

The following information may be helpful to you for reporting transactions in your mutual funds on your tax return. The tax forms we send to you include details that are being reported to the IRS. This brochure describes how to use these forms when you file your tax return.

As always, please consult your accountant, tax advisor or tax professional for detailed information applicable to your unique situation. You may also find IRS Publication 550, "Investment Income and Expenses," helpful in your tax planning. It can be found at www.irs.gov.

FORM 1099-DIV QUESTIONS AND ANSWERS

IRS Tax Form 1099-DIV reports taxable dividends and short-term and long-term capital gains distributed by each mutual fund you own. Short-term capital gains distributions, when paid, are reported as ordinary dividends on this form. Form 1099-DIV may also include federal income tax withheld and foreign taxes paid. More information about foreign taxes is included on page 4.

What information is reported on Form 1099-DIV?

Form 1099-DIV reports ordinary dividends and capital gains distributions of \$10 or more (unless there was backup withholding). The form includes:

- >> The names of funds that paid dividend or capital gains distributions
- >> The funds' federal identification numbers
- >> Total ordinary dividends
- >> Qualified dividends
- >> Total capital gains distributions
- >> Nontaxable distributions
- >> Federal income tax withheld
- >> Foreign tax paid

Transactions and/or distributions for each specific mutual fund, not simply "Oakmark Funds," must be reported on Form 1040, Schedules B and D, and Form 8949. This applies to both Forms 1099-DIV and 1099-B.

If I reinvest distributions to purchase more shares of my fund, do I owe taxes on those distributions?

Yes. You must pay taxes on mutual fund distributions regardless of whether you receive them in cash or reinvest them in additional shares of your fund. Reinvested distributions are included on Form 1099-DIV.

Why aren't short- and long-term capital gains distributions listed separately on the 1099-DIV?

Short-term capital gains are required to be reported to shareholders as ordinary income. Short-term capital gains distributions, along

with ordinary dividends, are reported in Box 1a. Long-term capital gains distributions are reported in Box 2a.

What are Qualified Dividends?

Mutual fund distributions that are attributable to dividends received on qualified stock (therefore "qualified dividends") are taxed at the long-term capital gains rates instead of the higher ordinary income tax rates. Box 1b on Form 1099-DIV shows the portion of the amount in Box 1a that qualifies for the reduced rate. Please refer to the instructions in your IRS Form 1040 for information about reporting qualified dividends, including holding period requirements. Enter the total qualified dividends from all your investments on Line 9b of Form 1040.

What is Foreign Tax Paid?

When dividends include income from non-U.S. securities, the fund may pass the foreign tax paid on these investments through to its shareholders in Box 6 on Form 1099-DIV. Shareholders may either claim a foreign tax credit on their returns or take an itemized deduction. This amount has been added to your ordinary dividends. More information about foreign tax paid can be found on page 4.

OTHER TAX FORMS YOU MAY RECEIVE REGARDING YOUR MUTUAL FUND INVESTMENTS

Form 1099-Q

IRS Form 1099-Q reports the gross distributions, including asset transfers, from Education Savings Accounts (ESAs) and qualified education programs. Please see IRS Publication 970, "Tax Benefits for Education," for information about how to calculate the earnings portion of the gross distribution.

Form 1099-R

IRS Form 1099-R reports all distributions from retirement accounts such as IRAs, 401(k) plans and annuities. It lists gross distributions, taxable amounts, and any federal and state taxes withheld.

Form 5498

IRS Form 5498 reports contribution information and fair-market values for traditional IRAs, Roth IRAs, Education Savings Accounts (ESAs), Simplified Employee Pension (SEP) IRAs and Savings Incentive Match Plan for Employees (SIMPLE) IRAs. *This form will be sent in May 2018, after the close of the April 17, 2018 contribution deadline for 2017 contributions. It is for your records only and does not need to be filed with your tax return.*

FORM 1099-B QUESTIONS AND ANSWERS

IRS Tax Form 1099-B reports all sales and/or exchanges of mutual fund shares. If you realize capital gains or losses from the sale (including an exchange of mutual fund shares), you must report them on your tax return.

What information is reported on Form 1099-B?

Form 1099-B reports the gross proceeds of sales (redemptions) of mutual fund shares, excluding retirement accounts. In addition, 1099-B reports exchanges between funds and transfers from non-retirement accounts to retirement accounts. The form includes the name of the fund sold, date of acquisition, date of the sale, share price, number of shares sold, cost basis, gross proceeds, and any federal and state income taxes withheld.

Do I need to report a gain or loss if I simply exchange from one fund to another?

Yes. Because an exchange is the sale of one fund's shares and the purchase of another fund's shares, you will receive a Form 1099-B indicating the gross proceeds of the sale. You will not receive this form when selling or exchanging shares in a retirement account, such as an IRA.

How can I determine if I have a short- or long-term gain or loss?

A sale of shares held for one year or less results in a short-term gain or loss. If you sold shares held for more than one year, a long-term capital gain or loss is generated. The new Form 1099-B breaks out long-term and short-term transactions for you.

What tax rates apply to short-term and long-term capital gains?

Short-term gains are generally taxed at ordinary income tax rates, which range from 10% to 39.6%, depending on your adjusted gross income. Long-term gains tax rates are 0% or 15% for most taxpayers and a maximum rate of 20% for taxpayers in the highest tax bracket. Additionally, short-term and long-term gains, as well as dividend income, are subject to the Net Investment Income Tax rate of 3.8%.

Can I calculate gains/losses using Form 1099-B alone?

You can use Form 1099-B alone for covered shares, but not for non-covered shares. This form does not provide sufficient information to calculate a gain or loss on the sale or exchange of non-covered shares. Account owners will need the original cost per share (cost basis) and date of each purchase to determine gain or loss information. You will find this information on your confirmation statements.

How do I calculate my cost basis when I sell or exchange shares?

When you sell or exchange shares from a mutual fund, you must calculate and report a gain or loss on Form 1040, Form 8949 and Schedule D. In general, your cost basis (the original cost of the investment plus all reinvested distributions) is subtracted from your sales proceeds to determine any capital gain or loss. There are several ways in which you can calculate your cost basis and, therefore, your potential tax liability:

- >> **Average Cost (ACST)**—Depletes the oldest shares in the account first and reports their average cost. Average Cost is calculated by totaling the cost of all shares in the account and dividing by the total number of shares in the account. The average cost per share is applied to the total number of shares sold to determine the cost basis of those shares being sold. The average cost of covered shares is calculated separately from non-covered shares as if they were in two separate accounts.
- >> **First-In, First-Out (FIFO)**—Depletes the oldest shares in the account first. The actual cost and dates of purchase for those shares are reported.
- >> **Last-In, First-Out (LIFO)**—Depletes the newest shares in an account first. The actual cost and dates of purchase for those shares are reported.
- >> **High-Cost, First-Out (HIFO)**—Depletes shares purchased at the highest cost first. The actual cost and dates of purchase for those shares are reported.
- >> **Low-Cost, First-Out (LOFO)**—Depletes shares purchased at the lowest cost first. The actual cost and dates of purchase for those shares are reported.
- >> **Loss/Gain Utilization (LGUT)**—Depletes the shares with the largest losses first and the shares with the largest gains last. The actual costs and dates of the purchases for those shares are reported.
- >> **Specific Lot Identification (SLID)**—You will be required to designate the specific shares to redeem when placing your redemption request. A secondary accounting method is required for use if the lots chosen are no longer available. Please note that Average Cost cannot be used as a secondary accounting method.

Don't forget to include reinvested distributions in your calculations, as these are purchases of additional shares and therefore part of your cost basis.