

# Oakmark Bond Fund

December 31, 2025

## HIGHLIGHTS

- **The Fund (Institutional Share Class) slightly underperformed the Bloomberg U.S. Aggregate Index, for the quarter and outperformed the benchmark for the since inception period.**
- **Strong security selection drove the majority of outperformance. Positive allocation decisions also contributed to performance, while duration and yield curve positioning did not materially impact results.**
- **Looking ahead, our fixed income outlook remains supported by favorable policy and yield dynamics, and tight spreads underscore the need for selective, fundamentals-driven positioning.**

## PORTFOLIO ACTIVITY

### FOURTH QUARTER, 2025

The Oakmark Bond Fund finished a strong year with fourth-quarter performance in line with its benchmark. During the quarter, the Fund (Institutional Share Class) returned 1.08% while the benchmark returned 1.10%. Positive security selection generated 21 basis points of return and was the main driver of performance for the quarter due to strong credit selection in both corporate credit and asset-backed securities (ABS). The Fund's overweight in securitized credit and syndicated loans also boosted quarterly returns. The Fund's duration and yield curve positioning were largely neutral versus the benchmark and therefore did not materially affect relative returns.

On a market level, investment-grade credit generated 80 basis points of return, although excess returns versus Treasuries were mostly flat because the investment-grade corporate index spread widened from 73 basis points to 77 basis points during the quarter. High-yield credit and loans also posted positive returns for the quarter at 1.3% and 1.2%, respectively, driven by carry. Securitized markets, however, were the standout performer. Mortgage-backed securities (MBS) provided 60 basis points of excess returns during the quarter, and asset-backed securities generated 17 basis points of excess returns.<sup>1</sup>

The Fund maintained its significant overweight in corporate debt during the quarter. In our view, corporate debt offers compelling investment opportunities. On the other hand, the Fund is materially underweight in government-guaranteed securities compared to the benchmark. This is because we are concerned about the steepening Treasury yield curve, especially on the long end. In such an environment, existing Treasuries and agency securities lose market value, and long-duration government-guaranteed securities get hit hardest because investors can get higher yields by waiting, which makes current holdings look inferior.

### FULL YEAR, 2025

The Oakmark Bond Fund had a very strong 2025. It returned 8.29%, and it outperformed its benchmark by approximately 100 basis points. The strong performance throughout the year was predominantly attributable to credit selection, as well as well-timed adjustments to asset allocation. During the second quarter, we took advantage of periods of credit spread dislocation and built positions in credits with

<sup>1</sup> Market returns are represented by the following indices - investment grade credit: Bloomberg US Corporate Index, high-yield credit: Bloomberg US HY Credit Index, loans:

Bloomberg US Leveraged Loans Index, mortgage-backed securities: Bloomberg US MBS Index, asset-backed securities: Bloomberg US Agg ABS Index.

asymmetric risk-adjusted returns and simultaneously increased the Fund's exposure to asset classes that offered greater potential excess return.

As credit spreads tightened throughout the year, we actively reduced and improved the quality of the Fund's credit exposure. At the start of the year, aggregate credit exposure (corporates, securitized credit and loans) constituted approximately 54% of the portfolio. In June, they peaked at 71% of the portfolio and ended the year at approximately 64% of the portfolio. Even though the Fund holds a significant overweight in credit versus the benchmark, our credit holdings are high credit quality: less than 15% of the Fund's credit holdings are below investment grade. At the beginning of the year, we slightly increased the Fund's duration, and most of the year it was close the benchmark's—around six years. In spite of this similarity, the Fund's underweight of the long end and overweight of the middle of the yield curve boosted its relative returns.

In the broader credit markets, investment-grade credit posted an approximate 7.8% return and generated 1.5% of excess return versus Treasuries, as investment-grade corporate index spreads tightened 2.5 basis points. High-yield credit and loans posted 8.6% and 5.5% returns, respectively, for the year. The securitized markets also had a strong year, posting 170 basis points of excess return. MBS led the way and produced 177 basis points of excess return during the year while ABS provided 55 basis points of excess return.

As was the case for the quarter, the Fund remained overweight in corporates compared to the benchmark throughout the year, and it was significantly underweight government-guaranteed securities, compared to the benchmark, for the year. The yield curve steepened as longer-term rates rose much more than shorter- and mid-term rates.

## MARKET OUTLOOK AND POSITIONING

Looking ahead, we believe the backdrop for fixed income securities is encouraging. Fiscal policy continues to support economic activity, and the monetary environment appears increasingly inclined toward easing, all providing support for credit markets. Investors can earn respectable interest just for lending money, and that's not something we could say for much of the last decade. Today's higher starting yields meaningfully improve return potential in comparison to much of the post-financial crisis period. Astute investors still need to manage risk, choose carefully, and avoid weak spots in the fixed income universe, but they don't need to worry that danger is lurking behind every investment.

Notably, many prices in the fixed income universe already reflect this solid economic backdrop. In several areas of corporate credit, for example, spreads are tight, and pricing assumes a continued favorable environment ahead. In our view, that limits the margin for error and reinforces the importance of selectivity. Rather than reaching for incremental yield, we remain focused on situations where compensation is commensurate with risk and underwriting is grounded in long-term fundamentals. Selective credit environments are precisely where our fixed income strategies are designed to add value.

Within that framework, we see compelling opportunities in specific areas of the non-guaranteed securitized markets. For example, certain parts of the ABS market have, over the past quarter, priced in scenarios that diverge meaningfully from those implied in the corporate credit market, creating pockets of value that we are monitoring. We are also evaluating certain corporate issuers and sectors that we have exposure to, but faced a challenging environment in 2025. In some cases, prices have overshot our assessment of fundamental value, or underwriting in the market has become overly focused on near-term outcomes rather than long-term resilience. Across all these areas of the market, we remain focused on disciplined underwriting, downside

risk, and the patience to deploy capital when prices, not narratives, create opportunity.

## PORTFOLIO MANAGERS

(Year joined Harris | Oakmark)

Adam D. Abbas (2018)

M. Colin Hudson, CFA (2005)

## AVERAGE ANNUALIZED TOTAL RETURNS (%)

	Inception date	QTD	YTD	1 yr	3 yrs	5 yrs	Since inception	Expense ratio gross	Expense ratio net
Institutional Class   OANCX	06/10/2020	1.08	8.29	8.29	6.23	1.48	2.21	0.67	0.45
Investor Class   OAKCX	01/28/2022	1.01	8.03	8.03	5.95	n/a	1.89	0.84	0.74
Advisor Class   OAYCX	06/10/2020	1.18	8.39	8.39	6.24	1.47	2.19	0.66	0.48
R6 Class   OAZCX	12/15/2020	1.09	8.37	8.37	6.32	1.57	1.67	0.57	0.41
Bloomberg U.S. Aggregate Bond Index		1.10	7.30	7.30	4.66	-0.36	-0.02		

Expense ratios are as of the Fund's most recent statutory prospectus dated January 28, 2025, as amended and restated January 30, 2025, March 14, 2025, May 19, 2025 and October 1, 2025; actual expenses may vary. The Fund's Adviser has contractually undertaken to waive and/or reimburse certain fees and expenses so that the total annual operating expenses of each class are limited to 0.74%, 0.48%, 0.45% and 0.41% of average net assets, respectively. Each of these undertakings lasts until 01/27/2027 and may only be modified by mutual agreement of the parties. Returns for periods less than one year are not annualized. Since inception returns for the indexes are calculated based on the Institutional Class inception date.

**Past performance is no guarantee of future results.** The performance data quoted represents past performance. 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. The investment return and principal value vary so that an investor's shares, when redeemed, may be worth more or less than the original cost.

The information, data, analyses, and opinions presented herein (including current investment themes, the portfolio managers' research and investment process, and portfolio characteristics) are for informational purposes only and represent the investments and views of the portfolio managers and Harris Associates L.P. as of the date written and are subject to change and may change based on market and other conditions and without notice. This content is not a recommendation of or an offer to buy or sell a security and is not warranted to be correct, complete or accurate.

Certain comments herein are based on current expectations and are considered "forward-looking statements." These forward-looking statements reflect assumptions and analyses made by the portfolio managers and Harris Associates L.P. based on their experience and perception of historical trends, current conditions, expected future developments, and other factors they believe are relevant. Actual future results are subject to a number of investment and other risks and may prove to be different from expectations. Readers are cautioned not to place undue reliance on the forward-looking statements.

Yield is the annual rate of return of an investment paid in dividends or interest, expressed as a percentage. A snapshot of a fund's interest and dividend income, yield is expressed as a percentage of a fund's net asset value, is based on income earned over a certain time period and is annualized, or projected, for the coming year. Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

December 31, 2025

The Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid ARM pass-throughs), asset-backed securities and commercial mortgage-backed securities (agency and non-agency). This index is unmanaged and investors cannot invest directly in this index.

Investing involves risk; principal loss is possible. There is no guarantee the Fund's investment objective will be achieved. The Oakmark Bond Fund invests primarily in a diversified portfolio of bonds and other fixed-income securities. These include, but are not limited to, investment grade corporate bonds; U.S. or non-U.S.-government and government-related obligations (such as, U.S. Treasury securities); below investment-grade corporate bonds; agency mortgage backed-securities; commercial mortgage- and asset-backed securities; senior loans (such as, leveraged loans, bank loans, covenant lite loans, and/or floating rate loans); assignments; restricted securities (e.g., Rule 144A securities); and other fixed and floating rate instruments. The Fund may invest up to 20% of its assets in equity securities, such as common stocks and preferred stocks. The Fund may also hold cash or short-term debt securities from time to time and for temporary defensive purposes.

Under normal market conditions, the Fund invests at least 25% of its assets in investment-grade fixed-income securities and may invest up to 35% of its assets in below investment-grade fixed-income securities (commonly known as "high-yield" or "junk bonds").

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. These and other risk considerations such are described in detail in the Fund's prospectus.

All information provided is as of 12/31/2025 unless otherwise specified.

*Before investing in any Oakmark Fund, you should carefully consider the Fund's investment objectives, risks, management fees and other expenses. This and other important information is contained in a Fund's prospectus and summary prospectus. Please read the prospectus and summary prospectus carefully before investing. For more information, please visit [Oakmark.com](http://Oakmark.com) or call 1-800-OAKMARK (1-800-625-6275).*

Natixis Distribution, LLC (Member FINRA | SIPC), a limited purpose broker-dealer and the distributor of various registered investment companies for which advisory services are provided by affiliates of Natixis Investment Managers, is a marketing agent for the Oakmark Funds.

Harris Associates Securities L.P., Distributor, Member FINRA.

FCM-4876CX-04/26