Ariel Focus 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 Focus Fund may be obtained by visiting our website, arielinvestments.com. For the period ended June 30, 2026, the average annual returns of Ariel Focus Fund (Investor Class) for the 1, 5, and 10 year periods were +31.69%, +7.88% and +10.54%, 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 Focus Fund returned +2.14% in the quarter, underperforming both the Russell 1000 Value and the S&P 500 indices +13.87% and +15.20% respective returns.

Boutique asset manager, **Affiliated Managers Group, Inc. (AMG)** advanced during the quarter, with strong momentum in its alternatives platform. The company delivered record assets under management, solid net inflows and growth in economic earnings, supported by strength in liquid alternatives, private markets and multi-asset strategies, which more than offset equity outflows. Management continued to execute effectively on capital allocation, including strategic affiliate investments, the closing of BBH Credit Partners and sustained share repurchases. We view AMG as well positioned to benefit from the structural shift toward alternative investments, supported by its differentiated partnership model and exposure to high-growth strategies.

Shares of **Madison Square Garden Entertainment (MSGE)** rose 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.

Manufacturer of premium fuel and electrical systems, **PHINIA, Inc. (PHIN)** also traded higher following a solid quarterly update, as revenue beat expectations and growth persisted across key regions and end markets. Strong organic performance, particularly in Asia and the Americas, and commercial wins, reinforced confidence in the company's diversification strategy. Record free cash flow and continued capital returns also underscored the strength of the business model. In our view, PHIN is a diversified and high-quality earnings story, supported by growth in alternative fuels, aerospace and defense, as well as aftermarket expansion. We believe its ability to convert innovation into production wins, combined with disciplined capital allocation and improving margins, positively positions the company for the future.

Conversely, oil and gas producer, **APA Corporation (APA)** traded lower as investors ignored a solid earnings beat and instead focused on weaker commodity prices. The reaction also reflected broader macro pressures across energy markets, with investors placing less weight on cost-driven earnings resilience. We continue to view APA constructively. The company's strategy remains firmly anchored in disciplined capital allocation, prioritizing free cash flow generation and balance sheet strength over volume growth. The company is actively deleveraging while enhancing its portfolio through targeted acquisitions. With a high-quality asset base and meaningful long-term growth expected in Suriname, we believe APA is well positioned to deliver shareholder value across the cycle.

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, gold mining company, **Barrick Mining Corporation (B)** declined during the quarter as macro headwinds weighed on sentiment. Gold prices corrected amid a stronger U.S. dollar, and shifting expectations for rate cuts prompted profit-taking and a rotation away from defensive assets. Management beat earnings expectations for the quarter, reaffirmed full-year guidance and highlighted a favorable long-term production outlook across both gold and copper. The company also continued to emphasize shareholder returns through dividends and buybacks, while advancing plans to spin off its North American Gold Assets via an IPO by year-end.

Also during the quarter, we added **Dentsply Sirona (XRAY)**, a leading global dental manufacturing company, to the portfolio. Since acquiring Sirona Dental in 2016, the company has faced challenges, particularly in its core capital equipment business, which has come under pressure from lower-cost technology alternatives and higher interest rate financing. Despite these headwinds, we like the attractive dynamics of the dental market including its steady growth and lower reimbursement risk compared to other healthcare segments. Management is executing a strategic reset focused on debt paydown, innovative product development and portfolio expansion, operational efficiencies, emerging market growth and bolt-on acquisitions. With these initiatives underway, we believe XRAY should be able to capitalize on secular growth trends, improve margins and drive long-term shareholder value.

Meanwhile, we exited consumer food products maker, **J.M. Smucker Co. (SJM)** to pursue other 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 equity stocks is risky and subject to the volatility of the markets. 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 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 investment. The Fund is often concentrated in few sectors than its benchmarks, and its performance may suffer if these sectors underperform the overall stock market.

As of February 1, 2026, Ariel Focus Fund Investor Class had an annual net expense ratio of 1.00% and an annual gross expense ratio of 1.19%. Currently, an expense ratio cap of 1.00% is in place for the Investor Class to waive fees and reimburse certain expenses that exceed this cap. Ariel Investments LLC (the Advisor) is contractually obligated to maintain this expense ratio cap through 1/31/27. The net expense ratio for the Investor Class does 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. 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, Affiliated Managers Group, Inc. constituted 5.5% of Ariel Focus Fund; Madison Square Garden Entertainment Corporation 2.0%; PHINIA, Inc. 5.8%; APA Corporation 3.9%; Prestige Consumer Healthcare, Inc. 3.6%; Barrick Mining Corporation 4.5%; Dentsply Sirona, Inc. 1.6% and J.M. Smucker Co. 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 Focus 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 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. Its inception date is January 1, 1987. 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.

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