

Ariel Appreciation Fund

Quarter Ended September 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 September 30, 2026, the average annual returns of Ariel Appreciation Fund (Investor Class) for the 1-, 5-, and 10-year periods were +13.88% and +6.25% and +8.15%, respectively.

U.S. equities advanced in the third quarter, with the S&P 500 gaining +2.3% and the Nasdaq up +2.6%, but the headline gains masked a more bifurcated market beneath the surface. Strong earnings and enduring enthusiasm for artificial intelligence (AI) propelled a small group of technology giants higher, while rising interest rates, energy prices and geopolitical uncertainty weighed on the rest of the market. The Federal Reserve's September rate increase, against a backdrop of persistent inflation and resilient economic growth pushed treasury yields sharply higher and added to the pressure on small- and mid-cap companies.

As capital crowds into the market's most popular names, good businesses can fall from view—companies with sustainable competitive advantages, sound balance sheets and compelling long-term economics. When market euphoria becomes disconnected from the durability of company fundamentals, opportunities abound. Against this backdrop, Ariel Appreciation Fund returned -3.90% during the quarter, trailing both the Russell Midcap Value Index and the Russell Midcap Index, which returned -1.98% and -3.00%, respectively.

Charles River Laboratories (CRL) advanced during the quarter following a strong earnings report and an increase to full-year guidance. Results reflected improving demand across biopharma and biotechnology customers, supported by stronger bookings in Discovery & Safety Assessment and early signs of stabilization in research funding markets. Profitability also improved, driven by portfolio optimization and efficiency initiatives, including increased automation within Manufacturing Solutions. Additionally, the company continues to repurchase shares while maintaining a strong balance sheet. We believe CRL will continue to benefit from a recovery in biopharmaceutical R&D spending, supporting sustainable growth and earnings expansion over time.

Developer and distributor of hematology products and solutions, **Haemonetics Corporation (HAE)** traded higher following an earnings beat and an increase to full-year guidance. Stronger than expected growth in the plasma business, improving trends in the vascular closure franchise,

solid margin expansion and strong cash flow generation buoyed results. Shares also benefited from a new supply agreement with CSL Plasma, which could meaningfully expand the company's revenue and earnings over time. We believe strengthening operating performance, improving profitability and momentum in the plasma franchise support Haemonetics' long-term growth outlook.

Global leader in laboratory equipment and biological testing, **Bio-Rad Laboratories Inc. (BIO)** also contributed to performance during the quarter, following better-than-expected results and the reaffirmation of its full-year outlook. Organic revenue exceeded expectations despite continued weakness in academic research spending and China, while stronger margins versus expectations reflected improved operational discipline and execution. Shares also benefited from the announcement of a broad restructuring program designed to streamline operations and enhance profitability, which should provide margin expansion over the long term. In addition, the company continued to return capital through buybacks and remained engaged in constructive discussions with activist investor, Elliott Investment Management, regarding execution, capital allocation and value creation. While near-term headwinds remain, we believe Bio-Rad's operational improvements, cost actions and strategic investments support compelling long-term earnings growth.

By comparison, **Norwegian Cruise Line Holdings (NCLH)** declined during the quarter as investors focused on weaker yield expectations, uneven booking trends and ongoing execution challenges. Sentiment was further pressured by softer demand, particularly for European itineraries. In the wake of higher fuel costs and geopolitical uncertainty, near-term guidance softened. While management has taken steps to improve commercial execution, revenue management and cost discipline, the market remains focused on near-term margin pressure and the pace of the turnaround. We ultimately exited the position during the quarter to harvest losses for tax purposes, with proceeds redeployed into the world's second-largest cruise operator, **Royal Caribbean Group (RCL)**.



Wellness services provider for cruise ships and destination resorts, **OneSpaWorld Holdings Ltd. (OSW)**, also traded lower despite reporting better-than-expected results and raising full-year guidance. The company continued to benefit from strong consumer spending trends, robust pre-booking activity and improving profitability, but shares came under pressure as investors questioned the sustainability of recent gains following a period of strong performance. We believe the weakness was driven primarily by profit taking rather than any deterioration in fundamentals. Management highlighted continued demand, opportunities to expand its MedSpa offering, early benefits from AI-driven initiatives and an accelerated pace of share repurchases. In our view, the market's reaction overlooked OSW's differentiated competitive position, favorable industry backdrop and multiple avenues for future earnings growth. We like the company's long-term prospects given its resilient demand, expanding service platform and ongoing operational improvements.

Lastly, leading food equipment manufacturer **Middleby Corporation (MIDD)** declined during the quarter despite a solid earnings report as well as an increase in full-year guidance. Instead of celebrating the good news, investors focused on near-term margin pressure from product mix, inflationary costs and strategic investments. These concerns overshadowed strong organic sales gains across quick-service restaurants, dealer channels and beverage equipment, derived from replacement activity and menu development. In our view, the market underestimated the strength of the underlying recovery which is reflected in the company's second consecutive quarter of healthy organic expansion. During the period, Middleby completed the spin-off of Midera Food Processing, announced plans to exit its underperforming Brewing & Distilling Solutions Group business and continued buying back shares. In our view, the company's leading brands, operational initiatives and exposure to labor-saving technologies and efficiency-enhancing equipment support attractive long-term earnings potential.

Also during the quarter, we acquired **ADI Global Distribution, Inc. (ADIG)** following its spin-off from our existing holding, **Resideo Technologies, Inc. (REZI)**. As the market share leader in security, residential audio-visual and fire/life-safety distribution, we believe ADI benefits from significant scale within a highly fragmented industry. Following the spin-off, the share price was muted following soft near-term challenges associated with the recently acquired Snap One smart-home business. We view this weakness as an attractive entry point to owning a durable company with consistent growth, margin expansion potential and strong cash generation, supported by increasing demand for connected technologies and smart-home solutions.

Additionally, we received shares of food processing company, **Midera Food Processing, Inc. (MFP)**, following its spin-off

from our existing holding, Middleby Corporation. We subsequently exited the position, along with our investment in **Fiserv Inc. (FI)** to pursue other opportunities. As previously mentioned, we also sold out of our position in **Norwegian Cruise Line Holdings Ltd. (NCLH)** during the period.

The U.S. economy remains remarkably resilient, supported by healthy corporate earnings, a strong labor market and sustained investment in AI. At the same time, lingering inflation, higher interest rates and elevated valuations leave less room for error.

This tension between economic strength and a more restrictive cost of capital is likely to shape the period ahead. While market leadership may remain concentrated, it has also created a bevy of opportunities beyond the handful of companies commanding investors' attention. As returns become increasingly driven by earnings rather than multiple expansion, we expect greater differentiation between businesses with durable growth, strong balance sheets and consistent cash generation and those that rely on optimistic assumptions.

We expect continued market volatility given the ongoing uncertainty looming around inflation, monetary policy and economic growth. We view volatility as our friend, since it enables actively patient investors to "buy low" which is the best way to make money. Looking ahead, we believe the environment should increasingly reward a disciplined, fundamental approach focused on businesses whose intrinsic value and long-term earnings power are not fully reflected in current share prices.

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 9/30/2026, Charles River Laboratories International, Inc. constituted 3.9% of Ariel Appreciation Fund;



Haemonetics Corporation 2.7%; Bio-Rad Laboratories, Inc. 3.0%; Norwegian Cruise Line Holdings, Ltd. 0.0%; OneSpaWorld Holdings, Ltd. 2.6%; The Middleby Corporation 2.5%; ADI Global Distribution, Inc. 0.4%; Resideo Technologies, Inc. 1.3%; Midera Food Processing, Inc. 0.0%; Royal Caribbean Cruises, Ltd. 2.7% and Fiserv, 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. The Nasdaq Composite Index measures all Nasdaq domestic and international based common type stocks listed on The Nasdaq Stock Market. Its inception date is February 5, 1971.

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.

