Ariel investments

Performance as of March 31, 2026 (%)			Annualized			
	QTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Ariel Fund						11/06/1986
ARGFX Investor Class	**-1.48**	**22.25**	**10.93**	**5.22**	**9.38**	**10.67**
ARAIX Institutional Class	**-1.41**	**22.62**	**11.27**	**5.54**	**9.71**	**10.80**
Russell 2500™ Value Index	4.77	25.43	14.45	7.65	9.88	10.72
Russell 2000® Value Index	4.96	28.09	13.79	5.80	9.61	10.03
S&P 500® Index	-4.33	17.80	18.31	12.07	14.16	11.04
Ariel Appreciation Fund						12/01/1989
CAAPX Investor Class	**1.14**	**20.76**	**9.11**	**4.72**	**7.95**	**9.87**
CAAIX Institutional Class	**1.21**	**21.14**	**9.46**	**5.05**	**8.29**	**10.01**
Russell Midcap® Value Index	3.68	17.62	13.14	7.94	9.76	10.90
Russell Midcap® Index	1.29	15.98	13.33	7.26	10.91	11.05
S&P 500® Index	-4.33	17.80	18.31	12.07	14.16	10.59

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 Fellow Shareholders: The first quarter of 2026 arrived in two movements—one of genuine promise, one of sudden shock—with a barrel of oil as the hinge between them. Through mid-February, the economic backdrop was genuinely constructive: Treasury yields fell below 4%, equity market breadth expanded to its widest in years and smaller, more attractively priced companies were finally leading. The broadening trade that value investors had been anticipating for several years seemed, at last, to be arriving in earnest. Then, on February 28, 2026, U.S. and Israeli strikes on Iran changed everything. Oil surged as the Strait of Hormuz was effectively closed. Notably, one-fifth of global oil supplies flow through the Strait.[1] Brent crude, which opened the year at $60.85 per barrel, ended the quarter at $118.35, a +94.5% gain in three months and the sharpest start to a calendar year for oil in decades.[2]

In what strategists call a "one-variable market," energy stocks surged +37.2%; nearly everything else fell sharply, with large-cap growth declining -8.3%.[2] The S&P 500 dropped -4.3%, its worst start to a year since 2022. On March 31, 2026, President Trump signaled willingness to negotiate an end to the conflict, triggering a +2.9% single-day rally for the S&P 500 that offered a glimpse of what a resolution might mean for markets.

[1]Mackintosh, James (29 March 2026) "Three Reasons the Stock Market Can Endure the War." *The Wall Street Journal*.
[2]Kantrowitz, Michael CFA et al. (1 April 2026) "What In The World Happened To Markets In 1Q?!?!" *Piper Sandler Portfolio Strategy and Macro Research*.

During this period of uncertainty, our domestic value funds outperformed the S&P 500 for the quarter but trailed their respective Russell value benchmarks—a result we address below.

Breadth Over Concentration

In our December 2025 letter, we wrote about the extraordinary concentration embedded in U.S. large-cap indices with technology and communication services companies comprising roughly half the S&P 500 Index and just seven companies accounting for nearly 35% of the index's market cap. We posited that this concentration was a structural risk, and that patient investors holding smaller, fundamentally priced companies would be rewarded when sentiment shifted. As Warren Buffett wrote in his 2016 Berkshire Hathaway Annual Letter, "Widespread fear is your *friend* as an investor, because it serves up bargain purchases."[3] A different kind of fear has been driving investors over the last several years, pushing valuations to extremes—Fear of Missing Out (FOMO).

The Magnificent Seven[4] fell -12.2% on average in the first quarter.[5] As a result, large-cap growth dropped to the bottom of the size and style leaderboard for the first time since 2022, declining -9.78% as measured by the Russell 1000 Growth Index. Meanwhile, small-cap value was the quarter's best-performing asset class, with the Russell 2000 Value Index gaining +4.96% during the period. Strikingly, 56% of individual S&P 500 stocks outperformed their own index, and an equal-weighted S&P 500 beat its cap-weighted counterpart by 5.0 percentage points.[6]

The quarter rewarded breadth over concentration. In our view, smaller companies remain attractively valued. The Russell 2000 ended the period near its long-term average of 15.2x forward earnings, while the S&P 500 traded well above its historical norm at 18.5x.[7]

Our strategies outperformed the S&P 500 by meaningful margins, which directly resulted from a patient discipline we have maintained not just across quarters, but years. That said, our underweight allocation in energy and consumer staples, as well as a lack of exposure to utilities, contributed to the Russell value benchmarks' outperformance relative to our strategies. The energy, consumer staples and utilities sectors as measured by the S&P 500 rose +37.2%, +7.0% and +7.5% respectively. Our investment approach has always focused on businesses whose long-term earnings power is governed by competitive advantage and the quality of their management. We have always sought to hold companies with reasonable conviction over a multi-year horizon. No matter how well run, we believe energy companies see their fortunes rise and fall with the price of a global commodity that no management team controls and no valuation model can reliably forecast.

Despite the sharp sell-off, earnings estimates for both large and small companies actually rose during the quarter. Wall Street's upward revisions to S&P 500 earnings per share since the Iran strikes began represented the fastest pace of improvement over such a short period in five years.[8] Prices fell but fundamentals improved. That divergence is precisely the environment that we believe patient, research-driven investors have historically found their best future opportunities.

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[3]Buffett, Warren E. (25 February 2017) "To the Shareholders of Berkshire Hathaway Inc." *Berkshire Hathaway Annual Letter*, https://www.berkshirehathaway.com/letters/2016ltr.pdf
[4]The "Magnificent Seven" is a term coined in 2023 for a group of high-performing and influential companies in the U.S. stock market: Apple Inc. (AAPL), Amazon.com, Inc. (AMZN), Alphabet Inc. (GOOGL), Meta Platforms Inc. (META), Microsoft Corp. (MSFT), NVIDIA Corp. (NVDA) and Tesla, Inc. (TSLA).
[5]Kantrowitz, Michael CFA et al. (1 April 2026) "What In The World Happened To Markets In 1Q?!?!" *Piper Sandler Portfolio Strategy and Macro Research*.
[6]Subramanian, Savita et al. (2 April 2026) "US Performance Monitor, 1Q scorecard: Oil, volatility and Energy on top" *BofA Global Research*.
[7]Calvasina, Lori et al. (29 March 2026) "The Pulse of the Market: Thinking Through Tier 2" *RBC Capital Markets*.
[8]Mackintosh, James (29 March 2026) "Three Reasons the Stock Market Can Endure the War." *The Wall Street Journal*.

Looking Ahead

A Deutsche Bank study of 30 major crises dating back to 1939 found that equity markets declined an average of just -4% before recovering quickly.[9] When Warren Buffett was recently asked about the current drawdown, he described it as "nothing."[10] Our own investing experience spans more than four decades and includes episodes that feel familiar. There was the oil shock of the first Gulf War in 1990, the shock of September 11, 2001, the Great Financial Crisis in 2008, a global pandemic that shuttered the economy in 2020 and then came inflation in 2022. In each instance, the central question was the same as today: are any of our portfolio companies fundamentally impaired, or simply priced like they are? As unemotional investors, we treat each day anew—as if we never owned any name. From this vantage point, we reassess each company as we work to drown out the noise of the environment that surrounds us. In doing so, we work to objectively reconsider our reasons for owning every name. Recent tensions in the Middle East have not changed our long-term outlook for these businesses. Patience has paid off in the past and we believe it will do so in the future. Not wishful thinking. Not fingers crossed. Our future-looking views are the direct results of bottom-up research and fundamental analysis.

That said, we know gasoline that surges to $4 a gallon creates real economic disruptions. Lower-income households feel every dollar at the pump. They devote nearly three times the share of their income to energy and transportation costs as the average American family.[11] With spiking Brent crude oil prices, elected officials will be under pressure. As *The Wall Street Journal* noted, "voters in the U.S. won't tolerate fuel prices even as high as they currently are for long."[12] These political realities embed a powerful self-correcting mechanism—one that argues against treating today's oil prices as the permanent new baseline.

Several of our portfolio companies are navigating near-term headwinds, similar to those that have, at times, historically preceded long-term gains—from fee-generating asset managers whose earning power is driven by client relationships and compounding assets, to light industrials repriced on sentiment rather than material deterioration in demand. One case in point is **Norwegian Cruise Line Holdings (NCLH)** which faces real, but temporary, pressure from elevated fuel costs and investor caution. Despite the recent geopolitical shocks, the company continues to experience strong higher-end consumer demand and an improving balance sheet. There has also been a recent meaningful governance shift whereby five new independent directors have been added to the board in cooperation with an activist investor.

In the first quarter, value and growth companies both delivered 8% earnings growth as their total returns diverged by nearly 12 percentage points. The entire gap was multiple compression, not fundamentals.[13] When that compression reverses, we believe the businesses we own have the earnings foundation to support materially higher prices.

In our view, the core conviction we articulated at year-end has been reinforced, not undermined, by the first quarter's dramatic events. We believe the structural forces that favor smaller, actively-managed value portfolios—compelling valuations, improving earnings and the real costs of passive concentration—remain intact. We have seen this before and will see it again. Come what may, we will remain as patient as we always have been.

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[9]Reid, Jim (19 March 2026) "DB CoTD: Approaching the moment of historical truth…" *Deutsche Bank Research*, https://www.dbresearch.com/PROD/IE-PROD/PROD0000000000621696.report
[10]Clark, Adam (1 April 2026) "Buffett Isn't Getting Carried Away by This Iran Trump Bump. Neither Should Markets." *The Barron's Daily*.
[11]U.S. Department of Transportation, Bureau of Transportation Statistics, *Transportation Economic Trends*, https://data.bts.gov/stories/s/Transportation-Economic-Trends-Transportation-Spen/ida7-k95k/
[12] Mackintosh, James (29 March 2026) "Three Reasons the Stock Market Can Endure the War." *The Wall Street Journal*.
[13]Golub, Jonathan CFA and Patrick Palfrey (2 April 2026) "Return Decomposition: April 2026." *Seaport Research Partners*.

Portfolio Comings and Goings

Ariel Fund

During the quarter, we initiated a position in **Scotts Miracle-Gro (SMG)**, a market leader in the U.S. lawn and garden industry. The company benefits from iconic brands, deep retail partnerships and a dominant distribution network, which together provide durable competitive advantages. The steady, recurring nature of the lawn and garden category supports our confidence in the company's ability to de-leverage over time. Assuming improved stewardship following past missteps, we believe SMG has the potential to become an enduring, Ariel-like franchise and a compelling long-term investment.

By comparison, we sold asset manager, **Janus Henderson Group PLC (JHG)**, on valuation as shares began trading above our estimate of private market value.

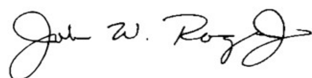
Ariel Appreciation Fund

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 appreciate the opportunity to serve you and welcome any questions you might have.

Sincerely,



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

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. A concentrated portfolio may be subject to greater volatility than a more diversified portfolio. Investing in equity stocks is risky and subject to the volatility of the markets. **Past performance does not guarantee future results.**

Per the Ariel Fund's Prospectus as of February 1, 2026, the Investor Class and Institutional Class had an annual expense ratio of 1.01% and 0.70% respectively. Per the Ariel Appreciation Fund's Prospectus as of February 1, 2026, the Investor Class and Institutional Class had an annual expense ratio of 1.15% and 0.84%, respectively.

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. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. The Funds' portfolios differ from their primary benchmarks with fewer holdings and more concentration in fewer sectors. 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, Ariel Fund's position size, if any, in the above holdings was: Norwegian Cruise Line Holdings, Ltd. 3.22%; Scotts Miracle-Gro Company 2.28%; Janus Henderson Group PLC 0.00%; RLI Corporation 0.00% and Kennametal, Inc. 0.00%. As of 3/31/2026, Ariel Appreciation Fund's position size, if any, in the above holdings was: Norwegian Cruise Line Holdings, Ltd. 2.83%; Scotts Miracle-Gro 0.00%; Janus Henderson Group PLC 0.00%; RLI Corporation 0.77% and Kennametal, Inc. 0.00%.

Index returns reflect the reinvestment of income and other earnings. Indexes are unmanaged, and investors cannot invest directly in an index.

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. Its inception date is June 1, 1993. 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™ Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500 companies with relatively lower price-to-book ratios, lower forecasted growth values and lower sales per share historical growth. Its inception date is July 1, 1995. The Russell 1000® Growth Index measures the performance of the large cap growth segment of the U.S. 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.

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.

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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.