

Ariel Focus 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 Focus Fund may be obtained by visiting our website, arielinvestments.com. For the period ended December 31, 2025 the average annual returns of Ariel Focus Fund (Investor Class) for the 1, 5, and 10 year periods were +20.97%, +10.06% and +10.10%, 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 Focus Fund fell -0.50% in the quarter, trailing the Russell 1000 Value and the S&P 500's +3.81% and +2.66%, respective returns. Over the trailing one-year period, Ariel Focus Fund advanced +20.97%, outperforming both the Russell 1000 Value and S&P 500 indices, which gained +15.91% and +17.88%, respectively.

Shares of gold mining company, **Barrick Mining Corporation (B)** jumped on strong quarterly results, aided by higher gold production, lower costs and favorable commodity prices, which delivered record cash flow. The company's solid liquidity supports its commitment to shareholder returns, reflected in increased share repurchases and a raise in its quarterly dividend. Meanwhile, the interim CEO has launched an operational review to ensure Barrick remains focused on safe, consistent execution going forward.

Boutique asset manager, **Affiliated Managers Group, Inc. (AMG)** also advanced as the company continues to build momentum, with strong demand for differentiated, tax-aware investment solutions, particularly in the U.S. wealth channel.

Affiliates like AQR are leading innovation in after-tax optimization strategies, reinforcing AMG's position in liquid alternatives. Management is also reshaping its U.S. wealth platform, highlighted by the upcoming Brown Brother Harriman (BBH) partnership. This collaboration reflects AMG's ability to provide strategic capital and develop scalable, high-value offerings, including structured credit and expanded wealth solutions. Looking ahead, AMG expects meaningful earnings growth supported by record inflows into alternatives, contributions from recent investments, and disciplined capital allocation. With alternatives already a significant part of its business, AMG is focused on further scaling this segment to drive long-term value for clients and shareholders.

Additionally, consumer healthcare company, **Johnson & Johnson (JNJ)** traded up on strong earnings and a raise in full-year revenue guidance. With a sharpened focus on six priority areas—Oncology, Immunology, Neuroscience, Cardiovascular, Surgery and Vision—the company is entering a new era of accelerated growth and innovation. Performance was augmented by key growth products like Carvykti, promising new data for Rybrevant and more favorable erosion trends for legacy franchises. Management reaffirmed confidence in long-term prospects, supported by pioneering treatments and a robust pipeline. We continue to view JNJ as an attractive opportunity in large-cap biopharma, given its scale, innovation and consistent execution.

Alternatively, producer of crop nutrients, **Mosaic Co. (MOS)**, detracted from performance in the period following mixed earnings results and management commentary that fell short of investor expectations. Higher potash and phosphate prices were offset by lower volumes and rising production costs. Despite these pressures, phosphate markets are expected to remain tight over the near-term due to limited new supply. MOS remains focused on cost discipline, free cash flow generation, and preserving its investment-grade credit profile, while continuing to return significant capital to shareholders.



Fiserv, Inc. (FISV), a global leader in payment processing and financial technology, also 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.

Finally, global leader in enterprise software, **Oracle Corporation (ORCL)** underperformed on mixed quarterly results, missing on revenue but beating earnings expectations due to gains from its divestiture of Ampere. While near-term upside was limited, cloud momentum remains strong with Oracle Cloud Infrastructure (OCI) continuing to grow rapidly and showing early signs of acceleration in its database and application businesses. Management reaffirmed its long-term growth outlook and increased investment in AI infrastructure, positioning Oracle as a key player in the ongoing AI platform shift. Despite margin pressure and uncertainty around financing for its large-scale AI commitments, we believe Oracle's expanding backlog, multi-cloud deployments, and full-stack capabilities underscore its competitive advantage. While shares may remain range-bound in the near term, we believe current infrastructure investments will pave the way for meaningful earnings growth over time.

Also during the quarter, we added **ADT Inc. (ADT)**, a leading provider of automated security solutions for consumers and businesses. With a history spanning more than 140 years, ADT's brand strength and national footprint are unmatched, supporting its market-leading share, highly recurring revenue base, and attractive free cash flow generation—key drivers for long-term growth. While some investors remain concerned that do-it-yourself (DIY) competitors could erode ADT's installation and technology-driven advantages, we believe this is a resilient business positioned to benefit from secular smart home adoption trends. We think strategic partnerships with Google and State Farm further enhance ADT's ability to innovate, expand distribution, and deepen customer engagement. In our view, ADT's scale, trusted brand and strategic alliances create a durable competitive moat and position the company for sustainable growth and margin expansion over time.

By comparison, we did not exit any positions during the quarter.

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 equity stocks is risky and subject to the volatility of the markets. 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 Fund invests may never be recognized by the broader market. Ariel Focus Fund is a non-diversified fund and therefore may be subject to greater volatility than a more diversified investment. The Fund is often concentrated in few sectors than its benchmarks, and its performance may suffer if these sectors underperform the overall stock market.

As of February 1, 2025, Ariel Focus Fund Investor Class had an annual net expense ratio of 1.00% and an annual gross expense ratio of 1.18%. Currently, an expense ratio cap of 1.00% is in place for the Investor Class to waive fees and



reimburse certain expenses that exceed this cap. Ariel Investments LLC (the Advisor) is contractually obligated to maintain this expense ratio cap through 1/31/26. The net expense ratio for the Investor Class does not correlate to the Expense Cap due to the inclusion of acquired fund fees and certain other expenses which are excluded from the Expense Cap.

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 12/31/25, Barrick Mining Corporation constituted 5.7% of Ariel Focus Fund; Affiliated Managers Group, Inc. 5.4%; Johnson & Johnson 5.4%; Mosaic Company 2.3%; Fiserv, Inc. 2.6%; Oracle Corporation 2.0% and ADT, Inc. 1.0%. Portfolio holdings are subject to change. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings of Ariel Focus 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 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. Its inception date is January 1, 1987. 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.

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