loaned by the Fund. Collateral is marked to market and monitored daily. The Fund would continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned, and would also receive an additional return that may be in the form of a fixed fee or a percentage of the earnings on the collateral. The Fund would have the right to call the loan and obtain the securities loaned at any time on notice of not more than five business days. In the event of bankruptcy or other default of the borrower, the Fund could experience delays in liquidating the loan collateral or recovering the loaned securities and incur expenses related

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements—September 30, 2003 (cont.)

to enforcing its rights. In addition, there could be a decline in the value of the collateral or in the value of the securities loaned while the Fund seeks to enforce its rights thereto and the Fund could experience subnormal levels of income and lack of access to income during that period. At September 30, 2003, there were no outstanding securities lending transactions.

Short Sales—

The Funds may sell a security they do not own in anticipation of a decline in the fair value of that security. When a Fund sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. A gain, limited to the price at which the Fund sold the security short, or loss, unlimited in size, will be recognized upon the termination of a short sale. At September 30, 2003, there were no such securities sold short.

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. Each fee is calculated on the total net assets as determined at the end of each preceding calendar month. Annual fee rates are as follows:

Fund	Advisory Fees	Fund	Advisory Fees
Oakmark	1.00% up to \$2 billion; 0.90% on the next \$1 billion; 0.80% on the next \$2 billion; and 0.75% over \$5 billion	Equity and Income	0.75%
Select	1.00% up to \$1 billion; 0.95% on the next \$500 million; 0.90% on the next \$500 million; 0.85% on the next \$500 million; 0.80% on the next \$2.5 billion; and 0.75% over \$5 billion	Global	1.00%
		International	1.00% up to \$2 billion; 0.95% on the next \$1 billion; and 0.85% over \$3 billion
Small Cap	1.00%	Int'l Small Cap	1.25% up to \$500 million; and 1.10% over \$500 million

The Adviser is contractually obligated to reimburse the Funds, through January 31, 2004, to the extent that annual expenses are greater than 1.0% for Class I shares of the Equity and Income Fund; greater than 1.5% for Class I shares of all other domestic funds; greater than 1.75% for Class I shares of the Global Fund; and greater than 2.0% for Class I shares of all other international funds; or are greater than 1.25% for Class II shares of the Equity and Income Fund; greater than 1.75% for Class II shares of all other domestic funds; greater than 2.0% for Class II shares of the Global Fund; and greater than 2.25% for Class II shares of all other international funds.

For the year ended September 30, 2003, the Funds incurred brokerage commissions, including commissions paid to an affiliate of the Adviser, Harris Associates Securities L.P., as follows:

Fund	Total Commissions	Commissions Paid to Affiliates
Oakmark	\$4,712,567	\$951,853
Select	3,944,611	544,596
Small Cap	540,418	104,000
Equity & Income	4,171,306	845,629
Global	1,652,181	170,503
International	5,497,451	0
Int'l Small Cap	758,299	0

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements—September 30, 2003 (cont.)

CDC IXIS Asset Management Services Co., an affiliate of the Adviser, provides transfer agent services to the Funds. The fees are based on the number of open accounts and the reimbursement of out-of-pocket expenses. For the year ended September 30, 2003, the Funds incurred the following transfer agent expenses:

Fund	Transfer Agent Fees
Oakmark	\$2,825,387
Select	1,661,800
Small Cap	418,413
Equity & Income	1,161,063
Global	267,441
International	941,105
Int'l Small Cap	212,442

The Adviser has entered into agreements with service providers to provide recordkeeping, processing, shareholder communications and other services to the Funds. These services would be provided by the Funds if the shares were held in accounts registered directly with the Funds' transfer agent. Accordingly, the Funds pay a portion of these fees pursuant to a separate agreement with the Adviser. These fees are reflected as other shareholder servicing fees in the Statement of Operations.

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

3. FEDERAL INCOME TAXES

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

Fund	Cost of Investments for Federal Income Tax Purposes	Gross Unrealized Appreciation	Gross Unrealized (Depreciation)	Net Unrealized Appreciation (Depreciation)
Oakmark	\$4,283,226,954	\$ 671,652,479	\$(161,747,908)	\$ 509,904,571
Select	3,871,796,681	1,320,294,049	(96,040,686)	1,224,253,363
Small Cap	331,509,517	67,217,652	(45,443,095)	21,774,557
Equity & Income	3,940,402,357	420,402,230	(7,963,090)	412,439,140
Global	639,010,996	83,774,167	(2,336,625)	81,437,542
International	2,449,270,639	385,356,290	(40,146,894)	345,209,396
Int'l Small Cap	404,668,469	89,454,335	(19,728,123)	69,726,212

As of September 30, 2003, the net capital loss carryovers noted below are available to offset future realized capital gains and thereby reduce future taxable gains distributions.

Net Capital Loss Carryover

Fund	2008	2009	2010	2011
Oakmark	\$23,897,178	\$139,015,880	\$ 2,634,326	\$27,893,934
Select	0	5,156,972	43,881,611	14,649,666
Small Cap	0	0	0	8,844,719
Equity & Income	0	0	3,347,886	66,672,712
Global	0	0	0	0
International	0	0	14,901,531	29,140,687
Int'l Small Cap	0	0	0	19,830,527

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements—September 30, 2003 (cont.)

For the year ended September 30, 2003, the Funds have elected to defer to October 1, 2003 post October 2002 capital losses of:

Fund	Amount
Oakmark	\$122,649,808
Select	101,966,303
Small Cap	2,974,352
International	161,129,206
Int'l Small Cap	13,629,253

For the year ended September 30, 2003, Global has elected to defer to October 1, 2003 post October 2002 currency losses of \$167,123.

At September 30, 2003, the components of distributable earnings (excluding unrealized appreciation (depreciation) disclosed below) on a tax basis were as follows:

Fund	Undistributed Ordinary Income	Undistributed Long-Term Gain	Total Distributable Earnings
Oakmark	\$19,542,428	\$ 0	\$19,542,428
Select	10,230,003	0	10,230,003
Equity & Income	23,296,919	0	23,296,919
Global	50,908	2,829,266	2,880,174
International	19,593,405	0	19,593,405
Int'l Small Cap	3,710,597	0	3,710,597

For corporate shareholders, a portion of the ordinary dividends paid during the Funds' year ended September 30, 2003 qualified for the dividends received deduction, as follows:

Fund	
Oakmark	100.00%
Select	100.00%
Equity & Income	48.19%

During the year ended September 30, 2003, the tax character of distributions paid was as follows:

Fund	Distributions Paid from Ordinary Income	Distributions Paid from Long-Term Capital Gain
Oakmark	\$13,910,380	\$ 0
Select	3,934,423	0
Equity & Income	35,185,804	0
International	15,634,269	0
Int'l Small Cap	3,098,842	9,167,636

4. INVESTMENT TRANSACTIONS

Transactions in investment securities (excluding short term and U.S. Government securities) were as follows (in thousands):

	Oakmark	Select	Small Cap	Equity & Income	Global	International	Int'l Small Cap
Purchases	\$1,348,517	\$1,043,382	\$ 41,605	\$1,516,171	\$495,692	\$1,414,439	\$109,644
Proceeds from sales	766,678	822,236	127,941	633,717	128,418	649,070	125,084

Purchases at cost and proceeds from sales of long-term U.S. Government securities for the year ended September 30, 2003 were \$1,107,455 and \$789,794, respectively for Equity and Income.

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements—September 30, 2003 (cont.)

Transactions in options written during the year ended September 30, 2003 were as follows:

	Oakmark		Select		Small Cap	
	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received
Options outstanding at September 30, 2002	0	\$ 0	0	\$ 0	0	\$ 0
Options written	190,700	19,342,841	222,795	71,921,178	4,850	615,017
Options terminated in closing purchase transactions	(18,300)	(2,213,302)	(17,355)	(1,384,340)	(500)	(70,998)
Options expired	(112,379)	(10,933,445)	(79,228)	(6,751,845)	(2,400)	(276,091)
Options exercised	(60,021)	(6,196,094)	(126,212)	(63,784,993)	(1,000)	(151,159)
Options outstanding at September 30, 2003	0	\$ 0	0	\$ 0	950	\$ 116,769

	Equity & Income		Global	
	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received
Options outstanding at September 30, 2002	10,190	\$ 638,100	0	\$ 0
Options written	26,510	3,633,617	12,723	1,970,518
Options terminated in closing purchase transactions	(7,455)	(936,662)	(5,550)	(855,705)
Options expired	(21,195)	(2,314,185)	(2,673)	(468,115)
Options exercised	(8,050)	(1,020,870)	(1,500)	(390,710)
Options outstanding at September 30, 2003	0	\$ 0	3,000	\$ 255,988

5. INVESTMENTS IN AFFILIATED ISSUERS

An affiliated issuer, as defined under the Investment Company Act of 1940, is one in which the Trust's holdings of an issuer represent 5% or more of the outstanding voting securities of the issuer. A summary of each Fund's investments in securities of these issuers for the year ended September 30, 2003, is set forth below:

Summary of Transactions with Affiliated Companies The Oakmark Fund

Affiliates	Purchases (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2003
H&R Block, Inc.	\$19,101,014	\$0	\$2,241,682	\$130,714,295
Toys 'R' Us, Inc.	0	0	0	37,593,750
TOTALS	\$19,101,014	\$0	\$2,241,682	\$168,308,045

The Oakmark Select Fund

Affiliates	Purchases (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2003
H&R Block, Inc.	\$56,001,137	\$20,779,349	\$6,736,252	\$382,300,370
The Dun & Bradstreet Corporation	0	28,311,774	0	188,379,746
Toys 'R' Us, Inc.	20,391,707	11,947,271	0	164,792,955
TOTALS	\$76,392,844	\$61,038,394	\$6,736,252	\$735,473,071

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements—September 30, 2003 (cont.)

The Oakmark Small Cap Fund

Affiliates	Purchases (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2003
eFunds Corporation	\$1,082,784	\$1,565,160	\$ 0	\$16,395,860
R.G. Barry Corporation	0	0	0	4,680,000
SureBeam Corporation, Class A	2,111,950	0	0	6,077,500
TOTALS	\$3,194,734	\$1,565,160	\$ 0	\$27,153,360

The Oakmark Equity and Income Fund

Affiliates	Purchases (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2003
First Health Group Corp.	\$47,563,042	\$0	\$0	\$103,292,500
TOTALS	\$47,563,042	\$0	\$0	\$103,292,500

The Oakmark Global Fund

Affiliates	Purchases (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2003
eFunds Corporation	\$ 6,637,994	\$ 633,584	\$ 0	\$22,785,750
First Health Group Corp.	29,159,430	8,419,315	0	27,823,600
Grupo Aeroportuario del Sureste S.A. de C.V.	1,178,375	0	221,314	6,806,100
Lotte Chilsung Beverage Co., Ltd.	4,406,429	0	8,015	6,375,499
Meitec Corporation	5,370,188	0	141,697	14,022,250
Michael Page International plc	2,087,755	0	290,457	11,966,936
Orbotech, Ltd.	55,741	0	0	4,674,628
TOTALS	\$48,895,912	\$9,052,899	\$661,483	\$94,454,763

The Oakmark International Fund

Affiliates	Purchases (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2003
Chargeurs SA	\$ 0	\$ 0	\$1,454,922	\$ 30,593,668
Enodis plc	0	0	0	39,080,214
Giordano International Limited	7,084,872	0	2,020,125	37,744,455
Grupo Aeroportuario del Sureste S.A. de C.V.	0	0	115,676	3,557,400
Lotte Chilsung Beverage Co., Ltd.	16,577,455	0	82,989	39,591,705
Meitec Corporation	8,756,459	5,000,446	712,529	59,340,750
Michael Page International plc	5,519,118	2,628,656	1,472,461	58,988,739
Orbotech, Ltd.	2,161,360	0	0	41,722,128
TOTALS	\$40,099,264	\$7,629,102	\$5,858,702	\$310,619,059

THE OAKMARK FAMILY OF FUNDS

Notes to Financial Statements—September 30, 2003 (cont.)

The Oakmark International Small Cap Fund

Affiliates	Purchases (Cost)	Sales Proceeds	Dividend Income	Market Value September 30, 2003
Alaska Milk Corporation	\$ 0	\$ 0	\$ 276,386	\$ 2,745,362
Baycorp Advantage Limited	11,759,166	1,794,255	0	22,184,264
Grupo Aeroportuario del Sureste S.A. de C.V.	0	713,436	508,592	15,640,800
Mainfreight Limited	0	0	322,114	6,151,604
Matichon Public Company Limited, Foreign Shares	0	0	142,407	4,381,639
Pfeiffer Vacuum Technology AG	1,090,531	3,059,827	326,549	14,262,913
Royal Doulton plc	0	0	0	1,069,231
TOTALS	\$12,849,697	\$5,567,518	\$1,576,048	\$66,435,813



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THE OAKMARK FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001	Year Ended September 30, 2000	Year Ended September 30, 1999
Net Asset Value, Beginning of Period	\$ 28.08	\$ 32.01	\$ 26.95	\$ 34.37	\$ 33.54
Income (Loss) From Investment Operations:					
Net Investment Income	0.13	0.12	0.07	0.49	0.36
Net Gains (Losses) on Securities (both realized and unrealized)	5.75	(3.85)	5.38	(2.91)	2.51
Total From Investment Operations:	5.88	(3.73)	5.45	(2.42)	2.87
Less Distributions:					
Dividends (from net investment income)	(0.11)	(0.20)	(0.39)	(0.26)	(0.44)
Distributions (from capital gains)	0.00	0.00	0.00	(4.74)	(1.60)
Total Distributions	(0.11)	(0.20)	(0.39)	(5.00)	(2.04)
Net Asset Value, End of Period	<u>\$ 33.85</u>	<u>\$ 28.08</u>	<u>\$ 32.01</u>	<u>\$ 26.95</u>	<u>\$ 34.37</u>
Total Return	20.99%	(11.77)%	20.42%	(7.55)%	7.98%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$4,769.4	\$3,300.9	\$3,109.1	\$2,038.7	\$4,772.8
Ratio of Expenses to Average Net Assets	1.14%	1.17%	1.15%	1.21%	1.11%
Ratio of Net Investment Income to Average Net Assets	0.48%	0.38%	0.73%	1.42%	1.02%
Portfolio Turnover Rate	21%	44%	57%	50%	13%

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2003	Year Ended September 30, 2002	April 5, 2001 through September 30, 2001 (a)
Net Asset Value, Beginning of Period	\$28.04	\$ 31.97	\$32.09
Income (Loss) From Investment Operations:			
Net Investment Income	0.05	0.16	0.05
Net Gains (Losses) on Securities (both realized and unrealized)	5.69	(3.92)	(0.17)
Total From Investment Operations:	5.74	(3.76)	(0.12)
Less Distributions:			
Dividends (from net investment income)	(0.10)	(0.17)	0.00
Distributions (from capital gains)	0.00	0.00	0.00
Total Distributions	(0.10)	(0.17)	0.00
Net Asset Value, End of Period	<u>\$33.68</u>	<u>\$ 28.04</u>	<u>\$31.97</u>
Total Return	20.52%	(11.85)%	(0.37)%
Ratios/Supplemental Data:			
Net Assets, End of Period (\$million)	\$ 21.1	\$ 7.7	\$ 0.1
Ratio of Expenses to Average Net Assets	1.53%	1.44%	1.32%*
Ratio of Net Investment Income to Average Net Assets	0.06%	0.35%	0.46%*
Portfolio Turnover Rate	21%	44%	57%

* Data has been annualized.

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

THE OAKMARK SELECT FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001	Year Ended September 30, 2000	Year Ended September 30, 1999
Net Asset Value, Beginning of Period	\$ 21.67	\$ 25.20	\$ 21.45	\$ 20.92	\$ 16.76
Income (Loss) From Investment Operations:					
Net Investment Income	0.05	0.02	0.03	0.13	0.19
Net Gains (Losses) on Securities (both realized and unrealized)	5.85	(3.50)	5.17	4.32	4.73
Total From Investment Operations:	5.90	(3.48)	5.20	4.45	4.92
Less Distributions:					
Dividends (from net investment income)	(0.02)	(0.05)	(0.09)	(0.20)	(0.05)
Distributions (from capital gains)	0.00	0.00	(1.36)	(3.72)	(0.71)
Total Distributions	(0.02)	(0.05)	(1.45)	(3.92)	(0.76)
Net Asset Value, End of Period	<u>\$ 27.55</u>	<u>\$ 21.67</u>	<u>\$ 25.20</u>	<u>\$ 21.45</u>	<u>\$ 20.92</u>
Total Return	27.25%	(13.85)%	25.75%	24.53%	30.07%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$4,993.0	\$3,717.6	\$4,161.4	\$1,772.0	\$1,638.9
Ratio of Expenses to Average Net Assets	1.02%	1.07%	1.08%	1.17%	1.16%
Ratio of Net Investment Income to Average Net Assets	0.23%	0.09%	0.26%	0.76%	0.98%
Portfolio Turnover Rate	20%	32%	21%	69%	67%

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001	December 31, 1999 through September 30, 2000 (a)
Net Asset Value, Beginning of Period	\$21.56	\$ 25.10	\$21.40	\$18.42
Income (Loss) From Investment Operations:				
Net Investment Income (Loss)	0.00(b)	(0.04)	0.00(b)	0.10
Net Gains (Losses) on Securities (both realized and unrealized)	5.81	(3.50)	5.10	2.88
Total From Investment Operations:	5.81	(3.54)	5.10	2.98
Less Distributions:				
Dividends (from net investment income)	0.00	0.00	(0.06)	0.00
Distributions (from capital gains)	0.00	0.00	(1.34)	0.00
Total Distributions	0.00	0.00	(1.40)	0.00
Net Asset Value, End of Period	<u>\$27.37</u>	<u>\$ 21.56</u>	<u>\$25.10</u>	<u>\$21.40</u>
Total Return	26.95%	(14.10)%	25.28%	16.18%
Ratios/Supplemental Data:				
Net Assets, End of Period (\$million)	\$ 93.1	\$ 64.4	\$ 35.4	\$ 6.8
Ratio of Expenses to Average Net Assets	1.29%	1.36%	1.40%	1.41%*
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.04)%	(0.19)%	(0.08)%	0.59%*
Portfolio Turnover Rate	20%	32%	21%	69%

* Data has been annualized.

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

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

THE OAKMARK SMALL CAP FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001	Year Ended September 30, 2000	Year Ended September 30, 1999
Net Asset Value, Beginning of Period	\$14.10	\$14.57	\$15.10	\$13.88	\$12.63
Income (Loss) From Investment Operations:					
Net Investment Income (Loss)	(0.12)	(0.11)	0.00	0.00	0.14
Net Gains (Losses) on Securities (both realized and unrealized)	3.20	(0.36)	(0.02)	1.22	1.20
Total From Investment Operations:	3.08	(0.47)	(0.02)	1.22	1.34
Less Distributions:					
Dividends (from net investment income)	0.00	0.00	0.00	0.00	0.00
Distributions (from capital gains)	0.00	0.00	(0.51)	0.00	(0.09)
Total Distributions	0.00	0.00	(0.51)	0.00	(0.09)
Net Asset Value, End of Period	<u>\$17.18</u>	<u>\$14.10</u>	<u>\$14.57</u>	<u>\$15.10</u>	<u>\$13.88</u>
Total Return	21.84%	(3.23)%	0.07%	8.79%	10.56%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$350.3	\$356.9	\$264.6	\$248.7	\$437.1
Ratio of Expenses to Average Net Assets	1.36%	1.33%	1.27%	1.50%(a)	1.48%
Ratio of Net Investment Loss to Average Net Assets	(0.69)%	(0.67)%	(0.28)%	(0.41)% (a)	(0.44)%
Portfolio Turnover Rate	13%	22%	47%	28%	68%

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

	September 30, 2000
Ratio of Expenses to Average Net Assets	1.59%
Ratio of Net Investment Loss to Average Net Assets	(0.50)%

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2003	April 10, 2002 through September 30, 2002 (a)
Net Asset Value, Beginning of Period	\$14.09	\$ 19.71
Income (Loss) From Investment Operations:		
Net Investment Loss	(0.16)	(0.20)(b)
Net Gains (Losses) on Securities (both realized and unrealized)	3.17	(5.42)
Total From Investment Operations:	3.01	(5.62)
Net Asset Value, End of Period	<u>\$17.10</u>	<u>\$ 14.09</u>
Total Return	21.36%	(28.51)%
Ratios/Supplemental Data:		
Net Assets, End of Period (\$million)	\$ 0.8	\$ 0.5
Ratio of Expenses to Average Net Assets	1.75%(c)	1.48%*
Ratio of Net Investment Loss to Average Net Assets	(1.08)% (c)	(0.85)%*
Portfolio Turnover Rate	13%	22%

* Data has been annualized.

(a) The date on which Class II shares were first sold to the public was April 10, 2002.

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

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

	September 30, 2003
Ratio of Expenses to Average Net Assets	1.85%
Ratio of Net Investment Loss to Average Net Assets	(1.18)%

THE OAKMARK EQUITY AND INCOME FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001	Year Ended September 30, 2000	Year Ended September 30, 1999
Net Asset Value, Beginning of Period	\$ 17.18	\$ 17.45	\$16.50	\$15.68	\$13.99
Income (Loss) From Investment Operations:					
Net Investment Income	0.17	0.33(a)	0.08	0.35	0.39
Net Gains (Losses) on Securities (both realized and unrealized)	3.19	(0.40)	2.11	2.28	1.72
Total From Investment Operations:	3.36	(0.07)	2.19	2.63	2.11
Less Distributions:					
Dividends (from net investment income)	(0.24)	(0.16)	(0.24)	(0.45)	(0.21)
Distributions (from capital gains)	0.00	(0.04)	(1.00)	(1.36)	(0.21)
Total Distributions	(0.24)	(0.20)	(1.24)	(1.81)	(0.42)
Net Asset Value, End of Period	<u>\$ 20.30</u>	<u>\$ 17.18</u>	<u>\$17.45</u>	<u>\$16.50</u>	<u>\$15.68</u>
Total Return	19.75%	(0.47)%	14.40%	18.51%	15.32%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$4,138.0	\$2,241.9	\$620.1	\$ 54.5	\$ 60.3
Ratio of Expenses to Average Net Assets	0.93%	0.96%	0.98%	1.24%	1.18%
Ratio of Net Investment Income to Average Net Assets	1.07%	1.71%	2.07%	3.04%	2.65%
Portfolio Turnover Rate	48%	73%	124%	87%	81%

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

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001	July 13, 2000 through September 30, 2000 (a)
Net Asset Value, Beginning of Period	\$17.15	\$17.40	\$16.49	\$15.51
Income (Loss) From Investment Operations:				
Net Investment Income	0.16	0.30(b)	0.07	0.30
Net Gains (Losses) on Securities (both realized and unrealized)	3.15	(0.40)	2.08	0.68
Total From Investment Operations:	3.31	(0.10)	2.15	0.98
Less Distributions:				
Dividends (from net investment income)	(0.22)	(0.11)	(0.24)	0.00
Distributions (from capital gains)	0.00	(0.04)	(1.00)	0.00
Total Distributions	(0.22)	(0.15)	(1.24)	0.00
Net Asset Value, End of Period	<u>\$20.24</u>	<u>\$17.15</u>	<u>\$17.40</u>	<u>\$16.49</u>
Total Return	19.46%	(0.60)%	14.07%	6.32%
Ratios/Supplemental Data:				
Net Assets, End of Period (\$million)	\$246.6	\$118.7	\$ 3.3	\$ 0.4
Ratio of Expenses to Average Net Assets	1.17%	1.20%	1.23%	1.32%*
Ratio of Net Investment Income to Average Net Assets	0.84%	1.50%	1.95%	2.59%*
Portfolio Turnover Rate	48%	73%	124%	87%

* Data has been annualized.

(a) The date on which Class II shares were first sold to the public was July 13, 2000.

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

THE OAKMARK GLOBAL FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001	Year Ended September 30, 2000	August 4, 1999 through September 30, 1999 (a)
Net Asset Value, Beginning of Period	\$11.30	\$10.83	\$10.91	\$ 9.18	\$10.00
Income (Loss) From Investment Operations:					
Net Investment Income	0.01	0.00(b)(c)	0.03	0.11	0.01
Net Gains (Losses) on Securities (both realized and unrealized)	5.67	0.76(d)	0.12	1.63	(0.83)
Total From Investment Operations:	5.68	0.76	0.15	1.74	(0.82)
Less Distributions:					
Dividends (from net investment income)	0.00	0.00	(0.17)	(0.01)	0.00
Distributions (from capital gains)	0.00	(0.29)	(0.06)	0.00	0.00
Total Distributions	0.00	(0.29)	(0.23)	(0.01)	0.00
Net Asset Value, End of Period	<u>\$16.98</u>	<u>\$11.30</u>	<u>\$10.83</u>	<u>\$10.91</u>	<u>\$ 9.18</u>
Total Return	50.27%	6.84%	1.37%	18.97%	(8.20)%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$704.8	\$175.6	\$ 48.2	\$ 27.2	\$ 24.0
Ratio of Expenses to Average Net Assets	1.28%	1.55%	1.75%(f)	1.75%(f)	1.75%*(f)
Ratio of Net Investment Income (Loss) to Average Net Assets	0.00%(e)	(0.01)%	0.00(f)	0.54%(f)	0.98%*(f)
Portfolio Turnover Rate	42%	86%	114%	147%	7%

* Data has been annualized.

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

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

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

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

(e) Rounds to less than 0.01%.

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

	September 30, 2001	September 30, 2000	September 30, 1999
Ratio of Expenses to Average Net Assets	1.80%	1.96%	2.22%*
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.05)%	0.34%	0.51%*

THE OAKMARK GLOBAL FUND

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2003	October 10, 2001 through September 30, 2002 (a)
Net Asset Value, Beginning of Period	\$11.24	\$11.25
Income (Loss) From Investment Operations:		
Net Investment Income (Loss)	0.02	(0.03)
Net Gains on Securities (both realized and unrealized)	5.58	0.31(b)
Total From Investment Operations:	5.60	0.28
Less Distributions:		
Dividends (from net investment income)	0.00	0.00
Distributions (from capital gains)	0.00	(0.29)
Total Distributions	0.00	(0.29)
Net Asset Value, End of Period	<u>\$16.84</u>	<u>\$11.24</u>
Total Return	49.82%	2.31%
Ratios/Supplemental Data:		
Net Assets, End of Period (\$million)	\$ 5.8	\$ 0.6
Ratio of Expenses to Average Net Assets	1.46%	1.86%*
Ratio of Net Investment Loss to Average Net Assets	(0.01)%	(0.26)%*
Portfolio Turnover Rate	42%	86%

* Data has been annualized.

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

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

THE OAKMARK INTERNATIONAL FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001	Year Ended September 30, 2000	Year Ended September 30, 1999
Net Asset Value, Beginning of Period	\$ 12.17	\$ 12.51	\$ 15.40	\$13.95	\$10.42
Income (Loss) From Investment Operations:					
Net Investment Income (Loss)	0.11	0.14	0.20	1.02	(0.34)
Net Gains (Losses) on Securities (both realized and unrealized)	<u>3.52</u>	<u>(0.31)</u>	<u>(2.07)</u>	<u>0.92</u>	<u>4.89</u>
Total From Investment Operations:	3.63	(0.17)	(1.87)	1.94	4.55
Less Distributions:					
Dividends (from net investment income)	(0.13)	(0.17)	(0.51)	(0.49)	(0.24)
Distributions (from capital gains)	<u>0.00</u>	<u>0.00</u>	<u>(0.51)</u>	<u>0.00</u>	<u>(0.78)</u>
Total Distributions	<u>(0.13)</u>	<u>(0.17)</u>	<u>(1.02)</u>	<u>(0.49)</u>	<u>(1.02)</u>
Net Asset Value, End of Period	<u>\$ 15.67</u>	<u>\$ 12.17</u>	<u>\$ 12.51</u>	<u>\$15.40</u>	<u>\$13.95</u>
Total Return	29.97%	(1.53)%	(13.10)%	14.27%	46.41%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$2,676.6	\$1,393.8	\$ 738.5	\$782.4	\$811.1
Ratio of Expenses to Average Net Assets	1.25%	1.31%	1.30%	1.30%	1.29%
Ratio of Net Investment Income to Average Net Assets	1.03%	1.34%	1.40%	1.87%	1.94%
Portfolio Turnover Rate	34%	24%	58%	64%	54%

Financial Highlights—Class II

For a share outstanding throughout each period

	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001	November 4, 1999 through September 30, 2000 (a)
Net Asset Value, Beginning of Period	\$12.13	\$12.47	\$ 15.37	\$14.36
Income (Loss) From Investment Operations:				
Net Investment Income	0.08	0.15	0.17	0.96
Net Gains (Losses) on Securities (both realized and unrealized)	<u>3.48</u>	<u>(0.37)</u>	<u>(2.10)</u>	<u>0.54</u>
Total From Investment Operations:	3.56	(0.22)	(1.93)	1.50
Less Distributions:				
Dividends (from net investment income)	(0.11)	(0.12)	(0.49)	(0.49)
Distributions (from capital gains)	<u>0.00</u>	<u>0.00</u>	<u>(0.48)</u>	<u>0.00</u>
Total Distributions	<u>(0.11)</u>	<u>(0.12)</u>	<u>(0.97)</u>	<u>(0.49)</u>
Net Asset Value, End of Period	<u>\$15.58</u>	<u>\$12.13</u>	<u>\$ 12.47</u>	<u>\$15.37</u>
Total Return	29.52%	(1.76)%	(13.44)%	10.79%
Ratios/Supplemental Data:				
Net Assets, End of Period (\$million)	\$123.2	\$ 48.5	\$ 1.9	\$ 0.1
Ratio of Expenses to Average Net Assets	1.67%	1.58%	1.64%	1.50%*
Ratio of Net Investment Income to Average Net Assets	0.69%	1.33%	0.62%	1.98%*
Portfolio Turnover Rate	34%	24%	58%	64%

* Data has been annualized.

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

THE OAKMARK INTERNATIONAL SMALL CAP FUND

Financial Highlights—Class I

For a share outstanding throughout each period

	Year Ended September 30, 2003	Year Ended September 30, 2002	Year Ended September 30, 2001	Year Ended September 30, 2000	Year Ended September 30, 1999
Net Asset Value, Beginning of Period	\$10.17	\$10.00	\$11.51	\$12.64	\$ 6.89
Income (Loss) From Investment Operations:					
Net Investment Income	0.11	0.11	0.13	0.23	0.24
Net Gains (Losses) on Securities (both realized and unrealized)	<u>3.82</u>	<u>0.36(a)</u>	<u>(0.81)</u>	<u>(0.66)</u>	<u>5.71</u>
Total From Investment Operations:	3.93	0.47	(0.68)	(0.43)	5.95
Less Distributions:					
Dividends (from net investment income)	(0.09)	(0.16)	(0.34)	(0.11)	(0.20)
Distributions (from capital gains)	<u>(0.27)</u>	<u>(0.14)</u>	<u>(0.49)</u>	<u>(0.59)</u>	<u>0.00</u>
Total Distributions	<u>(0.36)</u>	<u>(0.30)</u>	<u>(0.83)</u>	<u>(0.70)</u>	<u>(0.20)</u>
Net Asset Value, End of Period	<u>\$13.74</u>	<u>\$10.17</u>	<u>\$10.00</u>	<u>\$11.51</u>	<u>\$12.64</u>
Total Return	39.78%	4.68%	(6.18)%	(3.44)%	88.02%
Ratios/Supplemental Data:					
Net Assets, End of Period (\$million)	\$477.8	\$357.7	\$118.9	\$ 90.3	\$155.4
Ratio of Expenses to Average Net Assets	1.57%	1.64%	1.74%	1.77%	1.79%
Ratio of Net Investment Income to Average Net Assets	0.99%	1.28%	1.83%	1.99%	2.31%
Portfolio Turnover Rate	30%	42%	49%	40%	126%

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

Financial Highlights—Class II

For a share outstanding throughout each period

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

* Data has been annualized.

- (a) The date on which Class II shares were first sold to the public was January 8, 2001.
 (b) Computed using average shares outstanding throughout the period.
 (c) The amount shown for a share outstanding does not correspond with the aggregate net realized and unrealized gain/loss for the period due to the timing of purchases and redemption of Fund shares in relation to the fluctuating market values of the Fund.

OAKMARK FAMILY OF FUNDS

Independent Auditors' Report

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

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Harris Associates Investment Trust comprising The Oakmark Fund, The Oakmark Select Fund, The Oakmark Small Cap Fund, The Oakmark Equity and Income Fund, The Oakmark Global Fund, The Oakmark International Fund, and The Oakmark International Small Cap Fund (collectively, the "Funds") as of September 30, 2003, the related statements of operations for the year then ended, and the statements of changes in net assets and financial highlights for each of the two years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The Funds' financial highlights for the periods ended prior to September 30, 2002, were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial highlights in their report dated October 26, 2001.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2003, by correspondence with the Funds' custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the Funds as of September 30, 2003, the results of their operations for the year then ended, and the changes in their net assets and their financial highlights for each of the two years in the period then ended in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Chicago, Illinois
October 27, 2003

Federal Tax Information (Unaudited)

International and Int'l Small Cap paid qualifying foreign taxes of \$5,707,195 and \$1,334,360 and earned \$48,996,094 and \$10,763,639 foreign source income during the year ended September 30, 2003, respectively. Pursuant to Section 853 of the Internal Revenue Code, International and Int'l Small Cap designated \$0.04829 and \$0.03839 per share as foreign taxes paid and \$0.41455 and \$0.30964 per share as income earned from foreign sources for the year ended September 30, 2003, respectively.

The funds intend to designate the maximum amount of qualified dividend income allowed.

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

The discussion of investments and investment strategy of the Funds represents the investments of the Funds and the views of fund managers and Harris Associates L.P., the Funds' investment adviser, at the time of this article, and are subject to change without notice.

Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than original cost.

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

The Oakmark Select Fund closed to new investors as of 5/4/01.

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

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

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

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

The Oakmark Equity and Income Fund invests in medium and lower-quality debt securities which have higher yield potential but present greater investment and credit risk than higher-quality securities.

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

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

2. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual stocks.
3. During the period since inception (8/4/99 - 9/30/03), IPO's contributed an annualized 2.05% to the performance of the Oakmark Global Fund. As the IPO environment changes and the total net assets of the Fund grow, the impact of IPOs on performance is expected to diminish. "IPO" stands for Initial Public Offering, which is the first sale of stock by a company to the public.
4. The quoted passages by Dennis Kozlowski, Bernie Ebbers and Ken Lay are taken from "Lessons from the Top" written by Thomas J. Neff and James Citrin and published in 1999 by Doubleday, a division of Random House Inc.
5. The excerpted quotes by Congressman Thomas G. Tancredo are taken from a letter dated September 13, 2001 from United States Congressman Thomas G. Tancredo of Colorado to Chairman Harvey L. Pitt of the United States Securities and Exchange Commission.
6. The S&P 500 Index is a broad market-weighted average of U.S. blue-chip companies. This index is unmanaged and investors cannot actually make investments in this index.

7. The NASDAQ Composite Index is a market value weighted index of all common stocks listed on NASDAQ. This index is unmanaged and investors cannot actually make investments in this index.
8. The Price-Earnings Ratio ("P/E") is the most common measure of how expensive a stock is.
9. The Dow Jones Industrial Average is an unmanaged index that includes only 30 big companies. This index is unmanaged and investors cannot actually make investments in this index.
10. The Lipper Large Cap Value Fund Index measures the performance of the 30 largest U.S. large-cap value funds tracked by Lipper. This index is unmanaged and investors cannot actually make investments in this index.
11. The S&P MidCap 400 is an unmanaged broad market-weighted index of 400 stocks that are in the next tier down from the S&P 500 and that are chosen for market size, liquidity, and industry group representation. This index is unmanaged and investors cannot actually make investments in this index.
12. The Lipper Mid Cap Value Fund Index measures the performance of the 30 largest U.S. mid-cap value funds tracked by Lipper. This index is unmanaged and investors cannot actually make investments in this index.
13. The Russell 2000 Index is an unmanaged, market-weighted index, with dividends reinvested, of 2,000 small companies, formed by taking the largest 3,000 small companies and eliminating the largest 1,000 of those companies. This index is unmanaged and investors cannot actually make investments in this index.
14. The S&P Small Cap 600 Index measures the performance of selected U.S. stocks with small market capitalizations. This index is unmanaged and investors cannot actually make investments in this index.
15. The Lipper Small Cap Value Fund Index measures the performance of the 30 largest U.S. small-cap value funds tracked by Lipper. This index is unmanaged and investors cannot actually make investments in this index.
16. The Lipper Balanced Fund Index measures the performance of the 30 largest U.S. balanced funds tracked by Lipper. This index is unmanaged and investors cannot actually make investments in this index.
17. The Lehman Govt./Corp. Bond Index is an unmanaged index that includes the Lehman Government and Lehman Corporate indices. This index is unmanaged and investors cannot actually make investments in this index.
18. The MSCI World Index is made up of 20 country sub-indexes, including the stock exchanges of the U.S., Europe, Canada, Australia and New Zealand, and the Far East. This index is unmanaged and investors cannot actually make investments in this index.
19. The Lipper Global Fund Index measures the performance of the 30 largest mutual funds that invest in securities throughout the world. This index is unmanaged and investors cannot actually make investments in this index.
20. Lipper, Inc. is an independent monitor of mutual fund performance. Based on total return for the one-year, three-year, and since inception periods through 9/30/03, Lipper ranked The Oakmark Global Fund 2 of 319 (top 1%), 1 of 227, and 3 of 187 (top 2%) global funds, respectively. Lipper rankings are based upon changes in net asset value with dividends reinvested.
21. The Morgan Stanley World Ex U.S. Index is made up of 19 country sub-indexes, excluding the U.S. This index is unmanaged and investors cannot actually make investments in this index.
22. Morgan Stanley Capital International Europe, Australasia and Far East Index ("EAFE") is an unmanaged index of companies throughout the world in proportion to world stock market capitalizations, excluding the U.S. and Canada. This index is unmanaged and investors cannot actually make investments in this index.
23. The Lipper International Fund Index reflects the net asset value weighted total return of the 30 largest international equity funds. This index is unmanaged and investors cannot actually make investments in this index.
24. NAV stands for Net Asset Value. NAV is the dollar value of a single mutual fund share, based on the value of the underlying assets of the fund minus its liabilities divided by the number of shares outstanding.
25. The Lipper International Small Cap Average includes 100 mutual funds that invest in securities whose primary markets are outside of the U.S. This index is unmanaged and investors cannot actually make investments in this index.

THE OAKMARK FAMILY OF FUNDS

Trustees and Officers

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

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

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

Name and Age at September 30, 2003, Positions Held with the Trust, Date First Elected or Appointed to Office, Principal Occupations During Past 5 Years, Other Directorships Held

Trustees who are “interested persons”*

Peter S. Voss, 57, Trustee, 1995

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

John R. Raitt, 48, Trustee and Executive Vice President, 2003

President and Chief Executive Officer, HAI, Harris Associates Securities L.P. (“HASLP”) and Harris Associates L.P. (“HALP”), since 2003, Chief Operating Officer, HALP, since 2001; Director of Research, HALP since 1998; Associate Director of Research and Analyst, HALP, prior thereto. None.

Trustees who are not “interested persons”

Victor A. Morgenstern, 61, Trustee and Chairman of the Board of Trustees, 1991

Chairman of the Board and Chief Executive Officer, Resolute Advisors (private investment management firm); Chairman and Principal, Valor Equity Partners, LLC (private equity fund); formerly, Chairman of the Board, HAI, 1996-2000 and President and Chief Executive Officer, prior thereto; Chairman, Harris Partners, L.L.C., 1995-2000, Director, Bio-Sante Pharmaceuticals, Inc. (early stage pharmaceutical company).

Michael J. Friduss, 61, Trustee, 1995

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

Trustees and Officers cont.

Thomas H. Hayden, 52, Trustee, 1995

Executive Vice President, Campbell Mithun (advertising and marketing communication agency). None.

Christine M. Maki, 42, Trustee, 1995

Vice President—Tax, Hyatt Corporation (hotels and resorts). Director, Illinois CPA Society. None.

Allan J. Reich, 55, Trustee, 1993

Partner of the law firm, Seyfarth Shaw LLP (formerly D’Ancona & Pflaum LLC). None.

Marv R. Rotter, 58, Trustee, 1996

Senior Advisor to President and CEO of AXA Advisors, LLC (formerly named Rotter & Associates), since 1999, and President, prior thereto (financial services firm). None.

Burton W. Ruder, 59, Trustee, 1995

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

Gary N. Wilner, M.D., 62, Trustee, 1993

Senior Attending Physician, Evanston Hospital; Medical Director—CardioPulmonary Wellness Program, Evanston Hospital Corporation. Director, North America Scientific, Inc.

Officers of the Trust

James P. Benson, 46, Vice President and Portfolio Manager (The Oakmark Small Cap Fund), 2000

Portfolio Manager and Analyst, HALP, since 1997. None.

Henry R. Berghoef, 54, Vice President and Portfolio Manager (The Oakmark Select Fund), 2000

Associate Director of Research, Portfolio Manager and Analyst, HALP. None.

Kevin G. Grant, 39, Vice President and Portfolio Manager (The Oakmark Fund), 2000

Portfolio Manager and Analyst, HALP. None.

David G. Herro, 42, Vice President and Portfolio Manager (The Oakmark International Fund and The Oakmark International Small Cap Fund), 1992

Portfolio Manager and Analyst, HALP. None.

Gregory L. Jackson, 37, Vice President and Portfolio Manager (The Oakmark Global Fund), 2000

Portfolio Manager and Analyst, HALP, since July 1998; Portfolio Manager and Analyst, Yacktman Asset Management Inc., prior thereto. None.

John J. Kane, 32, Assistant Treasurer, 1999

Manager—Mutual Fund and Institutional Services, HALP. None.

Robert Levy, 53, President, 2001

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

Clyde S. McGregor, 50, Vice President and Portfolio Manager (The Oakmark Equity and Income Fund), 1995

Portfolio Manager and Analyst, HALP. None.

Trustees and Officers cont.

William C. Nygren, 44, Vice President and Portfolio Manager (The Oakmark Fund and The Oakmark Select Fund), 1996
Portfolio Manager and Analyst, HALP; formerly, Director of Research, HALP, 1990-1998. None.

Vineeta D. Raketich, 32, Vice President, 2003
Manager, International Operations & Client Relations, HALP since 2003; Supervisor, Mutual Fund & Institutional Services, HALP, prior thereto. None.

Janet L. Reali, 52, Vice President and Secretary, 2001
Vice President, General Counsel and Secretary, HALP, since 2001; formerly, Senior Executive Vice President, General Counsel and Secretary, Everen Capital Corp. and Everen Securities, Inc. 1995-1999 (broker/dealer). None.

Ann W. Regan, 55, Vice President—Shareholder Operations and Assistant Secretary, 1996
Director of Mutual Fund Operations, HALP. None.

Kristi L. Rowsell, 37, Treasurer, 2000
Director, Chief Financial Officer and Treasurer, HAI; Chief Financial Officer, HALP and HASLP, since 1999; Assistant Treasurer, HALP, prior thereto. None.

Edward A. Studzinski, 54, Vice President and Portfolio Manager (The Oakmark Small Cap Fund and The Oakmark Equity and Income Fund), 2000
Portfolio Manager and Analyst, HALP. None.

Michael J. Welsh, 40, Vice President and Portfolio Manager (The Oakmark Global Fund, The Oakmark International Fund and The Oakmark International Small Cap Fund), 1997
Portfolio Manager and Analyst, HALP. None.

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

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

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

THE OAKMARK FAMILY OF FUNDS

Investment Philosophy

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

Three key tenets of our investment philosophy:

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

Investment Process

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

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

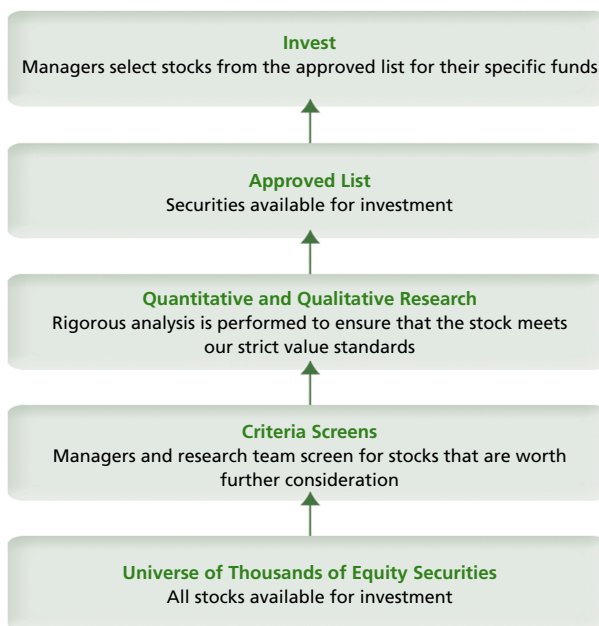
The Result: a unified effort aimed at identifying the best values in the marketplace. From the list of approved stocks, each fund manager constructs a relatively focused portfolio, built on a stock-by-stock basis from the bottom up.

Who Should Invest

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

How to Use Value Funds in an Overall Portfolio

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



Bottom-Up Investment Process

The Oakmark Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

THE OAKMARK FAMILY OF FUNDS

Other Information

Investment Adviser

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

Transfer Agent

CDC IXIS Asset Management Services, Inc.
Boston, Massachusetts

Legal Counsel

Bell, Boyd & Lloyd LLC
Chicago, Illinois

Independent Auditors

Deloitte & Touche LLP
Chicago, Illinois

Contact Us

Please call 1-800-OAKMARK
(1-800-625-6275)
or 617-449-6274

Website

www.oakmark.com

To obtain a prospectus, an application or periodic reports, access our web site at www.oakmark.com, or call 1-800-OAKMARK (1-800-625-6275) or (617) 449-6274.

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

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

P.O. Box 219558
Kansas City, MO 64121-9558



1-800-OAKMARK
www.oakmark.com

The Oakmark Funds are distributed by Harris Associates Securities L.P., member NASD. Date of first use: November 2003.