

Ariel Appreciation Fund

Quarter Ended June 30, 2026

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. Performance data current to the most recent month-end for Ariel Appreciation Fund may be obtained by visiting our website, arielinvestments.com. For the period ended June 30, 2026, the average annual returns of Ariel Appreciation Fund (Investor Class) for the 1-, 5-, and 10-year periods were +29.77%, +6.46% and +9.32%, respectively.

U.S. equities rebounded sharply in the second quarter, delivering their strongest quarterly gains since 2020. Easing geopolitical tensions, lower oil prices and resilient corporate earnings supported the advance, while leadership returned to growth-oriented sectors, particularly technology, semiconductors and AI-related businesses. Although macro uncertainty around inflation, interest rates and Fed policy persisted, improving earnings expectations helped sustain investor confidence. Periods of volatility often create opportunities as market sentiment moves more quickly than underlying fundamentals. Through it all, we remain focused on the long term as we seek to own high-quality businesses at attractive valuations. Despite the strong market recovery, performance dispersion remained significant, reinforcing the importance of fundamental research, valuation discipline, and a clear-eyed view of long-term business quality. Against this backdrop, Ariel Appreciation Fund increased +13.71% in the quarter, outpacing the Russell Midcap Value Index's +13.40% gain but lagging the +13.83% return posted by the Russell Midcap Index.

Leading provider of audio components and precision electronic devices, **Knowles Corporation (KN)** was the top contributor during the quarter following a strong earnings report that exceeded revenue and profit expectations. Performance was propelled by solid execution across segments, with Precision Devices benefiting from robust demand across diverse applications and its positioning for accelerated growth. MedTech & Specialty Audio also delivered steady results with attractive margins, underscoring the resilience and quality of the business. Meanwhile, KN continued to return capital to shareholders through share repurchases. We believe the company remains well positioned due to its focus on high-value, niche markets where it holds leading positions, supported by favorable end-market dynamics and improving operational execution that provide a compelling path for sustained growth.

Leading global manufacturer of power generation equipment, **Generac Holdings (GNRC)** rose following a margin-driven

earnings beat and subsequent raise in its full-year commercial revenue and margin guidance. Performance was fueled by strong demand in the Commercial & Industrial (C&I) segment, particularly from data centers and a growing backlog with visibility through 2027. Profitability benefited from pricing, a firmer residential backdrop and operating leverage as the commercial business scales. The announcement of a global supply agreement with a leading hyperscaler further reinforced the company's expanding role in critical power infrastructure. We believe investors are increasingly recognizing Generac's evolution from a residential generator provider into a diversified, mission-critical power solutions platform. Additionally, expanding exposure to data center infrastructure, combined with a stable residential base, should yield a more resilient revenue mix, higher margins and stronger cash flow generation over time.

Shares of **Madison Square Garden Entertainment (MSGE)** advanced following better-than-expected results, fueled by continued strength in concerts and solid growth in sponsorship and advertising. Earnings exceeded expectations, underscoring resilient demand for live entertainment. Sentiment was further supported by news that Amtrak selected a master developer for the Penn Station redevelopment project, which includes taking over MSGE's Infosys Theater. Our thesis remains centered on MSGE's ownership of iconic, irreplaceable venues with strong pricing power and high barriers to entry. A robust event pipeline, including marquee residencies and flagship productions like *The Christmas Spectacular*, supports sustained growth and cash flow visibility. Combined with a strong balance sheet and disciplined capital allocation, we view MSGE as a distinctive, asset-backed investment with durable demand tailwinds.

By comparison, oil services company **Core Laboratories (CLB)** declined over the quarter as geopolitical tensions, weather disruptions, and softer U.S. land drilling activity impacted performance. These factors weighed on revenue and margins, particularly as Middle East disruptions affected operations. While the company had previously flagged these



challenges and delivered results in line with updated expectations, shares moved lower as investors focused on near-term earnings pressure. Despite this backdrop, management continued to return capital through dividends and share repurchases. In our view, CLB's global footprint and specialized services offer an attractive way to participate in future energy development cycles.

Shares of **Prestige Consumer Healthcare (PBH)** moved lower following disappointing earnings, driven primarily by ongoing supply constraints in its eye care segment and extended lead times in the Middle East. These issues weighed on revenue, EBITDA and earnings, while temporary disruptions tied to upgrades at the Pillar5 manufacturing facility further pressured performance. Despite these near-term headwinds, management continues to prioritize product quality, debt paydown and pursue strategic acquisitions, including Breathe Right and LaCorium Health, to expand into adjacent consumer health categories. Looking ahead, we believe Prestige is well positioned to navigate near-term challenges and drive long-term growth through portfolio strength, disciplined execution and targeted expansion.

Finally, **SLB Limited (SLB)** traded lower as oil prices declined amid continued progress toward de-escalation of the Middle East conflict. While earnings have decreased so far in 2026, management believes there will be a broad-based recovery in demand in 2027 and 2028 as countries rebuild reserves and diversify sources of energy beyond the Middle East. We believe SLB remains the most resilient and strategically differentiated provider in the oilfield services sector, supported by its global scale, strong balance sheet and disciplined approach to capital returns.

Also during the quarter, we initiated a position in **Haemonetics Corporation (HAE)**, a developer and distributor of a broad portfolio of hematology products and solutions. The company operates across three primary segments: Plasma, Blood Center and Hospital. The Plasma segment provides automated plasma collection systems and donor management software, while the Blood Center segment offers apheresis-based technologies that enable the collection, filtration and separation of blood components, returning remaining elements safely to the donor. The Hospital segment encompasses interventional technologies such as vascular closure devices and sensor-guided systems alongside comprehensive blood management solutions. With management's continued emphasis on life-sustaining healthcare applications, we believe Haemonetics stands to benefit from favorable demographic trends, rising demand for plasma-based therapies and continued innovation in critical care technologies.

We purchased **Houlihan Lokey Inc. (HLI)**, a global financial advisory firm with a leading position in middle-market M&A and restructuring. While the firm operates in a competitive

advisory landscape, its franchise is differentiated by its strong client relationships and diversified business model. We view the recent geopolitical uncertainty and broader market volatility that has pressured its shares as transient. Supported by its established reputation, countercyclical restructuring capabilities and consistent execution, we believe HLI is well positioned to deliver durable growth and sustain its leadership within the advisory space over the long term.

We added **Masco Corporation (MAS)**, the world's largest manufacturer of plumbing fixtures and a leading provider of paint in the United States. The company benefits from a portfolio of differentiated brands, including well-recognized leaders such as Behr paint, Delta faucets and Hansgrohe shower systems, alongside complementary offerings like AXOR premium faucets and KILZ primer. Following the divestiture of its more cyclical windows and cabinets businesses, Masco has sharpened its focus on higher-quality segments where it enjoys meaningful scale, strong brand equity and operational advantages. We expect these attributes combined with deep technical expertise and a well-established supply chain to support continued margin expansion in its core paint and plumbing businesses. In addition, Masco's longstanding relationship with Home Depot is likely to further strengthen its professional paint segment, while its broad distribution and channel penetration should drive sustained growth within plumbing.

We re-purchased former holding, personal auto insurer, **Progressive Corporation (PGR)**. The company is one of the highest-quality compounders in financial services, consistently gaining market share through superior underwriting, pricing analytics and technology. Its disciplined approach to risk selection has enabled it to deliver industry-leading profitability while continuing to grow policies faster than peers. With a long runway to expand in the large U.S. auto insurance market and higher investment income from its insurance float, we believe PGR has multiple drivers of durable earnings growth. Combined with a strong balance sheet and shareholder-focused capital allocation, we think PGR is well positioned to grow intrinsic value over time.

We also bought **Royal Caribbean Group (RCL)**, the world's second-largest cruise operator, with a portfolio that includes Royal Caribbean International, Celebrity Cruises and Pullmantur. The company benefits from high barriers to entry and durable demand, as well as a meaningful scale advantage, representing nearly a quarter of global cruise capacity. We believe the resilience of the core cruise consumer, coupled with management's demonstrated operational excellence, positions RCL to sustain its strong growth trajectory and further solidify its leadership within the global cruise industry.

Conversely, we exited **Stanley Black & Decker (SWK)**, **ADT Inc. (ADT)** and **Molson Coors Beverage Company**



(TAP) in order to re-deploy the capital into higher conviction opportunities.

We enter the second half of the year with a measured outlook. Globally, growth remains modest and uneven, while ongoing geopolitical tensions have the potential to create periods of economic and market volatility. At the same time, market leadership is still concentrated in a narrow group of large-cap technology companies, increasing valuation sensitivity and the potential for shifts in sentiment. The U.S. consumer continues to be an important source of support, though higher borrowing costs and persistent inflationary pressures are likely to weigh on certain segments of the economy.

Still, we remain focused on long-term value creation rather than short-term macroeconomic forecasts. Our investment approach is grounded in rigorous bottom-up research and emphasizes durable business models, strong balance sheets, capable management teams and sustainable competitive advantages. Armed with this time-tested framework, we seek to navigate near-term uncertainty while capitalizing on opportunities as market leadership broadens and company-specific fundamentals become increasingly important drivers of returns.

Investing in mid-cap stocks is riskier and more volatile than investing in large-cap stocks. The intrinsic value of the stocks in which the Fund invests may never be recognized by the broader market. Ariel Appreciation Fund is often concentrated in fewer sectors than its benchmarks, and its 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 Fund's Prospectus as of February 1, 2026, the Fund's Investor Class shares had an annual expense ratio of 1.15%.

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 of the views expressed will come to fruition or any investment will perform as described.

As of 6/30/2026, Knowles Corporation constituted 2.2% of Ariel Appreciation Fund; Generac Holdings, Inc. 2.3%; Madison Square Garden Entertainment Corporation 3.3%; Core Laboratories, Inc. 1.7%; Prestige Consumer Healthcare, Inc. 2.0%; SLB, Ltd. 2.6%; Haemonetics Corporation 1.5%; Houlihan Lokey, Inc. 1.8%; Masco Corporation 2.7%; Progressive Corporation 0.8%; Royal Caribbean Cruises, Ltd. 1.2%; ADT, Inc. 0.0%; Molson Coors Beverage Co. 0.0% and Stanley Black & Decker, Inc. 0.0%. 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 Appreciation Fund.

A glossary of financial terms provided herein may be found on our website at www.arielinvestments.com.

Index returns reflect the reinvestment of income and other earnings. Indexes are unmanaged, and investors cannot invest directly in an index. The Russell Midcap® Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios, lower forecasted growth values and lower sales per share historical growth. Its inception date is February 1, 1995. The Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. Its inception date is November 1, 1991. Russell® is a trademark of London Stock Exchange Group, which is the source and owner of the Russell Indexes' trademarks, service marks and copyrights. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes or underlying data and no party may rely on any Russell Indexes and/or underlying data contained in this communication. No further distribution of Russell data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication. The S&P 500® Index is widely regarded as the best gauge of large-cap U.S. equities. It includes 500 leading companies and covers approximately 80% of available U.S. market capitalization. Its inception date is March 4, 1957.

Investors should consider carefully the investment objectives, risks, and charges and expenses before investing. For a current prospectus or summary prospectus which contains this and other information about the funds offered by Ariel Investment Trust, call us at 800-292-7435 or visit our website, arielinvestments.com. Please read the prospectus or summary prospectus carefully before investing. Distributed by Ariel Distributors LLC, an affiliated entity of Ariel Investments LLC. Ariel Distributors, LLC is a member of the Securities Investor Protection Corporation.

