Ariel investments

Performance as of March 31, 2026 (%)			Annualized			
	QTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Ariel Focus Fund						06/30/2005
ARFFX Investor Class	**7.30**	**35.05**	**16.23**	**8.26**	**10.70**	**7.23**
AFOYX Institutional Class	**7.37**	**35.48**	**16.53**	**8.54**	**10.98**	**7.41**
Russell 1000® Value Index	2.10	15.87	14.30	9.43	10.58	8.38
S&P 500® Index	-4.33	17.80	18.31	12.07	14.16	10.64

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. Any extraordinary performance over short term periods may not be sustainable and is not representative of performance over longer periods. Performance data as of the most recent month-end may be obtained by visiting our website, arielinvestments.com.

Dear Fellow Shareholders: For the quarter ending March 31, 2026, Ariel Focus Fund enjoyed strong performance. Its +7.30% gain significantly outpaced its primary benchmark, the Russell 1000 Value Index, which gained +2.10%. Ariel Focus Fund also meaningfully outperformed the broad market, as measured by the S&P 500, which fell -4.33%. Over the last 12 months, Ariel Focus Fund's +35.05% return handily beat the Russell 1000 Value benchmark which returned +15.87% as well as the S&P 500 which earned +17.80%.

Contributors to Performance

In *Anna Karenina*, Leo Tolstoy said, "Happy families are all alike; every unhappy family is unhappy in its own way." The same can be said of our portfolio this quarter. Our biggest contributors for the quarter all came from the energy sector: **APA Corporation (APA)**, **Chevron Corporation (CVX)** and **SLB, Ltd. (SLB)**. By contrast, three of our biggest detractors reside in three distinct industries: **Mohawk Industries, Inc. (MHK)**, which makes floor coverings and building products, insurance brokerage, **Arthur J. Gallagher & Company (AJG)** and software company, **Oracle Corporation (ORCL)**.

Our energy performance demonstrates one of the core principles taught by Ben Graham—discounts to intrinsic value may take time to be recognized and investors often cannot know when and why the discount will close. To that point, for some time now, we believed our energy stocks were trading at attractive valuations. We certainly could not have predicted a war with Iran would cause those values to be realized. Last April, APA traded at a 2.4x enterprise value to next twelve months' projected EBITDA.[1] These projected earnings did not include profits from its discoveries off the coast of Suriname, which is expected to begin producing oil in 2028. As of March 31, 2026, APA's EBITDA multiple has expanded to a still-modest 4.0x on higher projected earnings.[1] This greater multiple on higher earnings propelled APA's shares to surge +75.2% in the first quarter.

Chevron's +37.1% first quarter return was similarly boosted by elevated oil prices brought by the recent conflict. Chevron also benefited from shifting political leadership in Venezuela. The company has operated in Venezuela since 1923. When Hugo Chavez nationalized the last privately run oil fields in the country in 2007, Chevron was one of the few U.S. majors to continue to operate as a minority investor. Venezuela is estimated

[1]FactSet.

to have the largest oil reserves of any country in the world at over 300 billion barrels.[2] These days, its geographic location away from the Strait of Hormuz and Iran is considered a plus. While we are excited by Chevron's prospects in Venezuela, we acknowledge that at 23x forward earnings, the stock does not trade at anywhere near APA's attractive valuation of almost 13x earnings.[3]

Currently**,** SLB's recent performance is the most complicated of our three energy holdings. SLB has benefited from the market's expectation of higher oil prices, leading to greater exploration activity boosting its oil-field services businesses. Although its shares surged +34.7% in the quarter, heightened dangers in the Gulf have led the company to recently revise estimated earnings lower due to business interruptions.

Detracting from Performance

Our biggest detractors during the quarter had company or industry specific issues. Mohawk fell -9.9% on concerns that rising inflation could spark higher mortgage rates and ultimately delay the long-awaited rebound in home construction, repair and remodeling. We continue to believe the U.S. has a housing shortage. We also think rising home prices should give homeowners confidence to repair and improve their homes. We believe both would be good for Mohawk's flooring businesses. We have been anticipating an improvement in residential home construction conditions for some time.

We initiated our position in Arthur J. Gallagher in 2025, after admiring the company and its CEO, Pat Gallagher, for many years. Its shares fell -16.1% in the first quarter for two reasons. First, some market participants believe artificial intelligence (AI) products might reduce the need for insurance brokers. Second, investors are concerned that lower policy costs might pressure broker commissions. We believe the AI threat is exaggerated. Constructing a portfolio of insurance policies is a complicated and nuanced process. Commercial insurance is not a commodity, and not all insurance underwriters are the same. The possibility of a soft pricing market presents a bigger risk. Our industry checks do suggest some deceleration in commercial insurance pricing. This is, however, a temporary headwind. In our view, inflationary pressures should send pricing higher in the long run. For that reason, we have added to our position during the quarter on share price weakness.

We have rarely seen sentiment shift as dramatically and as quickly as it has for Oracle. After reaching a low closing price of $61 on September 30, 2022, Oracle's shares ran past $300 in 2025. During that period, Oracle was able to transform its image from a slow growth database software company to a significant infrastructure supplier for the booming data center and AI industries. The company's own measure of revenue backlog (called Remaining Performance Obligations or "RPO") increased +41% to $138 billion.[4] In September 2025 when shares traded for almost 40x next year's earnings, we considered Oracle a great company, but an overpriced stock. By the end of 2025, we sold the majority of our Oracle shares at significant profits.

Since last Fall, Oracle's stock price has fallen more than 50% from its peak in 2025 and in mid-April traded at around $156. Euphoria with Oracle's revenue growth has been replaced with major concerns over margins and profitability on their new infrastructure business. To fuel growth, we believe the company will need billions of dollars in new debt financing during a time when Wall Street is concerned about rising interest rates. At around $156, Oracle is trading at less than 20x forward earnings, a fair valuation, in our opinion. Against this backdrop, we are holding our remaining position.

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[2]OPEC Annual Statistical Bulletin "Annual Statistical Bulletin 2025, Oil data: upstream, OPEC crude reserves" 2025, https://publications.opec.org/asb/chapter/show/139/2524/2527
[3]As of March 31, 2026.
[4]"Oracle Announces Fiscal 2025 Fourth Quarter and Fiscal Full Year Financial Results" *Oracle Corporation*, June 11, 2025, https://investor.oracle.com/investor-news/news-details/2025/Oracle-Announces-Fiscal-2025-Fourth-Quarter-and-Fiscal-Full-Year-Financial-Results/default.aspx

Looking Ahead

On April 9, 2026, *The Wall Street Journal* ran an article entitled "Value or Growth Aren't Your Only Options," which made the case for quality plus free cash flow as better indicators of investment outperformance since the financial crisis.[5] The article chronicled Warren Buffett's investing style away from the deep value of Ben Graham to better align with Buffett's view "to buy a wonderful company at a fair price than a fair company at a wonderful price." One challenge to the use of quality as an investment factor, in our view, is its nebulous definition. Few investors admit to investing in low quality companies. We define quality companies as those that have produced high returns on invested capital over time, as well as consistent, predictable and growing cash earnings, including strong balance sheets, high margins, a low correlation to the market as measured by beta and a shareholder-minded management team.

In Ariel Focus Fund, we are currently employing a barbell approach to portfolio construction with value and our definition of quality as the two most important inputs. Our recent strong performance reflects this dual approach. Some of our largest positions include value companies we believe to be selling at significant discounts to their intrinsic value, including **Barrick Mining Corporation (B)**, **PHINIA, Inc. (PHIN)** and **Affiliated Managers Group, Inc. (AMG)**, although some may lack a record of consistent free cash flow generation that would be Buffett's definition of quality. The second group includes, in our view, some of the most respected companies in corporate America including **Johnson & Johnson (JNJ)**, **Lockheed Martin Corporation (LMT)** and **Bank of America Corporation (BAC)**, which trade much closer to our calculation of their private market value as we go to print but can outperform in turbulent markets when investors are looking for ports in the storm.

Our investment approach seeks to generate returns as our value stocks close their discount to intrinsic value while our higher quality names, admittedly with positive, but lower expected returns, reduce downside risk.

Sincerely,

Charles K. Bobrinskoy
Vice Chairman

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.

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 Focus Fund held the following positions referenced: APA Corporation 5.46%; Chevron Corporation 4.77%; SLB, Ltd. 5.27%; Mohawk Industries, Inc. 3.46%; Arthur J. Gallagher & Company 2.45%; Oracle Corporation 1.38%; Barrick Mining Corporation 4.74%; PHINIA, Inc. 5.01%;

[5]Jakab, Spencer (9 April 2026) "Value or Growth Aren't Your Only Options" *The Wall Street Journal*, https://www.wsj.com/finance/stocks/value-or-growth-arent-your-only-options-3519006d?eafs_enabled=false

Affiliated Managers Group, Inc. 4.67%; Johnson & Johnson 5.41%; Lockheed Martin Corporation 4.51% and Bank of America Corporation 4.29%. 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.

Per the Ariel Focus Fund's Prospectus as of February 1, 2026, the gross expense ratio for the Investor Class and Institutional Class was 1.19% and 0.89%, and had an annual net expense ratio of 1.00% and 0.75%, 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, 2027. 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.

Index returns reflect the reinvestment of income and other earnings. Indexes are unmanaged, and investors cannot invest directly in an index. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios, lower forecasted growth values and lower sales per share historical growth. The inception date of this benchmark is January 1, 1987. Russell® is a trademark of the 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.

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.

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