

Ariel Investments

	Performance as of March 31, 2026 (%)					
	QTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Ariel International (DM)						12/31/2011
Gross of Fees	-3.56	14.67	13.21	7.57	6.67	7.33
Net of Fees	-3.72	13.84	12.47	6.87	6.05	6.69
MSCI EAFE Net Index	-1.24	21.27	13.61	7.91	8.38	7.88
Additional Index						
MSCI EAFE Value Net Index	2.00	30.05	19.85	12.19	9.35	8.09
Ariel International (DM/EM)						12/31/2011
Gross of Fees	-3.55	17.91	13.58	8.35	7.42	7.85
Net of Fees	-3.66	17.34	12.99	7.76	6.81	7.16
MSCI ACWI ex-US Net Index	-0.71	24.91	14.49	7.02	8.38	7.28
Additional Index						
MSCI ACWI ex-US Value Net Index	2.08	31.15	18.98	10.81	9.01	7.25
Ariel Global						12/31/2011
Gross of Fees	-3.82	12.87	12.14	8.90	9.01	9.78
Net of Fees	-3.94	12.28	11.56	8.35	8.47	9.17
MSCI ACWI Net Index	-3.20	20.01	16.58	9.49	11.34	10.70
Additional Index						
MSCI ACWI Value Net Index	1.17	17.79	14.71	9.20	9.12	8.72

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: The first quarter of 2026 was a tale of two markets: a constructive, broadening global equity rally that was disrupted by elevated, geopolitically driven volatility. With a sense of déjà vu, sharp swings left investors unsettled, only this time a war in the Middle East, not tariffs, was the catalyst. In both cases, a core dynamic persisted: upward pressure on inflation coupled with softening growth expectations, a mix that weighed on returns and left few places to hide.

The U.S. was not immune, as tighter financial conditions pushed major indices into correction territory—U.S. mega-cap technology stocks had a notable weak start to the year. Europe's early strength faded as energy sensitivity reasserted itself late in the quarter. Japan outperformed early, helped by reform momentum and inflows, before concerns around rising energy prices began to pressure both equities and currency, similar to other oil-importing economies. China was also weighed down as investors questioned artificial intelligence (AI) spending intensity and payoff timelines, echoing recent U.S. hyperscaler skepticism. Ultimately, the quarter was defined by macro shocks.

Conflict Strengthens the Case for Localization

The Iran conflict has once again shown how quickly shocks pressure regions with the greatest dependence on imported energy and fragile supply chains. Far from a standalone event, the Iran war is the latest in a series of disruptions accelerating a global shift toward resilience and self-sufficiency.

Europe is moving with intent, through REPowerEU, the Net-Zero Industry Act and European Chips Act—all aimed at energy security and domestic production. In Asia, Japan and China are advancing similar policies to localize supply chains and build strategic capacity.

We initiated a position in **Engie SA**, a French globally integrated utility company, underpinned by the transformational acquisition of UK Power Networks, which we believe increases the group's exposure to regulated electric distribution and improves the visibility and quality of earnings growth. The company also has a leading backlog in battery energy storage—an area we find particularly attractive for value creation given rising power-price volatility and declining capital intensity as competition among storage suppliers eases. With geopolitical tensions potentially keeping European gas and power prices modestly higher and reinforcing the case for faster renewable investments, we believe Engie is well-positioned to benefit.

Germany-based, **Salzgitter AG**, is also a new holding this quarter, that we think is positioned to profit as Europe rebuilds domestic steel capacity and reduces reliance on imports. Tighter trade policy—including carbon costs on imports and volume quotas—alongside a broader push for energy security and supply-chain resilience, supports our outlook. In our view, as imports fall, European steel pricing and volumes should improve, with Salzgitter well-placed given its high EU exposure and favorable carbon profile. We think improving utilization and structurally higher pricing create scope for earnings recovery and multiple re-rating. At the same time, we believe portfolio simplification under the 'best ownership' framework—focusing on core businesses while exiting non-core assets—should further sharpen positioning and enhance upside.

Sustained investment in domestic supply chains, energy systems and strategic infrastructure, in our view, is creating a growing opportunity for companies aligned with localization efforts. And with this, the earnings breadth is improving across non-U.S. companies, with the added support of valuations that we think remain more attractive than those of U.S. peers.

Reading Between the Lines in a Noisy Market

Our relative performance was hurt by our lack of exposure to energy. This positioning is anchored in our base case belief that the world is moving toward energy oversupply. That said, Brent crude oil prices rose more than 60% in March 2026 as war in the Middle East left the Strait of Hormuz under siege.¹ This was a notable detractor from performance, particularly in EAFE benchmarked portfolios, where energy added +115 basis points (bps) to the MSCI EAFE benchmark while all other sectors combined detracted roughly -239 bps, leaving the benchmark down -124 bps for the quarter. We have not materially changed positioning, viewing recent moves as geopolitical rather than structural. While regional infrastructure damage may delay capacity coming back online, we continue to expect ample energy supply conditions.

We remain positive on Asia, especially Japan where our stock selection is rooted in secular growth areas like "AI picks and shovels," including **SUMCO Corporation**, **Murata Manufacturing Company, Ltd.**, and **Daifuku Co., Ltd.**, automotive electrification, such as **Horiba, Ltd.** and **Bridgestone Corporation**, as well as energy-efficient HVAC manufacturer, **Daikin Industries, Ltd.** In our view, the late-quarter drawdown in Japan was largely a knee-jerk reaction to macro-shocks rather than thesis-breaking.

Against this backdrop, our Japanese exposure is oriented toward global structural tailwinds rather than domestic demand. With limited stock exposure to Japan's domestic economy, we have a modest yen hedge,

¹Bao, Anniek and Spencer Kimball (30 March 2026) "Brent oil price surges more than 60% in March, biggest monthly gain dating back to 1988" *CNBC*, <https://www.cnbc.com/2026/03/31/oil-price-today-wti-brent-trump-energy-sites-water-war-escalation-deal.html?msoclid=31524ea9cca467bd05dd5d33cd2e66b7>

using the relatively undervalued currency to express that exposure more directly. This positioning became a headwind late in the quarter. As oil prices surged, the yen weakened to roughly 160 per dollar, and Japan's status as a major energy importer amplified the pullback. We have not changed our underlying view on Japan or the yen; in our assessment, we believe this reflects a bout of turbulence to navigate rather than a deterioration in the fundamental case.

Portfolio activity during the quarter reflected adjustments to evolving company-specific risks.

Syensqo SA, a Belgium-based specialty chemicals company, reported disappointing earnings rooted in its Specialty Polymers segment, its largest profit driver, where volumes fell sharply. Weak demand in consumer electronics and semiconductor destocking weighed on results. The management team also guided 2026 EBITDA well below market expectations. Following a re-underwriting of the thesis, we reduced the position. We are also re-underwriting **Emaar Properties PJSC**, Dubai-based real estate developer, as the balance of risk has meaningfully eroded. Early signs of stress are already emerging as transaction volumes have fallen sharply and the sector remains exposed to foreign capital flows and emerging supply overhang, leaving it particularly sensitive to shifts in sentiment.

Within technology, **SUMCO Corporation**, a Tokyo-based global leader in semiconductor silicon wafers and **Intel Corporation**, a U.S.-based integrated chipmaker driving a turnaround through foundry expansion, were notable sources of strength in an otherwise challenging quarter. SUMCO benefited from improving expectations around semiconductor materials demand and tighter supply expectations driven by AI-related investment, while Intel outperformed on growing confidence in its turnaround and strategic role in domestic semiconductor manufacturing. Outside of technology, **Orange SA**, a French integrated telecom operator providing mobile, broadband and enterprise connectivity services, also performed well, with its defensive business mix and improving cash flow profile proving resilient in a volatile environment.

A choppy start to the year has masked the earnings power of the businesses we own. As macro noise fades, we see a setting for company-specific fundamentals to reassert, supporting a more favorable outlook.

Informa plc: AI Scales Content—It Can't Replace Connection

Informa plc is, at its core, a platform that monetizes connectivity. Through a curated portfolio of category-leading B2B events and specialist content, it convenes entire industries—bringing together decision-makers, capital and suppliers in environments where commercial outcomes are most tangible. These are not discretionary gatherings; they are embedded in the operating rhythm of the industries they serve, which we believe makes this leading franchise especially sticky and valuable.

Recent share price weakness reflects investor concern that the Middle East conflict could disrupt travel to Dubai, an important issue given OneCo, Informa's Dubai-based joint venture, has been a key growth driver in IMEA (India, Middle East and Africa). IMEA accounts for around 21% of pro-forma B2B events revenue, with OneCo expected to generate about \$650 million of revenue with double-digit underlying revenue growth and margins above 30%.² The war-related disruption is clearly relevant, but we think it is more likely to be a temporary interruption than a lasting impairment. Dubai remains a global hub for large-scale exhibitions, supported by infrastructure, geographic advantage and policy alignment. Recovery in activity may take time, but we believe the current share price already reflects an extended period of depressed earnings.

Looking beyond the near-term anxiety, Informa is a different business today than it was a few years ago. After a multi-year portfolio reshaping, the company is more focused on scaled, premium event franchises, which we believe leaves the earnings base higher quality, more predictable and more cash generative. B2B live events

²Informa "2025 Informa Capital Markets Day: Compounding Growth" *Informa*, 17 November 2025, <https://www.informa.com/globalassets/documents/investor-relations/2025/informa-cmd-presentation.pdf>

accounted for 74% of 2025 group revenue,³ reflecting a business increasingly anchored by market-leading brands with strong customer engagement and pricing power.

Physical events remain central to business development and relationship building, even as digital channels expand around them. In our view, curated, must-attend events are becoming more valuable, not less, with repeat participation and durable sponsor demand reinforcing the model. The management team is targeting roughly 5% group underlying revenue growth, with contributions from pricing, volume and yield.⁴ A greater skew toward marquee brands should also support better margins and stronger free cash flow—advantages we do not think are fully reflected in the share price.

We see a company that we believe has already executed the hard part of the turnaround. In our view, the market continues to underappreciate the improvement in business quality and visibility in the forward revenue pipeline—a substantial portion of revenue is secured well before delivery through advance bookings, committed exhibitor spending and subscription income, reducing earnings volatility. There are also adjacent monetization opportunities in content, licensing and event data that provide incremental upside with limited capital intensity. The near-term debate is centered on Dubai. For long-term investors, we think that leaves an attractive imbalance between current expectations and normalized earnings power.

Looking Forward

Looking ahead, we remain focused on disciplined stock picking and the dislocations that emerge when macro shocks drown out fundamentals. That was the story of the first quarter: war reshaped market leadership and further narrowed an already concentrated backdrop, this time around oil rather than the Magnificent Seven.⁵ For Europe and other energy-importing economies, the strain remains meaningful, but it also reinforces a broader push toward greater independence. When markets revert from war-driven stress and currency distortions, we believe differentiated views, company execution and earnings power should reassert themselves, leaving our portfolio well-positioned for upside.

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.

³Informa “Informa Group 2025 Full-Year Results: Compounding Growth” *Informa*, 12 March 2026, <https://www.informa.com/globalassets/documents/investor-relations/2026/informa-2025-full-year-results-presentation-.pdf>

⁴Informa “2025 Informa Capital Markets Day: Compounding Growth” *Informa*, 17 November 2025, <https://www.informa.com/globalassets/documents/investor-relations/2025/informa-cmd-presentation.pdf>

⁵The “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).

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: (1) for the period from inception to December 31, 2013, the maximum advisory fee in effect for the respective period, applied on a monthly basis; and (2) for the period from January 1, 2014 onwards, the actual monthly advisory fee (on an asset-weighted basis) accrued for the 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. 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 Ariel International (DM) Composite differs from its benchmark, the MSCI EAFE Index, because: (i) the Composite has fewer holdings than the benchmark, (ii) the Composite will invest in Canada, and (iii) the Composite will at times invest a portion of its assets in the U.S. and emerging markets. The Ariel International (DM/EM) Composite differs from its benchmark, the MSCI ACWI (All Country World Index) ex-U.S., because: (i) the Composite has fewer holdings than the benchmark and (ii) the Composite will at times invest a portion of its assets in the U.S. The Ariel Global Composite differs from its benchmark, the MSCI ACWI (All Country World Index), because the Composite has fewer holdings than the benchmark.

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 International (DM) (representative portfolio) position size, if any, in the above holdings was Engie SA 2.60%; Salzgitter AG 1.29%; SUMCO Corporation 3.67%; Murata Manufacturing Company, Ltd. 3.98%; Daifuku Co., Ltd. 3.26%; Horiba, Ltd. 2.99%; Bridgestone Corporation 2.94%; Daikin Industries, Ltd. 4.80%; Syensqo SA 1.34%; Emaar Properties PJSC 0.00%; Intel Corporation 0.00%; Orange SA 3.49% and Informa plc 3.35%. As of 3/31/26, the Ariel International (DM/EM) (representative portfolio) position size, if any, in the above holdings was Engie SA 2.11%; Salzgitter AG 1.24%; SUMCO Corporation 3.07%; Murata Manufacturing Company, Ltd. 3.77%; Daifuku Co., Ltd. 3.28%; Horiba, Ltd. 2.89%; Bridgestone Corporation 2.86%; Daikin Industries, Ltd. 4.57%; Syensqo SA 0.00%; Emaar Properties PJSC 1.95%; Intel Corporation 0.00%; Orange SA 3.11% and Informa plc 2.92%. As of 3/31/2026, the Ariel Global (representative portfolio) position size, if any, in the above holdings was Engie SA 1.55%; Salzgitter AG 0.81%; SUMCO Corporation 2.23%; Murata Manufacturing Company, Ltd. 3.05%; Daifuku Co., Ltd. 2.53%; Horiba, Ltd. 1.95%; Bridgestone Corporation 1.12%; Daikin Industries, Ltd. 4.43%; Syensqo SA 0.34%; Emaar Properties PJSC 1.02%; Intel Corporation 3.67%; Orange SA 2.09% and Informa plc 1.94%.

Investors cannot invest directly in an index. 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. Its inception date is 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. Its inception date is December 8, 1997. The MSCI ACWI (All Country World Index) ex-U.S. Index is an index of large and mid-cap representation across 22 Developed Markets (DM) and 24 Emerging Markets (EM) countries. Its inception date is January 1, 2001. The MSCI ACWI ex-U.S. Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 22 Developed and 24 Emerging Markets countries. Its inception date is December 8, 1997.

The MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The inception date is May 31, 1990. The MSCI ACWI Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries and 25 Emerging Markets (EM) countries. Its inception date is December 8, 1997.

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. Its inception date is December 8, 1997. 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. 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.

