

Oakmark Equity and Income Fund

December 31, 2024

FOURTH QUARTER, 2024

- The Fund returned -0.20% versus -1.24% for the Lipper Balanced Fund Index for the quarter, and 9.56% since inception versus 6.97% for the index over the same period.
- The equity portfolio returned 1.28%¹ for the quarter versus 2.41% for the S&P 500 Index due in part to our underweight in information technology stocks and weakness in our consumer discretionary holdings. The fixed income portfolio returned -2.25%¹ for the quarter versus -3.06% for the Bloomberg U.S. Aggregate Bond Index. The Fund allocation was 59.3% in equities, 39.5% in fixed income, and 1.2% cash.
- At the sector level for the equity portfolio, the largest contributors were financials and communication services, while health care and materials detracted from performance.
- While broad market valuations are above historic averages, the wide spread in valuation multiples is providing us with opportunities to invest in a diversified mix of high-quality businesses at attractive prices. We believe this provides our clients with both a margin of safety and the potential for superior future returns.

Fourth-quarter highlights

Top stock contributors

- Alphabet Cl A
- Fiserv
- Capital One Financial

Top stock detractors

- Glencore
- Centene
- IQVIA Holdings

New stock purchases

- Airbnb Cl A
- Elevance Health
- Equifax

Final stock sales

- Baxter
- Salesforce
- Thor Industries

TOP CONTRIBUTOR | DETRACTOR

Top contributor

Alphabet Cl A was the top contributor during the quarter. Despite ongoing litigation with the Department of Justice in its antitrust case, the U.S.-headquartered interactive media and services company's stock price rose after posting solid third-quarter earnings. In the Search division, the company generated low-teens year-over-year revenue growth and management highlighted that they're

seeing strong user engagement with their new AI Overviews feature. The biggest upside surprise came from the Cloud division, where revenue growth accelerated to 35% and margins reached a record of 17%. This performance was driven by client demand for AI Infrastructure and Generative AI Solutions as well as core Google Cloud Platform (GCP) products. We continue to believe Alphabet is a collection of great businesses that can unlock further value over the long term through its world-class AI capabilities.

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

Top detractor

Glencore was the top detractor during the quarter. The Swiss-based and U.K.-listed diversified metals and mining company's stock price declined despite third-quarter production results that were in line with consensus expectations. In addition, the company reiterated guidance for the year. The stock's current underperformance can be partially connected to economic sluggishness in China, the largest commodity buyer in the world. Despite this macro challenge, we continue to believe in Glencore's management team and appreciate its focus on improving its return on invested capital. The company has leading positions in attractive commodities and latent growth potential in its copper portfolio. As macroeconomic headwinds in key markets subside, we think Glencore can leverage its unique asset and business mix to create further value for shareholders.

PORTFOLIO ACTIVITY

During the quarter, we added to our holdings of relatively weak performers like Keurig Dr. Pepper, ConocoPhillips, and Brunswick, as we continue to believe their shares are trading well below intrinsic value. Furthermore, we eliminated our position in Salesforce as the stock approached our estimate of intrinsic value. We also eliminated our positions in Thor and Baxter in favor of newer opportunities that we believe offer a more attractive risk/reward.

New purchases

Airbnb is an online marketplace to list, discover and book unique accommodations worldwide. The company benefits from a strong network effect between its guests and hosts. We believe there is a long growth runway as global travel is an attractive market, and alternative accommodations have been taking share. We anticipate Airbnb will drive further growth by creating more valuable services for both sides of its network, which includes the potential for paid placement, which has created significant economic value for comparable marketplaces. In our view, management is aligned with

shareholders and well qualified to lead Airbnb as the company attempts to capture these growth opportunities. Short-term concerns about the macro travel environment and declining margins stemming from growth investments allowed us to purchase shares at a discount to our estimate of business value.

Elevance Health is one of the nation's largest managed care organizations. We believe managed care is an attractive industry, as health expenditures have historically outpaced GDP, and the short business cycle allows companies to quickly correct underwriting mistakes. More recently, managed care stocks have underperformed the market as the industry is facing headwinds due to mismatches between reimbursement rates and medical costs. We believe this will prove transitory and that changes to pricing and/or plan designs will help realign profit trends over time. While we acknowledge that a return to "normal" profitability will take a few years, we believe the stock is trading at a depressed multiple of depressed earnings and for a significant discount to both the broader market and the companies' own trading history. With its unmatched scale, diversification across end markets, and track record of disciplined underwriting and capital allocation, we believe that over time, the market will once again recognize Elevance as a high-quality franchise with above-average growth characteristics.

Equifax is one of the leading U.S. credit bureaus. The company competes in a triopoly with TransUnion and Experian, all of which possess valuable data sets, entrenched competitive positions and pricing power. In our view, what separates Equifax from its peers is its proprietary Workforce Solutions database, which is now its largest, most profitable and most differentiated business. Workforce Solutions is an income and employment database that benefits from network effects and is used to evaluate the creditworthiness of a consumer in real time. In our view, the company's earnings are currently depressed due to the significant downturn in mortgage activity. We expect earnings to increase

materially when mortgage demand recovers to mid-cycle levels. As a result, we were able to purchase this high-quality, well-managed company at an attractive multiple of normal earnings power and a discount to the historical transaction multiples

of other information services companies with similar growth rates.

PORTFOLIO MANAGERS

(Year joined Harris | Oakmark)

M. Colin Hudson, CFA (2005)

Adam D. Abbas (2018)

Michael A. Nicolas, CFA (2013)

Alex Fitch, CFA (2011)

PERFORMANCE (%)

	QTD*	1 yr	3 yrs	5 yrs	10 yrs	Since inception
Investor Class OAKBX	-0.20%	8.72%	3.57%	7.98%	6.88%	9.56%
Lipper Balanced Fund Index	-1.24%	10.83%	2.64%	6.80%	6.78%	6.97%

Expense ratio: Investor Class 0.86%

*Not annualized

Inception date: Investor Class 08/05/1991

Expense ratios are from the Fund's most recent prospectus dated January 28, 2024, as amended and restated July 1, 2024; actual expenses may vary.

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 12/31/2024: Airbnb Cl A 0.5%, Alphabet Cl A 3.5%, Baxter 0%, Brunswick Corp 0.8%, Capital One Financial 1.5%, Centene 1.1%, ConocoPhillips 1.2%, Elevance Health 1.5%, Equifax 0.8%, Fiserv 1.8%, Glencore 1.6%, IQVIA Holdings 1.7%, Keurig Dr. Pepper 1.1%, Salesforce 0% and Thor Industries 0%. **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 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 Lipper Balanced Fund Index measures the equal-weighted performance of the 30 largest U.S. balanced funds as defined by Lipper. This index is unmanaged and investors cannot invest directly in this index.

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.

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 12/31/2024 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).

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Date of first use: 01/14/2025
FCM-4164BX-04/25