Ariel Emerging Markets Value

Quarter Ended December 31, 2025

The MSCI Emerging Markets Index delivered strong gains in Q4, outperforming both the MSCI ACWI and the S&P 500 indices. Tech-heavy markets in South Korea and Taiwan led the rally, propelled by cutting-edge semiconductor manufacturers driving advancements in artificial intelligence (AI). India, South Africa and Brazil also made meaningful contributions: India was buoyed by stronger-than-expected economic growth and government stimulus; Brazil benefited from an improving outlook; and South Africa gained from rising commodity prices. By contrast, China underperformed as economic conditions remained soft, government stimulus was limited and Chinese AI leaders paused amid a lack of significant news flow. While near-term risks such as tariffs and geopolitical uncertainty persist, we believe our portfolio companies are well-positioned to navigate volatility. Against this backdrop, the Ariel Emerging Markets Value Composite advanced +8.30% gross of fees (+8.14% net of fees), outperforming both the MSCI EM Index and the MSCI EM Value Index +4.73% and +6.37% gain, respectively. Over the trailing one-year period, the Ariel Emerging Markets Value Composite surged +35.08% gross of fees (+34.07% net of fees), exceeding the MSCI EM Index's +33.57% gain and the MSCI EM Value Index's +32.74% return.

SK Hynix Inc., Korea's leading pure-play memory semiconductor producer, was the top contributor this quarter as rising memory prices were fueled by surging demand from AI data centers. With AI adoption accelerating, memory needs are growing rapidly while supply remains constrained—making memory one of the biggest bottlenecks in the AI buildout. Leveraging its technology leadership in high-bandwidth memory (HBM), which is essential for AI workloads, we believe SK Hynix is well-positioned to capitalize on these trends and drive long-term growth.

Aluminum Corporation of China Ltd. (Chalco) also delivered strong gains this period, supported by a sharp rise in aluminum prices as global supply-demand dynamics tightened. With robust demand and limited new supply expected near term, aluminum prices are likely to remain above normal levels. We believe Chalco's low-cost production and minimal capex needs position it well to enhance shareholder returns. Management has signaled plans to boost its dividend payout ratio and launch a share buyback program—which we view to be positive catalysts for investors.

And shares of **Companhia Brasileira de Alumínio**, Brazil's integrated aluminum producer, rose after reporting strong earnings, indicating its alumina operations are stabilizing following a tough first half. The company also benefited from a strong rise in aluminum prices, supported by tight supply-demand dynamics. We expect alumina prices to remain elevated near term. However, we think medium-term upside will be caused by a transition to lower-cost energy contracts and ongoing efforts to debottleneck operations, which are initiatives that should enhance efficiency and profitability.

Alternatively, **Yadea Group Holdings Ltd.**, a leading developer and manufacturer of electric two-wheel (E2W) vehicles, detracted from performance during the quarter. After strong gains through the first nine months of 2025, Chinese equities pulled back in Q4 as the rally supported by AI breakthroughs paused and concerns over weak domestic demand resurfaced. Despite these headwinds, we expect industry consolidation to support Yadea's market share, as tightened national standards create significant challenges for smaller competitors. Looking ahead, new product launches and greater backward integration in 2026 should enhance profitability and drive earnings growth.

Alibaba Group Holding Limited, China's leading e-commerce and technology company, also weighed on quarterly performance as Chinese equities lost momentum in Q4 following an AI-driven rally earlier in 2025 and renewed concerns over weak domestic demand. Despite near-term pressure, Alibaba's earnings highlight strength in its cloud business and improved monetization in core e-commerce through higher take rates and disciplined food delivery investments. AI-related cloud revenues are growing at triple-digit rates and now represent over 20% of external cloud revenue—underscoring Alibaba's strong positioning in AI-driven growth.

Lastly, **Great Wall Motor Company Limited**, a leading Chinese automaker, traded lower alongside the decline in Chinese equities. Despite this pullback, Great Wall's operational and financial results reinforce our view that new product launches are gaining traction and fueling volume growth. The company delivered robust performance internationally beyond Russia, with the ramp-up of its Brazil plant expected to accelerate global expansion. We believe this combination of domestic and international growth should enhance margins through improved operating leverage and economies of scale, reinforcing Great Wall Motor's competitive positioning.

Also in the quarter, we initiated five new positions. We purchased **Astor Transformator Enerji Turizm Insaat Ve Petrol Sanayi Ticaret AS**, a leading Turkey-based manufacturer of power transformers and switches, which recently doubled its production capacity with a new state-of-the-art facility in Ankara. This expansion comes as global demand for transformers surges, supported by U.S. and European utilities accelerating investments to meet rising electricity needs from AI and electrification trends. With industry lead times stretching years, we believe Astor is uniquely positioned to capture strong pricing, margins and volumes creating a compelling growth opportunity for investors.

We added **Copa Holding SA**, one of the leading airlines in the Americas, specializing in low-cost travel connecting smaller cities, thanks to its hub-and-spoke model centered in well-located Panama. Despite delivering industry-leading profitability, we believe Copa trades at one of the most attractive valuations among global airlines. With a robust orderbook of new planes set to fuel accelerated capacity growth amid tight supply-demand dynamics in its core markets, we think Copa offers compelling upside potential for investors.

We initiated a position in **Hero MotoCorp Ltd.**, India's leading two-wheeler manufacturer, which we believe is well-positioned for growth. The company stands to benefit from a demand rebound in entry-level segments where it dominates. Additionally, the recent Goods and Services Tax cut by the Indian government should particularly favor Hero's mass-market and rural customer base. Over the medium term, we think its refreshed product cycle, including scooters and electric two-wheelers, supports market share recovery and long-term growth potential.

We bought **Kuaishou Technology**, a leading Chinese livestreaming platform, which we believe is poised for above-industry growth. Expansion of its e-commerce business and rising advertising revenues should boost top-line growth, while margin upside is expected from an improving services mix and the integration of Kling AI, its advanced video-generation model. In our view, these factors position Kuaishou for strong growth and profitability ahead.

Finally, we added **National Bank of Greece SA**, a leading bank in the country, which we believe is well-positioned for continued growth. The bank has recently benefited from healthy expansion in its corporate loan book as the segment rebounded after a decade of deleveraging. Looking ahead, we expect further loan growth driven by rising demand in retail, particularly mortgages and in the construction sector. These positive trends are not yet reflected in the stock's valuation, and with the strongest capital base in Greece, National Bank of Greece is uniquely positioned to capture this opportunity.

By comparison, we successfully sold our position in Mexico-based cement producer, **GCC SAB de CV**, China-based E-commerce company, **JD.com, Inc.** and Taiwanese producer of electronic connectors, **Lotes Company, Ltd.** on valuation.

We also exited our position in China's largest offshore oilfield service company, **China Oilfield Services, Ltd**. to pursue more compelling opportunities.

Emerging markets continue to offer compelling long-term opportunities. Despite recent equity outperformance, the MSCI EM Index trades at 13.2x forward price-to-earnings, a meaningful discount relative to the S&P 500 and MSCI EAFE at 22.2x and 15.4x, respectively. Corporate earnings in emerging economies are poised to outpace those of advanced markets, supported by structural tailwinds such as rising productivity, an expanding middle class and accelerating innovation. Companies across EM are also exhibiting greater capital discipline, driving shareholder value through operational efficiency, dividends and buybacks. Additionally, continued U.S. dollar weakness could further enhance EM asset performance. Importantly, emerging market firms are at the forefront of global innovation—particularly in artificial intelligence—where semiconductor leaders are enabling next-generation technologies. Against this backdrop, our EM value portfolios are strategically positioned, emphasizing strong fundamentals, attractive valuations and exposure to secular growth drivers. We believe this disciplined approach will deliver resilient, superior long-term returns.

Investments in non-U.S. securities may underperform and may be more volatile than comparable U.S. stocks because of the risks involving non-U.S. economies, markets, political systems, regulatory standards, currencies and taxes. The use of currency derivatives and ETFs may increase investment losses and expenses and create more volatility. Investments in emerging markets present additional risks, such as difficulties in selling on a timely basis and at an acceptable price. The intrinsic value of the stocks within the strategy may never be recognized by the broader market. The strategy is often concentrated in fewer sectors than its benchmarks, and its performance may suffer if these sectors underperform the overall stock market.

Past performance does not guarantee future results. For the period ended 12/31/2025, the performance (net of fees) of the Ariel Emerging Markets Value Composite for the 1-year and since inception on 4/30/2023 was +34.07 and +19.35%, respectively. For the period ended 12/31/2025, the performance for the MSCI EM Net Index and the MSCI EM Value Net Index over the 1-year and since inception of the Ariel Emerging Markets Value Composite on 4/30/2023 was

+33.57% and +17.38%, and +32.74% and +16.93%, respectively. Ariel Composite Net of Fees returns are calculated by deducting the actual monthly advisory fee (on an asset-weighted basis) applicable to all accounts in the composite, using the fee rates in place as of the most recent calendar quarter-end. Gross returns do not reflect the deduction of advisory fees. Client returns will be reduced by advisory fees and such other expenses as may be incurred in the management of the account. Advisory fees are described in Part 2 of Ariel's Form ADV. Returns assume the reinvestment of dividends and other earnings. Returns are expressed in U.S. dollars. Current performance may be lower or higher than the performance data quoted. The Ariel Emerging Markets Value Composite differs from its benchmark, the MSCI EM Net Index, because the Composite has fewer holdings than the benchmark.

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.

As of 12/31/2025, SK Hynix, Inc. constituted 7.7% of the Ariel Emerging Markets Value Composite (representative portfolio); Aluminum Corporation of China, Ltd. 2.0%; Companhia Brasileira de Aluminio 1.2%; Yadea Group Holdings, Ltd. 2.9%; Alibaba Group Holding, Ltd. 5.5%; Great Wall Motor Company, Ltd. 3.3%; Astor Transformator Enerji AS 0.5%; Copa Holdings, S.A. 0.9%; Hero MotorCorp, Ltd. 1.0%; Kuaishou Technology 1.4%; National Bank of Greece SA 1.0%; China Oilfield Services, Ltd. 0.0%; GCC SAB de CV 0.0%; JD.com, Inc. 0.0% and Lotes Co., Ltd. 0.0%.

Portfolio holdings are subject to change. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings of the Ariel Emerging Markets Value Composite.

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

Indexes are unmanaged. Investors cannot invest directly in an index. The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,377 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Inception of this benchmark was December 29, 2001. The MSCI Emerging Markets Value Index captures large and mid cap securities exhibiting overall value style characteristics across 24 Emerging Markets (EM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. Inception of this benchmark was January 08, 1997. 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. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.