Performance (%) as of December 31, 2023			Annualized			
	QTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Ariel International (DM)						12/31/2011
Gross of Fees	**7.80**	**11.56**	**1.77**	**5.49**	**3.76**	**5.89**
Net of Fees	**7.59**	**10.67**	**0.96**	**4.65**	**2.94**	**5.03**
MSCI EAFE Net Index	10.42	18.24	4.02	8.17	4.28	6.75
Additional Indexes						
MSCI EAFE Value Net Index	8.22	18.95	7.60	7.08	3.16	5.84
Ariel International (DM/EM)						12/31/2011
Gross of Fees	**7.82**	**12.53**	**3.05**	**6.38**	**4.46**	**6.49**
Net of Fees	**7.61**	**11.63**	**2.23**	**5.54**	**3.63**	**5.61**
MSCI ACWI ex-US Net Index	9.75	15.62	1.55	7.08	3.83	5.77
Additional Indexes						
MSCI ACWI ex-US Value Net Index	8.43	17.30	5.81	6.34	2.92	5.00
Ariel Global						12/31/2011
Gross of Fees	**8.40**	**13.96**	**7.13**	**9.59**	**7.40**	**9.33**
Net of Fees	**8.18**	**13.06**	**6.28**	**8.72**	**6.55**	**8.42**
MSCI ACWI Net Index	11.03	22.20	5.75	11.72	7.93	9.76
Additional Indexes						
MSCI ACWI Value Net Index	9.17	11.81	7.34	8.25	5.46	7.60
Ariel Global Concentrated						12/31/2019
Gross of Fees	**9.36**	**15.83**	**6.36**	**-**	**-**	**6.68**
Net of Fees	**9.14**	**14.91**	**5.51**	**-**	**-**	**5.84**
MSCI ACWI Net Index	11.03	22.20	5.75	-	-	8.28
Additional Indexes						
MSCI ACWI Value Net Index	9.17	11.81	7.34	-	-	5.36

Dear Clients and Friends: Just a year ago, more than half of global CEOs feared U.S. and European recessions while anticipating that China would deliver a strong economic rebound post-COVID. However, these macroeconomic predictions did not come to fruition. In the U.S., pessimism gave way to optimism as the consensus view shifted to a "soft" economic landing and fueled a rise in stock market valuations. As inflation slowed, the U.S. economy remained surprisingly resilient. When the Federal Reserve signaled an end to interest rate hikes in 2024, investors were ebullient as evidenced by a remarkable fourth quarter. Information Technology, Communications, and Consumer Discretionary stocks drove broad rallies around the world. One exception was China, which declined by double digits for the year.

Apple Inc., Alphabet Inc., **Microsoft Corp.**, Amazon.com, Inc., Meta Platforms Inc., Tesla, Inc. and Nvidia Corp. were the market standouts. Dubbed the "Magnificent Seven," these stocks were responsible for two-thirds of the S&P 500 Index's +26.29% gain in 2023—overcoming both the recessionary concerns and rapidly rising interest rates that tend to impact growth stocks negatively. The 'Fed watching' trend and the uncertainty around near-term interest rates played an outsized role in investors' decisions, driving the highs and lows for the year. This led to sell-offs in certain sectors like Financials, Industrials and Real Estate. From August until October, stock market weakness presented opportunities to purchase undervalued shares of companies with predictable demand patterns and solid balance sheets.

Our fourth quarter returns captured more upside participation in the year-end rally compared to previous quarters and years—which has been a goal. This is the direct result of our strategic positioning to: 1) bring down cash levels; 2) reduce "tail" positions; 3) lessen portfolio concentration in the largest three positions; and 4) further increase our focus on stocks with both attractive valuations and solid business momentum.

Most of our largest contributors during the quarter were in new or expanded positions, such as semiconductor manufacturer, **Intel Corporation,** and dialysis provider, **DaVita, Inc**.

Microsoft was among our top contributors for the year, returning +57.77%. Although the name has had a big move since we first initiated our position in 2011, we believe more upside remains. We continue to like the company's sound fundamentals, strong competitive positioning, and long-term business outlook, including its potential in artificial intelligence (AI).

Meanwhile, our biggest detractors in the quarter were our Health Care and Chinese holdings. The Health Care sector had a difficult 2023 with valuations declining. Global biopharmaceutical giant **Bristol-Myers Squibb** and British pharmaceutical and biotechnology conglomerate **GSK** both underperformed. We expect a rebound in the Health Care sector, driven by relatively low valuations with innovation picking up in a post-COVID world.

One of our biggest detractors this quarter was China's dominant search engine, **Baidu**. The Information Technology services sector lagged in our international portfolios, along with China's markets in general. We remain committed to Baidu, which has a stable revenue model from its search ad business and growth potential based on non-core investments in AI cloud and autonomous driving. As natural contrarians, we are bullish on Mainland China stocks trading at low valuations and stand to reap the benefits of a gradual economic recovery.

Cyclical Recovery: Semiconductor Chips Fuel the Modern World

In an era of digital transformation, AI, and 5G communications, the semiconductor industry is critical to economic competitiveness, national security, and, in short, the modern world. Since the pandemic, the semiconductor industry's fortunes have been impacted by supply chain disruptions, geopolitical tensions, and shifting consumer demand.

Our bottom-up research suggests the semiconductor cycle is poised for recovery. A 2020 study by the Semiconductor Industry Association and the Boston Consulting Group concluded that global demand for semiconductors could increase by over 50% through 2030. These markets include memory, computers, and smartphones and are positioned for secular growth driven by AI.

For example, Intel was the largest contributor to our global portfolios this quarter, returning +44.23%. The company is one of the world's largest semiconductor chip manufacturers by revenue. It is well-positioned to benefit from the rebound in semiconductor demand driven by the cyclical recovery of personal computers (PCs) and central processing units (CPUs). We are also confident that management's turnaround efforts can help stabilize revenues while driving growth and margin improvements.

As discussed last quarter, we purchased **Samsung Electronics** based on its solid business positioning with an underappreciated AI opportunity. Along with Intel's addition to our global portfolios this quarter, we purchased **Taiwan Semiconductor Manufacturing Company (TSMC),** the leader in semiconductor chip production, which sits in both our international and global portfolios. TSMC pioneered the foundry model, manufacturing chips for the specific needs of clients instead of mass-producing them for general sale. The company's clients include Apple, Tesla and Nvidia. TSMC's premium chips are known for their exceptional performance—AI technology heavily depends on these products.

Rolling Ahead: The Crucial Role of Tires in the Electric Vehicle (EV) Revolution

Tire manufacturing is not a simple "rubber production" business: it is a materials science, with significant technical barriers to entry. Three-quarters of all tires sold are in the replacement market, making them more of a Consumer Staple than a Consumer Discretionary product. Contrary to widespread belief, tire production is less linked to Original Equipment Manufacturers (OEM), making it less sensitive to the cyclical auto market. The EV market is increasing the demand for premium tires as customers continue to be concerned with range, which is impacted by the rolling resistance of its tires.

Our international portfolios own two front runners in the business. **Michelin**, the French multinational tire manufacturer, rose +16.50% and was a top contributor to performance. Meanwhile, **Bridgestone**, the Japanese tire manufacturer, rose +7.59%.

Looking Forward: A Cautionary Tale

Ariel's view is cautious as we enter 2024. We see many unpredictable outcomes across geopolitics and monetary policy. The growing consensus for a "soft landing" has some large headwinds, including inflation resurgence. This continued "soft-landing" scenario may lead to a decline in corporate earnings forecasts and stock prices. Developed market economies are slowing, and earnings estimates still seem high given labor costs, "higher for longer" interest rates, and growing competition. As JPMorgan Chase CEO Jamie Dimon said at the recent DealBook Summit, "A lot of things out there are dangerous and inflationary. Be prepared."

We remain focused on stocks that are reasonably priced with less earnings risk. We believe the mega tech stocks that have been propelling the markets may be vulnerable. When large-cap growth companies finally correct, value stocks will shine.

Sincerely,

Henry Mallari-D'Auria
Chief Investment Officer
Global and Emerging Markets Equities

Investments in non-U.S. securities may underperform and may be more volatile than comparable U.S. stocks because of the risks involving non-U.S. economies, markets, political systems, regulatory standards, currencies, and taxes. The use of currency derivatives, exchange-traded funds (ETFs) and other hedges may increase investment losses and expenses and create more volatility. Investments in emerging markets present additional risks, such as difficulties in selling on a timely basis and at an acceptable price. The intrinsic value of the stocks in which the portfolios invest may never be recognized by the broader market. The portfolios 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.

Past performance does not guarantee future results. Performance results are net of transaction costs and reflect the reinvestment of dividends and other earnings. Net performance of each Composite has been reduced by the amount of the highest fee charged to any client in each Composite during the performance period. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. A complete fee schedule is available upon request and may also be found in Ariel Investments LLC's Form ADV, Part 2. Returns are expressed in U.S. dollars. Current performance may be lower or higher than the performance data quoted.

The Ariel International (DM) Composite differs from its benchmark, the MSCI EAFE Index, because: (i) the Composite has fewer holdings than the benchmark, (ii) the Composite will invest in Canada, and (iii) the Composite will at times invest a portion of its assets in the U.S. and emerging markets. The Ariel International (DM/EM) Composite differs from its benchmark, the MSCI ACWI (All Country World Index) ex-US, because: (i) the Composite has fewer holdings than the benchmark and (ii) the Composite will at times invest a portion of its assets in the U.S. The Ariel Global Composite differs from its benchmark, the MSCI ACWI (All Country World Index), because the Composite has fewer holdings than the benchmark. The Ariel Global Concentrated Composite differs from its benchmark, the MSCI ACWI (All Country World Index), because the Composite has dramatically fewer holdings than the benchmark.

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 12/31/23, the Ariel International (DM) Composite (representative portfolio) held the following positions referenced: Michelin (CGDE) 6.00%; GSK plc 5.24%; Bridgestone Corporation 4.69%; Baidu, Inc. ADR 3.65%; Samsung Electronics Company, Ltd 1.63% and Taiwan Semiconductor Manufacturing Co., Ltd. ADR 1.01%. As of 12/31/23, the Ariel International (DM/EM) Composite (representative portfolio) held the following positions referenced: Michelin (CGDE) 6.14%; GSK plc 5.18%; Baidu, Inc. ADR 4.97%; Bridgestone Corporation 4.14%; Samsung Electronics Company, Ltd. 2.87% and Taiwan Semiconductor Manufacturing Co., Ltd. 1.14%. As of 12/31/23, the Ariel Global Composite (representative portfolio) held the following positions referenced: Microsoft Corporation 6.75%; Michelin (CGDE) 4.79%; Baidu, Inc. ADR 4.51%; GSK plc 3.98%; Intel Corporation 3.59%; DaVita, Inc. 3.43%; Bridgestone Corporation 3.01%; Bristol-Myers Squibb Company 2.52%; Samsung Electronics Company. Ltd. 2.32% and Taiwan Semiconductor Manufacturing Co., Ltd. 1.88%. As of 12/31/23, the Ariel Global Concentrated Composite (representative portfolio) held the following positions referenced: Baidu, Inc. ADR 7.06%; Microsoft Corporation 6.95%; GSK plc 6.26%; Michelin (CGDE) 4.97%; DaVita, Inc. 2.58%; Bristol-Myers Squibb Company 2.01%; Bridgestone Corporation ADR 1.95%; Intel Corporation 1.86%; Samsung Electronics Company. Ltd. GDR 1.73% and Taiwan Semiconductor Manufacturing Co., Ltd. ADR 0.08%.

Investors cannot invest directly in an index. The MSCI EAFE Index is an equity index of large and mid-cap representation across 21 Developed Markets (DM) countries around the world, excluding the U.S. and Canada. Its inception date is May 31, 1986. The MSCI EAFE Value Index captures large and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. Its inception date is December 8, 1997. The MSCI ACWI (All Country World Index) ex-US Index is an index of large and mid-cap representation across 22 Developed Markets (DM) and 24 Emerging Markets (EM) countries. Its inception date is January 1, 2001. The MSCI ACWI ex-US Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 22 Developed and 24 Emerging Markets countries. Its inception date is December 8, 1997.

The MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The inception date is May 31, 1990. The MSCI ACWI Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries and 25 Emerging Markets (EM) countries. Its inception date is December 8, 1997. The MSCI ACWI Value Index captures large and mid cap securities exhibiting overall value style characteristics across 23 Developed Markets countries* and 24 Emerging Markets (EM) countries. Its inception date is December 8, 1997.

All MSCI Index net returns reflect the reinvestment of income and other earnings, including the dividends net of the maximum withholding tax applicable to non-resident institutional investors that do not benefit from double taxation treaties. MSCI uses the maximum tax rate applicable to institutional investors, as determined by the companies country of incorporation. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.