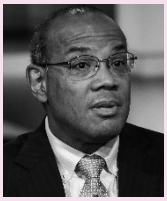
Ariel investments

Ariel Fund
Ariel Appreciation Fund

As of March 31, 2023



John W. Rogers, Jr.
Chairman, Co-CEO &
Chief Investment Officer



Mellody Hobson
Co-CEO & President

Performance (%)

	QTR	YTD[1]	1-Year	3-Year (Annualized)	5-Year (Annualized)	10-Year (Annualized)	Since Inception (Annualized)
Ariel Fund							**11/06/1986**
ARGFX Investor Class	**6.66**	**6.66**	**-8.74**	**24.18**	**5.80**	**9.06**	**10.65**
ARAIX Institutional Class	**6.75**	**6.75**	**-8.45**	**24.57**	**6.14**	**9.39**	**10.76**
Russell 2500™ Value Index	1.40	1.40	-10.53	21.82	5.61	7.72	10.42
Russell 2500™ Index	3.39	3.39	-10.39	19.43	6.65	9.07	10.26
S&P 500® Index	7.50	7.50	-7.73	18.62	11.19	12.24	10.46
Ariel Appreciation Fund							**12/01/1989**
CAAPX Investor Class	**1.72**	**1.72**	**-6.66**	**20.63**	**5.32**	**7.94**	**9.94**
CAAIX Institutional Class	**1.79**	**1.79**	**-6.37**	**21.00**	**5.65**	**8.28**	**10.06**
Russell Midcap® Value Index	1.32	1.32	-9.22	20.71	6.54	8.80	10.70
Russell Midcap® Index	4.06	4.06	-8.78	19.21	8.06	10.05	10.84
S&P 500® Index	7.50	7.50	-7.73	18.62	11.19	12.24	9.92

The positive quarter-end gains posted by US stocks as of March 31, 2023, masked an increasingly volatile undercurrent fueled by the unintended consequences of rising interest rates which affected everything from regional banks to money market funds and tech shares. Despite the erratic backdrop, Ariel Fund performed well, meaningfully outperforming its primary and secondary benchmarks. This portfolio was buoyed by strong returns among our holdings in Consumer Discretionary, Financials and Industrials. These names easily overcame marginal weakness in the Real Estate, Basic Materials and Technology sectors where our weightings significantly trail those of our value benchmarks. Meanwhile, Ariel Appreciation Fund edged out the Russell Midcap Value Index but fell short of the secondary Russell Midcap Index. When compared to the value benchmark, strong stock picking in the Consumer Discretionary sector was dampened by our Financials overweight, which was the worst-performing sector in the index.

Unintended Consequences—Regional Banks in Crisis

To tame stimulus-induced inflation, the Federal Reserve began the tedious effort of raising interest rates on March 2, 2022. They started slowly with a +0.25% move that immediately stepped up to +0.50% by May—with three consecutive +0.75% hikes in quick succession in July, September and November. By year-end, a +0.50% increase began to signal a shift, with two less aggressive +0.25% nudges this February and March. With the economy cooling and inflation decelerating, *The Wall Street Journal* noted, ". . . many bet that would lead the Federal Reserve to switch quickly from raising interest rates to cutting them."[2] All seemed well.

[1] YTD represents January 1, 2023 – March 31, 2023
[2] Otani, Akane. "Stocks Cap Wild Quarter to Notch Big Gains." *The Wall Street Journal*. April 1-2, 2023. Page A1.

Performance data quoted represents past performance. Past performance does not guarantee future results. All performance assumes the reinvestment of dividends and capital gains. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. Performance data current to the most recent month-end for the Funds may be obtained by visiting our website, arielinvestments.com.

And then a banking crisis came out of nowhere. Silicon Valley Bank (SVB), the 16th largest bank in the country, suffered a bank run and became the second-largest bank failure in US history. Given the tech industry concentration, the bank's demise was as fast as any viral phenomenon on the internet. A run that started on a Thursday ended when the bank was taken into receivership and did not re-open on Monday. With investors and the market on edge, the US Treasury, Federal Reserve and FDIC issued a late Sunday joint press release guaranteeing SVB's $209 billion in deposits—even those with account values over the $250,000 insured limit. That tripartite move helped, but did not stop the domino effect. Just two days later, Signature Bank became the third-largest bank failure ever in the United States. With financial stocks getting hit hard and confidence quickly eroding, big banks took matters into their own hands—raising $30 billion in deposits amongst themselves to stabilize the next weakest link, First Republic Bank (FRC). Although this move bought desperately needed time, the future of First Republic remains in question.

While many agree some structural misses contributed to the recent bank failures—including industry and customer concentrations as well as less robust regulation for regional players—the bigger culprit was the banks' supposedly safe fixed income securities known as their hold to maturity portfolios (HTM). As interest rates rose, these bond issues were quickly devalued and would need to be marked to today's sagging prices to fund an avalanche of deposit outflows. It is worth noting that were these bonds held to maturity as intended, they would be paid out at "par" or 100% of their paper value. In short, the Fed's recent rate hikes drove the need for more capital as bond prices fell and account holders fled. In the absence of that capital, SVB and Signature are gone. In Europe, Credit Suisse was hastily absorbed by its country cousin, UBS Group AG, with special dispensation from the Swiss government. First Republic might still be next.

As these banks were teetering, the biggest banks in the US were working around the clock to digest a rush of new customers. Unlike the 2008-09 crisis, the health of the overall banking industry is not in question. Large bank balance sheets have been stress tested for the most extreme conditions and are in great shape. And yet, regional banks in need of more capital remain under a cloud despite being the "essential workers" when it comes to lending to local communities. Plus, that lending is likely to tighten given growing capital requirements. As a result of a stingier credit environment, some of the biggest losers are expected to be the commercial real estate developers who need regular financing and subsequent refinancing. Another unintended consequence.

It is worth noting that our sole regional bank, Tulsa-based **BOK Financial (BOKF),** traded down in the recent financial sell off. While we believe government actions were well constructed and have proven effective in staving off more contagion, we acknowledge BOKF may be impacted by reduced earnings in the near-to-medium term. That said, asset quality remains sturdy as the company continues to exhibit solid loan growth, healthy net interest margins, strong capital levels and balance sheet liquidity. We therefore continue to believe BOKF remains well positioned for long-term success given its high underwriting standards, proven credit discipline, diversified business model and experienced management team.

Unintended Consequences—Popularity at Opposite Ends of the Risk Spectrum

Just as rising interest rates are settling in, ". . . investors are wagering that a general slowdown and tighter lending conditions stemming from the turmoil in the banking sector will force the Federal Reserve to loosen monetary policy sooner than expected."[2] These contrasting factors—today's higher rates and the prospect of lower future rates—are driving two disparate and increasingly crowded trades: one into money market funds and the other into large company tech shares. With yields now in excess of 4%, "Investors have added $336 billion to US money market funds this year . . . a shift from last year when the funds suffered nearly $46 billion in outflows."[3] Meanwhile, in a falling interest rate environment, investors are more willing to pay up for future earnings. Growth stocks that trade at higher multiples of earnings suddenly look more attractive. As such, 2022's downtrodden technology shares are now amongst some of 2023's biggest winners—driving up the tech heavy Nasdaq composite which soared +17% in the first quarter.

Looking Forward

Should rates fall, our value bias and underweight to the tech sector could be a drag on our near-term results. Still, with technology stocks now "trading at 24.7 times projected earnings over the next 12 months, while the broader index has a multiple of 18.2," these stocks remain pricey, which could dampen their future ascent.[4] Meanwhile, "value stocks are 'dirt cheap' relative to growth, now more discounted than they have been four-fifths of the time in the U.S. stock market history, according to Rob Arnott, founder and chairman of Research Affiliates."[5] It is also worth acknowledging that when inflation is elevated, value tends to outperform growth since higher levels of near-term cash flow are worth more today than in the future.

[2] Pitcher, Jack. "Stocks Mostly Fall on Slowdown Fears." *The Wall Street Journal.* April 6, 2023. Page B11.
[3] Ge Huang, Vicky. "Tech, Money-Market Funds are Havens." *The Wall Street Journal.* April 3, 2023. Page B9.
[4] Singh, Hardika. "S&P's Resilience Amid Turmoil is Due to Tech." *The Wall Street Journal.* April 4, 2023. Page B10.
[5] Wallerstein, Eric. "Stocks Haven't Looked This Ugly In Years." *The Wall Street Journal.* April 4, 2023. Page A1

While monetary policy is driving recent market volatility, we remain focused on bottom-up stock picking. As the market swings from one scenario to another, our sole consideration of recent events and macroeconomic developments is to consider their effect on the long-term intrinsic worth of our names over the next five-to-ten years. Given our "slow and steady" approach, we remain confident in our portfolio positioning, especially with our small and mid cap portfolios trading at a discount to their respective value indices. With Ariel Fund selling at a -34.2% discount to our estimate of private market value (PMV) and Ariel Appreciation Fund at a -29.8% discount—our portfolios are on sale and poised to benefit as their full potential is realized over time.[6] Looking ahead, we firmly believe the actively patient investor that consistently owns differentiated businesses with robust balance sheets will likely achieve strong returns over the long run.

Portfolio Comings and Goings

In Ariel Fund, we initiated a position in **Leslie's Inc. (LESL)**, the leading direct-to-consumer pool and spa care services company in the US. Shares recently sold off on near-term operational issues as well as concerns around the sustainability of the company's growth profile in a normalized, post-pandemic environment. Although new pool installments will likely slow down, the install base has materially increased and approximately 80% of Leslie's business is tied to recurring maintenance. We did not exit any holdings in the period.

In Ariel Appreciation Fund, we initiated a position in long-time Ariel holding **Jones Lang LaSalle, also known as JLL (JLL)**, which is a leading professional services firm that specializes in real estate and investment management. Although the first half of 2023 will likely be choppy given macro-uncertainty, the company's leadership is highly confident about the medium- and longer-term revenue outlook for both transactional and recurring revenue streams. JLL is also making efforts to streamline operations and increase efficiencies to generate higher profit over time. We successfully sold personal auto insurer, **Progressive Corporation (PGR)** as it surpassed our estimate of private market value.

Investing in small- and mid-cap stocks is more risky and volatile than investing in large-cap stocks. The intrinsic value of the stocks in which the Funds invest may never be recognized by the broader market. The Funds are often concentrated in fewer sectors than their benchmarks, and their performance may suffer if these sectors underperform the overall stock market. Investing in equity stocks is risky and subject to the volatility of the markets.

Per Ariel Fund's Annual Report for the year ended September 30, 2022, Ariel Fund's Investor Class and Institutional Class shares had an annual expense ratio of 0.98% and 0.67% respectively.

Per Ariel Appreciation Fund's Annual Report for the year ended September 30, 2022, Ariel Appreciation Fund's Investor Class and Institutional Class shares had an annual expense ratio of 1.10% and 0.79% respectively.

The opinions expressed are current as of the date of this commentary but are subject to change. The information provided in this commentary does not provide information reasonably sufficient upon which to base an investment decision and should not be considered a recommendation to purchase or sell any particular security. Views and opinions are as of the date of this commentary and can change without notice. There is no guarantee that any expressed views will come to fruition or any investment will perform as described.

As of 3/31/23, Ariel Fund held the following positions referenced: Jones Lang LaSalle, Inc. 3.24%; Leslie's, Inc. 2.24% and BOK Financial Corporation 1.91%. As of 3/31/23, Ariel Appreciation Fund held the following positions referenced: BOK Financial Corporation 2.75% and Jones Lang LaSalle, Inc. 0.76%.

Index returns reflect the reinvestment of income and other earnings. Indexes are unmanaged, and investors cannot invest directly in an index.

The Russell 2500™ Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500 companies with relatively lower price-to-book ratios, lower forecasted growth values and lower sales per share historical growth. Its inception date is July 1, 1995. The Russell 2500™ Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. Its inception date is June 1, 1990.

[6] Discount to Private Market Value is the percentage discount the portfolio's holdings trade relative to Ariel Investments' internal estimate of the portfolio's holdings' private market value (PMV). There is no guarantee that the companies we invest in will achieve our PMV.

The Russell Midcap® Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios, lower forecasted growth values and lower sales per share historical growth. Its inception date is February 1, 1995. The Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

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The S&P 500® Index is widely regarded as the best gauge of large-cap U.S. equities. It includes 500 leading companies and covers approximately 80% of available U.S. market capitalization. Its inception date is March 4, 1957.

Investors should consider carefully the investment objectives, risks, and charges and expenses before investing. For a current prospectus or summary prospectus which contains this and other information about the funds offered by Ariel Investment Trust, call us at 800- 292-7435 or visit our website, arielinvestments.com. Please read the prospectus or summary prospectus carefully before investing. Distributed by Ariel Distributors LLC, a wholly-owned subsidiary of Ariel Investments LLC. Ariel Distributors, LLC is a member of the Securities Investor Protection Corporation.