

## QUARTERLY COMMENTARY

## Oakmark Select Fund

March 31, 2025

## FIRST QUARTER, 2025

- The Fund's Investor Share Class returned -1.15% versus -4.27% for the S&P 500 Index for the quarter, and 11.73% since inception versus 9.57% for the index over the same period.
- At the sector level, the largest contributors to performance were industrials and financials, while consumer discretionary and communication services were the largest detractors.
- As we have done in other periods when stock prices declined significantly, we are taking advantage of the opportunity to reposition the portfolio toward companies with the most attractive risk-adjusted returns.

## TOP CONTRIBUTOR | DETRACTOR

## Top contributor

**Intercontinental Exchange (ICE)** was the top contributor during the quarter. The U.S.-headquartered financial exchange and data company's stock price rose as it reported solid fourth-quarter 2024 results led by 16% growth in its energy futures business. After a couple years of using cash flow to pay down debt from its two major mortgage acquisitions Ellie Mae and Black Knight, management resumed share repurchase in the first quarter of 2025. We believe share repurchases are an attractive capital allocation opportunity for ICE today. We continue to view ICE as a well-managed, high-quality business with a bright future ahead.

## Top detractor

**Alphabet** was the top detractor during the quarter. The U.S.-headquartered company's stock price declined despite having posted fourth-quarter 2024 earnings that were in line with consensus expectations. Search revenue growth remained strong, and

## First-quarter highlights

## Top contributors

- Intercontinental Exchange
- Deere and Company
- Keurig Dr Pepper

## Top detractors

- Alphabet Cl A
- Lithia Motors Cl A
- IQVIA Holdings

## New purchases

- Molina Healthcare

## Final sales

- Fiserv
- Salesforce

management reiterated that the new "AI Overviews" feature is driving higher engagement with comparable monetization. The one miss during the quarter was in the Cloud segment, where revenue grew 30% year-over-year but fell slightly short of consensus expectations. We believe the shortfall was largely due to short-term capacity constraints and the long-term growth outlook for Google Cloud remains robust. We continue to see Alphabet as a collection of great businesses that can further benefit from the company's world class AI capabilities. With shares trading at just 15x our estimate of next year's earnings per share, we believe the stock is meaningfully undervalued.

### PORTFOLIO ACTIVITY

#### New purchases

**Molina Healthcare** is a leading managed care company. Molina is the fourth largest player in managed Medicaid but has consistently delivered industry-leading growth and margins. In our view, this is thanks to the company's exceptional management team and culture of operational excellence. We think Molina has a long runway for growth via continued share gains in Medicaid and untapped opportunities in their Medicare and Marketplace business segments. Recently, fundamentals have been pressured by an unprecedented redeterminations cycle in Medicaid, and valuations have compressed due to uncertainty around policy changes in a new political administration. We believe earnings pressure from redeterminations is temporary and any Medicaid policy changes will prove manageable, providing us an opportunity to purchase shares at a meaningful discount to intrinsic value.

### PORTFOLIO MANAGERS

(Year joined Harris | Oakmark)

William C. Nygren, CFA (1983)

Robert F. Bierig (2012)

Alex Fitch, CFA (2010)

AVERAGE ANNUALIZED TOTAL RETURNS (%)

	Inception date	QTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Expense ratio
Investor Class   OAKLX	11/01/1996	-1.15	6.23	9.90	22.37	8.72	11.73	0.99
S&P 500 Index		-4.27	8.25	9.06	18.59	12.50	9.57	
Russell 1000 Value Index		2.14	7.18	6.64	16.15	8.79	8.71	

Expense ratios are as of the Fund's most recent prospectus dated 1/28/2025, as amended and restated 1/31/2025 and 3/14/2025; 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.

**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 Select Fund's total net assets as of 03/31/2025: Alphabet Cl A 6.3%, Deere 5.7%, Fiserv 0%, Intercontinental Exchange 4.7%, IQVIA Holdings 6.7%, Keurig Dr Pepper 5.5%, Lithia Motors Cl A 5.5%, Molina Healthcare 1.9% and Salesforce 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 Select 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.

**Because the Oakmark Select Fund is non-diversified, the performance of each holding will have a greater impact on the Fund's total return, and may make the Fund's returns more volatile than a more diversified fund.**

**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 03/31/2025 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](http://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

**March 31, 2025**

provided by affiliates of Natixis Investment Managers, is a marketing agent for the Oakmark Funds.

Harris Associates Securities L.P., Distributor, Member FINRA.  
FCM-4338LX-07/25