

Oakmark Fund: Fourth Calendar Quarter 2023

December 31, 2023

The Oakmark Fund (“the Fund”) returned 12.92% compared to 11.69% for the S&P 500 Index during the fourth quarter. The Fund returned 30.89% compared to 26.29% for the S&P 500 Index for the calendar year. We are pleased that the Fund outperformed in both the quarter and the full year despite 2023 being another year in which value faced a headwind versus growth.

At the start of 2023, we didn’t expect this year to be as challenging for value as it turned out to be. In fact, value had outperformed in 2022 for the first time in around a decade—and we had thought that value might be finally on the cusp of a similarly long period of outperformance. After all, as we have written in the past, the set-up of higher interest rates and wider dispersion in P/E multiples tends to be a good one for value managers like us.

Despite this seemingly favorable backdrop, though, we were in for a surprise as the Russell 1000 Growth Index outperformed the Russell 1000 Value Index by 31 percentage points in 2023. Indeed, value’s outperformance in 2022 has been completely erased this year, and then some. The good news is that the Oakmark Fund has outperformed the S&P 500 Index by 10 percentage points over the past 24 months even with the headwind to value across the overall period. Moreover, as things stand today, we believe the value opportunity is at least as good as it was at the start of 2022. As long-term value investors, this opportunity excites us.

Turning to attribution, in the fourth quarter, the largest contributing sectors were financials and industrials. We slightly reduced our holdings in financials, offsetting the increase in our financials sector weighting caused by the good performance. The only detracting sector was energy. The largest individual contributors were Capital One Financial and KKR, and the largest individual detractors were Charter Communications and APA Corp.

Oakmark Fund - Investor Class

Average Annual Total Returns (12/31/2023)

Since Inception (08/5/91) 12.72%

10–year 11.33%

5–year 16.89%

1–year 30.89%

3–month 12.92%

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 calendar year, the largest contributing sectors were financials and communication services, and the largest detracting sectors were consumer staples and energy. The largest individual contributors were Meta Platforms and Alphabet, and the largest individual detractors were APA Corp. and Baxter.

We initiated a new position in BlackRock and eliminated four positions during the quarter. Specifically, we sold Carlisle, Parker-Hannifin, Pinterest and Pulte as each approached our estimate of intrinsic business value. In addition, we sold Veralto shares received in a spin-off from Danaher at what we believe was a full price.

We purchased shares in BlackRock, the largest asset manager in the investment industry, when its stock sold off on fears that higher interest rates would hurt global economic activity. BlackRock's ETF business, iShares, outgrows competitors due to its strong brand and breadth of product offerings. BlackRock's active management business also outgrows most other managers due to its dominance in fixed income and leadership in multi-asset, sustainable investing and alternative assets. We expect BlackRock's total revenue to grow in the high-single digits and earnings per share to grow faster than revenue. We were pleased to add this above-market grower at a below-market multiple of earnings.

As always, we take into consideration the tax efficiency of the Fund to help maximize after-tax returns. As a result, the Oakmark Fund made no annual capital gains distributions in 2023.

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

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The securities mentioned above comprise the following preliminary percentages of the Oakmark Fund's total net assets as of 12/31/2023: Alphabet Cl A 3.3%, APA 2.0%, BlackRock 1.2%, Capital One Financial 2.8%, Carlisle 0%, Charles Schwab 2.1%, Charter Communications Cl A 1.8%, Danaher 0.8%, KKR 2.5%, Meta Platforms Cl A 1.2%, Parker-Hannifin 0%, Pinterest 0%, Pulte 0% and Veralto 0%. **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).

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.

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Harris Associates L.P. does not provide tax or legal advice. Please consult with a tax or legal professional prior to making any investment decisions.

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 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 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 12/31/2023 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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