

### Summary

|                              |                                |
|------------------------------|--------------------------------|
| <b>OBJECTIVE</b>             | Long-term capital appreciation |
| <b>INVESTMENT STYLE</b>      | Small/Mid Cap Value            |
| <b>INDEX</b>                 | Russell 2500™ Value Index      |
| <b>INCEPTION DATE</b>        | December 31, 2000              |
| <b>TOTAL STRATEGY ASSETS</b> | \$4.6 billion                  |

### Performance<sup>1</sup> (%)

|  | QTD   | YTD   | 1-Year | Annualized |        |         |                 |
|--|-------|-------|--------|------------|--------|---------|-----------------|
|  |       |       |        | 3-Year     | 5-Year | 10-Year | Since Inception |
| Gross of Fees                          | 0.76  | 14.86 | 14.86  | 2.60       | 10.09  | 8.89    | 9.53            |
| Net of Fees                            | 0.65  | 14.34 | 14.34  | 2.09       | 9.49   | 8.30    | 8.67            |
| Russell 2500™ Value Index <sup>2</sup> | -0.26 | 10.98 | 10.98  | 3.81       | 8.43   | 7.80    | 9.00            |
| Russell 2500™ Index <sup>2</sup>       | 0.62  | 12.00 | 12.00  | 2.39       | 8.76   | 8.85    | 8.88            |
| S&P 500® Index <sup>2</sup>            | 2.41  | 25.02 | 25.02  | 8.94       | 14.52  | 13.10   | 8.46            |

### Characteristics<sup>3</sup>

|                                      | Ariel Small/Mid Cap Value | Russell 2500™ Value Index |
|--------------------------------------|---------------------------|---------------------------|
| Number of Holdings                   | 36                        | 1,882                     |
| Forward Price/Earnings               | 13.05                     | 14.36                     |
| Long-Term Earnings Growth (%)        | 12.00                     | 9.44                      |
| Debt Rating                          | BBB-                      | BB                        |
| Interest Coverage Ratio              | 5.09                      | 2.17                      |
| Return on Equity (%)                 | 17.36                     | 14.44                     |
| Discount to Private Market Value (%) | -25.63                    | -                         |
| Active Share (%)                     | 96.73                     | -                         |
| Turnover (%)                         | 17.83                     | -                         |
| Beta vs. S&P 500 (5-year)            | 1.23                      | 1.17                      |
| Current beta                         | 0.94                      | 0.99                      |



**John W. Rogers, Jr.**  
Co-Portfolio Manager



**John P. Miller<sup>CFA</sup>**  
Co-Portfolio Manager

### Firm Facts

- Founded in 1983 by John W. Rogers, Jr.
- Headquartered in **Chicago**, with offices in **New York**, **San Francisco** and **Sydney**
- **\$13.8 billion** in Assets Under Management\*
- **94.9%** owned by employees and board members

### Our Patient Investment Philosophy

#### Active Patience

We take the long-term view.

#### Independent Thinking

We invest to our convictions, not to benchmarks.

#### Focused Expertise

We specialize in bottom-up, fundamental research.

#### Bold Teamwork

We work collaboratively with a shared commitment to excellence.

### Our Value Approach

- Pioneer in small and mid-cap value investing, with one of the longest track records in the business.
- Fundamental, qualitative approach to investing.
- Concentrated yet diversified portfolios focused on our highest conviction ideas.
- In depth sector and industry expertise.



\*Assets under management include \$1.48 billion for Ariel Alternatives, a subsidiary of Ariel Investments, which reflects aggregate commitments and excludes fund specific leverage. Total strategy assets include all accounts and investment funds employing the strategy. All other information presented is for the Ariel Small/Mid Cap Value Composite and its representative account. <sup>1</sup>Investing in small-cap companies is more risky and volatile than investing in mid- and large-cap companies. The intrinsic value of the stocks in which the portfolio invests may never be recognized by the broader market. The portfolio is often concentrated in fewer sectors than its benchmarks, and its 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.** Current performance may be lower or higher than the performance data quoted. Performance results may be preliminary, are net of transaction costs and reflect the reinvestment of dividends and other earnings. Ariel Composite Net of Fees returns are calculated by deducting: (1) for the period from inception to December 31, 2013, the maximum advisory fee in effect for the respective period, applied on a monthly basis; and (2) for the period from January 1, 2014 onwards, the actual monthly advisory fee (on an asset-weighted basis) accrued for the accounts in the composite, using the fee rates in place as of the most recent calendar quarter-end. Gross returns do not reflect the deduction of advisory fees. Client returns will be reduced by advisory fees and such other expenses as may be incurred in the management of the account. Advisory fees are described in Part 2 of Ariel's Form ADV. Returns assume the reinvestment of dividends and other earnings. <sup>2</sup>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. Inception of this benchmark 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. Inception of this benchmark is June 1, 1990. 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. Russell® is a trademark of London Stock Exchange Group, which is the source and owner of the Russell Indexes' trademarks, service marks and copyrights. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes or underlying data and no party may rely on any Russell Indexes and/or underlying data contained in this communication. No further distribution of Russell data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication. <sup>3</sup>Definitions for the metrics below are detailed on page 2 under the section entitled Quantitative Measures.

Industry Weightings<sup>1</sup> (%)

|                        | Ending Weight | Russell 2500™ Value Index |
|------------------------|---------------|---------------------------|
| Consumer Discretionary | 32.15         | 14.47                     |
| Financials             | 25.64         | 20.60                     |
| Industrials            | 20.85         | 21.07                     |
| Health Care            | 13.74         | 7.40                      |
| Consumer Staples       | 3.62          | 3.07                      |
| Real Estate            | 3.03          | 9.86                      |
| Cash                   | 0.98          | 0.00                      |
| Basic Materials        | 0.00          | 3.75                      |
| Energy                 | 0.00          | 5.81                      |
| Technology             | 0.00          | 7.90                      |
| Telecommunications     | 0.00          | 2.22                      |
| Utilities              | 0.00          | 3.86                      |

Top 10 Positions<sup>2</sup> (%)

|   | Russell ICB Industry   | Ending Weight |
|---|------------------------|---------------|
| 1 Carlyle Group, Inc.                             | Financials             | 5.02          |
| 2 Affiliated Managers Group, Inc.                 | Financials             | 4.73          |
| 3 Boyd Gaming Corporation                         | Consumer Discretionary | 4.41          |
| 4 Sphere Entertainment Company                    | Consumer Discretionary | 4.27          |
| 5 Madison Square Garden Entertainment Corporation | Consumer Discretionary | 4.14          |
| 6 Lazard, Inc., Class A                           | Financials             | 3.73          |
| 7 J.M. Smucker Company                            | Consumer Staples       | 3.62          |
| 8 Mohawk Industries, Inc.                         | Industrials            | 3.33          |
| 9 Bio-Rad Laboratories, Inc.                      | Health Care            | 3.23          |
| 10 ADT, Inc.                                      | Industrials            | 3.16          |
| <b>Total</b>                                      |                        | <b>39.63</b>  |

## Market Cap Exposure (% of investments)

|                                     | Ariel Small/Mid Cap Value | Russell 2500™ Value Index |                        | Ariel Small/Mid Cap Value | Russell 2500™ Value Index |
|-------------------------------------|---------------------------|---------------------------|------------------------|---------------------------|---------------------------|
| Large (\$176.06B & Above)           | 0.00                      | 0.00                      | Weighted Average (\$M) | \$9,140                   | \$8,209                   |
| Medium/Large (\$50.97B - \$176.06B) | 2.59                      | 0.00                      | Smallest (\$M)         | \$412                     | \$6                       |
| Medium (\$14.88B - \$50.97B)        | 13.49                     | 11.39                     | Largest (\$M)          | \$62,027                  | \$32,923                  |
| Medium/Small (\$4.93B - \$14.88B)   | 54.09                     | 55.93                     |                        |                           |                           |
| Small (\$4.93B & Below)             | 29.84                     | 32.68                     |                        |                           |                           |

Contributors and Detractors<sup>2</sup> (%)

|   | Russell ICB Industry   | Average Weight | Total Return | Contribution to Return |
|---|------------------------|----------------|--------------|------------------------|
| <b>Top Five Contributors</b>                    |                        |                |              |                        |
| Royal Caribbean Cruises, Ltd.                   | Consumer Discretionary | 4.03           | 30.38        | 1.18                   |
| Carlyle Group, Inc.                             | Financials             | 4.89           | 18.06        | 0.77                   |
| Adtalem Global Education, Inc.                  | Consumer Discretionary | 2.74           | 20.36        | 0.49                   |
| Boyd Gaming Corporation                         | Consumer Discretionary | 4.15           | 12.46        | 0.45                   |
| Northern Trust Corporation                      | Financials             | 2.90           | 14.64        | 0.38                   |
| <b>Bottom Five Detractors</b>                   |                        |                |              |                        |
| Mohawk Industries, Inc.                         | Industrials            | 3.82           | -25.86       | -1.12                  |
| Madison Square Garden Entertainment Corporation | Consumer Discretionary | 3.60           | -16.29       | -0.54                  |
| Sphere Entertainment Company                    | Consumer Discretionary | 4.16           | -8.74        | -0.30                  |
| J.M. Smucker Company                            | Consumer Staples       | 3.13           | -8.15        | -0.28                  |
| Leslie's, Inc.                                  | Consumer Discretionary | 0.84           | -29.43       | -0.25                  |

Source: FactSet. <sup>1</sup>Holdings are categorized according to the Russell Industry Classification Benchmark (ICB). Holdings not classified by ICB are categorized according to FactSet. <sup>2</sup>Holdings of the same issuer are aggregated and if held as depositary receipts it is not so specified. The portfolio's Top 10 Positions are ranked by issuer Ending Weight. Contributors and Detractors are ranked by issuer Contribution to Return (%). Contribution to Return (%) is the Ending Weight (%) times the Total Return (%) linked daily for the period. Average Weight is the average value of the holding relative to the portfolio's total assets over the period. The holdings shown do not represent all of the securities purchased, sold or recommended for investors. **Quantitative Measures: Forward Price/Earnings Ratio** is a valuation measure that represents the price at quarter end divided by the mean earnings per share (EPS) consensus estimate for the next twelve months as of the run date. The holdings are summarized at the portfolio level using weighted harmonic average and exclude negative earnings. **Discount to Private Market Value** is the percentage discount the portfolio trades at relative to Ariel Investments' internal estimate of the portfolio's private market value (PMV). **Long Term Estimated Earnings Growth**, an income statement measure, is the percent growth rate of the median earnings per share (EPS) consensus estimate for the unreported current year, current year+1, current year+2, and current year+3 as of the run date. Holdings are summarized at the portfolio level using weighted average. **Debt Rating** is sourced from S&P issuers long term credit ratings for common stocks. **Interest Coverage Ratio** is a liquidity measure that represents the ratio of earnings before interest and taxes (EBIT) relative to the interest expense for the period. Holdings categorized as Financials by the Russell Industry Classification Benchmark (ICB) are excluded from the portfolio summary statistic. The holdings are summarized at the portfolio level using median. **Return on Equity** is a profitability measure that represents the consensus estimate for the next fiscal year net income divided by total equity over the period. Holdings are summarized at the portfolio level using weighted average. **Turnover**, a measure of portfolio change, is the lesser of purchases or sales divided by the average value of strategy assets over the trailing one-year period and is sourced from Ariel's portfolio accounting system Eagle. **Active Share** measures the degree the portfolio deviates from the benchmark. **5-Year beta** is benchmarked against S&P 500. 5-year beta is calculated by Assette and sourced from portfolio returns in Eagle. **Current beta** is benchmarked against S&P 500. Current beta (1-year trailing) is based on daily security returns from FactSet.

# Our Performance Attribution

For the Quarter Ended December 31, 2024

|                        | Ariel Small/Mid Cap Value (%) |              |                        | Russell 2500™ Value Index (%) |              |                        | Attribution (%)   |                         |              |
|------------------------|-------------------------------|--------------|------------------------|-------------------------------|--------------|------------------------|-------------------|-------------------------|--------------|
| Russell ICB Industry   | Average Weight                | Total Return | Contribution to Return | Average Weight                | Total Return | Contribution to Return | Allocation Effect | Selection + Interaction | Total Effect |
| Health Care            | 12.08                         | 0.31         | -0.02                  | 7.79                          | -7.85        | -0.62                  | -0.28             | 1.01                    | 0.73         |
| Consumer Discretionary | 32.82                         | 2.22         | 0.79                   | 14.24                         | 0.54         | 0.00                   | 0.13              | 0.54                    | 0.67         |
| Financials             | 25.45                         | 8.00         | 1.93                   | 20.26                         | 6.72         | 1.25                   | 0.40              | 0.25                    | 0.65         |
| Basic Materials        | 0.00                          | 0.00         | 0.00                   | 4.06                          | -9.55        | -0.36                  | 0.39              | 0.00                    | 0.39         |
| Real Estate            | 3.19                          | -6.18        | -0.21                  | 9.92                          | -5.24        | -0.54                  | 0.35              | -0.03                   | 0.32         |
| Utilities              | 0.00                          | 0.00         | 0.00                   | 3.91                          | -2.00        | -0.08                  | 0.07              | 0.00                    | 0.07         |
| Cash                   | 0.84                          | 1.11         | 0.01                   | 0.00                          | 0.00         | 0.00                   | 0.04              | 0.00                    | 0.04         |
| Technology             | 0.00                          | 0.00         | 0.00                   | 7.61                          | 0.54         | 0.03                   | -0.05             | 0.00                    | -0.05        |
| Telecommunications     | 0.00                          | 0.00         | 0.00                   | 2.21                          | 3.75         | 0.07                   | -0.09             | 0.00                    | -0.09        |
| Energy                 | 0.00                          | 0.00         | 0.00                   | 5.59                          | 6.20         | 0.37                   | -0.36             | 0.00                    | -0.36        |
| Consumer Staples       | 3.13                          | -8.15        | -0.28                  | 3.01                          | 4.16         | 0.11                   | 0.00              | -0.38                   | -0.38        |
| Industrials            | 22.50                         | -6.60        | -1.44                  | 21.40                         | -2.51        | -0.50                  | -0.01             | -0.95                   | -0.96        |
| <b>Total</b>           | <b>100.00</b>                 | <b>0.77</b>  | <b>0.77</b>            | <b>100.00</b>                 | <b>-0.26</b> | <b>-0.26</b>           | <b>0.60</b>       | <b>0.43</b>             | <b>1.03</b>  |

Source: FactSet. Total Return (%) does not represent the performance of the Composite for the period. The portfolio holdings are of a representative account and not reflective of the portfolio holdings of the Composite, of clients as a whole, or of the strategy. The representative account was selected because it has no client-imposed restrictions and minimal planned contributions and withdrawals. The portfolio holdings would differ from those of another client account if different client-imposed restrictions were applied, and also may vary from other differences such as cash flow. Holdings are categorized according to the Russell Industry Classification Benchmark (ICB). Holdings not classified by ICB are categorized according to FactSet. The portfolio return for each category reflects the percentage returns of the stocks in each category.

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