Harris | Oakmark

QUARTERLY COMMENTARY

Oakmark Equity and Income Fund

March 31, 2025

FIRST QUARTER, 2025

- **The Fund's Investor Share Class returned 0.91% versus -1.45% for the 60% S&P 500 / 40% Bloomberg U.S. Aggregate Bond Index for the quarter, and 9.51% since inception, versus 7.97% for the benchmark over the same period.**
- **The equity portfolio returned -0.25%[1] for the quarter versus -4.27% for the S&P 500 Index. The fixed income portfolio returned 2.91%[1] versus 2.78% for the Bloomberg U.S. Aggregate Bond Index. The Fund allocation was 58.1% in equities, 41.1% in fixed income, and 0.8% cash.**
- **At the sector level for the equity portfolio, the largest contributors to performance were financials and consumer staples, while consumer discretionary and communication services were the largest detractors.**
- **As we have done in other periods when stock prices declined significantly, we are taking advantage of the opportunity to reposition the portfolio toward companies with the most attractive risk-adjusted returns.**

First-quarter highlights

Top stock contributors
- American International Group (AIG)
- Elevance Health
- Intercontinental Exchange

Top stock detractors
- Alphabet Cl A
- Glencore
- Lithia Motors Cl A

New stock purchases
- Molina Healthcare

Final stock sales
- Centene
- EOG Resources
- Interpublic Group
- Kroger

TOP CONTRIBUTOR | DETRACTOR

Top contributor

American International Group (AIG) was the top contributor during the quarter. The company reported improved premium growth, strong underwriting results, and significant capital return during the period. We expect these trends to continue, which has the potential to lead to strong EPS (earnings per share) growth and improved returns. Over time, we expect the company's return on equity to converge with peer levels. As returns continue to improve, we expect the valuation discount to the industry's top peers to narrow.

Top detractor

Alphabet was the top detractor during the quarter. The U.S.-headquartered company's stock price declined despite having posted fourth-quarter 2024 earnings that were in line with consensus expectations. Search revenue growth remained strong, and management reiterated that the new "AI Overviews" feature is driving higher engagement with comparable monetization. The one miss during the quarter was in the Cloud segment, where revenue grew 30% year-over-year but fell slightly short of consensus expectations. We believe the shortfall was largely due to short-term capacity constraints and that the long-term growth outlook for Google Cloud

[1]The asset class returns noted above are unaudited and sourced from our proprietary accounting system.

remains robust. We continue to see Alphabet as a collection of great businesses that can further benefit from the company's world class AI capabilities. With shares trading at just 15x our estimate of next year's earnings per share, we believe the stock is meaningfully undervalued.

PORTFOLIO ACTIVITY

New purchases

Molina Healthcare is a leading managed care company. Molina is the fourth largest player in managed Medicaid but has consistently delivered industry-leading growth and margins. In our view, this is thanks to the company's exceptional management team and culture of operational excellence. We think Molina has a long runway for growth via continued share gains in Medicaid and untapped opportunities in their Medicare and Marketplace business segments. Recently, fundamentals have been pressured by an unprecedented redeterminations cycle in Medicaid, and valuations have compressed due to uncertainty around policy changes in a new political administration. We believe earnings pressure from redeterminations is temporary and that any Medicaid policy changes will prove manageable, providing us an opportunity to purchase shares at a meaningful discount to intrinsic value.

PORTFOLIO MANAGERS

(Year joined Harris | Oakmark)

M. Colin Hudson, CFA (2005)
Adam D. Abbas (2018)
Michael A. Nicolas, CFA (2013)
Alex Fitch, CFA (2011)

March 31, 2025

AVERAGE ANNUALIZED TOTAL RETURNS (%)

	Inception date	QTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Expense ratio
Investor Class | OAKBX	11/01/1995	0.91	4.58	5.21	13.69	6.88	9.51	0.85
60% S&P 500 / 40% Bloomberg U.S. Aggregate Bond Index		-1.45	7.02	5.78	10.88	8.22	7.97	

Expense ratios are as of the Fund's most recent prospectus dated 1/28/2025, as amended and restated 1/31/2025 and 3/14/2025; actual expenses may vary. Returns for periods less than one year are not annualized. Since inception returns for the indexes are calculated based on the Investor Class inception date. See the prospectus for a comparison against the Fund's regulatory benchmark: S&P 500 Index.

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 securities mentioned above comprise the following percentages of the Oakmark Equity and Income Fund's total net assets as of 03/31/2025: Alphabet Cl A 2.6%, American Intl Group 2.6%, Centene 0%, Elevance Health 1.8%, EOG Resources 0%, Glencore 1.4%, Intercontinental Exchange 1.9%, Interpublic Group 0%, Kroger 0%, Lithia Motors Cl A 1.2% and Molina Healthcare 1.2%. **Portfolio 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 Equity and Income Fund as of the most recent quarter-end.

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 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.

The price to earnings ratio ("P/E") compares a company's current share price to its per-share earnings. It may also be known as the "price multiple" or "earnings multiple", and gives a general indication of how expensive or cheap a stock is. Investors should not base investment decisions on any single attribute or characteristic data point.

The 60% S&P 500 / 40% Bloomberg U.S. Aggregate Bond Index is comprised of 60% weight given to the S&P 500 Index and 40% weight given to the Bloomberg U.S. Aggregate Bond Index and is rebalanced monthly. 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. 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). These indexes are unmanaged and investors cannot invest directly in them

The Oakmark Equity and Income Fund invests in medium- and lower-quality debt securities that have higher yield potential but present greater investment and credit risk than higher-quality securities. These risks may result in greater share price volatility. An economic downturn could severely disrupt the market in medium or lower grade debt securities and adversely affect the value of outstanding bonds and the ability of the issuers to repay principal and interest.

The Oakmark Equity and Income Fund's portfolio tends to be invested in a relatively small number of stocks. As a result, the appreciation or depreciation of any one security held by the Fund will have a greater impact on the Fund's net asset value than it would if the Fund invested in a larger number of securities. Although that strategy has the potential to

generate attractive returns over time, it also increases the Fund's volatility.

The stocks of medium-sized companies tend to be more volatile than those of large companies and have underperformed the stocks of small and large companies during some periods.

All information provided is as of 03/31/2025 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 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.

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