QUARTERLY ETF COMMENTARY

# Oakmark U.S. Large Cap ETF

TICKER: OAKM

**September 30, 2025**

## THIRD QUARTER, 2025

- **The Fund underperformed its benchmark, the S&P 500 Index, for the quarter and since inception.**
- **At the sector level, the largest contributors to performance were communication services and financials, while health care and consumer staples were the largest detractors.**
- **While our relative performance has been pressured by our underweight exposure to the information technology sector, we are finding attractive opportunities to invest in high-quality, undervalued businesses across a variety of industries.**

## Third-quarter highlights

### Top contributors

- Warner Bros Discovery
- Alphabet Cl A
- Citigroup

### Top detractors

- Centene
- Charter Communications Cl A
- Fiserv

### New purchases

- Constellation Brands CL A
- GE Healthcare Tech
- Nike Cl B
- Salesforce
- Zimmer Biomet

### Final sales

- Amazon.com
- Baxter
- Centene
- Corebridge Financial
- CVS Health

## TOP CONTRIBUTOR | DETRACTOR

### Top contributor

**Warner Bros Discovery (WBD)** was the top contributor during the quarter. The media company's stock price surged by 29% in a single trading session in September – its best day on record – amid reports that it is an acquisition target for Paramount-Skydance. In our view, this merger could generate meaningful cost synergies and create a scaled competitor with a deep and unmatched content library. We continue to closely monitor WBD's evolving outlook and believe its long-term prospects remain attractive, backed by solid recent earnings, renewed distribution deals and growing momentum in its Streaming segment.

### Top detractor

**Centene** was the top detractor during the quarter. The U.S.-headquartered managed care company's stock price declined after it withdrew its 2025 earnings per share guidance and subsequently reinstated it at a much lower level. This negative revision was caused by cost pressure in the company's Medicaid and Marketplace businesses. While today's valuation seems to imply that the headwinds impacting Centene are structural, we believe they're attributable to temporary factors and

**The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Total return includes change in share prices and, in each case, includes reinvestment of dividends and capital gain distributions. To obtain most recent month-end performance data, visit oakmark.com/OAKM.**

expect a meaningful earnings recovery in the coming years.

## PORTFOLIO ACTIVITY

### New purchases

**Constellation Brands** is the leading imported beer company in the U.S. The company has a strong portfolio made up of iconic premium beer brands such as Modelo, Corona and Pacifico. We like that Constellation's Beer segment has consistently outgrown the industry and believe it can further benefit from demographic tailwinds, new distribution points, and future price increases. More recently, the stock price has come under pressure due to both stock-specific and industry-wide challenges, some of which we believe will prove transitory. Despite the company's strong historical performance and expectations for continued above-market beer growth, Constellation trades at a meaningful discount to other consumer packaged goods companies with similar growth outlooks. This dislocation afforded us the opportunity to initiate a position in the company at a significant discount to our estimate of intrinsic value.

**GE HealthCare** is a leading global medical technology company that was spun off from GE in January 2023. The separation has enabled greater strategic focus, better alignment of management incentives and an improved corporate culture. We believe GE HealthCare is still in the early stages of realizing the benefits of being a standalone company, which should help drive higher margins and sustainably higher organic growth over time. Additionally, we believe GE HealthCare is well-positioned to capitalize on technology trends in healthcare as an increasing portion of the value proposition comes from AI-enabled software, along with a shift towards precision care. We believe investors are excessively focused on short-term tariff headwinds and are overlooking the structural self-help story, which provided us with the opportunity to purchase the stock at an attractive valuation.

**Nike** is a global leader in athletic footwear, apparel, and equipment. The company has built a leading global brand through decades of successful product innovation, marketing and partnerships with premier athletes. Since peaking in 2021, Nike's stock price has declined by more than half, largely due to challenges in its direct-to-consumer initiative and concerns over tariffs. In our view, Nike's new CEO is implementing a credible plan to improve fundamental performance by bolstering wholesaler relations and diversifying distribution while further increasing product innovation. We believe these actions will help to improve the health of the business over the medium-term, resulting in better growth and enhanced margins. These concerns provided us with the opportunity to purchase shares at a meaningful discount to our estimate of intrinsic value.

**Salesforce** is a leading technology company that offers a collection of software products aimed at providing businesses with a full front office productivity suite. We believe Salesforce is a wonderful business going through a transformation into a more profitable, shareholder-focused enterprise. Since management announced their renewed focus on operating discipline a couple years ago, Salesforce's margins have increased substantially. In our view, there is further room to improve as the company leverages its unique position to help businesses deploy AI and continues to restructure its sales organization. Since exiting our position in Salesforce in December, the stock price has declined by over 30% despite continuing to report fundamental results that are in line with our expectations.

**Zimmer Biomet** is a leading medical device company and a pure play in orthopedics. In our view, orthopedics is an attractive product category that should benefit from long-term tailwinds stemming from an aging population, greater activity levels among seniors and increased adoption of specialized robotics that improve surgical efficiency. In addition, market share within the space tends to be sticky, as physicians are typically trained to use leading brands like Zimmer Biomet, reinforcing long-standing brand loyalty. New management recently completed several multi-year initiatives that we think will streamline operations and reinvigorate product innovation. The market has yet to ascribe value to these improvements, providing the opportunity to initiate a position in a dominant, growing company at a discounted valuation to peers and the broader market.

## PORTFOLIO MANAGERS

(Year joined Harris | Oakmark)

William C. Nygren, CFA (1983)
Michael A. Nicolas, CFA (2013)
Robert F. Bierig (2012)

| **PERFORMANCE (%)** | **QTD** | **YTD** | **1 year** | **Since inception (12/03/2024)** |
|---|---|---|---|---|
| Net asset value (NAV) | 4.46% | 13.92% | n/a | 8.05% |
| Market price | 4.28% | 13.91% | n/a | 7.98% |
| S&P 500 Index | 8.12% | 14.83% | n/a | 11.81% |
| Russell 1000 Value Index | 5.33% | 11.65% | n/a | 4.56% |

Inception date: 12/03/2024. Periods less than one year are not annualized. Net expense ratio: 0.59%. Harris Associates, L.P. (the "Adviser") has contractually undertaken to waive its management fee by 0.05% of the Fund's average daily net assets. The undertaking lasts until 01/27/2027, and may not be terminated during its term without the consent of the Board of Trustees. Without the fee waiver, the gross expense ratio for the Fund would be 0.64%.

**Performance reflected net of fees. The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Total return includes change in share prices and, in each case, includes reinvestment of dividends and capital gain distributions. To obtain most recent month-end performance data, visit oakmark.com/OAKM.**

The securities mentioned above comprise the following percentages of the Oakmark U.S. Large Cap ETF's total net assets as of 09/30/2025: Alphabet Cl A 6.0%, Amazon.com 0%, Baxter 0%, Centene 0%, Charter Communications Cl A 1.8%, Citigroup 4.7%, Constellation Brands Cl A 0.8%, Corebridge Financial 0%, CVS Health 0%, Fiserv 1.6%, GE Healthcare Tech 1.1%, Nike Cl B 1.5%, Salesforce 3.1%, Warner Bros. Discovery 4.2% and Zimmer Biomet 1.0%. Port-folio holdings are subject to change without notice and are not intended as recommendations of individual stocks.

Access the full list of holdings for the Oakmark U.S. Large Cap ETF: https://oakmark.com/etfs/oakm/

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**Understanding the risks**

Investing involves risk; principal loss is possible. There is no guarantee the Fund's investment objective will be achieved. The Fund is actively managed and does not seek to replicate a specific index. **Exchange-traded funds (ETFs)** are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of ETF's shares may trade at a premium or discount to its net asset value (NAV), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact an ETF's ability to sell its shares. Unlike mutual funds, ETF shares are bought and sold at market price, which may be higher or lower than their NAV, and are not individually redeemed from the fund. Brokerage commissions will reduce returns. The Fund invests primarily in **large-capitalization securities**, which may be unable to respond quickly to new competitive challenges or opportunities, attain the high growth rate of successful smaller companies, or be out of favor under certain market conditions. The Fund tends to be invested in a relatively **focused portfolio** of securities, thus the appreciation or depreciation of any one security held will have a greater impact on the Fund's net asset value versus investing in a larger number of securities. **Value stocks** may fall out of favor with investors and underperform growth stocks during given periods. As a **new fund**, there is a limited operating history and there can be no assurance it will grow to an economically viable size, in which case it may cease operations and require investors to liquidate or transfer their investments. These and other risk considerations, such as market, sector or industry, large shareholder, and value style are described in detail in the Fund's prospectus.

**Glossary**

The **S&P 500 Index** is a float-adjusted, capitalization-weighted index of 500 U.S. large-capitalization stocks representing all major industries. It is a widely recognized index of broad, U.S. equity market performance. Returns reflect the reinvestment of dividends. This index is unmanaged and investors cannot invest directly in this index.

The **Russell 1000® Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. This index is unmanaged and investors cannot invest directly in this index.

Indexes portrayed show that returns reflect the reinvestment of dividends, are unmanaged, and it is not possible to invest directly in such indexes.

***Before investing, carefully consider fund investment objectives, risks, charges and other expenses. For this and other information that should be read carefully, please request a prospectus and summary prospectus by calling 1-800-458-7452 or visiting oakmark.com/OAKM.***



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