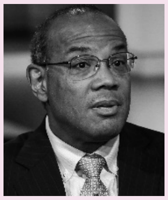
Ariel Fund
Ariel Appreciation Fund

As of June 30, 2023



John W. Rogers, Jr.
Chairman & Co-CEO

Mellody Hobson
Co-CEO & President

				Annualized			
	QTR	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Ariel Fund							11/06/1986
ARGFX Investor Class	**3.11**	**9.98**	**14.16**	**16.98**	**5.99**	**9.21**	**10.67**
ARAIX Institutional Class	**3.18**	**10.15**	**14.50**	**17.35**	**6.32**	**9.54**	**10.77**
Russell 2500™ Value Index	4.37	5.83	10.37	16.09	5.32	8.02	10.47
Russell 2500™ Index	5.22	8.79	13.58	12.30	6.55	9.38	10.34
S&P 500® Index	8.74	16.89	19.59	14.61	12.31	12.86	10.64
Ariel Appreciation Fund							12/01/1989
CAAPX Investor Class	**5.04**	**6.84**	**15.95**	**15.42**	**6.14**	**8.01**	**10.02**
CAAIX Institutional Class	**5.13**	**7.01**	**16.29**	**15.77**	**6.47**	**8.35**	**10.14**
Russell Midcap® Value Index	3.86	5.23	10.50	15.05	6.84	9.03	10.75
Russell Midcap® Index	4.76	9.01	14.92	12.51	8.46	10.33	10.91
S&P 500® Index	8.74	16.89	19.59	14.61	12.31	12.86	10.12

Last year at this time, the stock market was in free fall. In our second quarter 2022 letter we wrote, "Like the wildfires sparked by the record-breaking summer heat, the market has been engulfed in its own flames both in the U.S. and abroad." As these "flames" consumed share prices, a bear market was born. Large cap stocks as measured by the S&P 500 fell -19.96% for the first six months of 2022, with small and midcap indices down even more. This was the worst first half since 1970.[1] Runaway inflation, post-Covid supply chain bottlenecks and an unexpected Russian war fueled the market mayhem. Aggressive central bankers fixated on subduing inflation with higher interest rates, led many to believe a recession was all but guaranteed.

What a difference a year makes.

Twelve months later, the S&P 500 is *up* +19.59% year-to-date, a dramatic turn that has largely defied Wall Street expectations. As *The New York Times International Edition* recently remarked, "The American recession was supposed to have begun by now. But the year is half over, and the recession is nowhere to be found." Although inflation has cooled and is currently hovering at 3%—down from 9.1% last June—it remains above the Federal Reserve's 2% annual target, making a victory lap premature. And yet, the prospect of a deep recession—otherwise known as a "hard landing"—is looking less and less likely. According to the *Times*, "Not, certainly, in the job market, as the unemployment rate at 3.6 percent is hovering near a five-decade low. Not in consumer spending, nor in corporate profits. Not even in the housing market, the industry usually the most sensitive to rising interest rates."[2]

[1] Nicholas Jasinski, "Stocks Had a Nasty 6 Months. The Second Half Could Be Ugly Too," *Barron's.com,* July 1, 2022.
[2] Ben Casselman and Jeanna Smialek, "The U.S. now appears less likely," *New York Times International Edition,* July 21, 2023, Page 7.

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.

A year ago, Ariel Fund and Ariel Appreciation Fund fell more or less in line with the broad market. Although we hate losing money, we were emboldened by the bargains at hand and said so writing, "Values are abundant when the investment environment feels the most uncomfortable . . ." Our portfolios were selling at historic lows—not far from the extreme discounts we experienced during the '08-09 financial crisis or the market's precipitous Covid drop. As such, we underscored, ". . . with 39 years of experience, we are trained and battle-tested for these moments." Against that backdrop, we affirmed our time-tested belief that, ". . . bear markets and oversold stocks create ripe buying opportunities for long-term, patient investors." So we bought.

There is a well-known adage that the "market climbs a wall of worry." With worries in abundance, the market has since ascended to unexpected heights. While anything can happen in the world of investing, we are not surprised by the strength of our rebound over the year. To that point, last June we emphasized, "portfolio dislocations of this magnitude have often served as a prelude to our most robust recoveries . . ."[3]

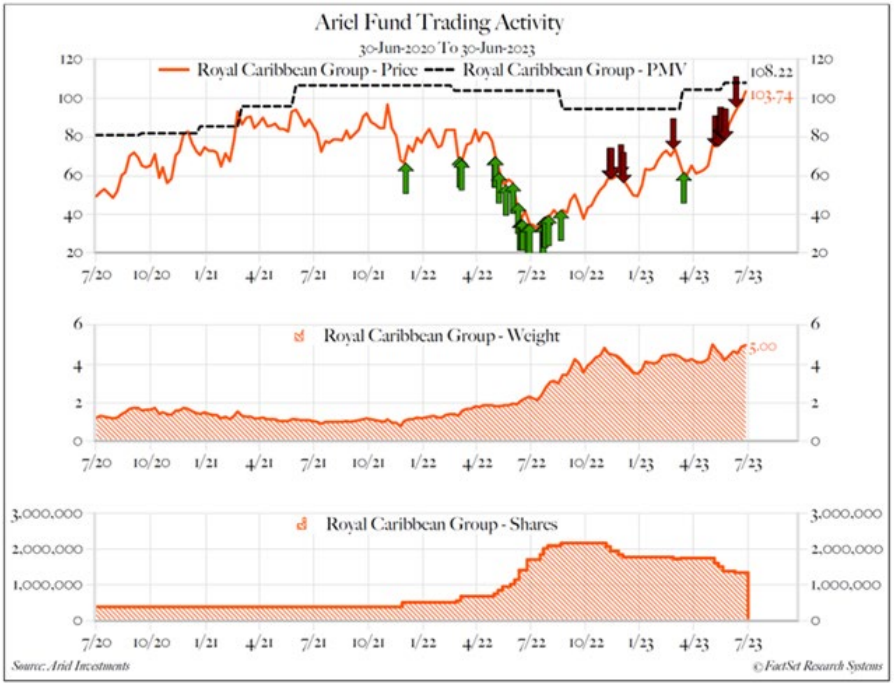
Cluster of Bargains—Then

Our biggest winners have been our most contrarian names. Our confidence in doubling down on these holdings—"shopping in our closet"—as we said at the time, was born out of patience, courage and deep expertise. While we could not know when any of our most scorned holdings might turn, we never wavered in our belief that share prices follow fundamentals and the underlying fundamentals of our portfolio companies were—and continue to be—compelling. The question was *when*, not *if*.

Such was the case for one of the most derided areas of the market—a small group of once popular companies with a Covid-ravaged public image—cruise lines. According to *The New York Times*, "At midyear, three of the big cruise companies—Carnival Corporation (CCL), **Royal Caribbean Group (RCL)** and **Norwegian Cruise Line Holdings Ltd (NCLH)—**were among the top 10 stocks in the S&P 500."[4] While we have owned all three of these names in the past, we currently hold Royal Caribbean Group and Norwegian Cruise Line Holdings in our various domestic equity portfolios. Given the rally in their share prices this year with Royal surging +109.9% and Norwegian up +77.9% through June 30th, some might find it hard to believe that three years ago, with no ships at sea, the cruise lines were left to navigate in a near zero-revenue environment. Their share prices were a wreck with Royal off -44% and Norwegian down -56% in the pandemic year. The laws of physics say, "For every action there is an equal and opposite reaction."

These days, the vacation and leisure spaces are booming in direct response to the isolating Covid lock downs. For many, memories have more value than goods. As a result, cruise operators are posting record revenues and bookings as cruising is seen as "a high value alternative to land travel" for retirees and younger people alike.[5] With their big share price moves of late, Wall Street has begun to recognize improvements in the business without yet fully realizing the record levels of profitability that remain a few years out.

The chart below offers an excellent depiction of our flagship Ariel Fund's trading in Royal Caribbean shares leading into and out of the pandemic. The green arrows illustrate our enthusiasm for buying the name as the stock was bottoming last year. By contrast, as the stock rebounded, we lightened up to manage our position size.



[3] John W. Rogers, Jr. and Mellody Hobson, *The Patient Investor,* June 30, 2022, Page 5.
[4] Jeff Sommer, "Curse of the pandemic ebbs," *The New York Times,* July 10, 2023, Page 8.
[5] Ceylan Yeginsu, "Younger People See Cruises as a Less Costly Travel Option," *The New York Times*, July 24, 2023, Page B2.

Cluster of Bargains—Now

As natural contrarians, we get excited when whole areas of the market are written off because there are often "good stocks in bad neighborhoods." In a higher interest rate environment, widespread disdain for real estate and real estate related companies is today's "bad neighborhood"—pun intended—offering a bevy of investment opportunities. A recent *BusinessWeek* cover on the commercial real estate sector with the ominous title "SCARY," serves as a case in point—reminding us of the famous 1979 "Death of Equities" cover that coincided with one of the strongest bull markets in stock market history.

As we sift through the current ashes, many names are getting our attention. One that stands out is **Leslie's Inc. (LESL)**, the leading direct-to-consumer U.S. pool and spa care services company. The company went public as the pandemic was hitting in 2020. We like the recurring nature of the business. All pools require long-term cleaning and maintenance—without both, a pool cannot be used and may even need to be replaced over time. Leslie's has increased revenues every year for 59 years in a $15 billion market that continues to grow annually. The company has 5 million users on its platform and operates within 15 minutes of most pools in the United States. This proximity is convenient when homeowners and/or professionals need to load up on product. It also offers a real competitive advantage since some hazardous cleaning chemicals cannot be easily shipped through normal channels. In addition to record summer temperatures driving pool usage, pools also burn through chemicals at a much faster rate when it is hot, requiring more maintenance. After management cut guidance two week ago, shares are trading 60% lower—offering a compelling price point to add to our position on weakness.

Looking Ahead

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 investments over the next five-to-ten years. As we look to the future, higher interest rates will likely present headwinds to corporate earnings growth and dampen the capital return on business investments. Owning high-quality companies with sustainable business models, low debt and robust balance sheets will deliver stronger returns over the long run.

Comings and Goings

During the second quarter, we initiated a new position in alternative asset manager, **Carlyle Group Inc. (CG)** in Ariel Appreciation Fund. The company's notable 35-year track record, diversified product line and long-tenured client relationships across five continents distinguish it from its private equity peers. In our view, its recent portfolio underperformance presents a unique opportunity to acquire shares of a highly scalable business with attractive fundamentals and healthy fundraising momentum.

In April, **Madison Square Garden Entertainment Corp. (MSGE)** completed its spin-off from **Sphere Entertainment Co. (SPHR)** and we continue to hold both names in Ariel Fund and Ariel Appreciation Fund. We like MSGE's unique entertainment assets and are eagerly awaiting the opening of the Sphere as a first-of-its-kind entertainment venue in Las Vegas.

In Ariel Appreciation Fund, we re-initiated a position in **Paramount Global (PARA)**, a former name currently held in other Ariel strategies. The stock fell hard following a lackluster earnings report and subsequent dividend cut, presenting a compelling entry point in this leading entertainment company. In our view, Paramount's long-term opportunity in streaming joined with the value of its proprietary content, remains meaningfully underappreciated at current trading levels.

During the quarter, in Ariel Fund, we sold real estate services company **CBRE Group Inc. (CBRE)** to redeploy that capital into higher conviction opportunities. We also exited pharmaceutical and medical products distributor, **Cardinal Health, Inc. (CAH)**, from Ariel Appreciation Fund as its shares approached our private market value estimate.

As always, we appreciate the opportunity to serve you and welcome any questions or comments you might have.

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 6/30/23, Ariel Fund held the following positions referenced: Royal Caribbean Cruises, Ltd. 5.00%; Madison Square Garden Entertainment Corporation 3.45%; Paramount Global 3.04%; Sphere Entertainment Company 2.48%; Carlyle Group, Inc. 2.38% and Leslies, Inc. 2.28%. As of 6/30/23, Ariel Appreciation Fund held the following positions referenced: Madison Square Garden Entertainment Corporation 1.67%; Carlyle Group, Inc. 1.53%; Paramount Global 1.27% and Sphere Entertainment Company 0.79%.

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.

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.

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.