

Ariel Investments

	Performance as of March 31, 2026 (%)					
	QTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Ariel Emerging Markets Value						04/30/2023
Gross of Fees	1.75	33.13	-	-	-	19.24
Net of Fees	1.60	32.32	-	-	-	18.22
MSCI EM Net Index	-0.17	29.55	-	-	-	15.73
Additional Indexes						
MSCI EM Value Net Index	1.10	28.65	-	-	-	15.83
Ariel Emerging Markets Value ex-China						05/31/2023
Gross of Fees	6.29	49.16	-	-	-	22.93
Net of Fees	6.06	47.81	-	-	-	21.70
MSCI EM ex-China Net Index	3.16	41.30	-	-	-	18.81

Past performance is not indicative of future results. An investment's return and principal value 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 as of the most recent month-end may be obtained by visiting our website, arielinvestments.com.

Dear Clients and Friends: For the quarter ended March 31, 2026, the MSCI EM Index fell – 0.17% while the MSCI EM ex-China Index jumped +3.16%. Emerging Markets (EM) indices outperformed the S&P 500 which declined -4.33% in the quarter. By comparison, the Ariel Emerging Markets Value Composite gained +1.75% gross of fees (+1.60% net of fees) during the quarter, while the Ariel Emerging Markets Value ex-China Composite earned +6.29% gross of fees (+6.06% net of fees).

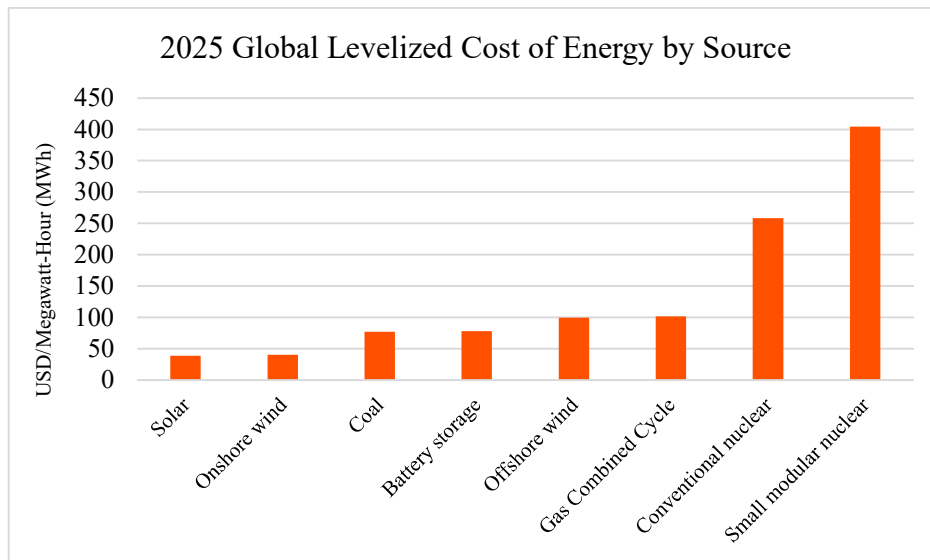
Emerging markets equities held up relatively well through a difficult first quarter, with underlying stock performance more resilient than headline returns might suggest. As geopolitical tensions rose, energy prices climbed and the U.S. dollar strengthened, while currency translation became a meaningful drag—diluting local-market gains and, in some cases, turning otherwise stable equity returns negative for dollar-based investors.

South Korea and Taiwan were among the largest contributors to EM index returns, supported by strength in technology and semiconductor-related companies as artificial intelligence (AI) linked demand remained a meaningful tailwind—reinforcing the notion that “there is no AI without emerging markets.” Brazil also stood out, benefiting from an economy that is relatively insulated from developments in the Middle East. By contrast, India lagged, reflecting its heavier reliance on imported energy. China also underperformed amid a combination of energy import exposure and mixed economic activity. Communication services weakened as investors rotated away from internet platforms seen as less immediate AI beneficiaries, with Tencent Music Entertainment Group’s decline as a notable example. Overall, performance dispersion remained elevated across regions.

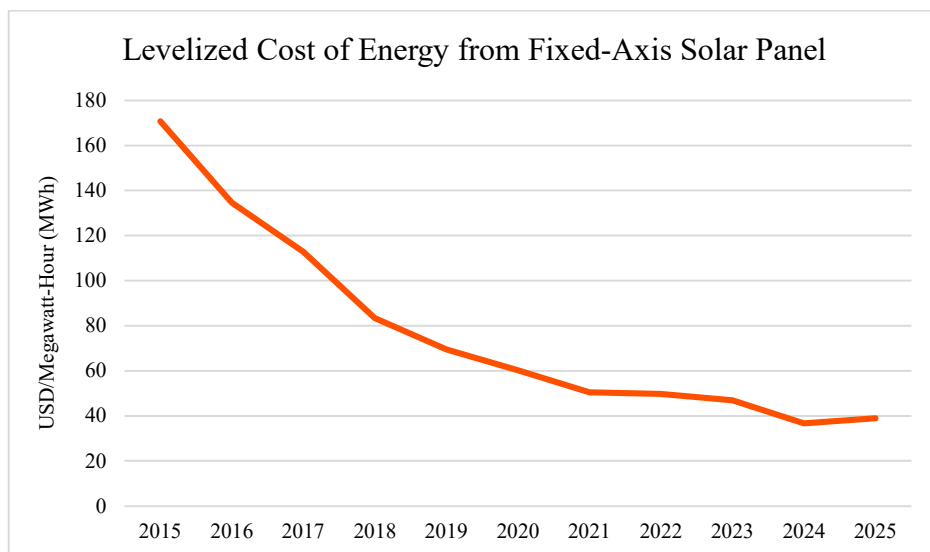
Energy Transition: Back in Vogue

Over the past year, energy transition was no longer front-page news, but recent developments in the Middle East have brought it back into focus. The disruption in the Strait of Hormuz—responsible for roughly 20% of the world’s oil and liquefied natural gas (LNG) flows¹—has served as a timely reminder of the fragility embedded in the hydrocarbon supply chain. For policymakers and investors alike, the case for diversification has become harder to ignore.

We believe renewable energy sits squarely within that solution set. Unlike traditional fuels, it can be produced domestically, reducing reliance on imports, while offering increasingly competitive economics. Just as importantly, renewables continue to benefit from technology-driven cost deflation—an advantage that compounds over time and, in our view, reinforces their structural appeal.



Source: BloombergNEF, Global LCOE benchmarks



Source: BloombergNEF, Global LCOE benchmarks

¹Butler, Gavin et. al (7 April 2026) “Why the Strait of Hormuz matters so much in the Iran war” *BBC News* <https://bbc.com/news/articles/c78n6p09pzno>

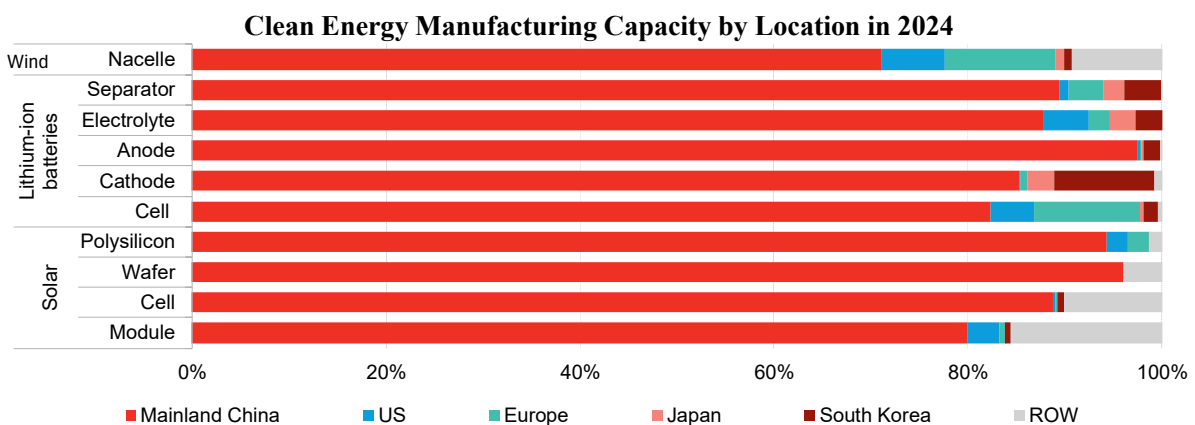
Emerging markets are not just participants in this transition—we think they are driving it. In 2025, these economies accounted for roughly 75% of global solar installations, 80% of wind additions and more than 70% of electric vehicle (EV) purchases.² For many countries, particularly those without meaningful hydrocarbon reserves, the incentives are straightforward: improved energy security, lower energy costs and creation of new manufacturing jobs supporting the buildout of the renewables industry.

We believe India illustrates this dynamic well. Solar installations have increased fourfold since 2021,² supported by a policy framework designed to accelerate deployment while localizing manufacturing. The result is a market that is scaling quickly, with the potential to meet domestic demand while participating in global supply chains.

Within this context, our portfolio holding, **Power Grid Corporation of India, Ltd.** represents a direct beneficiary of both cyclical and structural tailwinds. As the country’s largest transmission operator, the company sits at the center of India’s electrification buildout. Renewable energy introduces greater variability into the system, increasing the need for transmission infrastructure relative to traditional generation. Execution challenges—primarily right-of-way constraints, including land access, landowner payment and permitting hurdles—pressured performance last year. Recent policy changes to improve compensation and streamline land acquisition appear to be easing these bottlenecks. As project delivery normalizes, we expect the market to more fully reflect the company’s underlying earnings growth trajectory. We think recent geopolitical developments should only reinforce the urgency of renewable deployment and, by extension, demand for transmission.

Brazil offers a different starting point, but a similarly compelling setup. With approximately 86% of its electricity already generated from renewable sources,³ the country is well ahead of most peers. We own **Axía Energia**, a predominantly renewable utility with a high-quality asset base that remains under-earning relative to its potential. Following privatization, management has focused on cost discipline and portfolio optimization. At the same time, power pricing—depressed in recent years by unfavorable weather and excess supply—shows early signs of recovery. Given its meaningful exposure to uncontracted power, we think the company is positioned to capture upside as electricity prices recover.

We believe emerging markets are also increasingly central to the manufacturing side of the energy transition. In several key segments, EM companies have leapfrogged their developed market peers, both in scale and technology. In contrast to prior cycles, where innovation flowed from developed to emerging markets, the direction is now often reversed.



Source: BloombergNEF

²BloombergNEF

³Generation – CCEE (<https://www.ccee.org.br/dados-e-analises/dados-geracao>)

Our Chinese holding, **GCL Technology Holdings, Ltd.** is a case in point. As a low-cost producer of polysilicon, the company occupies a critical position in the solar value chain. Its granular polysilicon technology offers meaningful energy efficiency advantages over traditional methods. While industry overcapacity weighed on performance in recent years, the supply-demand balance is beginning to improve. Demand for solar remains robust, with consolidation in polysilicon industry gradually rationalizing supply. In our view, GCL's cost position and technology leadership should translate into share gains and improve profitability as the cycle turns.

We also own **Minth Group, Ltd.**, a global supplier of automotive components with a leading position in EV battery housings. The company combines technological capability with a diversified manufacturing footprint and strong Original Equipment Manufacturer (OEM) relationships. As EV adoption continues to scale—supported by declining costs and improving performance—we think Minth is well-positioned to participate in that growth. At the same time, it is leveraging its core competencies into adjacent areas, including robotics and thermal management solutions for AI infrastructure. In our view, the valuation remains modest relative to the opportunity.

Stepping back, the energy transition is once again gaining investor attention, with the recent spike in geopolitical risk reinforcing the fundamental case for renewables. While market sentiment may shift, our investment approach remains consistent: we focus on identifying businesses with underappreciated cash earnings power where business momentum is inflecting and the path to value realization is becoming clearer.

Looking Ahead

Emerging markets today sit at the intersection of several structural forces. Electrification, the ongoing buildout of AI infrastructure and the reconfiguration of global supply chains are all driving a sustained increase in capital intensity across energy, industrial and materials sectors. Unlike prior cycles, many emerging economies are entering this phase with relatively strong balance sheets and more pragmatic policy frameworks—providing a firmer foundation for sustainable expansion.

While volatility is inevitable, we continue to see an attractive setup. We believe emerging markets will continue to offer a compelling opportunity set for long-term, fundamentally driven investors.

Sincerely,



Henry Mallari-D'Auria, CFA®
Chief Investment Officer
Global and Emerging Markets 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, exchange-traded funds (ETFs), and other hedges 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 portfolios invest may never be recognized by the broader market. The portfolios 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.

Past performance does not guarantee future results. Performance results are net of transaction costs and reflect the reinvestment of dividends and other earnings. Ariel Composite Net of Fees returns are calculated by deducting the actual monthly advisory fee (on an asset-weighted basis) applicable to all accounts in the composite, using the fee rates in place as of the most recent calendar quarter-end. Advisory fees paid by an account may be higher than the actual fee that applies to the composite as a whole, since the actual fee is asset-weighted and aggregated across all accounts. Advisory fee schedules are described in Part 2 of Ariel's Form ADV. Gross returns do not reflect the deduction of advisory fees. Client returns will be reduced by advisory fees and such other expenses as may be incurred in the management of the account. Returns assume the reinvestment of dividends and other earnings. Returns are expressed in U.S. dollars. Current performance may be lower or higher than the performance data quoted.

The 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 3/31/2026, the Ariel Emerging Markets Value (representative portfolio) held the following positions referenced: Minth Group, Ltd. 2.79%; GCL Technology Holdings, Ltd. 0.57%; Axía Energia 1.28% and Power Grid Corporation of India, Ltd. 1.11%. As of 3/31/2026, the Ariel Emerging Markets Value ex-China (representative portfolio) held the following positions referenced: Minth Group, Ltd. 0.00%; GCL Technology Holdings, Ltd. 0.00%; Axía Energia 1.46% and Power Grid Corporation of India, Ltd. 1.72%.

Portfolio holdings are subject to change. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings of the Composites. Portfolio holdings mentioned do not represent all holdings purchased or sold for the Composites.

Investors cannot invest directly in an index. The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,377 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Inception of this benchmark was January 1, 2001.

The MSCI Ariel Emerging Markets Value Index captures large and mid cap securities exhibiting overall value style characteristics across 24 Emerging Markets (EM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. Inception of this benchmark was December 8, 1997. MSCI Emerging Markets ex-China Index captures large and mid cap representation across 23 of the 24 Emerging Markets (EM) countries excluding China. Its inception date is March 9, 2017.

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 company's country of incorporation. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI. 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.

