

# Ariel Investments



The Patient Investor | March 31, 2026

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# Ariel Fund Ariel Appreciation Fund

As of March 31, 2026



**John W. Rogers, Jr.**  
Chairman and Co-CEO



**Mellody Hobson**  
Co-CEO

## Our Track Record (%)

	ANNUALIZED					
	QTD	1-Year	3-Year	5-Year	10-Year	Since Inception*
Ariel Fund Investor Class	-1.48	22.25	10.93	5.22	9.38	10.67
Ariel Fund 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

\* The inception date for Ariel Fund is 11/06/86.

## Our Track Record (%)

	ANNUALIZED					
	QTD	1-Year	3-Year	5-Year	10-Year	Since Inception*
Ariel Appreciation Fund Investor Class	1.14	20.76	9.11	4.72	7.95	9.87
Ariel Appreciation Fund 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

\* The inception date for Ariel Appreciation Fund is 12/01/89.

*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. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. Performance data current to the most recent month-end for Ariel Fund and Ariel Appreciation Fund may be obtained by visiting our website, [www.arielinvestments.com](http://www.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.<sup>1</sup> 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.<sup>2</sup>

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%.<sup>2</sup> 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. 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.”<sup>3</sup> 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<sup>4</sup> fell -12.2% on average in the first quarter.<sup>5</sup> 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.<sup>6</sup>

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.<sup>7</sup>

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.<sup>8</sup> 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.

<sup>1</sup> Mackintosh, James (29 March 2026) “Three Reasons the Stock Market Can Endure the War.” *The Wall Street Journal*.

<sup>2</sup> Kantrowitz, Michael CFA et al. (1 April 2026) “What In The World Happened To Markets In 1Q?!” *Piper Sandler Portfolio Strategy and Macro Research*.

<sup>3</sup> Buffett, Warren E. (25 February 2017) “To the Shareholders of Berkshire Hathaway Inc.” *Berkshire Hathaway Annual Letter*, <https://www.berkshirehathaway.com/letters/2016ltr.pdf>.

<sup>4</sup> 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).

<sup>5</sup> Kantrowitz, Michael CFA et al. (1 April 2026) “What In The World Happened To Markets In 1Q?!” *Piper Sandler Portfolio Strategy and Macro Research*.

<sup>6</sup> Subramanian, Savita et al. (2 April 2026) “US Performance Monitor, 1Q scorecard: Oil, volatility and Energy on top” *BofA Global Research*.

<sup>7</sup> Calvasina, Lori et al. (29 March 2026) “The Pulse of the Market: Thinking Through Tier 2” *RBC Capital Markets*.

<sup>8</sup> 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.<sup>9</sup> When Warren Buffett was recently asked about the current drawdown, he described it as “nothing.”<sup>10</sup> 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.<sup>11</sup> 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.”<sup>12</sup> 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.<sup>13</sup> When that compression reverses, we believe the businesses we own have the earnings foundation to support materially higher prices.

**“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.”**

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.

## 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

<sup>9</sup> 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>.

<sup>10</sup> Clark, Adam (1 April 2026) “Buffett Isn’t Getting Carried Away by This Iran Trump Bump. Neither Should Markets.” *The Barron’s Daily*.

<sup>11</sup> 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/>.

<sup>12</sup> Mackintosh, James (29 March 2026) “Three Reasons the Stock Market Can Endure the War.” *The Wall Street Journal*.

<sup>13</sup> Golub, Jonathan CFA and Patrick Palfrey (2 April 2026) “Return Decomposition: April 2026.” Seaport Research Partners.

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.

As always, we appreciate the opportunity to serve you and welcome any questions or comments 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%.*



Charles K. Bobrinsky  
Vice Chairman

Our Track Record (%)

	ANNUALIZED					
	QTD	1-Year	3-Year	5-Year	10-Year	Since Inception*
Ariel Focus Fund Investor Class	7.30	35.05	16.23	8.26	10.70	7.23
Ariel Focus Fund 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

\* The inception date for Ariel Focus Fund is 06/30/05.

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%.

*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. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. Performance data current to the most recent month-end for Ariel Focus Fund may be obtained by visiting our website, [www.arielinvestments.com](http://www.arielinvestments.com).*

## 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.”

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. 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.<sup>1</sup> 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 to have the largest oil reserves of any country in the world at over 300 billion barrels.<sup>2</sup> 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.<sup>3</sup>

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.<sup>4</sup> 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.

<sup>1</sup> FactSet.

<sup>2</sup> OPEC Annual Statistical Bulletin “Annual Statistical Bulletin 2025, Oil data: upstream, OPEC crude reserves” 2025, <https://publications.opec.org/ash/chapter/show/139/2524/2527>

<sup>3</sup> As of March 31, 2026.

<sup>4</sup> “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>.

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.

## 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.<sup>5</sup> 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.

As always, we appreciate the opportunity to serve you and welcome any questions or comments you might have.

Sincerely,



Charles K. Bobrinsky  
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.*

*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.*

*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%; PHINLA, Inc. 5.01%; 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.*

<sup>5</sup> 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](https://www.wsj.com/finance/stocks/value-or-growth-arent-your-only-options-3519006d?eafs_enabled=false).



Henry Mallari-D'Auria, CFA®

Chief Investment Officer  
Global Equities

Our Track Record (%)	ANNUALIZED					
	QTD	1-Year	3-Year	5-Year	10-Year	Since Inception*
Ariel International Fund Investor Class	-2.93	14.26	11.97	6.43	5.42	6.00
Ariel International Fund Institutional Class	-2.87	14.59	12.24	6.69	5.68	6.26
MSCI EAFE Net Index	-1.24	21.27	13.61	7.91	8.38	7.88
MSCI ACWI ex-US Net Index	-0.71	24.91	14.49	7.02	8.38	7.28
MSCI EAFE Value Net Index	2.00	30.05	19.85	12.19	9.35	8.09
MSCI ACWI ex-US Value Net Index	2.08	31.15	18.98	10.81	9.01	7.25

\*The inception date for Ariel International Fund is 12/30/11.

Our Track Record (%)	ANNUALIZED					
	QTD	1-Year	3-Year	5-Year	10-Year	Since Inception*
Ariel Global Fund Investor Class	-2.47	13.11	11.59	8.08	7.85	8.28
Ariel Global Fund Institutional Class	-2.38	13.48	11.87	8.35	8.12	8.55
MSCI ACWI Net Index	-3.20	20.01	16.58	9.49	11.34	10.69
MSCI ACWI Value Net Index	1.17	17.79	14.71	9.20	9.12	8.72

\*The inception date for Ariel Global Fund is 12/30/11.

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. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. Performance data current to the most recent month-end for Ariel International Fund and Ariel Global Fund may be obtained by visiting our website, [www.arielinvestments.com](http://www.arielinvestments.com).

## Dear Fellow Shareholders:

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.

“...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.”

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.<sup>1</sup> 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, 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

<sup>1</sup> Bao, 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?msockid=31524ea9cca467bd05dd5d33cd2e66b7>.

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%.<sup>2</sup> 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 accounted for 74% of 2025 group revenue,<sup>3</sup> 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.<sup>4</sup> 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.<sup>5</sup> 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.

As always, we appreciate the opportunity to serve you and welcome any questions or comments you might have.

Sincerely,



Henry Mallari-D'Auria, CFA®  
Chief Investment Officer  
Global 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 and exchange-traded funds (ETFs) 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 Funds invest may never be recognized by the broader market. The Funds are often concentrated in fewer sectors than their benchmarks, and the Funds' 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.*

*Per the Ariel International Fund's Prospectus as of February 1, 2026, the gross expense ratio for the Investor Class and Institutional Class was 1.38% and 1.05%, and had an annual net expense ratio of 1.13% and 0.88%, respectively. Ariel Investments, LLC, the Adviser, has contractually agreed to waive fees and reimburse expenses (the "Expense Cap") in order to limit Ariel International Fund's total annual operating expenses to 1.13% and 0.88% of net assets for the Investor Class and Institutional Class, respectively, through January 31, 2027. The net expense ratio for the Investor Class and Institutional Class do not correlate to the Expense Cap due to the inclusion of acquired fund fees and certain other expenses which are excluded from the Expense Cap.*

*Per the Ariel Global Fund's Prospectus as of February 1, 2026, the gross expense ratio for the Investor Class and Institutional Class was 1.69% and 1.35%, and had an annual net expense ratio of 1.19% and 0.94%, respectively. Ariel Investments, LLC, the Adviser, has contractually agreed to waive fees and reimburse expenses (the "Expense Cap") in order to limit Ariel Global Fund's total annual operating expenses to 1.13% and 0.88% of net assets for the Investor Class and Institutional Class, respectively, through January 31, 2027. The net expense ratio for the Investor Class and Institutional Class do not correlate to the Expense Cap due to the inclusion of acquired fund fees and certain other expenses which are excluded from the Expense Cap.*

*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. Views and opinions are as of the date of this commentary and can change without notice. 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 International Fund's position size, if any, in the above holdings was Engie SA 2.80%; Salzgitter AG 1.31%; SUMCO Corporation 3.83%; Murata Manufacturing Company, Ltd. 4.00%; Daifuku Co., Ltd. 3.23%; Horiba, Ltd. 3.12%; Bridgestone Corporation 2.94%; Daikin Co., Ltd. 4.82%; Syensqo SA 1.21%; Emaar Properties PJSC 0.00%; Intel Corporation 0.00%; Orange SA 3.44% and Informa plc 3.28%. As of 3/31/2026, Ariel Global Fund's position size, if any, in the above holdings was Engie SA 1.46%; Salzgitter AG 0.80%; SUMCO Corporation 2.33%; Murata Manufacturing Company, Ltd. 3.08%; Daifuku Co., Ltd. 2.50%; Horiba, Ltd. 1.91%; Bridgestone Corporation 0.94%; Daikin Co., Ltd. 4.32%; Syensqo SA 0.28%; Emaar Properties PJSC 0.95%; Intel Corporation 3.45%; Orange SA 2.00% and Informa plc 1.93%.*

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

<sup>3</sup> Informa "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>.

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

<sup>5</sup> 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).

# AirTAC

Based in Taiwan, AirTAC International Group is a leading manufacturer of pneumatic equipment, which uses compressed air to transmit energy. These attractive power sources are commonly found at the center of many automated processes. As a result, demand for these systems is closely tied to broad industrial spending, which has been muted over recent years. However, the market is showing early signs of recovery, supporting renewed demand for AirTAC's offerings, particularly in China. The company has been expanding its footprint in the region through direct sales, new product launches, competitive pricing and improved quality. As broad automation trends continue to recover alongside industrial activity, the company is well-positioned to gain share within this historically fragmented market.

### Controlled Release

Early signs of inventory restocking and positive full-year guidance reinforce our view that operating conditions are normalizing. Structural tailwinds—most notably, China's ongoing push toward higher-end manufacturing—remain intact and supportive of automation demand. However, with valuations rising closer to historical averages, we believe the near-term upside is more moderate than originally expected. As a result, we are trimming our position modestly while maintaining meaningful exposure to the company's longer-term trajectory.



**Dong Zheng, CFA®**  
Vice President  
Research Analyst, Global Equities

### Air-Tight Fundamentals

Despite macroeconomic uncertainty, AirTAC's fundamentals remain strong. While the company faces limited direct tariff exposure, global trade dynamics can greatly influence customers' capital spending decisions, leading to periodic variability in orders. That said, management has expressed growing confidence in underlying demand trends, and the company's history suggests it can navigate temporary disruptions should volatility persist. As such, we remain focused on the long-term fundamentals of the business.

### On The Right Track

The company's attractive pricing, extensive distribution network and broad product offerings have supported steady market share gains over time. The move into adjacent product categories such as linear guides, which enable precise motion within automated systems, are broadening the company's relevance across applications. Although AirTAC requires higher working capital requirements, we believe these strategic initiatives are deepening the company's competitive advantage and are supporting attractive, long-term earnings growth across cycles.

### Taking Some Pressure Off

Taken together, we view AirTAC as a high-quality business with sustainable growth prospects. We continue to see the company as a steady compounder, capable of rewarding patient investors as conditions stabilize and market share shifts in its favor. However, with valuations moving towards the higher end of our range, we are trimming our position to redeploy capital towards more compelling investment opportunities from a risk-reward perspective.

## Daifuku Co., Ltd.

Based in Japan, **Daifuku Co., Ltd.** is a global leader in factory automation—the systems that move materials and products through highly complex manufacturing cycles. The company specializes in solutions for cleanrooms, which are ultra-controlled environments used to make semiconductor chips, the tiny components that power everything from smartphones to data centers. As global demand for chips continues to rise, manufacturers are racing to build new manufacturing plants, also known as fabs, but progress is increasingly limited by the availability and efficiency of cleanroom space. Daifuku helps solve this problem by offering automated solutions so manufacturers can maximize productivity and capacity. In our view, Daifuku is a critical infrastructure provider to the global semiconductor industry with a wide moat, robust pipeline and exposure to a multi-year expansion cycle we believe the market is underappreciating.

### Stacking Chips

The chip industry is entering a sustained period of tight manufacturing capacity, particularly at the leading-edge technology nodes. For example, our holding, Taiwan Semiconductor Manufacturing Company, Ltd. (TSMC), recently reported its 3-nanometer (3nm) production lines are fully utilized. With global demand for advanced chips significantly exceeding supply, fabs are operating at effective limits. This imbalance is further intensified by accelerating investments by hyperscalers, the rapid ascension of artificial intelligence and a tightening memory market. Together, these dynamics are creating a structural demand for new fabs and critically, cleanroom automation—where Daifuku is a key beneficiary.



**Dong Zheng, CFA®**  
Vice President  
Research Analyst, Global Equities

### Fab-ulous Automation

Automation is no longer a futuristic luxury; it is a core component of today's fabs. Historically, most capital spending went toward process tools—such as lithography, deposition and etching equipment—while automation accounted for a relatively small share. That balance is shifting as more advanced nodes are rolled out. Greater process complexity, stricter contamination standards and the importance of running machines efficiently are creating sustainable demand for chip manufacturing automation. Against this backdrop, leading-edge fabs require complex overhead transport systems and multi-level storage solutions—areas we believe Daifuku has strong competitive advantages.

### Demand That Won't Wafer

A powerful expansion cycle is underway in advanced semiconductors. Global capacity for nodes of 7nm and below is expected to grow 69%, reaching a record 1.4 million wafers per month (wpm) by 2028. Major chipmakers, including TSMC, Samsung, SK Hynix and Micron have committed to large-scale expansion projects, providing clear visibility into demand for Daifuku's automated solutions. In anticipation of this cycle, the company is growing its own production capacity while focusing on operational improvements to support margin expansion. Meanwhile, management's increased focus on disciplined capital allocation further supports our long-term investment thesis.

### Out of Cleanroom, Not Out of Runway

In our view, Daifuku offers unique exposure to semiconductor capital spending through its leadership in cleanroom automation. The combination of structural capacity constraints, rising automation intensity and a multi-year fab buildout underpins our favorable outlook. Despite these tailwinds, we believe the market continues to underappreciate the company's long-term growth prospects, solid earnings potential and the durable demand across end markets.



Headquartered in Santa Rosa, California, **Keysight Technologies, Inc. (KEYS)** is a leading manufacturer of test and measurement equipment that assists with designing, validating and deploying the electronics that power today's digital world. Founded in a one-car garage in 1939, Keysight was the original business of Hewlett-Packard (HP). Its first instrument, an audio oscillator, was used to test sound equipment for Disney Studios. Now, as a standalone business for over a decade, we believe Keysight's deep technical expertise, strong balance sheet and relevance to artificial intelligence-driven systems support an attractive, long-term growth profile.

### Testing its Own Potential

For most of its history, Keysight served as the cash cow for other HP businesses. In the 1960s, its cash flows supported the company's pivot into enterprise and personal computing. Later, Keysight helped fund HP spin-off, Agilent Technologies' expansion into life-sciences opportunities. After its own spin-off in 2014, Keysight began a new chapter. Free to focus exclusively on its core markets, the company set out to scale its business by increasing operational efficiencies, investing in research and development (R&D) and strengthening its portfolio with more software-based offerings. As a result, today's Keysight is targeting mid-to-high single-digit revenue expansion, low-thirties operating margins and double-digit earnings per share (EPS) growth.

### Growth in Sight

Keysight is benefitting from the rapid adoption of artificial intelligence (AI) across the global technology landscape. As data centers and network infrastructures scale to support increasingly complex workloads, customers are relying on Keysight's



**James P. Kenny, CFA®**  
Senior Vice President  
Domestic Research

products to push performance limits in speed, reliability and capacity. The company's wireline network business, which focuses on testing physical connections within data centers, has been a direct beneficiary. However, momentum is growing in other areas of the company as well. Accelerating demand for next-generation semiconductor development, 6G wireless technologies and even advancements in electronic warfare have boosted total company order growth by 30% last quarter, putting Keysight on track to achieve over 20% EPS growth this year.

### Cash is Key

The company's strong balance sheet provides management with strategic flexibility. Keysight invests more than \$1 billion a year in R&D while also generating substantial free cash flow. The capital has been deployed through acquisitions focused on expanding its software capabilities, increasing recurring revenues and boosting margins. At the same time, management remains committed to returning capital to shareholders in the form of opportunistic share repurchases.

### Measuring the Future

Despite recent outperformance, we believe the market continues to underappreciate the long runway of several powerful tailwinds. The impact of AI is only beginning to unfold, and it extends well beyond data centers. Thus, we continue to view the company as a competitively advantaged, wide-moat franchise poised to benefit from sustainable technological mega trends over time.



Founded in 1969, and headquartered in Lincolnshire, Illinois, **Zebra Technologies (ZBRA)** is a leading supplier of specialized solutions that help businesses track physical assets and improve operational decision-making. The company is best known for its thermal printers, which produce barcodes used throughout global supply chains. Building on this legacy, the company steadily expanded its asset intelligence offerings and today holds the leading market share in barcode printing, enterprise mobile computing and data capture across retail, manufacturing, logistics and healthcare industries. Despite this strong position, Zebra's shares have recently come under pressure, obscuring the company's long-term growth prospects and the attractiveness of its asset intelligence solutions.

### Scan It Again

Over the past year, Zebra's stock price sharply declined as near-term headwinds such as slowing growth, tariffs and memory chip shortages overshadowed the company's solid fundamentals. However, we have seen this story before. Just a few years ago, shares traded significantly lower due to global supply chain challenges, only to recover as delayed projects eventually returned to the pipeline. The aftermath reinforced a central feature of Zebra's business: the demand for the company's solutions is secular, not cyclical.

### Raising the Bar(code)

Zebra is more than just a barcode printer manufacturer. Recent investments in machine vision, intelligent automation and retail planning software have expanded the company's capabilities, repositioning it as a full-scale asset intelligence platform.



**James P. Kenny, CFA®**  
Senior Vice President  
Domestic Research

These tools enable customers to capture data and translate it into actionable insight, improving efficiencies within complex operating environments. At the same time, Zebra is benefitting from global mega trends such as artificial intelligence, asset visibility and faster fulfillment expectations. Against this favorable backdrop, the company's long-term organic revenue growth target is 5% to 7% annually.

### Earning Their Stripes

Zebra's strategic evolution has meaningfully improved its financial profile. Since our initial investment over a decade ago, the company has materially strengthened its cash-generating capacity. Over the next few years, the company is expected to generate nearly \$1 billion annually in free cash flow, providing management with ample firepower to invest in research and development, pursue tuck-in acquisitions and return capital to shareholders. Management's strong track record of repurchasing shares, including buying back over \$750 million in stock in 2022 and nearly \$600 million last year, further underscores our conviction in the name.

### Our Investment Case is Black and White

At current levels, we believe investors are underappreciating the company's long-term growth prospects. Macroeconomic uncertainty has overshadowed the company's durable competitive advantages and its position as a major player in a growing industry. As patient investors, we view this as a compelling opportunity to own a wide-moat, technology leader at an attractive price. Today, shares trade at \$209, a 46% discount to our private market value of \$386.

## Our Portfolio Managers

## Important Disclosures

### Ariel Fund



**John W. Rogers, Jr.**  
Lead Portfolio Manager



**Kenneth E. Kuhrt, CPA**  
Portfolio Manager

### Ariel Appreciation Fund



**Timothy Fidler, CFA®**  
Co-Portfolio Manager



**Kenneth E. Kuhrt, CPA**  
Co-Portfolio Manager

### Ariel Focus Fund



**Charles K. Bobrinsky**  
Portfolio Manager

### Ariel International Fund | Ariel Global Fund



**Henry Mallari-D'Auria, CFA®**  
Lead Portfolio Manager



**Vivian Lubrano**  
Portfolio Manager



**Ted Mann, CFA®**  
Portfolio Manager

### Risks of Investing in the Funds

Investing in equity stocks is risky and subject to the volatility of the markets. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings or its strategy. 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. Equity investments are affected by market conditions. Ariel Fund, Ariel Appreciation Fund and Ariel Focus Fund invest in small and/or mid-cap companies, which is riskier and more volatile than investing in large cap stocks. Ariel Focus Fund is a non-diversified fund and therefore may be more volatile than a more diversified investment. Ariel International Fund and Ariel Global Fund invest in foreign securities and may use currency derivatives and ETFs. Investments in foreign securities may underperform and may be more volatile than comparable U.S. stocks because of the risks involving foreign economies and markets, foreign political systems, foreign regulatory standards, foreign currencies and taxes. The International and Global Funds' use of currency derivatives and ETFs may increase investment losses and expenses and create more volatility. The International and Global Funds' investments in emerging markets present additional risks, such as difficulties selling on a timely basis and at an acceptable price.

### Specific Stocks Held by the Funds

The companies highlighted in the Company Spotlights were held in one or more of the following Fund portfolios during the quarter ending March 31, 2026: Ariel Fund, Ariel Appreciation Fund, Ariel Focus Fund, Ariel International Fund or Ariel Global Fund. We candidly discuss various individual companies to illustrate our investment process. The information and our opinions were current as of the date above but are subject to change. The information shown 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. These securities do not represent all securities purchased or sold to investors during the period. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings of any Fund or of any particular Fund itself. Portfolio holdings are subject to change. **Past performance does not guarantee future results.** Please visit our website, [arielinvestments.com](http://arielinvestments.com) to see the holdings of the Funds.

### Please Read the Funds' Prospectuses

*Investors should consider carefully the investment objectives, risks, and charges and expenses before investing. For a current summary prospectus or full 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](http://arielinvestments.com). Please read the summary prospectus or full 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.*

# Information about the Funds' Indexes

*Each Fund's primary index is the first one listed below each respective Fund's performance data. Indexes are unmanaged. An investor cannot invest directly in an index.*

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. Inception of this benchmark is July 1, 1995. This index pertains to Ariel Fund.

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. The inception date of this benchmark is June 1, 1993. This index pertains to Ariel Fund.

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 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. The inception date of this benchmark is February 1, 1995. This index pertains to Ariel Appreciation Fund.

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. The inception date of this benchmark is November 1, 1991. This index pertains to Ariel Appreciation Fund.

The Russell 1000® Growth Index measures the performance of the large cap growth segment of the US 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. This index pertains to Ariel Fund and Ariel Appreciation Fund.

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. This index pertains to Ariel Focus Fund.

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. This index pertains to Ariel Fund, Ariel Appreciation Fund and Ariel Focus Fund.

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. Inception of this benchmark was 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. Inception of this benchmark was December 8, 1997. These indexes pertain to Ariel International Fund.

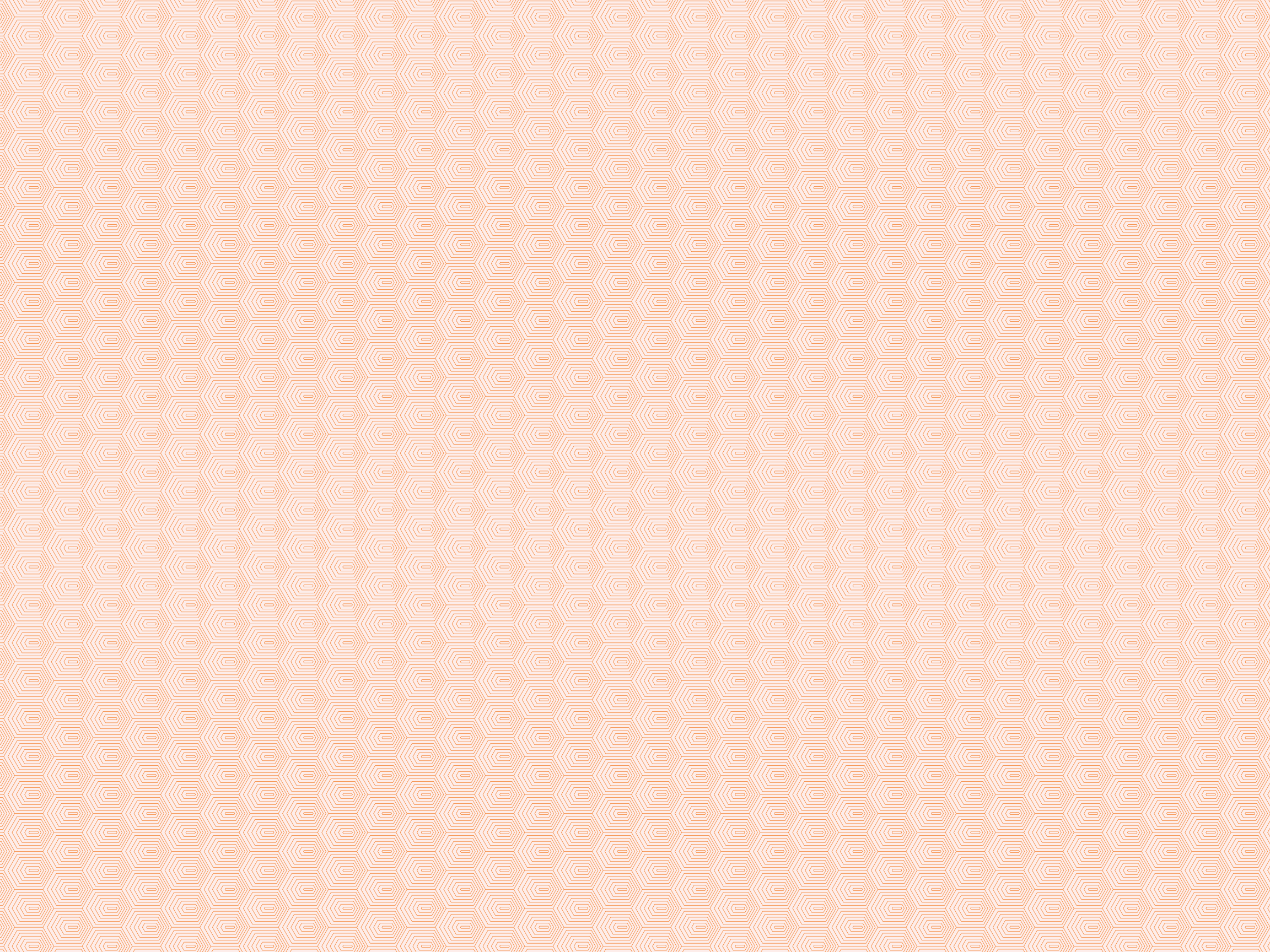
The MSCI ACWI (All Country World Index) ex-US Index is an index of large and mid-cap representation across 22 Developed Markets (DM) and 24 Emerging Markets (EM) countries. Inception of this benchmark was January 1, 2001. The MSCI ACWI ex-US Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 22 Developed and 24 Emerging Markets countries. Inception of this benchmark was December 8, 1997. These indexes pertain to Ariel International Fund.

The MSCI ACWI (All Country World Index) Index is an equity index of large and mid-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. Inception of this benchmark was January 1, 2001. 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. Inception date of this benchmark was December 8, 1997. These indexes pertain to Ariel Global Fund.

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# What's Inside

**BREADTH OVER CONCENTRATION** Co-CEOs John W. Rogers, Jr. and Melody Hobson explain that during the quarter, 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.

**LOOKING AHEAD** Vice Chairman Charlie Bobrinsky says 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.

**READING BETWEEN THE LINES IN A NOISY MARKET** Chief Investment Officer, Global and Emerging Markets Equities, Henry Mallari-D'Auria explains how 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.

**COMPANY SPOTLIGHTS** Views from our investment team on AirTAC International Group, Daifuku Co., Ltd., Keysight Technologies, Inc. and Zebra Technologies.