Ariel Investments

THE PATIENT INVESTOR

MARCH 31, 2025

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Ariel Fund
Ariel Appreciation Fund

As of March 31, 2025

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

Mellody Hobson
Co-CEO and President

Average Annual Total Returns (%)

	Quarter	1-Year	3-Year	5-Year	10-Year	Since Inception*
Ariel Fund Investor Class	-8.00	-3.35	0.63	16.42	6.04	10.39
Ariel Fund Institutional Class	-7.93	-3.03	0.95	16.78	6.36	10.50
Russell 2500 Value Index	-5.83	-1.47	2.27	16.66	6.84	10.36
Russell 2000 Value Index	-7.74	-3.12	0.05	15.31	6.07	9.60
Russell 2500 Index	-7.50	-3.11	1.78	14.91	7.46	10.17
S&P 500 Index	-4.27	8.25	9.06	18.59	12.50	10.87

* The inception date for Ariel Fund is 11/06/86.

Average Annual Total Returns (%)

	Quarter	1-Year	3-Year	5-Year	10-Year	Since Inception*
Ariel Appreciation Fund Investor Class	-6.94	-4.94	0.14	13.56	4.93	9.58
Ariel Appreciation Fund Institutional Class	-6.85	-4.62	0.45	13.91	5.25	9.71
Russell Midcap Value Index	-2.11	2.27	3.78	16.71	7.61	10.72
Russell Midcap Index	-3.40	2.59	4.61	16.28	8.82	10.91
S&P 500 Index	-4.27	8.25	9.06	18.59	12.50	10.40

* The inception date for Ariel Appreciation Fund is 12/01/89.

Ariel Fund Benchmark Update Effective February 1, 2025: The Russell 2000 Value Index is replacing the Russell 2500 Index as a secondary benchmark for the Ariel Fund because it more closely aligns with certain market sectors in which Ariel Fund invests. Performance data quoted represents past performance. Past performance does not guarantee future results. All performance assumes the reinvestment of dividends and capital gains and represents returns of the Investor Class shares. 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 Ariel Fund and Ariel Appreciation Fund may be obtained by visiting our website, www.arielinvestments.com.

Dear Clients and Friends:

During this market sell off, we know our clients and friends have many questions and want to hear from our portfolio managers directly. To that end, the following represents an edited conversation about the current environment held on April 11th. The participants were John W. Rogers, Jr., Tim Fidler, Ken Kuhrt and John Miller—colleagues with over 123 years of collective experience at Ariel.

Mellody Hobson (MH): How do you practically approach your work during this kind of market disruption?

John Rogers (JR): When markets sell off, we know groupthink takes over and people become overly fearful. When everyone believes the only direction is down, we can use our expertise to buy bargains with conviction. For 42 years now, we've been taking advantage of these fear laden periods.

In these environments, I still start each day by reading—but with a focus on any information that is new and strikes me as material. As portfolio managers, we are meeting as often as needed—as recently as late last night—to identify stocks that have fallen the most relative to reasonable expectations. Practically, I am pushing for every analyst to identify at least two names that have dropped to extremely cheap levels beyond what makes sense.

Fortunately, we have great access and have been able to get C-suite executives on the phone in the midst of the chaos to discuss the impact of tariffs on their businesses. So, in addition to reading and meeting as a portfolio management team, I am on the phone following up on ideas and gathering information.

MH: What is on your mind in these periods, Ken?

Ken Kuhrt (KK): The market is having incredibly sharp reactions to every piece of news and speculation that's hitting the wire. Rather than becoming fixated on what incremental piece of news is shifting market perceptions, we must look past the noise. It is important to step back and make sure we're buying the type of business where the next tweet doesn't make or break the business model and that we have an adequate margin of safety[1] with solid balance sheets. We want to see predictability in our businesses over longer periods of time.

So, as we're seeing the market shocks right now, we're not trying to guess down to the percent in terms of tariffs in every country. Instead, we speak to management teams to better understand who controls their own destiny, who controls their supply chains, what dictates their business model over time and who simply must react to today's environment. When there's noise, when there's uncertainty in the marketplace, staying true to our philosophy and process and staying really focused on the type of company we're looking for is critical. We must consciously disconnect our emotions from the price volatility. While the market is reacting, our job is to stay focused on the fact patterns. Facts are reflected in our calculations of intrinsic value. Market swings allow us to be more tactical about using a longer time horizon to our advantage.

MH: Tim, as Director of Research, what are you doing?

Tim Fidler (TF): On the one hand, our process is like breathing, regardless of the environment. That said, our history clearly demonstrates dislocations are our chance to act. New ideas as well as our purchases and sales result from the market's stress. We know the market usually overshoots pretty dramatically. We also know the short run will look a lot worse than the long run and that drives our decision making. So, in some respects our actions and process are the same, except with greater urgency and speed in decision making. Extreme volatility pushes us to do everything from management meetings to channel checks more rapidly than normal.

That said, we know crises unfold and progress over time. For that very reason, we start with stocks we already own and know extremely well. We also pull names off the shelf that we have been watching—companies that we've wanted to own and may finally have a chance to buy. And then, sometimes completely new names appear that we didn't anticipate. The last opportunity set requires more research and therefore a longer time frame.

John Miller (JM): I immediately recirculate articles from Warren Buffett and other great value investors to underscore the key tenets of our philosophy for the whole team—especially the younger analysts. We also consider that there may be new dynamics and bring in experts to get their thoughts to determine if anything changes the intrinsic value of the names we own. In recent weeks, we have invited professors to come in to discuss the proposed and implemented tariffs.

MH: Ken, you talk about being unemotional, do you feel any anxiety?

KK: Always a little bit, but not much. We are human after all. These things can wear on you. But our team has been together for decades and we've lived through things like this before. We know what we need to do to move forward. A critical part of how we execute is based on the fact that JR has created an environment where he expects us to be contrarian. That's how we outperform over a long period of time.

MH: As portfolio managers, do your views diverge during this period? Do you have more disagreements or is it easier to agree?

KK: Easier. In this period, we can find companies that check more of the boxes of what we're looking for over a 3-to-5-year time horizon including an adequate margin of safety. In normal markets, sometimes you need to either have a rosier outlook of where the business model is going, or a different perspective in terms of how the balance sheet and capital structure might change over time. But when you get dislocations where fear is rampant, everything goes on sale. The silver lining is that you can find best-in-class companies that are simply caught up in short-term noise and headwinds of either the overall market or a specific sector.

[1] Attempting to purchase a stock with a margin of safety does not protect investors from the loss of their investment, volatility associated with stocks, declining fundamentals, external forces or our incorrect assumptions.

MH: Let's get specific about what you are buying. In a recent letter, you mentioned a focus on the consumer discretionary sector. Give me a name and your rationale.

JM: In the turmoil, investors are underestimating **Sphere Entertainment Co.'s (SPHR)** profitability and cash flow from its upcoming experience shows "The Wizard of Oz at Sphere" and "The Edge." Plus, we see no signs of a consumer slowdown with real-time demand driving new dates being added to The Eagles, Backstreet Boys and "Postcard from Earth." Another location in Abu Dhabi as well as future "mini" Spheres should also drive cash flow.

TF: OneSpaWorld Holdings Ltd. (OSW) is the leading provider of onboard spas and wellness centers for the cruise industry with over 90% market share. The company returned to the public markets in 2019 on the eve of the pandemic, and much like the broader leisure space, fought for their corporate lives throughout the Covid crisis—which proved to be a great buying opportunity. Meaningful distress in today's markets is giving us another chance to accumulate shares of this competitively advantaged business at a discounted price.

KK: Wall Street's concern about consumer discretionary businesses is ignoring where demand for **Norwegian Cruise Lines Holdings Ltd. (NCLH)** comes from. This is the cheaper alternative to land-based vacations with great tailwinds in the underlying business model. And even adjusting for potential near-term consumer headwinds, this stock is trading below 10x forward earnings and doing all the right things in terms of generating free cash flow. I think it's being misclassified and is misunderstood.

JR: Madison Square Entertainment Corp. (MSGE) owns the flagship and namesake Madison Square Garden but also Radio City Music Hall, Beacon Theatre and The Chicago Theatre. Its pressured shares are selling at a 47% discount to our private market value estimate[2] as Wall Street anticipates a recession. Here, we have a tremendous opportunity to own more of a truly unique asset with a substantial margin of safety provided by its irreplaceable New York City location, the stability of its Knicks and Rangers anchor tenants along with the underlying value of its prestigious real estate assets.

MH: That is a clear recap of what we are buying. What are we selling?

JR: We're paring back on stocks that have held up best in this sell off.

MH: That seems counterintuitive.

JR: Those decisions come down to relative valuations. We would rather own more of a world-class brand like Norwegian which is selling at a 56% discount to our private market value estimate than great businesses like **Prestige Consumer Healthcare, Inc. (PBH)** and/or **Adtalem Global Education (ATGE)** that are trading close to full value at a 10% discount and 5% discount, respectively.[2]

MH: Tim, what do you do to reduce the possibility of being really wrong?

[2] Private market value calculations are as of April 10, 2025.

TF: First and foremost, you take the risk of financial distress off the table. One thing we've learned over the years is that truly good businesses are resilient. They can take a lot of shocks. They can take a lot of pain and damage over the short run. They generally heal themselves and cure over time. So, the first rule is to be sure they live long enough to get to that point. Another form of insurance against a stock picking mistake is to know the balance sheet never puts the franchise at risk.

KK: Yeah. You need this combination of a solid company with its stable moat that you can count on to handle the shocks and weather the storm, combined with a stable balance sheet that you don't have to worry about. If headwinds drag on longer than you would like, you cannot worry about any impairment of capital. Our margin of safety means we should be buying a stock at such a cheap price that even if we get some of our expectations wrong, there's still a lot of room in terms of potential upside because we are buying at such deep, deep discounts to the fundamental value of the underlying businesses.

MH: How many new names are you considering right now?

TF: A handful. We always have a list of names we want to buy. But first, as we mentioned, we work with the names we already own and where we can move quickly. We're always in a constant state of trying to be ready. Should the market turn around and recover 20% from here, that work just goes back on the shelf. On the other hand, should it fall 20% next week, we might be buying four names at once.

MH: Does this feel like the Crash of 1987, the Financial Crisis of 2008, the Covid crisis in 2020 or something completely different?

KK: This is a difficult time that does not feel like the other tough periods. In the past, the market had a problem that it was trying to figure out and fix. With Covid, the job at hand was to get the economy restarted. In 2008, the job was to restore liquidity and stability to financial markets. The challenge with the current environment is there is a new shock every day. The shocks are coming from different angles and are random. Uncertainty grows because there is no clear and single job to "fix."

From a valuation gap perspective, 2008 was the worst period. Our portfolios had never been cheaper—their private market values reached nearly a 50% discount to intrinsic worth. When I looked this morning, our small cap portfolios were selling at over a 40% discount. That's very cheap by normal standards, but not as extreme as the pain of the Financial Crisis. Although there is no way to know how much worse it might get, it will eventually get better.

MH: Is there anything that keeps you up at night in this kind of environment?

TF: I worry more about the world than what we're doing. Past sell offs were bounded by more rationality. Even though there was uncertainty, this is different. The drivers of the shocks this time are unlike anything we have seen before. A stroke of a pen can literally reverse what just happened the day before. So, the speed in which the damage can occur, and the speed in which the damage can reverse is unlike anything we've ever seen.

JR: Of course, the swings are uncomfortable, I can sleep at night because I have lived through other bad moments in the markets. Each time, you build resiliency and hone even better instincts. I know the more volatile things are, the more opportunity at hand, the more money can be made. The key is patience and discipline.

MH: How does it end?

JR: Storms always end. A bias towards quality companies and stable balance sheets is how you win in the long run.

KK: People trying to guess the next trend, guess the next movement, are really going to wear themselves out in this tactical environment. All the noise and dislocation will just continually create opportunities for us to either upgrade the quality of the companies we own within sectors or rotate to names that we think have intriguing risk/rewards as well as an adequate margin of safety for the longer term.

JM: Ultimately, this is a great time to be a value investor—to be able to get your hands dirty and buy for the long-term.

> "Storms always end. A bias towards quality companies and stable balance sheets is how you win in the long run."

MH: Yet, Miller, you recently decided to take an early retirement package after 35 years at Ariel. How do you feel about that decision in this current environment?

JM: Annoyed! These are the times when I show up as a soldier. But after such a long tenure, retiring is the best decision for me right now. My wife, Gina, agrees. Working here has been a wonderful experience. Ariel provided an open-door environment for me to learn. To better understand companies, I was encouraged to read as much as I could, to travel anywhere I needed to go and to talk to as many people as possible. My knowledge expanded dramatically, from attending business school at the University of Chicago while a young analyst, to simply being surrounded by so many smart people. To that point, I will most miss the teamwork and collegiality. I loved every opportunity to be able to walk down to Ken's office, to Tim's office, to Sabrina's office, to ask them questions not only about their portfolio companies, but to have them help me better understand mine.

I was taught to stay focused on the long term and encouraged to think independently. JR expects us to be different. Contrary views and non-consensus investment recommendations are protected and ultimately help the firm deliver strong performance—which is the ultimate goal.

JR: After 35 years together, it is going to feel strange coming to the office without John Miller here with us. He has been an exemplary teammate. Three and a half decades later, he is still learning and questioning. He has never been satiated or satisfied. He has always done the work and been accountable. No excuses. From our clients' standpoint, we will maintain the relationships John built and continue to relentlessly train the next generation of analysts to do the same.

We have all worked together as a battle-tested team for a long time now. We believe in a common philosophy and are executing it. By challenging each other, we get better. Miller has always served up the value investing truths. Although he is leaving, his distinct voice has been hard wired into our work.

MH: That's a good point. You have literally worked together for decades. What keeps you all here?

KK: Very few firms approach the market the way we do. We get to work with a team of investors who are smart, disciplined and driven. Even on tough days, it is a fun job to apply a philosophy that JR created 42 years ago. Yes, as the markets evolve, there are new challenges and opportunities, but the basic rules of investing stay the same.

MH: When it really doesn't go well, how do you handle disappointment?

JR: If you are in this job, you know there will be times when you will get things wrong. Like a baseball player, sometimes you will strike out. Still, those instances drive us to execute better. We always do a postmortem on a disappointing stock. We go back and re-read our work to figure out what we should have done differently or better. We seek to understand by looking backward—in depth—because we don't want to repeat mistakes.

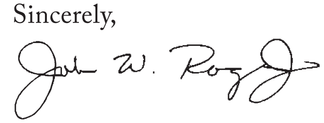
MH: Tim, what should our clients expect during this volatile period?

TF: We firmly believe that to beat the market, you must look different than the market. In times of excessive volatility, our differences mean we can underperform. It's a residual of the process. It's not a fault of the process per se. We're trying to take advantage of the emotion in the market. In so doing, we are not going to time things perfectly or buy every stock at the bottom. As we do our work, we know things may not get better tomorrow or next quarter, but further out, rationality always returns. Stocks trade on fundamentals and always iterate back towards intrinsic value. That's our guiding principle.

JR: It would be great if we could give a perfect prediction on volatility, or tracking error, or whatever measure, but many metrics don't square with our process. Our agnosticism allows us to exploit opportunities and make money over time. So, our kind of contrarian, value investing requires patience. In the end, our four-decade long history shows patience wins.

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

Sincerely,



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

Mellody Hobson
Co-CEO and President

Ariel Focus Fund

As of March 31, 2025

Charles K. Bobrinskoy
Vice Chairman

Average Annual Total Returns (%)

	Quarter	1-Year	3-Year	5-Year	10-Year	Since Inception*
Ariel Focus Fund Investor Class	-3.88	1.50	0.61	15.37	6.05	5.98
Ariel Focus Fund Institutional Class	-3.87	1.69	0.85	15.66	6.31	6.16
Russell 1000 Value Index	2.14	7.18	6.64	16.15	8.79	8.01
S&P 500 Index	-4.27	8.25	9.06	18.59	12.50	10.29

* The inception date for Ariel Focus Fund is 06/30/05.

Dear Clients and Friends:

Most major U.S. indices ended the first quarter of 2025 in the red, with investors fleeing to safety as optimism for another year of U.S. outperformance driven by economic momentum and the new administration's pro-business stance was quickly replaced by tariff fears and policy uncertainty. The Magnificent Seven[1], which drove most of the market's gains over the last three years, led the decline, falling nearly -15%. Value bested growth and large caps held up better than their small cap brethren. International equity markets, led by Europe and China, surged—delivering their strongest quarterly outperformance versus the U.S. in 15 years. Meanwhile, deteriorating confidence and apprehension about a global trade war is fueling recession fears. Against this backdrop, the Ariel Focus Fund fell -3.88% in the quarter, outperforming the broad market as measured by the S&P 500 Index's -4.27% return, but underperforming the +2.14% gain posted by its primary benchmark, the Russell 1000 Value Index, which benefitted from positive performance across financial holdings, the largest industry weight in the index.

Tariff Turmoil

At Ariel, we pride ourselves on being bottom-up stock pickers and do not attempt to position the portfolio for any particular macroeconomic environment. Not only do we believe it is extraordinarily difficult to accurately make macroeconomic forecasts; we also know it is almost impossible to do so consistently well. Our goal when focusing on recent events and macroeconomic developments is to consider their effect on the long-term intrinsic worth of our holdings over the next five-to-ten years. That said, an understanding of the economic environment is important as we seek to identify quality, undervalued names of consistently growing companies that for some reason are overlooked. As is the case across all industry sectors, we seek holdings possessing unique business models with superior returns on invested capital and sustainable competitive advantages. Despite this emphasis on individual companies, there are periods in which performance of equity markets and our own Ariel portfolios are principally driven by macroeconomic events. 2025 has so far been one of these years.

> "Our goal when focusing on recent events and macroeconomic developments is to consider their effect on the long-term intrinsic worth of our holdings over the next five-to-ten years."

The new Administration's stance on international trade and tariffs is driving headlines. Performance of industry sectors and individual stocks has been dictated by their perceived exposure to tariffs—stoking fears of a recession. The market's volatility is being driven by uncertainty around the details of these trade policies or even of their goals.

Investors can be divided into two schools of thought: "optimists" who believe the Administration is using the threat of large tariffs to negotiate a reduction in trade barriers in other countries, resulting in a freer and fairer trade environment; and "pessimists" who believe dramatically higher tariffs will result in reduced global trade in the long-run, and inflation and a recession in the short-run.

Performance data quoted represents past performance. Past performance does not guarantee future results. All performance assumes the reinvestment of dividends and capital gains and represents returns of the Investor Class shares. 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 Ariel Focus Fund may be obtained by visiting our website, www.arielinvestments.com.

[1] The "Magnificent Seven" are the largest stocks in the S&P 500 Index driving market performance: Apple Inc. (AAPL), Amazon.com, Inc. (AMZN), Alphabet Inc. (GOOGL), Meta Platforms Inc. (META), Microsoft Corp. (MSFT), NVIDIA Corp. (NVDA) and Tesla, Inc. (TSLA).

What makes the tariff proposals so impactful is their potential effect on other economic factors. An increase in tariffs may cause producers to increase prices charged to consumers leading to inflation. The prospect of higher inflation could lead the Federal Reserve to forego expected interest rate cuts or even begin another rate tightening cycle. Higher rates would impact the demand for housing and automobiles as well as alter commercial real estate pricing. They also would affect regional bank net interest margins and bond prices.

In equity markets, it is not usually the absolute nature of new information that drives market reaction. It is the difference between what was expected and what actually occurs that matters. The market's reaction to the Administration's proposed trade barriers was so violent, because the proposals conflicted so markedly with economic consensus.

A New Era of Disruption

The phrase "settled science" has taken on negative connotations in some corners. But to the degree that economics is a "social science," the benefits of free trade and the dangers of trade protectionism are almost universally accepted within the economics profession. American economists, Milton Friedman and Paul Samuelson disagreed on many things. So do Thomas Sowell and Paul Krugman today. Yet these well-known economists generally agree on the benefits of trade and the dangers of protectionism.

In 1776, Thomas Jefferson wrote the Declaration of Independence. That same year, a Scottish economist named Adam Smith published "The Wealth of Nations" in which he argued tariffs harm the common people by raising prices. Tariffs are often implemented at the behest of businesses trying to establish local monopolies and to avoid lower priced competition. These levies artificially alter investment away from industries in which a host country enjoys competitive advantages and toward sectors where other countries could produce desired products at cheaper prices.

Smith famously showed that Scotland's colder climate would require 30 times the cost to produce wine, as compared to France. Why not import the wine from France at one-thirtieth the cost and invest the saved capital in industries in which Scotland had a competitive advantage, like Scotch?

While Smith is best known for his advocacy of competitive advantage, defenders of free trade have since buttressed his argument by demonstrating the relative unimportance of bilateral trade deficits.

Assume a simple three country model. The U.S. sells computers to Vietnam at prices well below what it would cost the Vietnamese to design and build their own. The U.S. takes the proceeds and purchases coffee from Colombia, again at prices well below what it would cost us to grow our own in greenhouses. Colombia takes the proceeds and purchases athletic shoes from Vietnam. In this example, the U.S. runs a trade deficit with Colombia and a trade surplus with Vietnam. But we Americans are better off than if we had tried to produce all three products ourselves.

Some readers may be unconvinced by Smith's and subsequent economists arguments against trade protectionism. Yet, one point is incontrovertible—investors believe in the benefits of free trade and have expressed their objections to higher tariffs with unmistakable clarity. As we go to press, there is evidence the Administration may have gotten the message. We have not been shy about publicly advocating for the benefits of trade and the dangers of protectionism; and plan to continue to do so.

Portfolio Contributors and Detractors

Gold mining company **Barrick Gold Corporation (GOLD)** was the largest contributor to performance in the quarter, as gold prices soared and investors flocked to safety amidst recession concerns. Strong quarterly earnings results driven by higher gold and copper production further aided shares. Interestingly, GOLD ended the quarter trading at only 11.6x its projected next-twelve-month earnings, which is near the lowest it's been in the last 10 years. The market seems to be betting the price of gold will drop when calm returns; and yet we view this holding as an attractive risk management position with a high earnings yield.

Shares of **Chevron Corporation (CVX)** also traded higher, following news CVX acquired ~5% of Hess Corporation (HES) stock, reflecting confidence in the completion of its long-awaited acquisition. While an arbitration panel is due to consider the case in May, many signs are pointing to a successful merger which would strengthen CVX's long-term performance and enhance its portfolio by adding world-class assets. Additionally, CVX reported a 7% increase in worldwide production with strong performance in the U.S. Permian basin and increased its dividend for the 38th consecutive year. We like to see our portfolio companies repurchase their own stock and Chevron returned a record $27 billion to shareholders in 2024 through dividends and repurchases.

Additionally, leading manufacturer of consumer food products, **J.M. Smucker Co. (SJM)** advanced over the period. Consumer staples companies generally performed well in the quarter as investors moved to less economically sensitive sectors. Even with the positive performance, we believe Smucker's continues to trade at an attractive valuation. While Hostess remains under pressure, management reiterated its long-term sales target, with near-term focus on stabilizing revenue. The company is implementing a five-pillar plan to improve the brand with marketing investments. Looking ahead, we believe SJM's portfolio of iconic and emerging foods brands, coupled with its broad-based innovation and productivity agenda, supports an attractive total shareholder return opportunity.

By comparison, **Resideo Technologies, Inc. (REZI)** was the largest detractor from performance in the quarter. Despite strong quarterly earnings results, shares traded lower on management's relatively cautious market outlook, tariff concerns and higher for longer interest rates. Although 2025 guidance came in above expectations with broad-based growth across product categories and the integration of Snap One synergies running ahead of schedule, management did not disclose the potential impact tariffs could have on the business. That said, the company believes price increases, inventory positioning and running factories at different utilization rates can help mitigate near-term pressure. As we go to press, REZI remains one of our most attractively priced stocks with a price earnings ratio of 7.2x our estimate of forward earnings.

Manufacturer and developer of laboratory equipment and biological testing, **Bio-Rad Laboratories, Inc. (BIO)**, also traded lower after the National Institutes of Health (NIH) announced significant cuts to its internal funding structure. Additionally, management issued disappointing guidance on continued softness in the biopharma and academic research segments as well as uncertainty in the funding environment. Despite the challenging backdrop, we believe the company offers a solid financial profile, including recurring revenue streams and rising operating profit margins.

Finally, global leader in enterprise software, **Oracle Corporation (ORCL)**, declined alongside the broader technology sector due to macroeconomic uncertainty and in particular, the near-term prospects for artificial intelligence investment (AI) spending. As a result, ORCL reported weaker than expected quarterly earnings results. Nonetheless, management expects double-digit growth for fiscal 2026 and 2027, citing significant demand for its cloud and AI capabilities. This supports our view that ORCL's positioning as the leading provider of database software and cloud-based infrastructure is entrenched, making it a key beneficiary of global demand for generative AI development.

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

Sincerely,

Charles K. Bobrinskoy
Vice Chairman

Ariel International Fund
Ariel Global Fund

As of March 31, 2025

Henry Mallari-D'Auria, CFA®
Chief Investment Officer
Global Equities

Average Annual Total Returns (%)

	Quarter	1-Year	3-Year	5-Year	10-Year	Since Inception*
Ariel International Fund Investor Class	11.70	11.50	5.43	8.17	4.02	5.41
Ariel International Fund Institutional Class	11.76	11.79	5.68	8.44	4.27	5.66
MSCI EAFE Net Index	6.86	4.88	6.05	11.77	5.39	6.93
MSCI ACWI ex-US Net Index	5.23	6.09	4.48	10.92	4.98	6.05
MSCI EAFE Value Net Index	11.56	12.85	9.69	14.77	5.06	6.59
MSCI ACWI ex-US Value Net Index	8.58	11.35	7.23	13.63	4.71	5.63

* The inception date for Ariel International Fund is 12/30/11.

Average Annual Total Returns (%)

	Quarter	1-Year	3-Year	5-Year	10-Year	Since Inception*
Ariel Global Fund Investor Class	6.31	6.11	6.52	10.88	6.52	7.92
Ariel Global Fund Institutional Class	6.30	6.34	6.78	11.15	6.77	8.19
MSCI ACWI Net Index	-1.32	7.15	6.91	15.18	8.84	10.02
MSCI ACWI Value Net Index	4.77	8.60	6.59	14.42	6.72	8.06

* The inception date for Ariel Global Fund is 12/30/11.

Performance data quoted represents past performance. Past performance does not guarantee future results. All performance assumes the reinvestment of dividends and capital gains and represents returns of the Investor Class shares. 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 Ariel International Fund and Ariel Global Fund may be obtained by visiting our website, www.arielinvestments.com.

Dear Clients and Friends:

The global stock market's reliance on "American exceptionalism" started to fray in the first quarter of 2025. Fears of a U.S. economic slowdown put pressure on lofty valuations—especially the mega-cap technology stocks. Meanwhile, stocks outside the U.S. began to attract more attention. Europe led the charge with banks and defense stocks posting standout gains, amid growing national security budgets and strong corporate earnings. Capital inflows to Europe hit decade-high levels as investors sought relative value and earnings resilience. China's market also emerged as a bright spot. Still, U.S. equities continue to trade at a steep premium to global peers. Although non-U.S. equities had been trading at more attractive valuations for some time, the first three months of the year set the stage for broader gains, supported by improving economic and earnings momentum and a lift from strengthening foreign currencies relative to the U.S. dollar.

Excluding the "Magnificent 7[1]," global markets were largely flat in the first quarter. Against this backdrop, our international and global strategies significantly outperformed their respective benchmarks. Notably, only a small percentage of the excess return was derived from "what we didn't own," rather it was robust stock selection that drove the majority of the outperformance.

Ariel International Fund advanced +11.70%, significantly outperforming the MSCI EAFE Index's +6.86% gain. Ariel Global Fund recovered this quarter trading +6.31% higher, significantly outperforming the MSCI ACWI Index's –1.32% return.

Rebalancing of Global Markets Has Just Begun

A global trade war is no longer a threat—it's a trigger. The current U.S. administration appears to be embarking on a structural realignment of global trade and geopolitical alliances, seemingly focused on boosting industrial activity at home and real household income. Asia and Europe are scrambling to diversify their trade dependencies. Even if U.S. policymakers were to reverse course immediately, the perception of the U.S. as a less reliable partner is likely to persist.

Seemingly overnight, the world is recalibrating. Efforts to re-route supply chains away from China have now expanded into a broader imperative to unwind entrenched supply chain ties to the U.S. The narrative has flipped—and with it, Europe, China and other emerging markets are likely to respond with more locally targeted stimulus efforts.

In our view, we are headed toward a global economic slowdown. That said, Europe and China are expected to benefit from fiscal tailwinds. We believe there will be price dislocations and new winners from this rebalancing of global markets.

[1] The "Magnificent Seven" are the largest stocks in the S&P 500 Index driving market performance: Apple Inc. (AAPL), Amazon.com, Inc. (AMZN), Alphabet Inc. (GOOGL), Meta Platforms Inc. (META), Microsoft Corp. (MSFT), NVIDIA Corp. (NVDA) and Tesla, Inc. (TSLA).

As such, we remain long-term, bottom-up investors *and* we acknowledge things have changed. Notably, stock market volatility has increased from historic low levels and is likely to remain elevated. Our global and international funds naturally tilt toward stocks that can outperform in market drawdowns—whether due to earnings resiliency or more attractive relative valuation. We remain focused on generating more consistent alpha generation, resulting from a broader range of stocks with idiosyncratic company-specific risks.

Today, with more policy uncertainty in the U.S., we believe investors will seek to rotate into non-U.S. assets. These markets are also more inefficiently priced. Many of our best ideas are listed outside of the U.S. and we are well positioned for the expected shift of capital inflows. As significant market inefficiencies remain, we believe our strong performance during the first quarter is repeatable. Of the 45 names added to our international and global strategies since September 2023, over 60% have outperformed the MSCI ACWI benchmark.

> "Our global and international funds naturally tilt toward stocks that can outperform in market drawdowns—whether due to earnings resiliency or more attractive relative valuation."

This quarter, Ariel Global Fund saw recovery in two names where we maintained a position based on our revised outlook despite a pull back in 2024. Both **Intel Corporation (INTC)** and **CVS Health Corporation (CVS)** had a strong start to the year.

Intel's shares were boosted by confidence in the new CEO as well as product innovation—specifically, the 18A process node technology is progressing as scheduled. This advancement supports Intel's strategic focus on foundry services to offer advanced manufacturing capabilities to external clients, enhancing its competitiveness in the semiconductor chip making business.

CVS reported strong fourth quarter earnings, as a result of better-than-expected 2025 Medicare Advantage (MA) membership attrition with a favorable preliminary 2026 MA rate notice. Momentum is expected to continue with the final rate coming in approximately 200bps above consensus, utilization trends stabilizing and management reaffirming confidence to meet or exceed 2025 targets.

We remain as disciplined in selling as we are in buying. The pullback in stock prices has been sharpest across mega cap tech—where IT spending is expected to tighten during economic slowdown. However, the long-term demand for compute power and innovations remains strong. In our funds, **NetApp, Inc. (NTAP)** and **Taiwan Semiconductor Manufacturing Company, Ltd. (TSMC)** were hurt by market sentiment, but our convictions remain strong. We sold our position in **Teradata Corporation (TDC)** based on lower confidence in the company's ability to meet cloud-based sales targets.

Relocating supply chains is a slow, capital-intensive process requiring years of investment and coordination across suppliers. The U.S. also faces a constrained talent pool after years of offshoring, and a stark wage differential with lower-cost regions like Southeast Asia remains a key hurdle. Given the uncertainty and fluid dynamics, we are closely monitoring supply chain vulnerability across existing holdings and prospective investments—with particular emphasis on the auto and truck industries.

We expect capital outflows from the U.S. to continue. We believe investors will seek to rotate into non-U.S. markets, especially in Europe and Emerging Markets, as currency tailwinds and valuation gaps grow. In our view, the window to broaden global exposure hasn't closed—it's just opening.

The Sleeping Giant of Spanish Utilities Awakens

Electricity consumption is surging. In 2024, global energy jumped to nearly twice the average annual growth seen over the past decade. The momentum is set to continue, with International Energy Agency (IEA) projecting a 4% increase by 2027, buoyed by industrial demands, cooling needs and digital infrastructure. While there are many uncertainties and narratives about energy, one thing is clear: demand is growing.

Across Europe, as grid loads rise and the need for energy autonomy intensifies, the transition to renewables is accelerating. While much of the attention has been on the rapid rise in U.S. load growth, Spain remains an often-overlooked contender in the data center landscape, supported by low energy costs and a stronger reliance on renewable energy sources.

Combined with a favorable market for long-term power purchase agreements (PPAs), strong fiber connectivity, abundant land and solid tech talent pool, Spain offers a strong foundation for long-term development. With more focus on infrastructure investments (i.e., expanding the electrity grid) and supportive policies, Spain can position itself as the "Virginia of Europe"—mirroring Northern Virginia's status as the world's largest data center cluster.

In our view, Spain's energy framework presents a bullish outlook for the nation's economic and environmental future. The country is targeting 81% renewable electricity by 2030, supported by substantial investment and sweeping regulatory reforms. Against the backdrop of these ambitious goals, we believe Spain will have to accelerate investments in electric transmission, which moves power from generation sites—like power plants, wind farms and solar fields—to distribution networks that serve homes, businesses and industry.

Redeia Corporación SA holds a unique position in Spain as the sole transmission system operator (TSO) with exclusive responsibility for the transmission and operation of the high-voltage electricity network across the country. Redeia owns and manages over 45,000 kilometers of high-voltage lines and over 600 substations, ensuring the continuity and security of the electricity supply nationwide.

Over the last 10 years, Redeia has experienced virtually no earnings and dividend growth, which has led to lackluster share performance. That said, 2025 marks a key inflection point for the company, as it is poised to benefit from legislative and regulatory shifts in Spain.

One key move is bringing back the Comisión Nacional de Energia (CNE), an independent energy regulator, signaling stronger oversight and governance. It is a notable change from past policies, which were often swayed by local politics and public opinion.

Given the government's ambitious renewable goals and the needed transmission build-out, we believe the cap that previously limited utility investments to 0.13% of GDP will be lifted. The change should open the opportunity for Redeia to accelerate capital expenditures (CapEx) from €1.4bn/annum to ~€1.7-1.8bn/annum by our estimates, resulting in Regulatory Asset Base (RAB) growth of 9–10% from 2025 – 2030.

Regulated rates of return, set by national authorities, are expected to rise from 5.58% to 7%, while incentives for outperformance will also be amended. These improved pre-tax rates are designed to spur grid investment tied to the energy transition. We believe a shift toward yields more in line with other European utilities would strengthen Redeia's internal forecasts and support a more favorable risk-reward outlook.

Amid upcoming regulatory changes, Redeia stands out among European regulated utilities for its strong balance sheet. The financial strength, supported by minimal debt and disciplined spending, creates a unique situation where the company is generating free cash flow.

In January 2025, the company agreed to sell its 90% stake in satellite operator, Hispasat, to Indra Group for €725 million. The deal is set to close by year-end. Since the regulated utility business will now represent a higher proportion of current earnings and future growth, credit rating agencies will likely take a more lenient view on the company's credit downgrade threshold—supporting Redeia's ability to grow profits. Accepting a minor credit downgrade to BBB+ and selling down international and hybrid instruments offers additional pathways to accretive growth without tapping into equity capital markets.

Regulatory improvements are expected to encourage Redeia to invest further in its regulated asset base and expand its portfolio of return generating assets—key steps in supporting Spain's decarbonization goals. Redeia's profitability is central to modernizing the grid and enabling greater renewable integration amid rising global demand. From our vantage point, with solid financials and long-term growth opportunities, the company is well positioned to deliver consistent returns to shareholders.

Looking Ahead

"In the midst of chaos, there is also opportunity."

Wall Street remains on edge that teetering trade dynamics could induce a self-inflicted recession. There is a sharp shift in global investor sentiment underway. For patient investors, the turbulence brings opportunity.

The U.S. now faces headwinds: fiscal tightening, waning consumer confidence, and reduced capital spending amid tariff uncertainty. Meanwhile, global capital is actively rotating elsewhere. Europe is ramping up investment to support self-reliance. Meanwhile, China is focusing inward, with U.S. exports accounting for just ~3% of GDP. In our view, recent events are not a hiccup—they mark the start of structural global rebalancing, with capital actively moving beyond the U.S. borders.

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

Sincerely,

Henry Mallari-D'Auria, CFA®
Chief Investment Officer
Global Equities

Check Point Software Technologies, Ltd.

Kevin Buttigieg
Vice President
Senior Research Analyst, Global Equities

Check Point Software Technologies Ltd. is an Israeli-based provider of information technology (IT) security products and services to enterprises, service providers and small and medium-sized businesses. The company's dynamic and flexible platform—Software Blade—offers solutions such as firewall, virtual private network (VPN), intrusion prevention system (IPS), application control, anti-bot, antivirus, data loss prevention (DLP), policy management, event analysis and multi-domain management. Check Point's architecture helps organizations manage complex IT environments through unified security policies and integrated threat prevention.

Capturing Consolidation Opportunities

The security software industry is consolidating around technology platforms. We believe Check Point is positioned to capitalize on this trend with its Infinity architecture by offering one of the broadest sets of integrated capabilities in the industry. The company's recent hardware refresh is expected to strengthen its competitive positioning. Additionally, the new CEO Nadav Zafrir brings a background in venture capital and successful cybersecurity operations, which is expected to accelerate revenue, profitability and strategic execution over the long term.

Beyond the Headlines

Investor anxieties regarding Check Point's historically slow revenue growth compared to its peers have raised fears of market share loss and future revenue declines. These concerns may be overstated as comparisons are often distorted by peers using stock-based compensation and long-term financing, which inflate reported growth metrics. When adjusted for these effects, Check Point's adjusted free cash flow is greater than that of its largest competitors. Furthermore, its healthy balance sheet and robust capital allocation policy are anticipated to be meaningful drivers of EPS expansion, potentially providing a strong and compounding foundation for future growth.

Strategic Reallocation

As of March 31, 2025, Check Point trades at a forward price-to-earnings (P/E) ratio of 22.9x. Although the company's strong financial profile and long-term earnings potential are attractive, we are reallocating capital towards more compelling investment opportunities from a risk-reward standpoint.

Intesa Sanpaolo SpA

Barry Cohen
Vice President
Senior Research Analyst, Global Equities

Intesa Sanpaolo SpA is a leading banking group headquartered in Italy. The company offers a comprehensive suite of services across retail, corporate and wealth management verticals. Intesa serves millions of customers through its domestic branch network and maintains a strong international presence across Central Eastern Europe, the Middle East and North Africa. Its diversified business model and strategic geographic positioning underscore its importance as a key player in the European financial ecosystem.

Dynamic Growth

Intesa's long-term focus on organic growth continues to drive value creation for shareholders. The company seeks to avert potentially risky and dilutive mergers and acquisitions, instead prioritizing a healthy balance sheet and reinvesting in its high-return core businesses. Notably, Intesa's improvements to operational efficiencies are yielding cost savings, which are being used to enhance its client advisory platforms in hopes of attracting more affluent European customers. Meanwhile, management is bolstering client relationships across its retail and corporate segments and expanding its footprint within its wealth management business, where it holds significant scale advantages. In our view, Intesa's strategic approach not only enhances capital efficiency but also positions the company for resilient, long-term growth throughout various business cycles.

Strength in Numbers

Entering 2025, Intesa is seeing encouraging signs of acceleration. The company reported its highest quarterly net asset inflows figure in over a year, reflecting strong customer engagement and growing demand for its products and advisory services. Meanwhile, management reaffirmed its profit guidance for 2025 and beyond, supported by robust growth in fees and insurance income. Given these dynamics, we believe there is potential for a stock re-rating as the market re-evaluates the sustainability of Intesa's earnings and the quality of its franchise.

Valuation Proposition

As of March 31, 2025, Intesa trades at a price-to-book (P/B) ratio of 1.5x. In our view, the company's improving fundamentals, earnings visibility and strong return metrics are undervalued at current levels. With a robust balance sheet, disciplined approach to capital allocation and expansion within its wealth management and insurance businesses, we believe Intesa is well-positioned to outperform in the future. Looking ahead, the company's focus on organic growth, elevating its existing operations and refining its client base, supports a long-term value creation story that remains underappreciated by the market.

NORTHERN TRUST

Founded in 1889 and headquartered in Chicago, **Northern Trust Corp. (NTRS)** is a major financial services company that operates through two primary segments—Asset Servicing and Wealth Management. These divisions provide institutions and individuals with asset management and fund administration capabilities as well as fiduciary and banking solutions. Asset Servicing offers custody, fund administration, investment operations outsourcing, foreign exchange and cash management services. Wealth Management includes trust, investment management, custody, financial consulting, guardianship and estate administration, family business consulting and financial education, brokerage services and private and business banking.

Fiscal Fortitude

Northern Trust is a unique, leading global financial franchise. The company has attractive asset gathering capabilities and fee-based businesses that grow organically. Known for its conservative management, Northern Trust successfully navigated the 2008-2009 Great Recession as well as the 2020 COVID-19 crisis without material issues. Its leadership continues to focus on internal expansion and cross-selling its many services. The company operates with several distinct competitive advantages, including its deep brand, scale and scope economies along with high switching costs for the company's ultra-high net worth families and corporate clients.

Timothy Fidler, CFA®
Executive Vice President
Co-Portfolio Manager, Ariel Appreciation Fund

Banking on Recovery

In our view, Northern Trust was unfairly affected by the 2023 regional banking crisis, precipitated by the collapse of Silicon Valley Bank and First Republic Bank. Although trends such as deposit outflows and cash sorting, securities book losses and net interest margin pressures impacted Northern, the stress levels were well below those of failed banks. These issues strained short-term profitability but did not pose the severe threats market sentiment suggested in 2023. As a result, share prices fully recovered from this temporary weakness.

Maintaining the Balance

Shares have been volatile recently due to increasing political and macroeconomic uncertainty. We expect Northern Trust's conservative positioning and diversified model to exhibit historical stability compared to the broader capital markets and banking complex. As of December 31, 2024, the company had $1.6 trillion in assets under management and $17 trillion in assets under custody and administration, providing a solid base for extending the franchise across both institutional and high-net worth clients. As an industry leader with a solid management team, sustainable competitive advantages and scarcity value of the franchise, we believe Northern Trust's shares deserve a premium valuation. However, as of March 31, 2025, the stock traded at $98.65, a 24% discount to our estimated PMV of about $129.47.

NCLH
NORWEGIAN CRUISE LINE
HOLDINGS LTD.

Kenneth E. Kuhrt, CPA
Executive Vice President
Portfolio Manager, Ariel Fund
Co-Portfolio Manager, Ariel Appreciation Fund

Founded in 1966, **Norwegian Cruise Line Holdings Ltd. (NCLH)** operates a portfolio of three widely recognized cruise brands that visit major vacation destinations worldwide. Norwegian is the third-largest player in the cruise industry, behind Carnival and Royal Caribbean. NCLH's overall market positioning was significantly strengthened by acquiring Oceania and Regent Seven Seas, enhancing its offerings in the super-premium cruise space. The company owns 33 ships with approximately 70,000 berths and has orders for an additional 12 ships to be delivered through 2036.

Uncertain Waters

Investor concerns over consumer spending and economic uncertainty continue to weigh on its shares. The lack of clarity surrounding tariffs, inflation and interest rates has left consumers confused about the future. However, we believe Norwegian is more insulated from near-term volatility due to its strong current bookings. The company typically aims to have 60-65% of its rooms reserved over the next 12 months and is currently in that range, with the accompanying deposits prepaid. Cruises are a more affordable travel option compared to land-based vacations, with pricing currently 30-35% lower. If consumers continue to face financial pressures, the exceptional experience available on Norwegian ships at a lower price offers a compelling choice.

Tax Turbulence

Earlier this year, Commerce Secretary Howard Lutnick suggested cruise lines should pay more taxes than they currently do. Norwegian's shares, along with those of its publicly traded peers, traded sharply lower on the news. Cruise operators, including Norwegian, primarily pay taxes through ports at destinations they visit globally. These international businesses are significant sources of jobs and tax dollars in the states where they operate. In our view, the complexity required to achieve this goal and the potential economic repercussions, such as shifting businesses and jobs away from the U.S., are simply not worth the limited tax gains from a few companies.

Smoother Sailing

Norwegian continues to elevate the options available to its customers. New ships are being added to the fleet across its three brands over the next decade. These new ships will offer additional onboard amenities and higher-end cabin options. Furthermore, Norwegian has continued to develop Great Stirrup Cay, its private Caribbean island. A new pier should allow for more consistent visitor traffic, thereby mitigating the inconsistency of tendering to the island. Management is also increasing the number of pools, cabanas and activities to improve the customer experience and generate additional revenue.

Balance Sheet Improvements

Due to the impact of COVID-19 and the subsequent shutdown during parts of 2020 and 2021, Norwegian raised additional capital through equity and convertible/traditional debt offerings. Consequently, the company incurred a higher-than-usual amount of debt. With travel and leisure headwinds softening over the past few years, the business is recovering with greater cash flow generation. Debt repayment remains a priority which will allow the balance sheet to continue to improve.

As of March 31, 2025, shares traded at $18.96, a 51% discount to our growing private market value of approximately $38.34.

Our Portfolio Managers

Ariel Fund

John W. Rogers, Jr.
Lead Portfolio Manager

Kenneth E. Kuhrt, CPA
Portfolio Manager

John P. Miller, CFA®
Portfolio Manager

Ariel Appreciation Fund

Timothy Fidler, CFA®
Co-Portfolio Manager

Kenneth E. Kuhrt, CPA
Co-Portfolio Manager

Ariel Focus Fund

Charles K. Bobrinskoy
Portfolio Manager

Ariel International Fund | Ariel Global Fund

Henry Mallari-D'Auria, CFA®
Lead Portfolio Manager

Micky Jagirdar
Portfolio Manager

Vivian Lubrano
Portfolio Manager

Important Disclosures

Risks of Investing in the Funds

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. Equity investments are affected by market conditions. Ariel Fund, Ariel Appreciation Fund and Ariel Focus Fund invest in small and/or mid-cap companies, which is riskier and more volatile than investing in large cap stocks. Ariel Focus Fund is a non-diversified fund and therefore may be more volatile than a more diversified investment. Ariel International Fund and Ariel Global Fund invest in foreign securities and may use currency derivatives and ETFs. Investments in foreign securities may underperform and may be more volatile than comparable U.S. stocks because of the risks involving foreign economies and markets, foreign political systems, foreign regulatory standards, foreign currencies and taxes. The International and Global Funds' use of currency derivatives and ETFs may increase investment losses and expenses and create more volatility. The International and Global Funds' investments in emerging markets present additional risks, such as difficulties selling on a timely basis and at an acceptable price.

Specific Stocks Held by the Funds

In this report, we candidly discuss specific stocks held by the Funds. Our opinions are current as of the date they were written but are subject to change. We want to remind investors that the information in this report is not sufficient on which to base an investment decision and should not be considered a recommendation to purchase or sell any particular security.

Please Read the Funds' Prospectuses

Investors should consider carefully the investment objectives, risks, and charges and expenses before investing. For a current summary prospectus or full 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 summary prospectus or full 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.

Information about the Funds' Indexes

Indexes are unmanaged. An investor 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. Inception of this benchmark is July 1, 1995. This index pertains to Ariel Fund.

The Russell 2000® Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios, lower forecast growth and lower sales per share historical growth. The inception date of this benchmark is June 1, 1993. This index pertains to Ariel Fund.

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. This index pertains to Ariel Fund.

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. The inception date of this benchmark is February 1, 1995. This index pertains to Ariel Appreciation Fund.

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 inception date of this benchmark is November 1, 1991. This index pertains to Ariel Appreciation Fund.

The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios, lower forecasted growth values and lower sales per share historical growth. The inception date of this benchmark is January 1, 1987. This index pertains to Ariel Focus Fund.

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. This index pertains to Ariel Fund, Ariel Appreciation Fund and Ariel Focus Fund.

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. Inception of this benchmark was 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 U.S. and Canada. Inception of this benchmark was December 8, 1997. These indexes pertain to Ariel International Fund.

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. Inception of this benchmark was 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. Inception of this benchmark was December 8, 1997. These indexes pertain to Ariel International Fund.

The MSCI ACWI (All Country World Index) Index is an equity index of large and mid-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. Inception of this benchmark was January 1, 2001. 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. Inception date of this benchmark was December 8, 1997. These indexes pertain to Ariel Global Fund.

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.

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What's Inside

PORTFOLIO MANAGEMENT IN TIMES OF MARKET TURMOIL Co-CEO Mellody Hobson interviews our domestic portfolio managers—colleagues with over 138 years of collective experience at Ariel—about the current market environment based on views as of April 11, 2025.

A NEW ERA OF DISRUPTION Vice Chairman Charlie Bobrinskoy knows investors believe in the benefits of free trade and have expressed their objections to higher tariffs with unmistakable clarity. See how we are advocating for the benefits of trade and plan to continue to do so.

REBALANCING OF GLOBAL MARKETS HAS JUST BEGUN Chief Investment Officer, Global and Emerging Markets Equities, Henry Mallari-D'Auria expects capital outflows from the U.S. to continue. He believes investors will seek to rotate into non-U.S. markets, especially in Europe and Emerging Markets, as currency tailwinds and valuation gaps grow.

COMPANY SPOTLIGHTS Views from our investment team on Check Point Software Technologies, Ltd., Intesa Sanpaolo SpA, Northern Trust Corporation and Norwegian Cruise Line Holdings, Ltd.

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