

Ariel Appreciation Fund

Quarter Ended March 31, 2026

Performance data quoted represents past performance. Past performance does not guarantee future results. All performance assumes the reinvestment of dividends and capital gains, and represents returns of the Investor Class shares. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance data current to the most recent month-end for Ariel Appreciation Fund may be obtained by visiting our website, arielinvestments.com. For the period ended March 31, 2026, the average annual returns of Ariel Appreciation Fund (Investor Class) for the 1-, 5-, and 10-year periods were +20.76%, +4.72% and +7.95%, respectively.

U.S. equities experienced a volatile, risk off start with major indices declining and briefly entering correction territory amid a sharp March selloff. The S&P 500 posted its worst quarterly return since the third quarter of 2022, driven by an escalating Middle East conflict that pushed energy prices higher, disrupted global supply chains and revived inflation concerns. Rising bond yields pressured valuations and accelerated a shift away from the mega-tech leaders toward Energy and more defensive sectors. Expectations for rate cuts waned, weighing on market sentiment despite resilient underlying earnings. Although late quarter headlines suggesting a cease fire sparked a brief relief rally, ongoing uncertainty underscored the value of fundamentals driven investing.

Periods of stress often widen the disconnect between price and value, particularly for companies with sustainable earnings power. Anchored in our private market value discipline—refined over more than four decades and five market cycles—we maintain a patient, long-term perspective, grounded in the belief that durable investment outcomes are achieved through thoughtful ownership of high-quality businesses across full market cycles. We know investment opportunities grow when uncertainty is elevated and risk appetite is limited. Against this backdrop, Ariel Appreciation Fund traded up +1.14% in the quarter, lagging the Russell Midcap Value Index's +3.68% gain and the +1.29% return posted by the Russell Midcap Index.

Leading global manufacturer of power generation equipment, **Generac Holdings (GNRC)** was the top contributor this quarter as investors looked beyond near-term earnings softness toward the company's long-term growth potential. At investor day, management highlighted a multi-year growth trajectory supported by powerful tailwinds including rising electricity demand, higher power costs, grid reliability challenges and rapid growth in AI and data centers. Generac reaffirmed its 2026 outlook and introduced a three-year plan through 2028 targeting strong revenue growth, margin expansion and nearly 90% EBITDA growth. Strength in the Commercial & Industrial (C&I) segment, fueled by increasing data center and

hyperscaler demand and a growing backlog, further boosted confidence. We believe investors are increasingly recognizing Generac's evolution from a home backup leader to a critical power infrastructure provider. We believe a durable residential base and expanding C&I opportunity driving sustained growth should drive higher margins and strong free cash flow.

Leading electronic test and measurement company **Keysight Technologies (KEYS)** delivered earnings and forward guidance that meaningfully exceeded expectations, reinforcing its position as a key beneficiary of accelerating AI driven infrastructure investment. Demand was broad based across high growth markets including AI networking, aerospace and defense, non-terrestrial satellite communications and semiconductors. The rising complexity of next generation technologies increasingly requires precise measurement and validation. Keysight's solutions are becoming mission critical as customers push performance limits in speed, reliability and scale. Strong order growth, an expanding backlog and record operating margins highlight powerful operating leverage as revenues scale, supported by a high-quality mix of software, services and recurring revenue. With accelerating earnings power, sustained margin expansion and exposure to long-term secular growth, we believe KEYS is well-positioned for multiple expansion and shareholder value creation.

SLB Limited (SLB) also advanced during the quarter as investors grew more confident in the company's resilient international growth profile, increasing exposure to secular growth areas such as Digital and Production Systems and consistent free cash flow generation. Management's constructive commentary on improving conditions across key international markets and strengthening offshore activity reinforced confidence in the medium-term earnings outlook. The company also disclosed temporary, security related disruptions in parts of the Middle East, including restricted travel and selective staff demobilization, which the market largely viewed as manageable and transitory. Backed by disciplined capital returns, a strong balance sheet and unmatched global scale, we believe SLB remains the most



resilient and strategically differentiated provider in the oilfield services industry.

Alternatively, toy manufacturer, **Mattel, Inc. (MAT)** detracted from performance during the quarter after reporting weaker-than-expected earnings and guidance amid soft consumer demand. Results were also pressured by tariff uncertainty and elevated promotions, which pinched margins. During the period, management outlined a package of strategic investments aimed at reigniting growth, with a focus on digital gaming, direct to consumer capabilities and brand initiatives that go beyond traditional toys. While these investments are expected to drag down near-term profits, management anticipates they will ultimately generate attractive returns and become self-funding in 2027. Combined with ongoing cost efficiency efforts and a meaningful stock buy-back program, we believe the market is underestimating Mattel's ability to unlock value from its iconic intellectual property through higher margin content, entertainment and brand extensions. In our view, the stock remains undervalued because this long-term monetization potential has yet to be reflected in today's share price.

Alternative asset manager **KKR & Co. (KKR)** also traded lower during the quarter after reporting an earnings miss resulting from weaker transaction fees and lower investment income. Fee margins also came in below anticipated levels, pressuring near-term sentiment. Although fundraising momentum remained strong and exceeded forecasts, investor focus remained squarely on short-term earnings rather than the firm's longer term growth opportunity. Overall, we believe the share pullback was anchored to near-term execution concerns rather than diminished confidence in KKR's long-term strategy, particularly as the firm targets doubling its scale twice over the next decade.

Lastly, shares of **Norwegian Cruise Line Holdings Ltd. (NCLH)** declined during the quarter after earnings guidance came in below investor expectations. The results reflect a transitional period under new leadership as the company works through residual operational inefficiencies and a higher cost environment, including elevated fuel expenses. Booking trends were uneven, while pricing pressures and economic uncertainty weighed on sentiment. Although we believe recent board changes and increased shareholder engagement are constructive, the market has remained focused on near-term cost and execution risks rather than the longer-term benefits of improving governance and strategic realignment. Importantly, premium brands at the higher end of the portfolio—particularly Oceania Cruises—are showing materially improved booking trends, reinforcing the company's brand strength and pricing power. In addition, Norwegian maintains solid liquidity and continues to make progress reducing debt to investment grade status, an important driver of long-term shareholder value.

Also during the quarter, we initiated a position in specialty insurer **RLI Corp. (RLI)**. RLI is among the industry's top underwriters, having generated underwriting profits for nearly thirty consecutive years across multiple economic cycles. Near-term results face headwinds as growth slows in a softening property market while casualty loss trends remain elevated due to inflationary pressures. However, we believe RLI's proven underwriting discipline and long-term orientation will allow the company to navigate the current cycle and sustain attractive earnings growth over time.

Conversely, we exited specialty cutting tool insert maker, **Kennametal, Inc. (KMT)** to pursue other opportunities.

We approach the remainder of the year with a measured and increasingly cautious outlook for U.S. stocks. While moderating inflation in select areas and generally resilient corporate fundamentals offer pockets of support, recession risks have risen amid persistent trade policy uncertainty and ever-growing geopolitical tensions. Although job growth remains solid, economic momentum and labor market conditions could soften if tariffs continue and inflation re-emerges. The U.S. consumer continues to show resilience, however, lower- and middle-income households are vulnerable to higher energy prices and broader cost pressures.

Globally, growth remains modest and uneven, with developments in the Middle East creating unforeseen economic shocks. Against this backdrop, we believe narrow large-cap tech leadership heightens the risk of abrupt shifts in sentiment and underscores the importance of selectivity.

In response, we remain disciplined and long-term in our approach, emphasizing bottom-up fundamentals over macroeconomic forecasting. We believe our focus on durable business models, strong balance sheets, capable management teams and leading brands should enable us to navigate near-term uncertainty while capturing upside as market leadership evolves and opportunities broaden.

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

The opinions expressed are current as of the date of this commentary but are subject to change. The information provided in this commentary does not provide information reasonably sufficient upon which to base an investment decision and should not be considered a recommendation to purchase or sell any particular security. There is no guarantee



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

Per the Fund's Prospectus as of February 1, 2026, the Fund's Investor Class shares had an annual expense ratio of 1.15%.

As of 3/31/2026, Generac Holdings, Inc. constituted 3.0% of Ariel Appreciation Fund; Keysight Technologies, Inc. 2.8%; SLB, Ltd. 3.3%; Mattel, Inc. 2.4%; KKR & Co., Inc. 2.5%; Norwegian Cruise Line Holdings, Ltd. 2.8%; RLI Corporation 0.8%; Kennametal, Inc. 0.0%. Portfolio holdings are subject to change. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings of Ariel Appreciation Fund.

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

Index returns reflect the reinvestment of income and other earnings. Indexes are unmanaged, and investors cannot invest directly in an index. The Russell Midcap® Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios, lower forecasted growth values and lower sales per share historical growth. Its inception date is February 1, 1995. The Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. Its inception date is November 1, 1991. Russell® is a trademark of London Stock Exchange Group, which is the source and owner of the Russell Indexes' trademarks, service marks and copyrights. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes or underlying data and no party may rely on any Russell Indexes and/or underlying data contained in this communication. No further distribution of Russell data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication. The S&P 500® Index is widely regarded as the best gauge of large-cap U.S. equities. It includes 500 leading companies and covers approximately 80% of available U.S. market capitalization. Its inception date is March 4, 1957.

Investors should consider carefully the investment objectives, risks, and charges and expenses before investing. For a current prospectus or summary prospectus which contains this and other information about the funds offered by Ariel Investment Trust, call us at 800-292-7435 or visit our website, arielinvestments.com. Please read the prospectus or summary prospectus carefully before investing. Distributed by Ariel Distributors LLC, an affiliated entity of Ariel Investments LLC. Ariel Distributors, LLC is a member of the Securities Investor Protection Corporation.

