Harris | Oakmark

QUARTERLY COMMENTARY

Oakmark Fund

June 30, 2025

SECOND QUARTER, 2025

- **The Fund (Investor Share Class) underperformed the benchmark, the S&P 500 Index, for the quarter, but outperformed the benchmark since inception.**
- **At the sector level, the largest contributors to performance were financials and consumer discretionary, while health care and consumer staples were the largest detractors.**
- **During the early part of the second quarter, fears related to tariffs created an opportunity to reposition the portfolio toward stocks that offered greater risk-adjusted return potential. We reduced our holdings in companies where stock prices held up relatively well through the market turmoil, and we initiated or added to positions where stock prices declined far more than our view of intrinsic value. We believe opportunistic portfolio management enhances the margin of safety and increases the potential returns for our clients.**

Second-quarter highlights

Top contributors*

- Citigroup
- Charles Schwab
- Alphabet Cl A

Top detractors

- Global Payments
- ConocoPhillips
- Fiserv

New purchases

- Amazon
- Nike Cl B
- Salesforce
- Zimmer Biomet

Final sales

- BorgWarner
- CVS Health
- Kroger

TOP CONTRIBUTOR | DETRACTOR

Top contributor

Citigroup was the top contributor during the quarter. The U.S.-headquartered diversified bank's stock price rose throughout the period after it delivered positive first-quarter 2025 results. Despite a volatile macro backdrop, management reiterated full-year guidance across all key measures and reaffirmed their commitment to achieving a double-digit return on tangible common equity target. Share repurchase stepped up during the first quarter, with management projecting further increases as the year progresses. Shares also benefitted from growing optimism around a more favorable regulatory outlook for banks, including potential capital relief that could support higher returns and distributions to shareholders.

Top detractor

Global Payments was the top detractor during the quarter. The U.S.-headquartered transaction and payment processing company's shares sold off during the period as investors reacted negatively to an announced acquisition of Worldpay and divestiture of the Issuer Solutions business. We believe investors underappreciate the long-term strategic and financial merits of this transaction. Moreover, we are pleased that management is still committed to

*Although, Phillips 66 equity position was the top contributor for the quarter, it was largely offset by a Phillips 66 equity option position. Therefore Phillips 66 was removed as a top contributor.

returning a substantial amount of capital to shareholders. We believe Global Payments can return close to one third of its current market cap to shareholders over the next three years and that capital returns could grow meaningfully from there as the benefits of the Worldpay deal are fully realized.

PORTFOLIO ACTIVITY

New purchases

Amazon is the world's largest online retailer and provider of cloud services. The company is a dominant player in massive end markets with secular growth tailwinds. Amazon benefits from a wide competitive moat supported by scale, customer loyalty, and network effects. We think it is a well-managed business that will use AI to improve operational efficiency, enhance customer experience, and fuel long-term demand growth at Amazon Web Services (AWS). Despite this favorable outlook, Amazon's stock price fell recently due to a combination of tariff and short-term macroeconomic concerns. We were pleased to purchase shares in what we believe is one of the world's best companies at a discount to our estimate of intrinsic value.

Nike Cl B 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 to roughly a third of its previous high, 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 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. We were pleased to buy the stock, but we first established our position using a put writing strategy to lower our entry price. We believed the puts were overvalued as they implied that Salesforce was among the most volatile large companies, which was completely at odds with our assessment of its business value.

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.

June 30, 2025

PORTFOLIO MANAGERS

(Year joined Harris | Oakmark)

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

AVERAGE ANNUALIZED TOTAL RETURNS (%)

	Inception date	QTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Expense ratio
Investor Class | OAKMX	08/05/1991	4.36	15.65	20.16	19.71	12.41	12.80	0.89
Advisor Class | OAYMX	11/30/2016	4.41	15.87	20.39	19.94	12.56	12.85	0.70
Institutional Class | OANMX	11/30/2016	4.42	15.91	20.43	19.97	12.60	12.86	0.66
R6 Class | OAZMX	12/15/2020	4.44	15.98	20.48	20.02	12.62	12.87	0.62
S&P 500 Index		10.94	15.16	19.71	16.64	13.65	10.70	
Russell 1000 Value Index		3.79	13.70	12.76	13.93	9.19	9.92	

Expense ratios are as of the Fund's most recent prospectus dated January 28, 2025, as amended and restated January 30, 2025, March 14, 2025 and May 19, 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. "Linked performance": Advisor and Institutional Class shares commenced operations on 11/30/2016. The performance attributed to the those share classes prior to that date is that of the Investor Class shares from 8/5/1991-11/30/2016. Performance prior to 11/30/2016 has not been adjusted to reflect the lower expenses of Advisor and Institutional Class shares which would have had similar, but potentially higher returns due to lower expenses. R6 Class shares commenced operations on 12/15/2020. The performance attributed to the R6 Class shares prior to that date is that of the Investor Class shares from 8/5/1991-11/30/2016, and then the performance of the Institutional Class shares from 11/30/2016-12/15/2020. Performance prior to 12/15/2020 has not been adjusted to reflect the lower expenses of R6 Class shares. During this period, R6 Class shares would have had similar, but potentially higher returns due to lower expenses.

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 Fund's total net assets as of 06/30/2025: Alphabet Cl A 3.6%, Amazon.com 1.6%, BorgWarner 0.0%, Charles Schwab 3.0%, Citigroup 3.5%, ConocoPhillips 2.5%, CVS Health 0.0%, Fiserv 1.8%, Global Payments 1.6%, Kroger 0.0%, Nike Cl B 1.8%, Salesforce 1.0% and Zimmer Biomet 1.0%. **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 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 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.

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.

All information provided is as of 06/30/2025 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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