

Ariel Investments

Performance as of September 30, 2025 (%)				Annualized			
	QTR	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Ariel Fund							11/06/1986
ARGFX Investor Class	12.39	10.59	9.86	17.11	14.79	9.98	10.77
ARAIX Institutional Class	12.49	10.84	10.22	17.48	15.15	10.32	10.89
Russell 2500™ Value Index	8.17	9.29	9.00	15.39	14.96	9.68	10.65
Russell 2000® Value Index	12.60	9.04	7.88	13.56	14.60	9.22	9.94
Russell 2500™ Index	9.00	9.48	10.16	15.64	12.09	10.52	10.51
S&P 500® Index	8.12	14.83	17.60	24.93	16.47	15.30	11.24
Ariel Appreciation Fund							12/01/1989
CAAPX Investor Class	9.51	7.83	7.26	13.41	11.55	8.13	9.89
CAAIX Institutional Class	9.57	8.09	7.60	13.76	11.89	8.46	10.02
Russell Midcap® Value Index	6.18	9.50	7.58	15.51	13.67	9.96	10.91
Russell Midcap® Index	5.33	10.42	11.11	17.69	12.66	11.39	11.16
S&P 500® Index	8.12	14.83	17.60	24.93	16.47	15.30	10.80

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, the market sounds like pop music with the same chart-topping hook playing on repeat as investors party to the hits. For the three months ending September 30th, the S&P 500 posted 23 new all-time closing highs as artificial intelligence (AI) platforms and the mega-cap entourage that orbit them led the chorus.¹ The biggest names continued to take center stage, propelling the market's gains into an increasingly narrow, momentum-driven rally. This intense concentration, reminiscent of the "Nifty Fifty" era of the 1970s or the tech boom of the 1990s, has left many investors wondering if there is any other genre to be heard.

Small Caps Strike a Chord

The tone shifted from the big guys to the small fries during the third quarter when the Russell 2000 Index quietly closed at a new all-time high for the first time since 2021. While AI-driven large-cap growth kept climbing, small-cap value beat all other asset classes, as shown in the chart on the following page.

¹Kantrowitz, Michael CFA et al. "What In The World Happened To Markets In 3Q?!!!" *Piper Sandler*, October 1, 2025, p.1.

Size and Style Returns Q3 - 2025			
	Value	Blend	Growth
Large	5.7%	7.8%	9.6%
Mid	5.0%	5.2%	5.4%
Small	11.1%	8.7%	6.4%

Source: Piper Sandler.
Based on S&P size and style Exchange Traded Funds
as of September 30, 2025.

Within Ariel Fund, our Consumer Discretionary, Financials and Industrials picks drove gains, while our Health Care names and lack of exposure to Telecommunications and Utilities hurt relative returns. Comparatively, strong stock selection within the Industrials sector boosted results of the Ariel Appreciation Fund, while our avoidance of Technology created a performance drag.

If the market is music, then the rhythm section was provided by the Federal Reserve, which in September delivered its first interest rate cut since last December. Bank of America estimates over 45% of Russell 2000 (ex-Financials) debt is short-term or floating, which, in our view, means lower rates reduce the refinancing bite sooner rather than later.² Since our portfolio holdings have a higher credit quality and stronger interest coverage ratios than our benchmarks, we believe they should be even more positively impacted.

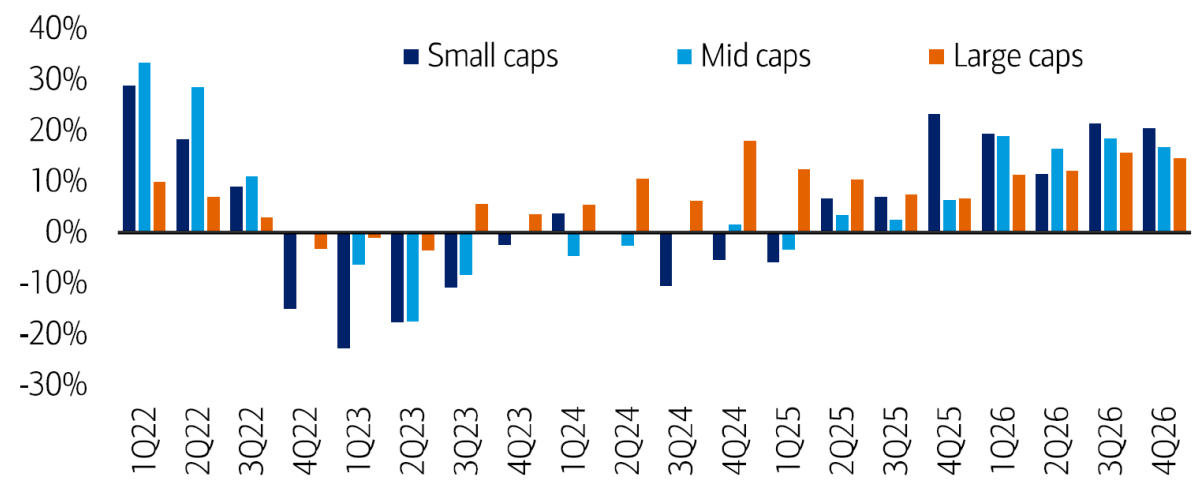
A small-cap earnings recovery provided a source of harmony with estimates turning decisively higher for the first time in over a year. According to London Stock Exchange Group (LSEG), “collective earnings from the benchmark’s 2,000 constituents [Russell 2000 Index], meanwhile, are forecast to grow by more than 50% on average over the next four quarters, nearly five times the pace of S&P 500 profits.”³

²Jill Carey Hall, CFA, “Fed cuts + EPS recovery + regime shift support small caps, Quality /Value in small,” BofA Global Research, September 18, 2025, p.3.

³Martin Baccardax, “Small-Caps Are Having a Moment. Why the Russell 2000 Rally Faces a Tough Road” *Barron’s*, September 12, 2025. Barron’s on the web, accessed November 1, 2025.

Exhibit 91: Small cap profits recovery finally here after a big 2Q beat, with better growth expected vs. large caps through 2026

S&P 600 vs. S&P 400 vs. S&P 500 consensus y/y earnings growth expectations, 2022-4Q26E



Source: FactSet, BofA US Equity & US Quant Strategy.

Savita Subramanian et al. "US Equity Strategy in Pictures: The 80s and 90s are in vogue for markets, too." *BofA Global Research*, September 29, 2025, p. 28.

When stadium-sized crowds gather around a handful of giants, the opportunity set in smaller companies often improves as prices disconnect from fundamentals. The performance divergence, which Truist Securities recently called the "most extreme" in nearly a quarter century, has left small caps historically cheap.⁴ As a result, small-cap value trades at an even greater discount with our internal estimates showing the Russell 2000 Value Index selling at 13 times next twelve months' earnings, relative to 16 times for the Russell 2000 Index.

Contributors and Detractors

Sphere Entertainment Co. (SPHR) was a top contributor in Ariel Fund and Ariel Appreciation Fund. Sphere was a stock born out of angst. When this live entertainment venue was spun out of Madison Square Garden Entertainment in April 2023, Wall Street was put off by its \$2.3 billion price tag, a 92% overrun from its original budget. In no time, doubt turned to revulsion. As the stock price was shrinking, the value grew. At the time we recognized the potential of the Sphere and wrote "of the uniqueness of the concept and the possibility that an instant icon could be created."⁵ The initial overhang from the spin-off allowed us to accumulate shares at a deep discount to our estimate of intrinsic value as other investors ran for the exits. Once rave reviews began to pour in, revulsion turned to enthusiasm.

Resideo Technologies, Inc. (REZI) was another top contributor for Ariel Fund and Ariel Appreciation Fund. At the time of our first purchase in late 2021, we relished the "opportunity to own a niche business, well-positioned to benefit from the ongoing housing recovery and a secular preference for more connected smart home solutions."⁶ Our thesis for investing in this home comfort and security company has proved to be sound and should continue to play out.

⁴Spencer Jakab, "Will the Fed Make Small Stocks Beautiful Again?", *The Wall Street Journal*, September 18, 2025. The Wall Street Journal on the web, accessed November 3, 2025.

⁵Ariel Investments, 2023 Annual Report, September 30, 2023, p. 4.

⁶Ariel Investments, The Patient Investor Quarterly Report, December 31, 2021, p. 6.

Meanwhile, many of “tomorrow’s best tracks” are playing in the beaten-up healthcare industry. What we believe to be unique businesses with great management teams and strong fundamentals are trading at significant discounts to our estimates of intrinsic value. For example, **Charles River Laboratories (CRL)** which provides its research models to pharmaceutical, biotechnology and government clients, and **Prestige Consumer Healthcare, Inc. (PBH)**, a marketer and distributor of over-the-counter pharmaceutical products detracted from performance during the quarter. We like their future outlooks.

As leadership broadens, small- and mid-cap value appears poised to retake the stage—supported by declining rates, mending earnings and attractive valuations. Forty-three years of experience has taught us that today’s overlooked names are likely to become tomorrow’s standards.

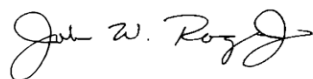
Slow and steady still wins the race.

Portfolio Comings and Goings

While we did not initiate or exit any positions in Ariel Fund during the quarter, we started to build a position in Prestige Consumer Healthcare Inc. in Ariel Appreciation Fund. The company has a strong track record of innovation and strategic acquisitions to address unmet consumer needs. Since a 2017 acquisition, PBH has focused on deleveraging the balance sheet through free cash flow. As the company continues to innovate, we believe earnings growth will lead to multiple expansion. We also successfully sold our shares of global investment bank, **Goldman Sachs Group, Inc. (GS)**, in Ariel Appreciation Fund as the name was becoming too big in cap size for our portfolios to hold. In addition, **Paramount Skydance Corporation’s (PSKY)** strong price appreciation prompted us to realize gains for the Ariel Appreciation Fund once the stock reached our private market value estimate.

As always, we appreciate your consideration 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 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 9/30/25, Ariel Fund's position size, if any, in the above holdings was: Sphere Entertainment Company 5.83%; Resideo Technologies, Inc. 2.99%; Charles River Laboratories International, Inc. 3.39%; Prestige Consumer Healthcare, Inc. 2.66%; Goldman Sachs Group, Inc. 0.00% and Paramount Skydance Corporation 1.01%. As of 9/30/25, Ariel Appreciation Fund's position size, if any, in the above holdings was: Sphere Entertainment Company 3.42%; Resideo Technologies, Inc. 2.55%; Charles River Laboratories International, Inc. 3.31%; Prestige Consumer Healthcare, Inc. 2.02%; Goldman Sachs Group, Inc. 0.00% and Paramount Skydance Corporation 0.00%.

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 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.

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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. The S&P MidCap 400® provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment. Its inception date is June 19, 1991. The S&P SmallCap 600® seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable. Its inception date is October 28, 1994.

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, an affiliated entity of Ariel Investments LLC. Ariel Distributors, LLC is a member of the Securities Investor Protection Corporation.

