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FOR IMMEDIATE RELEASE

As Market Volatility Soars, Advisors Urge Clients to Stay the Course, Ariel Investments Survey Reveals

CHICAGO (November 2, 2018) – Despite a rollercoaster ride for the S&P 500 in October, financial advisors are overwhelmingly urging clients to stay the course and keep their current asset allocation intact. And, whereas 10 years ago during the financial crisis many investors abandoned their investment plans as whipsawing markets led to panic and fear, things are different this time, according to a survey of more than 100 advisors who attended the Schwab IMPACT® 2018 conference held in Washington D.C.

More than eight in 10 advisors (82 percent) are encouraging clients to stick to their investment plan and keep their asset allocation intact. While seven percent see the recent market volatility as a buying opportunity and advise adding to equity exposure, 10 percent are taking the opposite tack and advising clients to trim equity exposure.

It's Different this Time

"During the financial crisis of 10 years ago, those that remained invested in stocks and did not panic as markets became more turbulent, were generally handsomely rewarded for their conviction and patience," said Charlie Bobrinskoy, Vice Chairman, Head of Investment Group and Portfolio Manager at Ariel Investments. "It is encouraging to see that advisors and their clients acknowledge this and are sticking with their investment plans, despite the recent surge in volatility."

Investors are generally more concerned about volatility than their advisors, as 15 percent say they want to reduce exposure to equities and another five percent want to cut exposure to equities altogether. However, despite mounting concerns of another market downturn, investors are largely heeding the advice of their advisors. Nearly three-quarters (70 percent) of clients are telling their advisors that they are concerned about recent market volatility, but willing to keep their asset allocation intact. Additionally, nine percent of investors tell their advisors they view the recent market volatility as a buying opportunity and want to add equities to their portfolios.

Risk: It's All Relative

Compared to 10 years ago, during the Great Financial Crisis, 55 percent of advisors say their clients today are less willing to take on risk and more concerned with avoiding loss. This compares to 45 percent that say their clients are more willing to take on risk to earn a greater return.

"Depending on how they responded during the depths of the financial crisis, investors have a different take on risk today," Bobrinskoy said. "Relatively few were adding exposure to equities during the crisis, but those that had the courage to do so have generally done very well over the past 10 years. Those that stayed the course and stuck to their investment plans also have experienced nice gains. The nearly 50/50 split we see regarding how clients are thinking about risk today has much to do with their unique experience during and after the crisis."

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More Value in 2019

Of the 99 percent of advisors that plan to remain invested in equities in 2019, 70 percent expect to increase their allocation to value stocks. Value investors, including Ariel, look for companies that have fallen out of favor, but still have good fundamentals. Value stocks, which are typically more likely to lag growth stocks in a sustained bull market, are generally considered less volatile than growth companies.

Note to Editors

Ariel Investments conducted a proprietary survey of conference attendees at Schwab IMPACT® 2018 from October 28-31, 2018 in Washington, D.C. Survey respondents included financial advisors nationwide. Percentages are based on 105 responses.

About Ariel Investments

Ariel Investments, LLC is a money management firm headquartered in Chicago, with offices in New York City and Sydney. Ariel Investments serves individual and institutional investors through its no-load mutual funds and separate accounts. As of September 30, 2018, firm-wide assets under management are $13.6 billion. As of September 30, 2018, Ariel Fund was ranked the number one performing fund—out of 206 funds in Lipper's Mid-Cap Core universe—since the market bottom of 2009. For more information about the firm, please visit Ariel's award-winning website.

Past performance does not guarantee future results. Lipper, Inc. is a nationally recognized organization that reports performance and calculates rankings for mutual funds based on total returns. The ranking quoted above reflects the market low (03/09/09) ranking for Ariel Fund (Investor Class) within Lipper's Mid-Cap Core universe. Ariel Fund (Investor Class) ranked 54 out of 419, 52 out

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of 301 and 19 out of 199, respectively, within the Mid-Cap Core universe for the one-, five- and ten-year periods ending 09/30/18.

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