HARRIS ASSOCIATES
OAKMARK FUNDS

Oakmark Select Fund: Second Quarter 2022

June 30, 2022

Oakmark Select Fund – Investor Class
Average Annual Total Returns (06/30/22)
Since Inception (11/1/96) 11.04%
10–year 9.69%
5–year 4.28%
1–year -16.04%
3–month -16.44%
Gross Expense Ratio: 1.00%
Net Expense Ratio: 0.98%

Expense ratios are based on estimated amounts for the current fiscal year; actual expenses may vary.

The net expense ratio reflects a contractual advisory fee waiver agreement through January 27, 2023.

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.*

The volatility that we saw in the first quarter accelerated in the second quarter over concerns about sustained inflation, the need for higher interest rates and the consequently increased odds of a recession. As a result, stock prices fell considerably, and the Oakmark Select Fund ("Fund") was not immune. The Oakmark Select Fund declined 16% during the second quarter, compared to the S&P 500 Index's negative 16% return. As fellow shareholders in the Fund, we understand that negative absolute returns like these are not pleasant. So, where do we go from here? In his commentary, Bill Nygren discusses how markets have performed in prior market environments that are analogous to today's. The good news is that market returns are nicely positive on average when an investor has the fortitude to stick with equities for two years.

The most significant contributors to this quarter's performance were Constellation Brands (+6%), Humana (+5%) and Hilton Worldwide (+3%). Constellation Brands (sold) is a consumer staples company, and like most of its peers, its stock price held up quite well in a volatile market. Humana and Hilton were also sold as their share prices remained quite resilient during the quarter.

The most significant detractors were Netflix (-50%), Alphabet (-22%) and CBRE Group (-20%). The fundamentals at Alphabet and CBRE Group continue to exceed our expectations, though both are relatively large positions that were dragged down along with overall equities. Netflix shares declined for more company-specific, fundamental reasons. During the second quarter, Netflix provided a weaker than expected outlook for both subscriber growth and profit margins. After meeting with management and scrutinizing our investment thesis, we lowered our estimate of its business value to account for softer near-term business fundamentals. However, we believe the decline in the company's share price far exceeded the decline in its business value. Netflix now trades for a discount to the S&P 500 on next year's GAAP earnings, despite our view that the company remains a better than average business run by a highly accomplished management team. We believe the company's lead in streaming remains intact and we expect future operating margins to be substantially higher than today's levels. Furthermore, we are encouraged by Netflix's potential to enhance revenue growth through advertising, the monetization of password sharing and further penetrating international markets. These efforts are not without risk, however, and we have done our best to treat them accordingly in our valuation.

As you're aware, we believe stock prices are far more volatile than business values. Consequently, when volatility increases, as it did in the second quarter, there is a good chance our trading activity will increase, too. We sold four smaller positions (Hilton, Humana, Regeneron Pharmaceuticals and Constellation Brands) for valuation reasons as their share prices all held up quite well in a weak market. All are good companies that we'd be happy to own again at better prices.

We purchased a new position in Amazon during the second quarter and added significantly (over 50% in each case) to our positions in Netflix, Bank of America and Meta Platforms as their valuations became more attractive. Amazon is the leading e-commerce and cloud-computing provider in the world. Two-thirds of U.S. households are Amazon Prime subscribers, and over half of all online product searches now start on Amazon. We believe the company's strong customer loyalty and massive infrastructure are significant barriers to entry in a growing e-commerce market. Separately, Amazon Web Services ("AWS") controls nearly half of the market in cloud computing. We believe AWS has become utility-like in nature and scale and we expect healthy growth moving forward as IT workloads continue moving to the cloud. More recently, concerns about rising investment spending have weighed on the stock—as they have in times past—providing us another opportunity to purchase shares at a very attractive price. At our purchase price and valuing AWS like its peers, an investor isn't paying much of anything for the immensely valuable e-commerce franchise.

We thank you, our fellow shareholders, for your investment and continued support of the Oakmark Select Fund.

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The securities mentioned above comprise the following preliminary percentages of the Oakmark Select Fund's total net assets as of 06/30/22: Alphabet 10.2%, Amazon 3.1%, Bank of America 4.2%, CBRE Group 6.3%, Constellation Brands 0%, First Citizens Bcshs Cl A 4.8%, First Citizens Bcshs Cl B 0.2%, Hilton 0%, Humana 0%, Meta Platforms 4.6%, Netflix 4.8% and Regeneron Pharmaceuticals 0%. **Portfolio holdings are subject to change without notice and are not intended as recommendations of individual stocks.**

Harris Associates
Oakmark Funds

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 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.

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.

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.

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.

All information provided is as of 06/30/2022 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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