

Ariel Investments

Performance as of June 30, 2025 (%)

Annualized

| | QTR | YTD | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
|----------------------------------|-------------|--------------|-------------|--------------|--------------|-------------|-------------------|
| Ariel Fund | | | | | | | 11/06/1986 |
| ARGFX Investor Class | 6.96 | -1.60 | 9.56 | 9.76 | 13.15 | 7.00 | 10.51 |
| ARAIX Institutional Class | 7.02 | -1.46 | 9.88 | 10.09 | 13.50 | 7.32 | 10.63 |
| Russell 2500™ Value Index | 7.29 | 1.03 | 10.47 | 10.69 | 13.96 | 7.73 | 10.49 |
| Russell 2000® Value Index | 4.97 | -3.16 | 5.54 | 7.45 | 12.47 | 6.72 | 9.67 |
| Russell 2500™ Index | 8.59 | 0.44 | 9.91 | 11.30 | 11.45 | 8.39 | 10.33 |
| S&P 500® Index | 10.94 | 6.20 | 15.16 | 19.70 | 16.64 | 13.64 | 11.09 |
| Ariel Appreciation Fund | | | | | | | 12/01/1989 |
| CAAPX Investor Class | 5.81 | -1.53 | 7.65 | 7.91 | 10.75 | 5.60 | 9.68 |
| CAAIX Institutional Class | 5.90 | -1.35 | 7.99 | 8.25 | 11.09 | 5.93 | 9.81 |
| Russell Midcap® Value Index | 5.35 | 3.12 | 11.53 | 11.33 | 13.71 | 8.39 | 10.80 |
| Russell Midcap® Index | 8.53 | 4.84 | 15.21 | 14.33 | 13.11 | 9.89 | 11.08 |
| S&P 500® Index | 10.94 | 6.20 | 15.16 | 19.70 | 16.64 | 13.64 | 10.64 |

Past performance is not indicative of future results. An investment's return and principal value 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. Performance data as of the most recent month-end may be obtained by visiting our website, arielinvestments.com.

Dear Fellow Shareholders: These days, professional investors and firefighters have a lot in common. Just as firefighters spend most of their time practicing drills, preparing their kits and staying conditioned for the next big event, active managers mind their portfolios, cultivate their watch lists and seek to strengthen networks that can help exploit opportunities and avoid mistakes. When the alarm sounds at the firehouse, it is “go time.” The firefighters literally run to the flames. True active managers also run to fires. Spiking market volatility is our “go time,” because **money is often made in chaos, not calm.**

A Market Set Aflame

Lately, in real life and investing, “fires” are increasingly common. Since the early zeros, a series of unprecedented events have sparked severe stock market volatility: the dotcom bubble burst; the Great Recession sapped liquidity; America’s debt was downgraded—*twice*; and Covid-19 shuttered global economies. More recently, on the second day of the second quarter, a new administration’s attempt at deglobalization and a restructured trade policy rocked U.S. equities. As the *FT* reported, “. . . U.S. stocks registered their biggest daily decline in nearly five years after Trump announced tariffs targeting dozens of countries on what he called ‘liberation day.’”¹ A new fire was lit.

¹ Roeder, Oliver, Eva Xiao and Molly Taylor. “Donald Trump: six months in six charts.” *FT*. July 20, 2025. <https://www.ft.com/content/bba4bc2f-2619-49a1-b81b-36e82bef768a>.

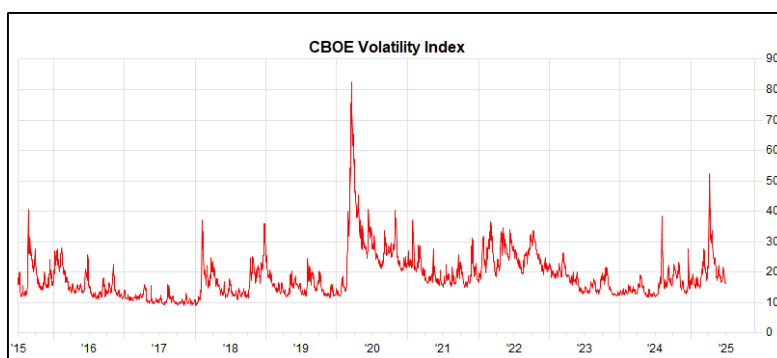
Initially, the market was set aflame by what many deemed an unnecessary, impractical and inelegant imposition of worldwide tariffs. Goods from any country showing a trade deficit with the U.S. were taxed similarly, without consideration of the country's size or buying power. In the two days following Trump's tariff announcement, the Dow Jones Industrial Average lost -9%, while the S&P 500 fell more than -10% and the Nasdaq dropped -11%. According to Dow Jones Market Data, \$6.6 trillion in market value was lost—the largest two-day loss in history.² The S&P 500 came within one percentage point of the -20% drop that would have marked bear market status.³ Meanwhile, the smaller companies comprising the small and mid cap value indices fared even worse. The Russell 2000 Value Index's -27% peak-to-trough drop snuffed out its bull market run.⁴ Our portfolios took some body blows—falling further than their benchmarks during the harshest moments of the market turmoil.⁵

Until . . . a sudden “pause” in implementation of the tariffs unleashed a market rebound that just as furiously propelled indices back to all-time highs. As red turned to black, our own recovery was striking.

Forged in Fire

Not surprisingly, during the quarter, the volatility captured by the VIX index—Wall Street's “fear gauge”⁶—surged to the highest levels since Covid and then dropped. (As an aside, we cannot help but notice that images tracking the VIX resemble actual flames!)

VIX Index
June 30, 2015 through June 30, 2025



Many assume that we feel pain and anguish during times of such severe market stress. While we hate losing money, **market free falls may often be a means to a profitable end.** Although counterintuitive, investing can be less challenging during volatile periods. The more brutal the dislocations, the more opportunities come to fore. Like well-conditioned firefighters waiting for the inevitable fire, we have been trained to prepare ourselves for inescapable market meltdowns. Our version of running into the fire is buying and selling. Amid investor panic, our trading and turnover picks up as we pounce on bargains with a calm head and hand. The volatility is our friend.

² WSJ Staff, “Stocks Suffer Record Two-Day Wipeout \$6.6 trillion.” *The Wall Street Journal*, April 4, 2025, <https://www.wsj.com/livecoverage/stock-market-tariffs-trade-war-04-04-2025/card/stocks-head-for-record-two-day-wipeout-Oph5W2WKWqGaPYRh5Zea>.

³ The S&P 500 peaked on February 20, 2025 and hit a trough on April 8, 2025.

⁴ The Russell 2000 Value Index peaked on November 26, 2024 and hit a trough on April 8, 2025.

⁵ Based on maximum drawdown of the respective primary benchmarks for the 3-year period ending 6/30/25.

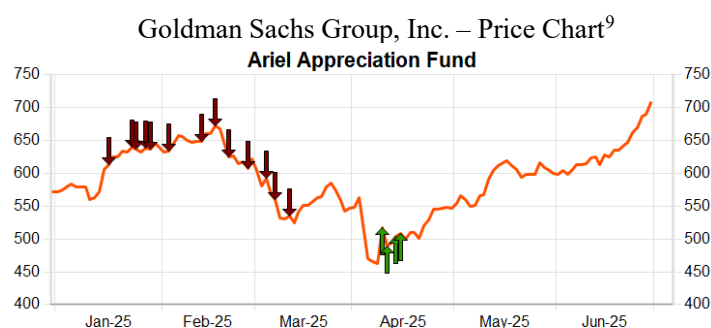
⁶ “Why American tech stocks are newly vulnerable.” *The Economist*. April 23, 2025, <https://www.economist.com/finance-and-economics/2025/04/23/why-american-tech-stocks-are-newly-vulnerable>.

We believe the value of our active approach is clear when comparing our actual portfolios to hypothetical “frozen” versions that remained static throughout the quarter.⁷ Our trading decisions added significant value.

| Ariel Portfolio | “Actual” vs. “Static” Portfolio |
|-------------------------|---------------------------------|
| Ariel Appreciation Fund | +167 bps |
| Ariel Fund | +60 bps |

Several of our second quarter buys and sells demonstrate the merits of our approach. We are particularly pleased to see Ariel Appreciation Fund begin to show improving results on the heels of a difficult period.

To this point, in early April, we re-initiated a position in global investment bank, **Goldman Sachs Group, Inc. (GS)**, as macro uncertainty, geopolitical tensions and shifts in trade policy drove the name back down within our mid cap buying parameters. Its subsequent rebound contributed +44 bps to the total return of Ariel Appreciation Fund and from an attribution standpoint added +26 bps on a total effect basis, relative to a static Ariel Appreciation Fund that did not hold the position at all.⁸



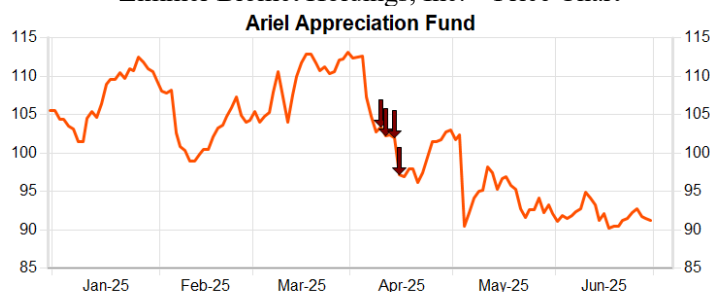
Just as firefighters know when to pull back when they believe a blaze can get out of hand, we successfully exited our position in hip and knee manufacturer, **Zimmer Biomet Holdings, Inc. (ZBH)**, in early April and the stock continued to fall. Winding down our position meant Ariel Appreciation Fund was less impacted by the company’s weak second quarter performance. ZBH detracted -31 bps from the total return of Ariel Appreciation Fund before we exited the name in the quarter. This active decision added +50 bps in relative performance versus a static version of our Fund.

⁷ The “actual portfolio” shows the actual performance of Funds for the relevant period. The “static portfolio” shows hypothetical performance for a hypothetical portfolio reflecting the holdings of the Funds as of March 31, 2025 held static, without any adjustment, through June 30, 2025. Performance presented for the static portfolio is not actual performance of any portfolio. Please see important disclosures at the end of this letter regarding the use of hypothetical performance for comparison purposes.

⁸ Total return for each holding discussed above does not represent the total performance of the Fund. The performance is that of a holding in the Fund and a comparison to a hypothetical portfolio. Please see footnote 8 for important disclosures regarding hypothetical information.

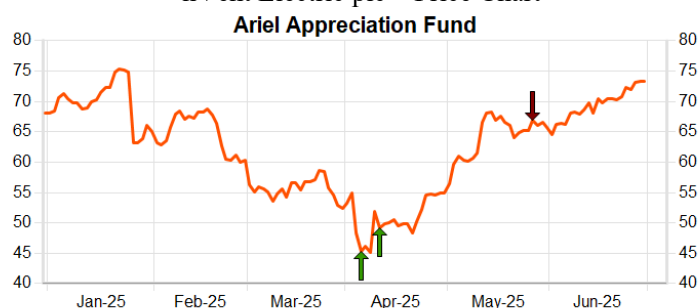
⁹ Red downward arrows show days shares were sold, while green upward arrows show days shares were bought.

Zimmer Biomet Holdings, Inc. – Price Chart⁹



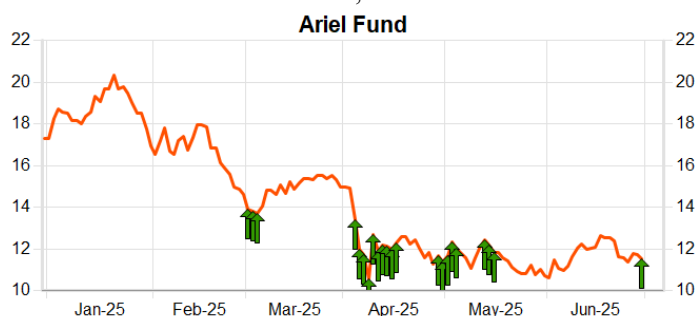
Energy stocks were among the worst performers of the second quarter as crude oil prices fell and businesses pulled back their power usage because of recession fears. We viewed the sell-off as an opportunity to purchase more shares of electrical solutions provider, **nVent Electric plc (NVT)**. We believe its focus on the electrification of everything—from industrial automation to data centers and energy infrastructure—positions it for powerful growth in intrinsic value. Although its initial rebound marginally boosted Ariel Appreciation Fund, we believe we are in the early innings of an extended run in the company’s share price. More specifically, total return for Ariel Appreciation Fund increased by +73 bps and from a relative attribution standpoint, gained +10 bps.

nVent Electric plc – Price Chart⁹



Recent performance results are encouraging, but as patient investors, we remain focused on long-term outcomes, not short-term gains. Despite **Core Laboratories, Inc. (CLB)** unique positioning as a valued service provider that enhances production for the oil and gas industry, its shares have languished during the market rebound. As such, Core Labs had a -66 bps impact on the total return of Ariel Fund. On a total effect basis versus the static portfolio over the quarter, CLB weighed -16 bps on Ariel Fund return. Still, CLB is one of our most undervalued stocks—selling at a -63% discount to our private market value estimate. In addition to its differentiated services franchise, it is an unusual small cap energy name that consistently generates free cash flow across commodity cycles and is only modestly levered with management continuing to pay down debt.

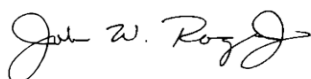
Core Laboratories, Inc. – Price Chart⁹



Growth Through Adversity

As the Oscar winning director, Guillermo del Toro said, “**The more you shield yourself from adversity, the more you shield yourself from growth.**” For firefighters, running toward flames is not heroic, it is their job. The same can be said for active, contrarian managers like us who have been tested by wild and tumultuous markets for over four decades. Our playbook is well documented. Our execution is practiced. The heat may be uncomfortable, but the fires come with the job. In fact, given the money-making opportunities they often present, we would posit, **fires are the job.**

Sincerely,



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



Mellody Hobson
Co-CEO and President

The letter above includes a comparison of hypothetical performance to the actual performance of the Funds. Hypothetical performance has many inherent limitations. There are frequently sharp differences between hypothetical and actual results. Hypothetical results are designed with the benefit of hindsight. In addition, hypothetical investing does not involve financial risk, and no hypothetical portfolio can completely account for the impact of financial risk in actual portfolio construction. There are numerous other factors related to the markets in general or to the implementation of any specific investment program which cannot be fully accounted for in the preparation of hypothetical portfolios and all of which can adversely affect actual investment results. No representation is being made that any Fund will or is likely to achieve again the results shown in comparison to the hypothetical portfolio. Comparing the Funds to different hypothetical portfolios would produce different results.

Ariel Fund Benchmark Update Effective February 1, 2025: The Russell 2000® Value Index is replacing the Russell 2500™ Index as a secondary benchmark for Ariel Fund because it more closely aligns with certain market sectors in which Ariel Fund invests.

Investing in small- and mid-cap companies is riskier and more volatile than investing in large-cap companies. 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 the Ariel Fund’s Prospectus as of February 1, 2025, the Investor Class and Institutional Class had an annual expense ratio of 1.00% and 0.69% respectively. Per the Ariel Appreciation Fund’s Prospectus as of February 1, 2025, the Investor Class and Institutional Class had an annual expense ratio of 1.14% and 0.83%, 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. There is no guarantee that any expressed views will come to fruition or any investment will perform as described.

As of 6/30/25, Ariel Fund’s position size, if any, in the above holdings was Goldman Sachs Group, Inc. 0.00%; Zimmer Biomet Holdings, Inc. 0.00%; nVent Electric plc 0.00% and Core Laboratories, Inc. 2.58%. As of 6/30/25, Ariel Appreciation Fund’s position size, if any, in the above holdings was Goldman Sachs

Group, Inc. 1.39%; Zimmer Biomet Holdings, Inc. 0.00%; nVent Electric plc 1.88% and Core Laboratories, Inc. 1.86%.

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

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. Its inception date is June 1, 1993. The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index, representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. Its inception date is January 1, 1984.

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 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. Its inception date is June 1, 1993. 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. Its inception date is November 1, 1991. The Russell 1000® Growth Index measures the performance of the large cap growth segment of the US equity universe. It includes those Russell 1000 companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years). Its inception date is January 1, 1987.

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

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