Ariel Emerging Markets Value

Quarter Ended June 30, 2026

Global equity markets advanced sharply in the second quarter, driven by easing geopolitical tensions and resilient technology-sector fundamentals. Following an initially volatile period marked by escalating conflict in the Middle East, markets recovered as a ceasefire helped alleviate concerns surrounding energy supply shocks and their potential inflationary effects. Emerging markets extended their leadership over developed markets, with the MSCI Emerging Markets Index outperforming both the MSCI ACWI and S&P 500. Taiwan and South Korea were among the strongest contributors, benefiting from sustained demand for advanced semiconductors and high-bandwidth memory solutions supporting AI-related investment. China, however, remained a notable laggard, as weak consumer demand, subdued investment activity and ongoing property-market challenges continued to temper investor confidence. Against this backdrop, the Ariel Emerging Markets Value Composite returned +25.24% gross of fees (+24.98% net of fees), exceeding the MSCI Emerging Markets Index's +24.05% gain and the MSCI Emerging Markets Value Index's +21.67% return for the quarter.

Technology holdings led performance during the quarter, reflecting continued investor enthusiasm for companies positioned at the center of the rapidly expanding AI infrastructure buildout.

SK Hynix, Inc., the Korea-based leader in memory semiconductors, was the portfolio's top contributor as sustained AI investment drove another round of upward earnings revisions. Demand for the company's high-bandwidth memory (HBM) products remained exceptionally strong, while supply constraints in leading-edge memory supported favorable pricing dynamics. Investor sentiment was further bolstered by the company's planned U.S. ADR listing, which is expected to broaden its investor base and enhance shareholder value. We continue to view SK Hynix as uniquely positioned within the AI value chain, supported by its technological leadership, strategic relationships with key customers such as Nvidia and growing demand for advanced memory solutions required for increasingly complex AI workloads.

SK Square Co., Ltd., the South Korean investment holding company, also contributed meaningfully to performance. In addition to benefiting from the appreciation of its approximately 20% stake in SK Hynix, the shares advanced as the discount between its market value and the underlying value of its holdings narrowed. The re-rating reflected management's continued focus on shareholder returns through dividends and share repurchases, as well as growing recognition of the value embedded within its portfolio. Despite recent gains, we continue to believe SK Square offers attractive exposure to SK Hynix's AI-driven growth potential while retaining additional upside through further discount narrowing.

MediaTek, Inc., the Taiwan-based semiconductor designer, outperformed as investors grew increasingly optimistic about its emerging data center ASIC opportunity. Management raised expectations for both the size of the addressable market and the company's potential market share, reflecting deeper engagement with hyperscale customers and increasing confidence in future revenue growth. The improved outlook drove higher earnings expectations and reinforced MediaTek's ability to leverage its expertise in designing high-performance, power-efficient chips to capitalize on rising demand for custom silicon supporting AI applications. Stronger guidance further validated management's execution and contributed to a valuation re-rating during the period.

Together, these holdings illustrate a core theme within the portfolio: identifying high-quality businesses that combine attractive valuations with exposure to powerful secular growth drivers. As AI adoption continues to accelerate, we believe these companies remain well positioned to benefit from increasing demand across the semiconductor and digital infrastructure ecosystem.

Automotive-related holdings were among the primary detractors during the quarter, as weaker consumer demand in China and heightened competitive pressures weighed on sentiment across vehicle manufacturers and suppliers.

Great Wall Motor Company, one of China's leading automakers, declined as softer domestic auto demand and intensifying price competition pressured the broader sector. The expiration of certain electric vehicle purchase incentives further weighed on consumer demand. While these dynamics may affect near-term results, we remain constructive about the company's long-term outlook. Great Wall continues to execute against a robust pipeline of new vehicle launches designed to improve margins and lower production costs, while its expanding international footprint is gaining traction and should become an increasingly important driver of growth and profitability.

Minth Group, Ltd., a leading global automotive component supplier, also detracted as weaker demand weighed on sentiment across China's automotive supply chain. We believe, however, that the market is underappreciating the company's increasingly diversified growth profile. Minth remains well positioned to benefit from rising content in electric vehicles, particularly through their rapidly expanding battery housing business serving European manufacturers. Beyond automotive, the company is making encouraging progress in adjacent markets, including humanoid robotics, AI liquid cooling and electric vertical take-off and landing (eVTOL) aircraft, with several projects advancing toward early-stage commercial production.

Yadea Group Holdings, Ltd., a leading manufacturer of electric two-wheel vehicles, underperformed as consumer demand weakened and the industry's transition to new national standards disrupted purchasing activity. While the resulting product redesigns have slowed near-term demand, we believe tighter regulatory requirements will accelerate industry consolidation and strengthen Yadea's competitive position as smaller competitors face greater compliance challenges. Looking ahead, new product introductions and increased vertical integration are expected to support margin expansion and earnings growth beginning in 2026.

Despite near-term headwinds, we remain confident in the long-term prospects of these holdings. Each possesses strong competitive advantages, meaningful opportunities to expand market share and multiple avenues for future growth that we believe are not fully reflected in current valuations.

Also during the quarter, we initiated a position in **Hoa Phat Group JSC (HPG)**, Vietnam's largest steel producer and a leading beneficiary of the country's industrialization and infrastructure development. The company is entering a new phase of growth as recently completed capacity expansions ramp toward full utilization, positioning it to capitalize on robust domestic steel demand. We remain constructive on Vietnam's economic outlook, supported by strong real GDP growth, rising manufacturing activity and significant investment in steel-intensive infrastructure projects. We also view the policy backdrop as increasingly favorable. With nearly 60% of its capacity focused on hot-rolled coil (HRC), Hoa Phat stands to benefit from higher import duties on Chinese HRC, which should improve industry pricing and support margin expansion. With new capacity and escalating demand, the company is well positioned to deliver attractive earnings growth, supported by both cyclical and structural tailwinds.

We bought **KONČAR Elektroindustrija DD**, a leading beneficiary of Europe's electrification and grid modernization efforts. The company is capitalizing on sustained investment across transmission and distribution infrastructure, including transformers, substations and power networks, while its export-oriented business model provides diversified exposure to demand trends across Europe and beyond. Recent results have demonstrated strong operational execution, underpinned by a sizable and growing order backlog that provides enhanced revenue visibility. We also view the expansion of KONČAR's joint venture with Siemens Energy as strategically significant, increasing capacity at a time when transformer markets remain supply-constrained globally. Despite strong share-price appreciation, we continue to find the valuation attractive relative to the company's growth prospects, backlog quality, improving profitability and differentiated positioning within Europe's long-duration electrification cycle. As the continent continues to invest in energy security, grid resilience and renewable integration, we believe KONČAR is well positioned to deliver attractive long-term value.

Lastly, we added **Pharmaron Beijing Co., Ltd.**, a leading China-based pharmaceutical outsourcing platform positioned to benefit from two improving industry dynamics: the recovery in global biotechnology funding and the continued emergence of China's innovative biopharmaceutical sector as a meaningful source of demand. The company's integrated, end-to-end service offering provides broad exposure across the drug development value chain, while its faster-growing Chemistry, Manufacturing and Controls (CMC)/Contract Development and Manufacturing Organization (CDMO) businesses participate in higher-value, later-stage programs that offer greater revenue visibility and margin potential. We believe the market is underappreciating several important catalysts, including the normalization of profitability following one-time headwinds in 2025, the operating leverage associated with improving capacity utilization and the company's growing exposure to emerging therapeutic modalities. Supported by a strengthening funding environment, an improving order pipeline, a validated CDMO platform and an attractive valuation, we believe Pharmaron offers a compelling risk-reward opportunity with significant long-term growth potential.

By comparison we exited Peruvian banking franchise, **Credicorp, Ltd.**, property investment and development company in the MENA region, **Emaar Properties PJSC** and Peruvian bank specializing in retail loans, **Intercorp Financial Services Inc.** on valuation.

Looking ahead to the remainder of 2026, we expect the investment environment to remain influenced by a complex mix of macroeconomic and geopolitical forces. While periods of uncertainty can be uncomfortable, history has consistently shown market dislocations often create attractive opportunities for investors willing to look beyond narrow areas of market leadership and focus on underlying business value. We believe emerging markets are particularly well positioned in this regard, with both the MSCI Emerging Markets and MSCI Emerging Markets ex-China indices continuing to trade at meaningful discounts relative to developed markets. At the same time, earnings growth across many emerging economies is expected to outpace developed-market peers, supported by favorable demographics, rising productivity, growing consumer wealth and increasing technological sophistication.

Corporate fundamentals across emerging markets have also improved meaningfully. Management teams are demonstrating greater capital discipline through enhanced operational efficiency, stronger balance sheets, growing dividends and increased share repurchase activity. A weaker U.S. dollar could provide an additional tailwind, supporting capital flows and earnings translation across many emerging-market economies. Importantly, emerging markets remain central to several of the world's most important innovation cycles, particularly AI, where leading semiconductor and technology companies are shaping the next generation of computing infrastructure.

Against this backdrop, we remain confident that a disciplined, value-oriented investment approach—anchored in fundamental research, valuation rigor and a long-term perspective—can uncover compelling investments across a broad and often overlooked opportunity set. By combining selective exposure to secular growth themes with a focus on high-quality businesses trading at attractive valuations, investors can generate resilient, differentiated returns through wide ranging market environments.

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 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 within the strategy may never be recognized by the broader market. The strategy is often concentrated in fewer sectors than its benchmarks, and its performance may suffer if these sectors underperform the overall stock market.

Past performance does not guarantee future results. For the period ended 6/30/2026, the performance (net of fees) of the Ariel Emerging Markets Value Composite for the 1-year and since inception on 4/30/2023 was +50.54% and +25.18%, respectively. For the period ended 6/30/2026, the performance for the MSCI EM Net Index and the MSCI EM Value Net Index over the 1-year and since inception of the Ariel Emerging Markets Value Composite on 4/30/2023 was +43.51% and +22.47%, and +42.27% and +21.81%, respectively. Ariel Composite Net of Fees returns are calculated by deducting the actual monthly advisory fee (on an asset-weighted basis) applicable to all 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. 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 Emerging Markets Value Composite differs from its benchmark, the MSCI EM Net 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 of the views expressed will come to fruition or any investment will perform as described.

As of 6/30/2026, SK Hynix, Inc. constituted 11.6% of the Ariel Emerging Markets Value Composite (representative portfolio); SK Square Co., Ltd. 5.4%; MediaTek, Inc. 3.3%; Great Wall Motor Company, Ltd. 1.5%; Minth Group, Ltd. 1.8%; Yadea Group Holdings, Ltd. 1.0%; Hoa Phat Group JSC 1.2%; Koncar-Elektroindustrija d.d. 0.6%; Pharmaron Beijing Co., Ltd. 2.2%; Credicorp, Ltd. 0.0%; Emaar Properties PJSC 0.0% and Intercorp Financial Services 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 the Ariel Emerging Markets Value Composite.

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

Indexes are unmanaged. Investors cannot invest directly in an index. The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,377 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Inception of this benchmark was December 29, 2001. The MSCI Emerging Markets Value Index captures large and mid cap securities exhibiting overall value style characteristics across 24 Emerging Markets (EM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. Inception of this benchmark was January 08, 1997. 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. Its inception date is January 1, 2001. 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. 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.