

Oakmark Select Fund

June 30, 2024

SECOND QUARTER, 2024

- The Fund returned -6.19% versus 4.28% for the S&P 500 Index for the quarter, and 11.56% since inception, versus 9.69% for the S&P 500 Index over the same period.
- At the sector level, the largest contributor was communication services, and the largest detractors were industrials and health care.
- While the outperformance of growth stocks weighed on our relative returns in the second quarter, it has also created opportunities to purchase shares in a diversified set of undervalued securities. Over the long term, we believe such value investments will generate strong returns for our clients. Read more in the [2Q 2024 U.S. equity market commentary](#).

TOP CONTRIBUTOR | DETRACTOR

Top contributor

Alphabet was the top contributor during the quarter. The stock price rose after the U.S.-based communication services company reported first-quarter operating income growth of 31% versus the prior year. We believe management's cost reduction initiatives will improve operating efficiency and lead to faster earnings growth. In addition, we expect the company's new AI-powered features, showcased at the recent Google I/O conference, will increase the value of its products to users. At its current share price, we continue to see upside to our estimate of Alphabet's intrinsic value.

Top detractor

Paycom Software was the top detractor during the quarter. The U.S.-based payroll software company's stock underperformed following the release of

Second quarter highlights

Top contributors

- Alphabet Cl A
- First Citizens Bcshs Cl A
- Charles Schwab

Top detractors

- Paycom Software
- IQVIA Holdings
- Lithia Motors Cl A

New purchases

- Centene

Final sales

- American Express
- EOG Resources
- KKR

mixed first quarter results and the resignation of Co-CEO Chris Thomas. We believe Paycom's softer than expected results are largely attributable to a weak macro environment for payroll software and that Paycom is taking the right steps to improve operational performance, which should enable a return to healthy revenue growth when the market improves. And although the Co-CEO's resignation was a negative surprise, we spoke with founder and CEO Chad Richison following the announcement and, following the conversation, remain confident in the company's long-term prospects. At the current price, Paycom trades for 4x revenue which we believe is too cheap for highly profitable, growing software business.

PORTFOLIO ACTIVITY

New purchases

Centene is one of the largest health insurers in the U.S. The company specializes in three major government-sponsored programs: Medicaid, Marketplace and Medicare Advantage, each of which benefits from long-term secular tailwinds. In Medicaid, states are steadily outsourcing their programs to companies like Centene to reduce costs and improve care quality. Managed Medicaid penetration has increased throughout the past decade and we expect further gains over time. In Marketplace, growth is driven by the trend toward more individuals buying health insurance. Centene holds the #1 market share in both of these programs and is well positioned to capitalize on their continued growth. Finally, we believe management is successfully turning around Centene's Medicare business and expect the division to generate positive earnings over

time. After adjusting for losses stemming from Centene's Medicare business, we were able to purchase shares at a single-digit P/E multiple, which we think is too cheap for a leading, secularly growing Medicaid company and an improving Medicare business.

PORTFOLIO MANAGERS

(Year joined Harris | Oakmark)

William C. Nygren, CFA (1983)

Robert F. Bierig (2012)

Alex Fitch, CFA (2010)

PERFORMANCE (%)

	QTD*	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
Investor Class OAKLX	-6.19%	14.30%	5.60%	11.97%	7.67%	11.56%
S&P 500 Total Return Index	4.28%	24.56%	10.01%	15.05%	12.86%	9.69%
Russell 1000 Value Index	-2.17%	13.06%	5.52%	9.01%	8.23%	8.60%

Expense ratio: Investor Class 1.00%

*Not annualized

Inception date: Investor Class 11/01/1996

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 Select Fund's total net assets as of 06/30/2024: Alphabet Cl A 8.5%, American Express 0%, Centene 3.4%, Charles Schwab 6.1%, EOG Resources 0%, First Citizens Bcshs Cl A 7.1%, IQVIA Holdings 6.6%, KKR 0%, Lithia Motors Cl A 5.3% and Paycom Software 4.9%. **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.

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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 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.

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 06/30/2024 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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