

QUARTERLY COMMENTARY

Oakmark Fund

September 30, 2024

THIRD QUARTER, 2024

- The Fund returned 7.38% versus 5.89% for the S&P 500 Index for the quarter, and 12.86% since inception versus 10.67% for the index over the same period.
- At the sector level, the largest contributors were financials and industrials, while energy was the only detractor from performance.
- We continue to find attractive investment opportunities across a variety of sectors amid the unusually wide spread between high P/E and low P/E stocks that exists today.

TOP CONTRIBUTOR | DETRACTOR

Top contributor

CBRE Group was the top contributor during the quarter. The U.S.-headquartered real estate services company's stock price rose following the release of positive second-quarter results, with revenue, earnings per share and free cash flow exceeding consensus expectations. Later in the quarter, we met with CEO Bob Sulentic, who expressed enthusiasm about CBRE's prospects and the caliber of the executive team. Sulentic also outlined several avenues for growth, including continued expansion of more cyclically resilient business lines. We continue to believe CBRE's strong management team will unlock value for shareholders and appreciate their disciplined approach to managing the business and allocating capital.

Top detractor

Charles Schwab was the top detractor during the quarter. The U.S.-headquartered brokerage company saw net interest revenue, its biggest top-line contributor, fall year over year as deposit balances

Third-quarter highlights

Top contributors

- CBRE Group Cl A
- Fiserv
- Fortune Brands Innovations

Top detractors

- Charles Schwab
- Alphabet Cl A
- APA

New purchases

- Genuine Parts Company
- Merck

Final sales

- American Express
- Cisco Systems
- Moody's

declined and Schwab was instead forced to use higher cost sources to fund its balance sheet. This was compounded by heightened regulatory scrutiny on the interest rate paid on cash balances at other brokerage firms, which has weighed on share price performance across the sector. We believe Schwab will be less affected by this regulatory scrutiny than peers due to its role as a service provider to independent advisors. Meanwhile, we continue to expect the declines in Schwab deposits to level off, with underlying business growth eventually allowing the company to replace its higher cost funding with low-cost deposits, thereby driving an increase in earnings. We continue to view Schwab as a strong business with meaningful scale advantages

that should create value for shareholders over the long term.

PORTFOLIO ACTIVITY

We established two new positions during the quarter and eliminated three positions. For final sales, both American Express and Moody's were successful investments that approached our estimate of intrinsic value, while Cisco Systems was sold at a small loss after fundamental results fell short of our expectations.

New purchases

Genuine Parts Company (GPC) is a distributor of automotive and industrial replacement parts. The company primarily operates under the NAPA brand name in the automotive market and Motion Industries in the industrial market. The two business segments address different end markets but share some attractive traits. In both markets, the majority of sales are replacement parts, which leads to steady demand and dampened cyclicality. Customers often prioritize speed and service over price, which promotes a rational competitive pricing environment. Additionally, both markets are fragmented, with GPC representing one of a handful of scale players competing against a long tail of independent operators. The NAPA ecosystem, which includes nearly 2,000 company-owned stores and nearly 4,800 independently-owned stores in North America, is a difficult-to-replicate asset that offers broad coverage nationwide. We see opportunity for the store base to operate more efficiently as management's recent investments start to bear fruit. Motion Industries is the clear leader in its niche with roughly twice the revenue base of the closest direct competitor, and it differentiates itself via its technical salesforce and network density. Historically, GPC has consistently earned high returns on capital and supplements solid organic growth with value-accretive tuck-in acquisitions. The stock trades at a sizeable P/E discount to peers and the broader market, which we view as an attractive entry point.

Merck is a global pharmaceutical firm with leading oncology, vaccine and animal health franchises. Premier products in Merck's portfolio include Keytruda, Gardasil, Winrevair and Bravecto. Outsized contributor Keytruda is an immuno-oncology drug that treats several cancers and tumors. Keytruda is an astounding clinical and commercial success that is on track to become one of the best-selling prescription drugs to date. Investor angst surrounding Keytruda's pending U.S. patent expiration in 2028 presented a chance to buy shares at a discounted valuation. We believe opportunities to extend Keytruda's duration through life cycle management are underappreciated. More importantly, discounted cash flows from products already on market cover today's entire stock price, meaning there is minimal value ascribed to a promising pipeline with strong sales potential. We believe Merck is led by a capable management team that looks to reinvest these cash flows in an accretive manner.

PORTFOLIO MANAGERS

(Year joined Harris | Oakmark)

William C. Nygren, CFA (1983)

Michael A. Nicolas, CFA (2013)

Robert F. Bierig (2012)

PERFORMANCE (%)

	QTD*	1 yr	3 yrs	5 yrs	10 yrs	Since inception
Investor Class OAKMX	7.38%	28.39%	10.53%	16.81%	11.94%	12.86%
S&P 500 Index	5.89%	36.35%	11.91%	15.98%	13.38%	10.67%
Russell 1000 Value Index	9.43%	27.76%	9.03%	10.69%	9.23%	10.03%

Expense ratio: Investor Class 0.91%

*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 Fund's total net assets as of 09/30/2024: Alphabet Cl A 3.1%, American Express 0%, APA 1.4%, CBRE Group Cl A 2.7%, Charles Schwab 2.7%, Cisco Systems 0%, Fiserv 3.1%, Fortune Brands Innovations 1.8%, Genuine Parts Company 1.0%, Merck 1.0% and Moody's 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.

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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 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 09/30/2024 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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