



THE RESPONSIBILITY FACTOR

Social Impact Investing - Domestic

Ariel's domestic strategies follow a disciplined, patient investing philosophy by searching for undervalued or underfollowed companies. We take advantage of the market's short-term thinking to optimize long-term results for our clients. We further believe ethical business practices make good investment sense and seek companies in alignment with our social quality criteria, similar to how we search for a margin of safety. Specifically, our domestic strategies do not invest in corporations whose primary source of revenue is derived from the production or sale of tobacco products or the manufacture of handguns.

The responsibility factor is an important piece in assessing a company and its corporate culture. We review regulatory filings, research from MSCI Inc. and ISS, and directly engage with management. As long-term investors, management teams are viewed as business partners, and we pursue partnerships with shared values.

Commitment to social/civic responsibility: community/civic involvement builds vibrant, sustainable communities and ties customers to brands and businesses.

Proactive diversity practices: companies that cultivate diversity are more likely to attract the best talent and broaden their markets in profitable new ways.

Ethical decision-making: firms that take strong moral responsibility develop long-term, competitively advantaged business models.

Environmental policies: companies with sound environmental practices are less likely to face government regulation, costly litigation and fines.

We believe a dedication to social awareness and corporate governance drives better companies. Because strong financial results do not have to come at the expense of social integrity, we integrated it most formally into our traditional value research effort whereby three analysts assess an investment's full potential: a primary analyst, a devil's advocate, and a dedicated impact research professional who engages directly with management. Proxy statements and voting decisions are evaluated on an individual company basis by the relevant portfolio manager, primary analyst and impact professional. Controversial issues are debated based on the specific situation and often discussed extensively with the management team of each portfolio company.

Social Impact in Action

Ariel seeks to enrich the communities where we live and work by connecting our diverse expertise, resources, and time to generate positive social impact. Diversity and inclusion, civic engagement, and financial literacy have been at the core of the firm's principles and values for over 35 years.

Slow and steady wins the race.



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Ariel Community Academy (ACA)

In 1996, we established ACA, a K-8 public school located on the south side of Chicago that incorporates financial literacy and real-money investing into the classroom. The Ariel Education Initiative provides the funds needed to support the financial literacy and investment programs.

Ariel Investments Black Investor Survey

In 1998, we began conducting the Ariel Investments Black Investor Survey, a series of surveys that compare and contrast the saving and investing attitudes and behaviors of middle class black and white Americans, and how they think about financial matters. We studied underlying beliefs, past experiences, as well as the expectations and issues that each group faces in their financial futures.

Black Corporate Directors Conference (BCDC)

In 2002, Ariel and Russell Reynolds co-founded BCDC to ensure issues related to civil rights and diversity are thoughtfully considered in corporate boardrooms throughout America and to push for lasting and meaningful change in attendees' respective boardrooms. Many of these best practices are applied to our portfolio engagement activities.

John W. Rogers, Jr. Internship Program in Finance at the University of Chicago (UofC)

In 2017, CEO John W. Rogers, Jr. and Ariel partnered with UofC to create the Rogers Internship Program in Finance. The first program of its kind connects non-profit endowment and investment offices with exceptional summer internship candidates, primarily from underrepresented backgrounds. We assist UofC in providing extensive training in preparation for the paid internships, representing 40-50 students per year by 2020.

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