Harris Associates
Oakmark Funds

Oakmark Fund: Second Calendar Quarter 2023

June 30, 2023

The Oakmark Fund returned 8.6% compared to 8.7% for the S&P 500 Index during the second quarter. The Oakmark Fund returned 17.4% compared to 16.9% for the S&P 500 Index year to date. We are pleased that the Fund has outperformed through the first half of the calendar year despite the large headwind to value. Specifically, the Russell 1000 Growth Index has increased 2400 basis points more than the Russell 1000 Value Index over this period—a reversal of the value recovery that occurred last year. Amid this backdrop, we are finding cheap stocks on traditional value metrics today that we expect to drive attractive returns in the long term.

Oakmark Fund - Investor Class

Average Annual Total Returns (06/30/2023)
Since Inception (08/5/91) 12.55%
10–year 12.05%
5–year 11.03%
1–year 27.11%
3–month 8.64%
Expense Ratio: 0.89%

Expense ratios are from the Fund's most recent prospectus dated January 28, 2023; 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. 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. To obtain the most recent month-end performance data, visit Oakmark.com.*

In the second quarter, the largest contributing sectors were financials and industrials. The largest detracting sectors were energy and consumer staples. The largest individual contributors were Amazon and Alphabet. The largest individual detractors were Warner Bros. Discovery and Truist Financial.

We initiated five new holdings and eliminated five others during the quarter. Most of the eliminations were in companies that we invested in or added to last year when faster growing stocks sold-off sharply, including Adobe, Uber, Take-Two Interactive and Netflix. However, trends reversed this year as faster growing stocks as a group generally outperformed slower growers. We replaced them with new investments that we believe are more attractively valued. Many of the new positions fall into what we would consider to be the traditional value category.

Baxter International Inc.
Baxter is a provider of medical devices and health care supplies used in patient care. The company's competitive advantages include leading scale, a large installed base and long-term customer relationships. Demand for Baxter's products tends to be stable and predictable. We had invested in Baxter a few years ago when Joe Almeida joined the company as CEO, and we believe that he and his management team are focused on growing per share value. Recently, we got another chance to buy shares after the price fell significantly due to margin pressure from inflation, semiconductor shortages and ripple effects related to Covid-19. We see these issues as short term in nature and think that management will restore higher margins in the years ahead. As a result, we believe the stock is cheap at less than 10x our estimate of normalized earnings.

Carlisle Companies Incorporated
Carlisle is the largest manufacturer of commercial roofing materials in the U.S. Over the past few years, the company has been divesting cyclical and low-return businesses and narrowing its focus to construction materials. Labor shortages, supply chain delays and raw material cost inflation have allowed all industry participants, including Carlisle, to increase prices on their products. As these headwinds normalize, investors fear that most of the price increases will reverse. However, we believe that Carlisle will retain the price increases due to its stellar reputation, cost and technology leadership and the beneficial structural characteristics of the industry. Carlisle should continue generating attractive returns against the backdrop of persistent demand for reroofing. At 12x our estimate of next year's EPS, we think Carlisle is trading well below intrinsic value.

Celanese Corp.
Celanese is the world's largest and lowest cost producer of acetic acid and a leading producer of engineered polymers used in applications ranging from auto parts to medical devices. Although the company operates in highly cyclical markets, its unmatched cost position allows it to remain profitable even during severe industry downturns. Recently, the market reacted negatively to Celanese's acquisition of Dupont's Mobility & Materials segment because the deal added financial leverage to the balance sheet during a cyclical downturn. Despite challenging industry conditions today, we believe the company will generate significant cash flow to reduce its debt burden rapidly. We also believe the integration of the acquired business will yield cost synergies and strengthen Celanese's engineered materials franchise over the long term. The stock price dislocation presented an opportunity to purchase Celanese shares at a single-digit multiple of our estimate of normalized earnings power.

First Citizens BancShares, Inc.
First Citizens BancShares is a leading regional bank with a history of solid financial results through the economic cycle. The company has a low-cost deposit franchise, a history of prudent lending and an attractive geographic footprint concentrated in Southeast and West Coast U.S. markets. First Citizens has produced impressive results over the last 14 years under the

leadership of CEO Frank Holding. Specifically, the company has generated meaningful growth in tangible book value per share driven by strong operating results and accretive acquisitions. As a result, First Citizens has been one of the best-performing bank stocks over this period. Although we have owned First Citizens in the Oakmark Select Fund since early 2021, First Citizens' purchase of Silicon Valley Bank out of FDIC receivership this March drove a significant increase in both the intrinsic value and the market cap—thereby creating an opportunity for us to initiate a position in the Oakmark Fund. The stock is currently trading at a discount to its tangible book value per share and at a high-single digit multiple of our estimate of normalized earnings. We view this price as attractive for such a high-quality and well-managed banking franchise.

IQVIA Holdings Inc.
Fears about biotech funding and the sell-off in the broader life sciences area created an opportunity for us to invest in IQVIA during the quarter. IQVIA is a leading provider of clinical trials and health care technology and analytics formed through the merger of Quintiles and IMS Health in 2016. We believe that IQVIA is positioned at the heart of trends toward advanced therapeutics and personalized medicine and that it is the most levered contract research organization (CRO) to decentralized clinical trials requiring digital capabilities. We think that IQVIA has additional growth opportunities from delivering real-world evidence to biopharma companies and other health care providers using data and software to meet regulatory and reimbursement mandates. CEO Ari Bousbib has a strong track record on operations and capital allocation and significant skin in the game through his large equity holdings in the company. We were pleased to be able to add IQVIA to the portfolio near a trough multiple of less than 15x our estimate of normal earnings.

We thank you, our fellow shareholders, for your investment in the Oakmark Fund.

William C. Nygren, CFA
Portfolio Manager
oakmx@oakmark.com

Michael A. Nicolas, CFA
Portfolio Manager
oakmx@oakmark.com

Robert F. Bierig
Portfolio Manager
oakmx@oakmark.com

The securities mentioned above comprise the following preliminary percentages of the Oakmark Fund's total net assets as of 06/30/2023: Adobe 0%, Alphabet Cl A 3.5%, Amazon.com 2.1%, APA 1.7%, Baxter 0.2%, Carlisle 0.4%, Celanese 1.0%, First Citizens Bcshs Cl A 1.4%, IQVIA Holdings 0.8%, Netflix 0%, Take-Two Interactive 0%, Uber 0% and Warner Bros Discovery 1.6%. **Portfolio holdings are subject to change without notice and are not intended as recommendations of individual stocks.**

To obtain a full list of the most recent quarter-end holdings, please visit our website at www.oakmark.com or call 1-800-OAKMARK (625-6275).

EPS refers to Earnings Per Share and is calculated by dividing total earnings by the number of shares outstanding.

The S&P 500 Total Return 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.

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

The Oakmark 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.

Options may be used for hedging purposes, but also entail risks related to liquidity, market conditions and credit that may increase volatility. The value of the fund's positions in options may fluctuate in response to changes in the value of the underlying asset. Selling call options may limit returns in a rising market.

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.

All information provided is as of 06/30/2023 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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