

Ariel 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 Fund may be obtained by visiting our website, arielinvestments.com. For the period ended December 31, 2025, the average annual returns of Ariel Fund (Investor Class) for the 1-, 5-, and 10-year periods were +14.15%, +9.36% and +9.51%, 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 Fund increased +3.22% in the quarter, roughly in line with the Russell 2500 Value and Russell 2000 Value indices, which returned +3.15% and +3.26%, respectively. Over the trailing one-year period, Ariel Fund jumped +14.15%, outperforming the Russell 2500 Value Index's +12.73% return and Russell 2000 Value Index's +12.59% gain.

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.

Oil services company, **Core Laboratories (CLB)** also traded higher after reporting another quarter of sequential revenue growth, propelled by strong global demand for its proprietary services and products. Operating income, margins and EPS improved, while the Company enhanced its international presence through the acquisition of Brazil-based Solintec. CLB also strengthened its financial position by reducing leverage to a nine-year low and returning capital to shareholders through dividends and buybacks. With a strong balance sheet and a disciplined focus on free cash flow, debt reduction and improving return on invested capital, the company is positioning itself for long-term growth. In our view, CLB's global footprint and specialized services offer an attractive way to participate in future energy development cycles.

Additionally, **Madison Square Garden Entertainment Corp. (MSGE)** outperformed 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, global leader in for-profit education, **Adtalem Global Education (ATGE)** declined despite delivering a top- and bottom-line earnings beat. Total enrollment remained a bright spot, though growth slowed at Chamberlain due to execution challenges in marketing and conversion. Management reiterated that nursing education demand is strong and expects improvements in the coming few quarters. Meanwhile, fiscal 2026 guidance was reaffirmed, disappointing some investors and prompting profit-taking amid macro concerns. To underscore confidence in long-term growth, management accelerated its remaining share



repurchase program and authorized a new buyback. We believe these actions, combined with strong fundamentals in healthcare education, position ATGE for durable growth once near-term execution issues are resolved.

Manufacturer and distributor of floorcovering products, **Mohawk Industries, Inc. (MHK)** also traded down during the period as housing market headwinds continued to pressure consumer demand, pricing and input costs. While earnings results were relatively in-line, management provided lower near-term guidance versus the Street expectations amid macro uncertainty. We believe MHK remains better positioned than peers, with domestically sourced products and ongoing cost restructuring. Meanwhile, new product momentum is driving mix and share gains in North America and the company increased its buyback authorization, reinforcing confidence in its long-term outlook.

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 added **Dentsply Sirona (XRAY)**, a leading global dental manufacturing company, to the portfolio. Since acquiring Sirona Dental in 2016, the company has faced challenges, particularly in its core capital equipment business, which has come under pressure from lower-cost technology alternatives. Despite these headwinds, we view the dental market favorably given its attractive dynamics: steady growth, lower reimbursement risk, and higher out-of-pocket spending compared to other healthcare segments. Management is executing a strategic reset focused on innovative product development and portfolio expansion, operational efficiencies, emerging market growth and bolt-on acquisitions to strengthen competitive positioning. With these initiatives underway, we believe XRAY is well-positioned to capitalize on secular growth trends, improve margins and drive long-term shareholder value.

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.

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 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 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.

Per the Fund's Prospectus as of February 1, 2025, the Fund's Investor Class shares had an annual expense ratio of 1.00%.

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, Sphere Entertainment Company constituted 4.1% of Ariel Fund; Core Laboratories, Inc. 3.9%; Madison Square Garden Entertainment Corporation 5.7%; Adtalem Global Education, Inc. 3.6%; Mohawk Industries, Inc. 3.3%; Gentex Corporation 2.4% and Dentsply Sirona, Inc. 2.3%. 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 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 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. 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. 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

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