

Ariel Appreciation Fund

Quarter Ended December 31, 2025

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. Performance data current to the most recent month-end for Ariel Appreciation Fund may be obtained by visiting our website, arielinvestments.com. For the period ended December 31, 2025, the average annual returns of Ariel Appreciation Fund (Investor Class) for the 1-, 5-, and 10-year periods were +11.11%, +7.57% and +7.95%, respectively.

U.S. equities delivered a modest gain in the fourth quarter, capping a third consecutive year of double-digit returns—an impressive accomplishment given the volatility earlier in the year. Markets navigated significant headwinds, including a sharp April sell-off following Liberation Day, the longest government shutdown on record and a surge in job cuts. Despite these challenges, resilient corporate earnings, easing inflationary pressure and growing expectations for more accommodative monetary policy helped restore investor confidence as the year progressed. Enthusiasm for artificial intelligence and cloud infrastructure continued to fuel outsized gains in Technology, while Consumer Discretionary benefited from improving sentiment and stabilizing household spending. Looking ahead, geopolitical risks and questions around the durability of economic growth and softening labor market dynamics may contribute to heightened uncertainty. However, investor confidence remains cautiously optimistic. We continue to view macroeconomic developments through the lens of our long-term investment horizon. Against this backdrop, Ariel Appreciation Fund advanced +3.04% in the quarter, outperforming the Russell Midcap Value Index's +1.42% gain and the +0.16% return posted by the Russell Midcap Index. Over the trailing one-year period, Ariel Appreciation Fund increased +11.11%, outpacing the +11.05% gain of the Russell Midcap Value Index and the +10.60% return of the Russell Midcap Index.

Live entertainment, media and technology company, **Sphere Entertainment Co. (SPHR)** was the top contributor over the period, supported by strengthening business fundamentals due to robust consumer demand for *The Wizard of Oz*. Financial results continue to ramp as Sphere scales its concert residencies, attracts greater interest in immersive original films and drives higher utilization across show types. We believe the success of *The Wizard of Oz* will help accelerate discussions with partners for future Spheres, both in the U.S. and internationally. In our view, Sphere's Las Vegas venue and its scalable franchise potential represent a compelling long-term opportunity for growth.

Charles River Laboratories (CRL) also traded higher on solid quarterly results, reinforcing its position as a leader in outsourced drug development services. While biotech funding and large pharma budgets have moderated, outsourcing demand remains resilient and we believe CRL's scale and capabilities position it well for recovery. Although near-term growth is pressured as big pharma prioritizes clinical programs over nonclinical work, we view these shifts as temporary since nonclinical testing is essential to replenishing pipelines. Longer term, CRL's diversified portfolio and investments in high-growth areas like cell and gene therapy support durable growth and margin expansion. The company is streamlining operations, divesting non-core assets and maintaining leverage below 3x, while a new \$1B share repurchase authorization underscores confidence in its outlook. Despite macro uncertainty and near-term headwinds, we believe CRL's market opportunity is large, regulated and enduring; and its breadth and pricing power position it for renewed growth as demand normalizes.

Additionally, **Madison Square Garden Entertainment Corp. (MSGE)** outperformed in the quarter on strong earnings, driven by robust consumer demand for concerts and *The Christmas Spectacular*, along with healthy sponsorship, food and beverage sales. We believe MSGE has valuable real estate and may benefit from efforts to redevelop Penn Station, with Amtrak expected to select a master developer by May 2026 and begin construction by the end of 2027. With iconic venues like Madison Square Garden, Radio City Music Hall, Beacon Theatre and The Chicago Theatre, we believe MSGE is well-positioned to capitalize on continued demand for live entertainment.

Alternatively, **Fiserv, Inc. (FISV)**, a global leader in payment processing and financial technology, experienced a pullback during the period, as new CEO Mike Lyons reset growth and profitability expectations, while announcing further leadership changes. Management is actively recalibrating operations to emphasize growth and client value, supported by targeted investments in technology and distribution. While 2026 is



likely to serve as a transition year, we believe this dynamic is already reflected in the current valuation. Looking ahead, successful execution of management's strategy should reinforce Fiserv's dominant market position and extensive distribution network, enabling the company to capture long-term growth in digital payments and financial technology. Fiserv's scale, integrated solutions and deep client relationships create high switching costs and durable recurring revenue—hallmarks of a wide-moat business. Against the backdrop of an accelerating shift toward digital payments, we see Fiserv as offering a compelling combination of resilience and growth potential.

Leading global manufacturer of power generation equipment, **Generac Holdings, Inc. (GNRC)** also traded lower on disappointing earnings results. Revenue, EBITDA and EPS all missed expectations and full year guidance was revised downward. The weakness was primarily in the company's core residential business, which faced softer demand due to fewer power outages. On the positive side, GNRC's commercial segment continues to perform well and management emphasized strong momentum and significant long-term growth potential in the data center market—a sector benefiting from rising energy needs and artificial intelligence infrastructure expansion. While near-term pressures remain, management is confident in the secular trends driving long-term growth, including increased demand for backup power solutions and energy resiliency. In our view, Generac's home standby generator business, combined with its expanding commercial and industrial opportunities, provide a compelling runway for market penetration, margin expansion and robust free cash flow generation over time.

Finally, leading supplier of automatic-dimming mirrors for the automotive industry, **Gentex Corporation (GNTX)** weighed on returns after missing earnings expectations, caused by a mix-shift towards lower end vehicle production, particularly driven by tariff impacts in Europe and China. However, guidance was largely in line and the company maintained its improved gross margin floor. A key positive was the Ford Bronco launch, marking an important milestone for Full Display Mirror (FDM), which remains Gentex's most reliable growth driver. Longer term, we think GNTX is a high-quality niche franchise with strong growth prospects as automakers increasingly adopt its advanced technologies, including next-generation FDM. With a proven track record of innovation, best-in-class margins, and robust free cash flow generation, we believe Gentex is well-positioned to deliver shareholder value over time.

Also during the quarter, we purchased leading information services provider to the financial services industry, **FactSet Research Systems, Inc (FDS)**. The company's financial data and analytics are highly embedded into buy side and sell side workflows, making switching costs extremely high. Additionally, its data is aggregated and scrubbed across

multiple public and private sources, making it hard to replicate and highly scalable across clients and use cases. The stock has been under extreme pressure recently as a moderating growth and margin profile have raised existential fears around artificial intelligence. Not only do we think these fears are overblown, but believe FactSet's highly predictable and profitable fundamental profile will be enhanced by more advanced features for its clients and more efficiency within the company.

Additionally, portfolio holding **Interpublic Group of Companies (IPG)** was acquired by **Omnicom Group Inc. (OMC)**—the world's largest advertising agency holding company—during the quarter. We are holding the combined entity going forward as we believe Omnicom is differentiated by its foundation in creative excellence, breadth of client engagements across sectors and platforms, and its independence and longstanding client relationships. While the market remains concerned about the long-term viability of traditional advertising agencies amid technological disruption and competition from digitally-focused firms and consultancies, we see Omnicom's position as a trusted third-party advisor as increasingly valuable. With the rise of new digital platforms, data analytics, and privacy restrictions, Omnicom's ability to combine creative expertise with advanced analytical capabilities should continue to set it apart from new entrants and reinforce its leadership in a rapidly evolving marketing landscape.

We enter 2026 with a measured and cautious view on U.S. equities. While moderating inflation and generally resilient corporate fundamentals offer areas of support, markets continue to experience elevated volatility and index performance remains heavily concentrated in a small number of large-cap stocks. These dynamics heighten the risk of sharper swings in sentiment and underscore the importance of selectivity.

Structural trends—particularly the continued adoption of artificial intelligence—are contributing to productivity gains and shifting competitive positioning across industries. However, the benefits of these developments are unevenly distributed, reinforcing the narrowness of market leadership and raising questions about the durability of recent performance patterns. At the same time, the U.S. economy may see some incremental improvement as financial conditions ease and targeted fiscal measures filter through, though the trajectory and breadth of any reacceleration remain uncertain.

Against this backdrop, we remain disciplined and long-term in our approach, grounding our decisions in bottom-up fundamentals rather than macro assumptions. We are mindful of key risks, including geopolitical tensions, fiscal constraints and evolving labor-market dynamics, as well as the potential for valuations in highly concentrated areas of the market to



come under pressure. Still, solid corporate balance sheets, operational flexibility and the possibility of supportive policy actions help mitigate some of these concerns.

On balance, we believe our portfolios are well-positioned to navigate this environment. Our focus on robust balance sheets, durable fundamentals, valuation discipline, capable management teams and strong brands gives us confidence in our ability to capture attractive upside as market leadership evolves and opportunities broaden.

Investing in mid-cap stocks is riskier and more volatile than investing in large-cap stocks. The intrinsic value of the stocks in which the Fund invests may never be recognized by the broader market. Ariel Appreciation Fund is often concentrated in fewer sectors than its benchmarks, and its performance may suffer if these sectors underperform the overall stock market. Investing in equity stocks is risky and subject to the volatility of the markets.

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 of the views expressed will come to fruition or any investment will perform as described.

Per the Fund's Prospectus as of February 1, 2025, the Fund's Investor Class shares had an annual expense ratio of 1.14%.

As of 12/31/25, Sphere Entertainment Company constituted 2.5% of Ariel Appreciation Fund; Charles River Laboratories International, Inc. 4.3%; Madison Square Garden Entertainment Corporation 3.9%; Fiserv, Inc. 1.1%; Generac Holdings, Inc. 2.9%; Gentex Corporation 2.2%; FactSet Research Systems, Inc. 0.8% and Omnicom Group, Inc. 3.1%. Portfolio holdings are subject to change. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings of Ariel Appreciation Fund.

A glossary of financial terms provided herein may be found on our website at www.arielinvestments.com.

Index returns reflect the reinvestment of income and other earnings. Indexes are unmanaged, and investors cannot invest directly in an index. 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. Russell® is a trademark of London Stock Exchange Group, which is the source and owner of the Russell Indexes' trademarks, service marks and copyrights. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes or underlying data and no party may rely on any Russell Indexes and/or underlying data contained in this communication. No further distribution of Russell data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication. 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, an affiliated entity of Ariel Investments LLC. Ariel Distributors, LLC is a member of the Securities Investor Protection Corporation.

