



Ariel investments

THE PATIENT INVESTOR
DECEMBER 31, 2025

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Ariel Fund Ariel Appreciation Fund

As of December 31, 2025



John W. Rogers, Jr.
Chairman and Co-CEO



Mellody Hobson
Co-CEO and President

Average Annual Total Returns (%)

| | Quarter | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception* |
|--------------------------------|---------|--------|--------|--------|---------|------------------|
| Ariel Fund Investor Class | 3.22 | 14.15 | 13.91 | 9.36 | 9.51 | 10.78 |
| Ariel Fund Institutional Class | 3.30 | 14.49 | 14.26 | 9.70 | 9.84 | 10.91 |
| Russell 2500 Value Index | 3.15 | 12.73 | 13.21 | 10.02 | 9.72 | 10.66 |
| Russell 2000 Value Index | 3.26 | 12.59 | 11.73 | 8.88 | 9.26 | 9.96 |
| Russell 2500 Index | 2.22 | 11.91 | 13.74 | 7.26 | 10.40 | 10.50 |
| S&P 500 Index | 2.66 | 17.88 | 23.00 | 14.43 | 14.82 | 11.24 |

* The inception date for Ariel Fund is 11/06/86.

Average Annual Total Returns (%)

| | Quarter | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception* |
|---|---------|--------|--------|--------|---------|------------------|
| Ariel Appreciation Fund Investor Class | 3.04 | 11.11 | 9.32 | 7.57 | 7.95 | 9.91 |
| Ariel Appreciation Fund Institutional Class | 3.14 | 11.49 | 9.67 | 7.90 | 8.28 | 10.04 |
| Russell Midcap Value Index | 1.42 | 11.05 | 12.27 | 9.83 | 9.78 | 10.87 |
| Russell Midcap Index | 0.16 | 10.60 | 14.35 | 8.68 | 11.01 | 11.09 |
| S&P 500 Index | 2.66 | 17.88 | 23.00 | 14.43 | 14.82 | 10.81 |

* The inception date for Ariel Appreciation Fund is 12/01/89.

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. 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. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. Performance data current to the most recent month-end for Ariel Fund and Ariel Appreciation Fund may be obtained by visiting our website, www.arielinvestments.com.

Dear Fellow Shareholders:

2025 compressed an entire market cycle into twelve months—euphoria, panic, recovery and a broadening renewal all happened in a single calendar year.

The year began with optimism as the S&P 500 hit new all-time highs by mid-February, rising on artificial intelligence (AI) momentum and Federal Reserve rate cut enthusiasm. Then the tone shifted suddenly in response to President Trump’s April 2nd “Liberation Day” tariff announcement featuring ultra-high reciprocal levies and up to 145% duties on Chinese goods. Equity markets plunged, with the S&P 500 falling nearly 20% and small-cap indices plummeting nearly 30% from their highs.

When tariff measures were paused on April 9th, stocks staged one of the most powerful single-day rallies in history. The S&P 500 surged +9.5%—ranking among the top ten trading days since the 1920s.¹ By late in the second quarter, the broad market index had fully recovered. Meanwhile small-cap value issues led the “relief” rally off the lows. Smaller companies saw positive earnings growth in the third quarter, as small-cap value outperformed all other domestic equities. At long last, market leadership expanded beyond mega-cap tech stocks.

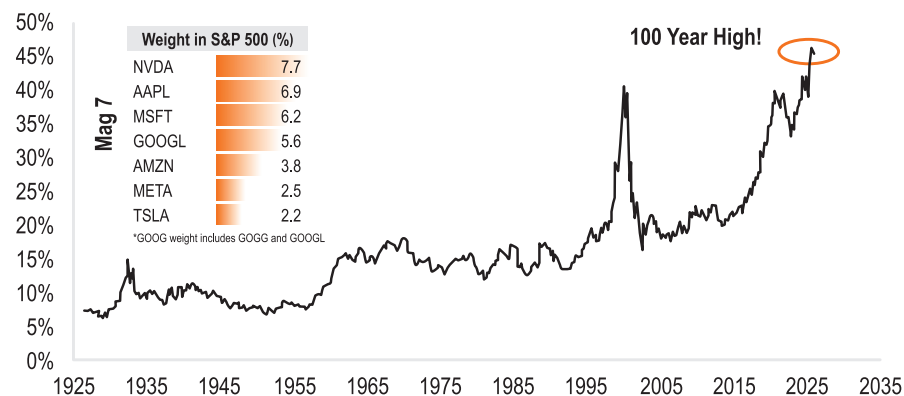
By year end, the S&P 500 had demonstrated “record-breaking resilience”—delivering a +17.88% twelve-month return. After closing in on bear-market territory last Spring, the Russell 2000 Index posted a seemingly benign +12.81% gain for the year. But as 2025 came to a close, with the market soaring to higher highs, Wall Street began to awaken to concentration risk.

Not Your Grandfather’s S&P 500

In 1923, the Standard & Poor’s (S&P) Index originated with 233 companies. The goal was to create a more comprehensive and representative stock market benchmark than the Dow Jones Industrial Average. In 1957, an expanded version of the index was launched, and the S&P 500 was born. In recent years, the S&P 500 has fundamentally transformed and is no longer a broad representative of U.S. equities. Instead, it has become a highly concentrated, tech-dominated index. As a result, passive large company investing has become an unwitting wager on a handful of mega-cap technology giants.² To this point,

and as depicted in the illustration below, the Technology and Communication Services sectors currently make up nearly 50% of the S&P 500—a level not seen in its 100-year history. Within this dominance sits the Magnificent Seven,³ representing approximately 35% of the Index’s market capitalization as of year-end—nearly *double* their weighting a decade ago.⁴ One company, Nvidia, has a market capitalization worth more than that of the entire U.S. small cap asset class as represented by the Russell 2000 Index.

Tech and Comm Svcs Rose to Nearly 50% of the S&P 500: A Record!



Source: Kantrowitz CFA, Michael, et.al. *Piper Sandler*, pp 11.

The Case for Smaller Companies—Data, Not Hope

Through 42 years of navigating market cycles, we have learned that the best opportunities emerge when fundamentals diverge from prices. Today, that divergence defines small-cap value. The Russell 2000 Value Index trades at 12x forward earnings—a significant discount to the S&P 500 at 22x and the Russell 1000 Growth Index at 28x. These relative differentials rival the extreme dislocations seen in 1999, which preceded years of powerful small-cap value outperformance.⁵

But unlike 1999’s aftermath—which was driven primarily by valuation mean reversion—today’s setup rests on improving fundamentals. Consensus earnings estimates are decisively higher for small caps relative to large caps for 2026. We believe this represents a fundamental shift in the earnings cycle—not merely hope for mean

¹ Kantrowitz CFA, Michael, et.al. (2 January 2026) “What In The World Happened To Markets In 2025?!” *Piper Sandler*.

² Greenberg, Gregg. (9 January 2026) “Advisors Confront Magnificent 7 Concentration Risk.” *InvestmentNews*, <https://www.investmentnews.com/equities/mag-7-for-tomorrow/264753>.

³ The “Magnificent Seven” are the largest stocks in the S&P 500 Index driving market performance: Apple Inc. (AAPL), Amazon.com, Inc. (AMZN), Alphabet Inc. (GOOGL), Meta Platforms Inc. (META), Microsoft Corp. (MSFT), NVIDIA Corp. (NVDA) and Tesla, Inc. (TSLA).

⁴ Budzinski, Michael. (12 December 2025) “Beyond the Magnificent Seven: Unlocking Value in a Concentrated Stock Market” *Morningstar*, <https://www.morningstar.com/financial-advisors/beyond-magnificent-seven-unlocking-value-concentrated-stock-market>.

⁵ Hall CFA, Jill Carey (2 December 2025) “Small/Mid Cap Strategy Year Ahead – 2026 Year Ahead: Small caps, big recovery” *BofA Global Research*.

reversion, but evidence that it is already underway. As Bank of America equity analyst Jill Carey Hall observed, “Small caps just emerged from their EPS recession.”⁶

This earnings inflection comes at a time when tailwinds are building. The Federal Reserve delivered three rate cuts in 2025, with additional cuts expected this year. This is significant for smaller companies. Bank of America estimates 45% of Russell 2000 (ex-Financials) debt is short-term or floating rate.⁷ In our view, lower rates reduce refinancing costs and boost earnings disproportionately for smaller companies compared to their large-cap peers.

“Through 42 years of navigating market cycles, we have learned that the best opportunities emerge when fundamentals diverge from prices. Today, that divergence defines small-cap value.”

Moreover, as institutional recognition of the market’s concentration risk continues to grow, even a modest reallocation could drive outsized moves in smaller companies given the vast market cap differences between the Russell 2000 and the S&P 500. We estimate a 1% shift from large- to small-cap allocations could represent a material increase in relative performance.

Meanwhile, astute investors know small-cap benchmark composition challenges create opportunity. Patient, quality-focused managers can avoid the structural drags embedded in the indices—unprofitable companies, overleveraged balance sheets and vulnerable business models—by capitalizing on mispriced opportunities among profitable, well-managed businesses trading at distressed valuations. In our view, while passive S&P 500 investing has become a concentrated bet on mega-cap tech companies, active small and mid-cap value investing offers true diversification combined with strong return potential.

Looking Ahead: Positioned for the Rotation

Market leadership changes are rarely gradual. They arrive suddenly, often triggered by unforeseen catalysts. The patient investor does not require perfect timing, just the discipline to maintain conviction when the market is ignoring fundamentals. In 2025, we witnessed four distinct market regimes in a single year. Each transition arrived faster than Wall Street expected. We believe the next one will too.

⁶ Conley, Jake. (7 October 2025) “Why small-cap stocks are starting to see earnings growth after best quarter since 2021,” *Yahoo Finance*, <https://finance.yahoo.com/news/why-small-cap-stocks-are-starting-to-see-earnings-growth-after-best-quarter-since-2021-150043031.html>.

⁷ Hall, *BoFA Global Research*.

The pieces are in place. Valuations are at extremes we have not seen since 1999. Earnings are at an inflection point. The Fed has been easing. Broad market index concentration awareness is rising. In our view, this is data, not hope.

In our view, our portfolios hold quality businesses trading at discounts to our estimate of intrinsic value, with improving earnings trajectories and balance sheets built to withstand uncertainty. Our companies do not require heroic assumptions, just recognition that earnings growth and reasonable valuations matter. As capital reallocates from concentration to breadth, from momentum to fundamentals, from mega-cap crowding to small-cap opportunity, we believe we are well positioned. While the S&P 500 has changed, the principles of smaller company value investing have not.

Portfolio Comings and Goings

Ariel Fund

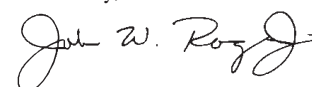
We did not exit any positions but added shares of **Dentsply Sirona, Inc. (XRAY)**, a leading global dental manufacturing company.

Appreciation Fund

We purchased **FactSet Research Systems, Inc. (FDS)** and are holding **Omnicom Group, Inc. (OMC)** after its acquisition of **Interpublic Group of Companies (IPG)**.

As always, we appreciate the opportunity to serve you and welcome any questions or comments you might have.

Sincerely,



John W. Rogers, Jr.
Chairman and Co-CEO



Melody Hobson
Co-CEO and President

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 12/31/25, Ariel Fund’s position size, if any, in the above holdings was: Dentsply Sirona, Inc. 2.33%, FactSet Research Systems, Inc. 0.00% and Omnicom Group, Inc. 0.00%. As of 12/31/25, Ariel Appreciation Fund’s position size, if any, in the above holdings was: Dentsply Sirona, Inc. 0.00%, FactSet Research Systems, Inc. 0.84% and Omnicom Group, Inc. 3.08%.



Charles K. Bobrinsky
Vice Chairman

Average Annual Total Returns (%)

| | Quarter | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception* |
|--------------------------------------|---------|--------|--------|--------|---------|------------------|
| Ariel Focus Fund Investor Class | -0.50 | 20.97 | 13.66 | 10.06 | 10.10 | 6.95 |
| Ariel Focus Fund Institutional Class | -0.44 | 21.29 | 13.94 | 10.34 | 10.38 | 7.13 |
| Russell 1000 Value Index | 3.81 | 15.91 | 13.89 | 11.33 | 10.53 | 8.38 |
| S&P 500 Index | 2.66 | 17.88 | 23.00 | 14.43 | 14.82 | 11.02 |

* The inception date for Ariel Focus Fund is 06/30/05.

Dear Fellow Shareholders:

Ariel Focus Fund ended a very strong year with a modest fourth quarter loss. More specifically, for the three months ending December 31, 2025, Ariel Focus Fund’s -0.50% return trailed both the Russell 1000 Value Index which gained +3.81% and the S&P 500 Index which earned +2.66%. For the 1-year period, Ariel Focus Fund posted a +20.97% gain—significantly outpacing the Russell 1000 Value and the S&P 500 which grew +15.91% and +17.88%, respectively.

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. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. Performance data current to the most recent month-end for Ariel Focus Fund may be obtained by visiting our website, www.arielinvestments.com.

A Portfolio in Focus

During the quarter, the three biggest performance contributors on a relative basis were our largest holding, **Barrick Mining Corporation (B)**, which surged +33.46%, **Affiliated Managers Group, Inc. (AMG)**, which rose +20.91% and **Johnson & Johnson Corporation (JNJ)**, which returned +12.31%. The biggest detractors were the **Mosaic Company (MOS)**, which declined -29.90%, **Fiserv, Inc. (FISV)**, which dropped -47.90% and **Oracle Corporation (ORCL)**, which fell -30.58%.

| | Size and Style 2025 ¹ | | |
|-------|----------------------------------|------------------|------------------|
| | Value | Core | Growth |
| Large | 11.1% | 16.4% S&P 500 | 21.4% |
| Mid | 6.5% | 5.9% | 5.3% |
| Small | 4.3% | 4.3% | 4.7% S&P ETFs |

As depicted in the aforementioned chart, Ariel Focus Fund’s strong absolute and relative performance in 2025 came despite ongoing headwinds for value investors as growth stocks continued to reign supreme. Beyond our value investing philosophy, Ariel Focus Fund has also intentionally held larger weightings in smaller cap stocks than our benchmarks. In addition to their long-term outperformance, we believe small cap issues are especially attractive because they are significantly undervalued relative to their large cap brethren.

Our best and worst performing holdings in the fourth quarter traded on company-specific news and events rather than on macro or sector themes. Barrick Mining moved higher on the back of record spot gold prices. Beyond the macro environment, we do not believe the market has fully incorporated recent company-specific developments into estimates of Barrick’s near- and long-term earnings power. Barrick remained our largest position at year end.

¹ Source: Kantrowitz, CFA, Michael et. al (2 January 2026) “What In The World Happened To Markets In 2025?!” Piper Sandler, pp. 1. Represents 1-year returns of S&P ETFs by size and style as of December 31, 2025.

In 2025, Affiliated Managers Group was a good example of a company being “positively re-rated.” We were initially attracted to AMG for its ownership of highly respected money management firms and for its low price/earnings ratio. While investors were focused on outflows from many of AMG’s long-only managers, we felt they were underestimating the company’s alternative asset managers that typically command higher fees and higher price/earnings multiples. While we appreciate the recent strong performance reflecting greater recognition of AMG’s higher margin products, we still believe its shares trade well below the company’s intrinsic value. AMG remained a top five holding at year end.

“In addition to their long-term outperformance, we believe small cap issues are especially attractive because they are significantly undervalued relative to their large cap brethren.”

Johnson & Johnson is a long-time fund holding. The company’s development of a Covid-19 vaccine propelled its share price to \$186 in 2022. And yet, like many companies whose sales and profits increased during the pandemic, JNJ also had trouble sustaining growth. Its shares languished and hit a 2025 low of \$142 in January. However, when the company announced long-term earnings forecasts of mid-single digit annual revenue growth in July following their second quarter update, market sentiment moved from “stodgy and slow grower” to “long-term grower with consistent and predictable results.” The market also viewed the non-cyclical nature of JNJ’s business positively.

Our three biggest performance detractors during the quarter also had company specific issues. We initiated a position in Fiserv, Inc. at the end of September after its shares had fallen -37% from the beginning of the year. Fiserv EPS in 2004 vs. 2024 accelerated at a double-digit compound annual growth rate. In October, the new CEO, Michael Lyons, cut estimates for 2025, and suggested investments would be required in 2026 to return the company to its historical growth rates. Lyons also disclosed that past growth had been aided by 10% growth in Argentina, which was mostly driven by local inflation. Its shares were quickly re-rated by Wall Street analysts. While our initiation in Fiserv was clearly ill-timed, we believe the company’s sell off is overdone. We are encouraged by recent significant insider buying, including the company’s new CFO.

Mosaic, another laggard during the quarter, has posted inconsistent operating results over the past four years. Global fertilizer prices have been volatile, as substantial production exists in countries affected by the Russia-Ukraine war including Belarus. Our long-term thesis on Mosaic remains intact: improving diets and greater protein consumption among emerging economies will increase demand for grain. Fertilizer is a proven method for improving agricultural yields with a high return on investment. However, weaker North American agricultural prices have, at least temporarily, reduced short-term demand.

Although Resideo Technologies, Inc. was one of our best performing stocks for the first nine months of 2025, its shares declined -18.67% in the fourth quarter. During the quarter, the company reversed course and lowered guidance for the rest of the year while indicating that 2026 results would be above market expectations. Resideo’s plan to separate its ADI Global Distribution business remains on schedule for the second half of 2026, positioning the company to concentrate on its core Products & Solutions segment. Although we trimmed our position early in the mid-\$40s, we are holding our remaining shares in the mid \$30s.

Outlook

Looking forward, we are cautiously entering 2026. As value investors, we care deeply about the price we pay for a company’s shares relative to its long-term earnings power. In our view, valuations are currently stretched, although less so for the small and mid-capitalization value stocks held in our portfolio.

We believe a 3% inflation rate will exceed the Fed’s 2% target. Fiscal deficits of over a trillion dollars, higher tariffs, de-globalization, reduced immigration, a shrunken labor force and a new Federal Reserve Chair who is expected to lower interest rates, will propel inflation, in our opinion. AI productivity improvements, if achieved, could offer the only significant counterweight to our less rosy view.

As bottom-up investors, we do not count on economic, or geopolitical prognostications. And yet, we believe recent events in Venezuela increase the risk of China invading Taiwan where a large percentage of the semiconductors used by American manufacturers in consumer products from automobiles, to phones, to computers are made. Although the market has essentially shrugged off events in Venezuela, we believe a Chinese blockade of Taiwan would generate a much more significant reaction.

As always, we appreciate the opportunity to serve you and welcome any questions or comments you might have.

Sincerely,



Charles K. Bobrinsky
Vice Chairman

Ariel International Fund Ariel Global Fund

As of December 31, 2025

Investing in equity stocks is risky and subject to the volatility of the markets. Investing in small- and mid-cap companies is more risky and 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 portfolio. The Fund is often concentrated in fewer sectors than its benchmarks, and its performance may suffer if these sectors underperform the overall stock market.

Per the Ariel Focus Fund's Prospectus as of February 1, 2025, the gross expense ratio for the Investor Class and Institutional Class was 1.18% and 0.87%, respectively. Effective February 1, 2014, Ariel Investments, LLC, the Adviser, has contractually agreed to waive fees and reimburse expenses (the "Expense Cap") in order to limit Ariel Focus Fund's total annual operating expenses to 1.00% and 0.75% of net assets for the Investor Class and Institutional Class, respectively, through January 31, 2026. Prior to February 1, 2014, the Expense Cap was 1.25% of net assets for the Investor Class and 1.00% of net assets for the Institutional Class.

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 12/31/25, Ariel Focus Fund held the following positions referenced: Barrick Mining Corporation 5.69%; Mosaic Company 2.25%; Affiliated Managers Group, Inc. 5.44%; Johnson & Johnson 5.40%; Fiserv, Inc. 2.56% and Resideo Technologies, Inc. 3.47%. The 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.



Henry Mallari-D'Auria, CFA®
Chief Investment Officer
Global Equities

Average Annual Total Returns (%)

| | Quarter | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception* |
|--|---------|--------|--------|--------|---------|------------------|
| Ariel International Fund Investor Class | 2.25 | 31.48 | 15.08 | 7.10 | 5.86 | 6.34 |
| Ariel International Fund Institutional Class | 2.35 | 31.84 | 15.35 | 7.36 | 6.13 | 6.60 |
| MSCI EAFE Net Index | 4.86 | 31.22 | 17.22 | 8.93 | 8.18 | 8.12 |
| MSCI ACWI ex-US Net Index | 5.05 | 32.39 | 17.33 | 7.91 | 8.41 | 7.46 |
| MSCI EAFE Value Net Index | 7.83 | 42.25 | 21.37 | 13.37 | 8.69 | 8.08 |
| MSCI ACWI ex-US Value Net Index | 7.61 | 39.50 | 20.16 | 11.87 | 8.74 | 7.22 |

* The inception date for Ariel International Fund is 12/30/11.

Average Annual Total Returns (%)

| | Quarter | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception* |
|---------------------------------------|---------|--------|--------|--------|---------|------------------|
| Ariel Global Fund Investor Class | 2.88 | 23.30 | 14.08 | 9.37 | 8.38 | 8.62 |
| Ariel Global Fund Institutional Class | 2.95 | 23.58 | 14.36 | 9.63 | 8.65 | 8.90 |
| MSCI ACWI Net Index | 3.29 | 22.34 | 20.65 | 11.19 | 11.72 | 11.15 |
| MSCI ACWI Value Net Index | 3.66 | 21.98 | 14.74 | 10.81 | 9.08 | 8.79 |

* The inception date for Ariel Global Fund is 12/30/11.

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. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. Performance data current to the most recent month-end for Ariel International Fund and Ariel Global Fund may be obtained by visiting our website, www.arielinvestments.com.

Dear Fellow Shareholders:

Global equities ended 2025 with strong fourth-quarter momentum and clear international outperformance. U.S. stocks as measured by the S&P 500 rose nearly 18% for the year, with the last quarter's gains led by resilient earnings and mega-cap technology. However, these domestic returns were eclipsed abroad. Europe outperformed in the final quarter as banks and industrials rallied on peaking rates and improving growth expectations. Japan extended record highs, supported by corporate reforms and strong equity inflows. By contrast, China lagged for the quarter, but still decisively outperformed U.S. stocks for the year after being labeled “un-investable” at the start of 2025 due to global trade concerns.

Ariel International Fund and Ariel Global Fund posted a strong year, although fourth quarter relative performance was disappointing. While our industrials, technology and financial positions drove returns, our holdings in Japan-based **Bandai-Namco Holdings, Inc.** and **Sega Sammy Holdings Inc.**, as well as German-based kidney dialysis center operator, **Fresenius Medical Care AG** were significant detractors.

Global Markets are at an Inflection Point

The case for international equities is no longer built solely on valuation—though that remains a powerful starting point. It is increasingly supported by a macroeconomic backdrop that is becoming more favorable for companies operating outside the United States, particularly at a time when U.S. stock markets are both richly priced and highly concentrated.

Amid ongoing political tensions, Europe has sustained positive momentum. While GDP growth forecasts of 1.1% for 2026 and 1.4% in 2027 may appear modest,¹ it marks a clear improvement from the earlier narrative of a shrinking population, low-information technology-exposure economy—an outlook investors held before Europe committed capital toward strategic independence and digital investment.

Within Asia, Japan is exiting a prolonged low-inflation period, with scope for further rate hikes and yen appreciation. The corporate reforms underway also have tailwinds—rising return on equity (ROE) and improved capital discipline, including more share buybacks, reinforcing equity returns alongside macro stability. Japan's Cabinet recently approved a record-high defense budget exceeding ¥9 trillion (approximately \$58 billion) for fiscal year 2026—underscoring Tokyo's push to bolster its national security as regional tensions grow.² And China policies are focused on reducing excess

production capacity and boosting consumption and services, which, in our view, increase the likelihood of a more durable cash flow recovery.

We believe improving profitability, attractive valuations and likely a weaker U.S. dollar underpin the case for strong international returns in 2026 and beyond.

Built for this Opportunity—Re-Introducing our Discipline

The macro tailwinds outside the U.S. are translating into tangible company-level improvements, creating an environment where undervalued businesses with strengthening fundamentals can begin to narrow the gap relative to American peers. Disparate valuations and growth rates within markets today remain wide. This backdrop places a premium on company research and stock selection—and they are increasingly rewarded. In short, we believe it is an exciting time to be investing abroad.

As the opportunity set expanded over the past year, we deliberately evolved our global and international portfolios. Today, our portfolio construction reflects a broader mix of companies, geographies and sources of return—positioning our strategies to benefit from improving macro conditions while remaining anchored in valuation discipline and company-specific scenarios.

“Today, our portfolio construction reflects a broader mix of companies, geographies and sources of return—positioning our strategies to benefit from improving macro conditions while remaining anchored in valuation discipline and company-specific scenarios.”

Within Ariel Global Fund, top contributors for 2025 span across healthcare (U.S.-based, **CVS Health Corporation**), semiconductor and semiconductor equipment producers (Korean-based, **SK Hynix Inc.** and Japan-based, **Lasertec Corporation**), solar manufacturing (U.S.-based **First Solar, Inc.**) and telecommunication services (**Orange SA**). Ariel International Fund benefited from the semiconductor related names as well as strong performance in European financials (Austria-based, **BAWAG Group AG** and U.K.-based, **Barclays plc**) and capital goods conglomerate, **Siemens AG**. Holdings which detracted from relative performance for 2025 (**China Mengniu Dairy Company, Ltd.**, **JD.com, Inc.** and **Stellantis N.V.**) were affected by company-specific issues and not concentrated in any one theme. We continuously re-underwrite our holdings, asking ourselves “would we buy this if we didn't already own it?” In the case of JD.com and Stellantis, the answer was “no” and we exited both positions to pursue more compelling opportunities.

¹ Selfin, Yael et. al (December 2025) “European Economic Outlook” *KPMG* pp. 2

² Yamaguchi, Mari. (25 December 2025) “Japan's Cabinet approves record defense budget aiming to deter China as tensions grow” *PBS News*, <https://www.pbs.org/newshour/world/japans-cabinet-approves-record-defense-budget-aiming-to-deter-china-as-tensions-grow>.

We focus on idiosyncratic risk—companies where fundamentals and good business momentum can improve regardless of broader market direction. And through our “value with catalyst” approach, we look for clear evidence of some form of an inflection in the trajectory of the business, such as margin expansion, pricing power, balance-sheet repair or governance improvements.

So, it is not surprising that when compared with indices and industry peers, the global and international portfolios have greater exposure to companies with improving earnings as evidenced by our third quarter Global portfolio EPS growth of 14.2% versus 9.6% for our global peers.³ We expect our returns to be driven by relative earnings growth as well as the potential for relative valuation.

Since late 2023, we have worked to achieve downside protection through a broader set of differentiated positions, rather than simply low-beta exposure. This approach also enabled greater upside participation, albeit at a slightly higher beta. Over a full market cycle, we believe emphasizing stock selection expands sources of return and improves potential for more consistent outperformance.

Value with a Catalyst—Daikin Industries

Markets tend to fixate on familiar refrains. For **Daikin Industries Ltd.**, a global producer of air conditioning, refrigerant and heating systems, that has meant investors remain focused on sluggish housing activity, weak near-term demand for European heat pumps and a narrative that has shifted from structural growth to cyclical disappointment. This framing overlooks how much Daikin’s earnings power has evolved, even as demand headlines remain soft. In our view, the stock price reflects weaker near-term demand, not the operational and return improvements Daikin is already delivering. The market’s overreaction to regional slowdowns created an attractive buying opportunity.

Demand for HVAC systems in the U.S. has been constrained by high mortgage rates and low housing turnover. Daikin’s air conditioning business in the U.S. accounts for 39% of sales and 30-35% of operating profit, pressuring near-term performance. In addition, a 2024 rush to pre-buy R-410A, a widely used refrigerant, ahead of a U.S. regulatory change drove short-term market loss due to Daikin’s limited inventory. However, U.S. residential HVAC is cyclical by nature—replacement demand is deferred, not destroyed.

We expect positive catalysts in 2026, boosted by depletion of the R-410A inventory that should cause a shipment uptick in 2026, led by the replacement cycle. Under the current management team, Daikin has made measurable progress on margins and returns—and most importantly, it has done so through a downcycle. We believe Daikin is well positioned for this expected cyclical recovery and additional uplift from higher prices for new refrigerants in 2026.

Europe remains the market’s secondary concern. The sharp correction in heat-pump demand following subsidy roll-offs and channel destocking has weighed on sentiment, reinforcing the view that the energy transition trade has stalled. In a core market such as France, heat pumps already offer favorable lifetime economics compared to fossil alternatives, particularly when factoring in energy efficiency and operating costs. The constraint is capital cost. Upfront installation expenses remain high, making adoption heavily dependent on public support—support that is not disappearing, but recalibrating. Germany’s BEG (Federal Promotion for Efficient Buildings) program, Italy’s Ecobonus, France’s MaPrimeRénov and the UK’s Boiler Upgrade System (BUS) all meaningfully reduce net consumer costs and are designed to re-accelerate demand as policy execution improves.

So why hasn’t adoption re-accelerated? The issue is friction, not economics. High upfront costs still matter, installer capability is uneven and biased toward legacy systems and consumer perceptions lag the reality of improved performance and efficiency. For Daikin, Europe does not need a demand rebound to drive profit. Stabilization alone enables operating leverage to lift margins from depressed levels. Europe is not broken. It is paused—and markets tend to misprice pauses as permanent impairments.

Within the China business, we are not as concerned about Xiaomi’s expansion into home appliances that has weighed on sentiment toward the sector. In our view, the near-term impact is concentrated among local mass-market players. Xiaomi’s value proposition is price and ecosystem integration, not premium performance or commercial-grade reliability. For Daikin, the risk is longer-dated and strategic rather than immediate, and unlikely to disrupt margins in the current cycle. China, in other words, is not a drag. In our view, it is a premium-led growth and margin engine that continues to be overlooked in the valuation.

While the broader air-conditioning market remains competitive and cyclical, Daikin is positioned in the premium segment which is expected to grow 3 to 5% faster than the overall market. That mix matters. Premium demand is affected less by unit growth and more by efficiency standards, replacement cycles and brand-led pricing power—areas where we think Daikin is structurally advantaged. We estimate that Daikin’s China business operates at roughly 23% operating margin, exceeding most competitors. This reflects premium pricing, a unique product portfolio and disciplined execution rather than volume-led growth. In a market often viewed as commoditized, we believe Daikin is earning returns that suggest a fundamentally different competitive position.

³ Palfrey, Patrick and Jonathan Golub (December 2025) “Q325 Portfolio Insights Ariel Global (AGLOX)” *Seaport Research Partners* pp. 14.

We believe pricing discipline and an improved product mix, with tighter execution across its dealer network, enables Daikin to enter the next phase with a structurally higher margin base and stronger profitability. In our view, this margin resilience is often overlooked.

Looking Forward

As we consider 2026 and beyond, investment opportunities outside of the U.S. are broadening as policy, currency and corporate fundamentals begin to align. With less mega-cap tech market concentration, active investors have a growing opportunity to identify businesses where improving returns are not fully priced in. In our view, exposure to international equities in this environment offers diversification and long-term return potential.

As always, we appreciate the opportunity to serve you and welcome any questions or comments you might have.

Sincerely,



Henry Mallari-D'Auria, CFA®
Chief Investment Officer
Global Equities

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 exchange-traded funds (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 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 the Funds' 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 International Fund's Prospectus as of February 1, 2025, the gross expense ratio for the Investor Class and Institutional Class was 1.40% and 1.01%, and had an annual net expense ratio of 1.17% and 0.91%, respectively. Ariel Investments, LLC, the Adviser, has contractually agreed to waive fees and reimburse expenses (the "Expense Cap") in order to limit Ariel International Fund's total annual operating expenses to 1.13% and 0.88% of net assets for the Investor Class and Institutional Class, respectively, through January 31, 2026. The net expense ratio for the Investor Class and Institutional Class do 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.

Per the Ariel Global Fund's Prospectus as of February 1, 2025, the gross expense ratio for the Investor Class and Institutional Class was 1.53% and 1.14%, and had an annual net expense ratio of 1.14% and 0.89%, respectively. Ariel Investments, LLC, the Adviser, has contractually agreed to waive fees and reimburse expenses (the "Expense Cap") in order to limit Ariel Global Fund's total annual operating expenses to 1.13% and 0.88% of net assets for the Investor Class and Institutional Class, respectively, through January 31, 2026. The net expense ratio for the Investor Class and Institutional Class do 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. Views and opinions are as of the date of this commentary and can change without notice. There is no guarantee that any expressed views will come to fruition or any investment will perform as described.

As of 12/31/25, Ariel International Fund's position size, if any, in the above holdings was Bandai Namco Holdings, Inc. 3.19%; Sega Sammy Holdings Inc. 0.00%; Fresenius Medical Care AG 2.44%; CVS Health Corporation 0.00%; SK Hynix, Inc. 0.00%; Lasertec Corporation 1.27%; First Solar, Inc. 0.00%; Orange SA 2.66%; BAWAG Group AG 3.92%; Barclays plc 3.05%; Siemens AG 1.42%; China Mengniu Dairy Company, Ltd. 0.93%; JD.com, Inc. 0.00%; Stellantis N.V. 0.00% and Daikin Industries, Ltd. 4.88%. As of 12/31/25, Ariel Global Fund's position size, if any, in the above holdings was Bandai Namco Holdings, Inc. 2.03%; Sega Sammy Holdings Inc. 0.00%; Fresenius Medical Care AG 1.72%; CVS Health Corporation 3.35%; SK Hynix, Inc. 0.96%; Lasertec Corporation 0.87%; First Solar, Inc. 3.53%; Orange SA 1.61%; BAWAG Group AG 1.72%; Barclays plc 1.82%; Siemens AG 0.00%; China Mengniu Dairy Company, Ltd. 1.53%; JD.com, Inc. 0.00%; Stellantis N.V. 0.00% and Daikin Industries, Ltd. 4.57%.

Daikin Industries Ltd.

Headquartered in Osaka, Japan, **Daikin Industries** is a leader in heating, ventilation and air-conditioning (HVAC) systems. Founded in 1924, the company designs and sells climate control equipment for homes, businesses and industrial facilities in over 150 countries. In our view, its global scale, diversified customer base and technical expertise have made the company a major player in modern temperature management solutions. Despite these strengths, the market views Daikin as a short-cycle industrial business. That perception has weighed on the stock amid concerns around recent construction slowdowns, softer demand in Europe and competition in China. While these cyclical headwinds have clouded Daikin's underlying earnings power, we believe its durable fundamentals and exposure to long-term trends create an attractive investment opportunity.

Turning Up the Heat

We believe the company's deep expertise in refrigerants and early shift to next generation, lower-impact materials represent a clear competitive advantage as the industry moves away from legacy coolants such as R-410A. Initially, this transition tempered demand as consumers adjusted, but over time it allowed leadership to more smoothly manage inventory and deliver more consistent profitability. As competitors begin their own transitions, we think Daikin's early preparation and disciplined execution leave it well-positioned to capture additional market share. We expect the result to be a widening competitive moat and clear path to sustainable growth.

Not Breaking a Sweat

In our view, the company's recent performance is driven by near-term challenges rather than structural issues. Slower construction in the United States, delayed heat-pump adoption in Europe and competition in China have weighed on investor sentiment.



Dong Zheng, CFA®
Vice President
Research Analyst, Global Equities

However, we believe the long-term drivers supporting the business across these markets remain in place. Replacement demand in Japan continues to provide a steady earnings base. In Europe, the move toward electrified heating—to reduce reliance on fossil fuels—remains intact. Meanwhile, Daikin's premium offerings in China continue to outperform the broader market while generating meaningfully higher margins. Taken together, these dynamics point to a temporary slowdown rather than a fundamental shift in its growth profile. As short-term noise fades and conditions normalize, we believe Daikin is poised to regain momentum.

Breezy Tailwinds

The company's durable earnings power is underscored by global secular trends. Rising temperatures, expanding cities, stricter energy-efficiency regulations and the growing need to modernize aging buildings are creating robust demand for climate control solutions. HVAC systems are essential infrastructure—necessary for comfort, safety and productivity. Beyond residential use, data centers, hospitals and commercial facilities also rely on these systems. Daikin's solid financial position allows management to continue to invest through cycles, further strengthening its competitive position. As these trends continue, we expect investors to increasingly recognize the company's long-term earnings potential.

Keeping it Cool

Daikin benefits from global scale, technological strength and secular demand trends. While recent regional concerns have hurt investor sentiment, we believe the company's long-term fundamentals remain strong. As efficient climate control systems continue to expand globally, we view Daikin as well-positioned to compound earnings. For patient investors seeking a high-quality, international franchise at an attractive valuation, we believe Daikin is a compelling investment opportunity.



Headquartered in Charlotte, North Carolina, **Dentsply Sirona Inc. (XRAY)** is one of the world's largest and most diversified dental manufacturers. The company has introduced breakthrough innovations that have shaped modern dentistry, including the electric drill, X-ray imaging and digital design systems. Today, Dentsply Sirona is one of very few companies that offer a fully diversified portfolio spanning consumables, equipment and digital solutions. This breadth embeds the company deeply within dental practices worldwide and positions it as a long-standing partner to clinicians. In our view, the company is well-positioned to benefit from improving industry fundamentals and a new leadership team focused on restoring sustainable growth.

Reason to Smile Again

The dental industry is entering a recovery phase as easing inflation and lower interest rates spur a rebound in consumer spending and capital investment. In recent years, higher financing costs led patients to defer discretionary procedures—such as implants and aesthetic aligners—and caused dental practices to postpone upgrades to equipment. That cycle is beginning to reverse. As economic conditions normalize, consumer confidence is improving, and care providers are resuming investment, particularly in technologies that improve efficiency and reduce chair time. Meanwhile, an aging population is driving higher demand for dental care, and awareness continues to grow around the role of oral health in overall wellness. Adoption of advanced technologies in international markets, along with renewed interest in cosmetic and specialty procedures, strengthens the industry's expansion opportunity. Together, we believe these factors point to sustainable, broad-based growth across the dental sector.



Sabrina Carollo, CFA®
Senior Vice President
Director of Research Operations

A Fresh Crown on Leadership

After decades of stable leadership, Dentsply Sirona entered a period of transition beginning in 2016, marked by elevated C-suite turnover and repeated restructuring. The resulting uncertainty weighed on investors and blurred the company's strategic direction. This period culminated in the appointment of Dan Scavilla as Chief Executive Officer in 2025. Having joined the board earlier that year, Scavilla brought a clear assessment of the company's strengths, operational challenges and—most importantly—its untapped potential. He moved swiftly to reset priorities, committing to reinvest in research and development by redeploying cost savings and aligning management around disciplined execution. His strategy rests on four pillars: placing customers at the heart of decision making; improving U.S. performance through stronger execution; fostering a high performance, accountable culture and simplifying processes to accelerate innovation. Collectively, we believe these initiatives define a focused strategy to restore momentum and sharpen Dentsply Sirona's competitive position.

Sinking Our Teeth into a Compelling Opportunity

Our long-standing investment philosophy emphasizes patience. We have followed Dentsply Sirona for more than two decades. While the company has navigated a difficult transition in recent years, our conviction in the long-term prospects of the dental market—and in Dentsply Sirona's role within it—remains firm. We believe management recognizes the importance of this inflection point and is taking meaningful steps to rebuild momentum behind one of the industry's most respected brands. Renewed emphasis on innovation, product development, operational discipline, portfolio diversification and global expansion reflects a clear commitment to unlocking the company's full potential.

At a current stock price of \$11.43, Dentsply Sirona trades at a significant discount to our estimated private market value of \$29.38 and at just 7.2x forward twelve-month P/E. We believe patient investors will ultimately be rewarded as the company executes on its return-to-growth strategy.



Fresenius Medical Care AG is a German-based provider of treatment for chronic kidney failure, operating a vast network of dialysis centers while also delivering the machines, supplies and therapies those clinics depend on. This vertically integrated model underpins our investment thesis, which centers on steady demand for dialysis, scale-driven efficiencies and stable cash flow tied to serving a medically complex population. That said, recent market dynamics have led us to reassess our position size from a risk-return perspective.

The Skinny on GLP-1s

A few years ago, Fresenius' shares came under pressure on speculation that demand for dialysis would be negatively impacted by GLP-1 weight-loss drugs. An overblown market reaction offered an attractive entry point into the name. End-stage renal disease typically develops over many years in aging populations as well as those with chronic diabetes and hypertension. As a result, today's demand for dialysis largely reflects historical disease progression rather than near-term medical innovation. Even assuming high rates of uptake and effectiveness, we believe GLP-1 therapies are unlikely to materially affect dialysis volumes in the near to medium term. Subsequent real-world data supporting this view led Fresenius' share price to rebound.



Barney Rosen, MD
Vice President
Senior Research Analyst, Global Equities

Mortality Check

With GLP-1 fears subsiding, investor focus shifted to another sensitive area: the life expectancy of patients receiving treatment. Today, company earnings depend less on new patient growth and more on sustaining stable treatment volumes across an aging, medically complex population. As a result, short-term performance can fluctuate when seasonal illnesses disproportionately affect older patients. The recent severe flu season highlighted this weakness, temporarily reducing volumes and delaying the company's near-term recovery.

Healthy Trim

While Fresenius continues to benefit from consistent demand for dialysis, scale economics and operating leverage, the company's sensitivity to mortality trends has reduced near-term earnings visibility. In response, we trimmed our position to reallocate capital towards more compelling opportunities, while maintaining exposure to the company's long-term recovery.

Checking the Vitals

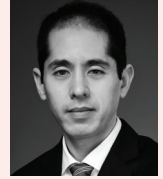
Fresenius demonstrates how quickly market narratives can change when headlines overshadow fundamentals. The concerns around GLP-1 weight-loss drugs proved to be overblown, reaffirming the staying power of dialysis demand and driving a meaningful recovery in share price. While long-term fundamentals remain intact, mortality trends must be considered and warrant a more cautious approach.



Sphere Entertainment Company (SPHR) is reshaping the future of live entertainment and media through marquee assets such as the Las Vegas Sphere and the MSG regional sports network. We believe the company's competitive edge lies in its proprietary technology and intellectual property (IP), while its patents—spanning venue architecture, advanced audio-visual systems and 4D effects—create formidable barriers to entry. Sphere's longstanding relationships with top artists and media firms, cultivated under CEO Jim Dolan's tenure at Madison Square Garden, also serve as a powerful engine for growth. While critics question whether demand for immersive film experiences such as *The Wizard of Oz* can endure and if global expansion will succeed, we are optimistic about the opportunities ahead. We believe Sphere's strong ticket demand confirms the business model's potential and signals a long runway for success. Meanwhile, management is actively exploring partnerships to bring Spheres to new markets. In our view, the venue's momentum signals scalability to new regions and formats, presenting a compelling opportunity other investors have yet to fully appreciate.

We're Off to See the Wizard

Sphere's success with *The Wizard of Oz* illustrates the power of immersive storytelling. In partnership with Warner Bros. and Google, the venue combines artificial intelligence-powered visual effects with 4D elements, such as gusting winds and trembling seats, to transform a classic film into a multi-sensory experience beyond the capabilities of traditional theaters. Strong attendance and robust ticket sales underscore the consumer appetite for this new form of entertainment. We believe these results position Sphere as a premium platform for showcasing valuable content, fueling a steady pipeline of high-profile projects.



Benjamin Rosner, CFA®
Vice President
Domestic Research

Global Expansion Takes Shape

Las Vegas is only the beginning. In October 2024, the company announced plans for a second Sphere in Abu Dhabi. Under the proposed economic model, the local government will finance construction, while Sphere collects a quarterly franchise fee. Once the venue opens, the fee transitions to recurring payments for licensing, technology and content, all tied to the venue's revenues. The Abu Dhabi Sphere will rank among the largest and most technologically advanced live entertainment spaces in the fast-growing region. Meanwhile, management is in active discussions with potential partners to introduce Spheres of varying sizes to other markets, signaling strong global interest. We expect additional development announcements in the coming years as these conversations progress.

Circling the Moment

In just over two years, Sphere has revolutionized live entertainment. We see a compelling investment opportunity supported by cutting-edge technology, strategic partnerships and a scalable global expansion strategy. As new content is introduced and additional venues open, the company's revenue potential should expand significantly. Backed by unique assets and a business model already showing clear momentum, we believe Sphere is poised for long-term meaningful growth.

Our Portfolio Managers

Important Disclosures

Ariel Fund



John W. Rogers, Jr.
Lead Portfolio Manager



Kenneth E. Kuhrt, CPA
Portfolio Manager

Ariel Appreciation Fund



Timothy Fidler, CFA®
Co-Portfolio Manager



Kenneth E. Kuhrt, CPA
Co-Portfolio Manager

Ariel Focus Fund



Charles K. Bobrinsky
Portfolio Manager

Ariel International Fund | Ariel Global Fund



Henry Mallari-D'Auria, CFA®
Lead Portfolio Manager



Micky Jagirdar
Portfolio Manager



Vivian Lubrano
Portfolio Manager

Risks of Investing in the Funds

Investing in equity stocks is risky and subject to the volatility of the markets. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings or its strategy. 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. Equity investments are affected by market conditions. Ariel Fund, Ariel Appreciation Fund and Ariel Focus Fund invest in small and/or mid-cap companies, which is riskier and more volatile than investing in large cap stocks. Ariel Focus Fund is a non-diversified fund and therefore may be more volatile than a more diversified investment. Ariel International Fund and Ariel Global Fund invest in foreign securities and may use currency derivatives and ETFs. Investments in foreign securities may underperform and may be more volatile than comparable U.S. stocks because of the risks involving foreign economies and markets, foreign political systems, foreign regulatory standards, foreign currencies and taxes. The International and Global Funds' use of currency derivatives and ETFs may increase investment losses and expenses and create more volatility. The International and Global Funds' investments in emerging markets present additional risks, such as difficulties selling on a timely basis and at an acceptable price.

Specific Stocks Held by the Funds

The companies highlighted in the Company Spotlights were held in one or more of the following Fund portfolios during the quarter ending December 31, 2025: Ariel Fund, Ariel Appreciation Fund, Ariel Focus Fund, Ariel International Fund or Ariel Global Fund. We candidly discuss various individual companies to illustrate our investment process. The information and our opinions were current as of the date above but are subject to change. The information shown 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. These securities do not represent all securities purchased or sold to investors during the period. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings of any Fund or of any particular Fund itself. Portfolio holdings are subject to change. **Past performance does not guarantee future results.** Please visit our website, arielinvestments.com to see the holdings of the Funds.

Please Read the Funds' Prospectuses

Investors should consider carefully the investment objectives, risks, and charges and expenses before investing. For a current summary prospectus or full 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 summary prospectus or full 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.

Information about the Funds' Indexes

Each Fund's primary index is the first one listed below each respective Fund's performance data. Indexes are unmanaged. An investor 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. Inception of this benchmark is July 1, 1995. This index pertains to Ariel Fund.

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. The inception date of this benchmark is June 1, 1993. This index pertains to Ariel Fund.

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™ 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. Inception of this benchmark is June 1, 1990. This index pertains to Ariel Fund.

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. The inception date of this benchmark is February 1, 1995. This index pertains to Ariel Appreciation Fund.

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. The inception date of this benchmark is November 1, 1991. This index pertains to Ariel Appreciation Fund.

The Russell 1000® Growth Index measures the performance of the large cap growth segment of the US equity universe. It includes those Russell 1000 companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years). Its inception date is January 1, 1987. This index pertains to Ariel Fund and Ariel Appreciation Fund.

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. The inception date of this benchmark is January 1, 1987. This index pertains to Ariel Focus Fund.

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. This index pertains to Ariel Fund, Ariel Appreciation Fund and Ariel Focus Fund.

The MSCI EAFE Index is an equity index of large and mid-cap representation across 21 Developed Markets (DM) countries around the world, excluding the U.S. and Canada. Inception of this benchmark was May 31, 1986. The MSCI EAFE Value Index captures large and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada. Inception of this benchmark was December 8, 1997. These indexes pertain to Ariel International Fund.

The MSCI ACWI (All Country World Index) ex-US Index is an index of large and mid-cap representation across 22 Developed Markets (DM) and 24 Emerging Markets (EM) countries. Inception of this benchmark was January 1, 2001. The MSCI ACWI ex-US Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 22 Developed and 24 Emerging Markets countries. Inception of this benchmark was December 8, 1997. These indexes pertain to Ariel International Fund.

The MSCI ACWI (All Country World Index) Index is an equity index of large and mid-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. Inception of this benchmark was January 1, 2001. The MSCI ACWI Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 23 Developed Markets countries and 24 Emerging Markets (EM) countries. Inception date of this benchmark was December 8, 1997. These indexes pertain to Ariel Global Fund.

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.

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What's Inside

LOOKING AHEAD: POSITIONED FOR THE ROTATION

Co-CEOs John W. Rogers, Jr. and Melody Hobson explain that market leadership changes are rarely gradual. They arrive suddenly, often triggered by unforeseen catalysts. The patient investor does not require perfect timing, just the discipline to maintain conviction when the market is ignoring fundamentals.

A PORTFOLIO IN FOCUS Vice Chairman Charlie Bobrinskoy says Ariel Focus Fund's strong absolute and relative performance in 2025 came despite ongoing headwinds for value investors as growth stocks continued to reign supreme.

GLOBAL MARKETS ARE AT AN INFLECTION POINT Chief Investment Officer, Global and Emerging Markets Equities, Henry Mallari-D'Auria believes improving profitability, attractive valuations and likely a weaker U.S. dollar underpin the case for strong international returns in 2026 and beyond.

COMPANY SPOTLIGHTS Views from our investment team on Daikin Industries Ltd., Dentsply Sirona, Inc., Fresenius Medical Care AG and Sphere Entertainment Company.