Ariel investments

Performance as of September 30, 2026 (%)			Annualized				
	QTD	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Ariel Small Cap Value Tax-Exempt							09/30/1983
Gross of Fees	**-3.34**	**14.46**	**18.09**	**16.76**	**7.66**	**10.64**	**12.36**
Net of Fees	**-3.46**	**14.03**	**17.48**	**16.14**	**7.08**	**10.02**	**11.38**
Russell 2000® Value Index	-4.91	16.96	20.77	17.92	7.80	9.40	10.43
Russell 2000® Index	-7.23	13.71	16.20	17.72	6.34	9.84	9.28
S&P 500® Index	2.30	12.75	15.74	22.88	13.79	15.33	11.82
Ariel Small Cap Value Concentrated							04/30/2020
Gross of Fees	**-5.99**	**4.66**	**6.16**	**13.07**	**5.38**	**-**	**13.55**
Net of Fees	**-6.13**	**4.22**	**5.57**	**12.45**	**4.86**	**-**	**12.97**
Russell 2000® Value Index	-4.91	16.96	20.77	17.92	7.80	-	15.99
Russell 2000® Index	-7.23	13.71	16.20	17.72	6.34	-	14.04
S&P 500® Index	2.30	12.75	15.74	22.88	13.79	-	17.96
Ariel Small/Mid Cap Value							12/31/2000
Gross of Fees	**-4.07**	**9.28**	**12.07**	**19.07**	**7.90**	**11.24**	**9.94**
Net of Fees	**-4.18**	**8.90**	**11.55**	**18.50**	**7.37**	**10.65**	**9.11**
Russell 2500™ Value Index	-4.36	18.75	22.49	19.11	9.76	10.12	9.60
Russell 2500™ Index	-6.37	14.90	17.45	17.74	7.46	10.81	9.32
S&P 500® Index	2.30	12.75	15.74	22.88	13.79	15.33	9.07
Ariel Mid Cap Value							03/31/1990
Gross of Fees	**-3.14**	**11.62**	**15.39**	**14.31**	**7.34**	**9.34**	**11.20**
Net of Fees	**-3.27**	**11.18**	**14.78**	**13.69**	**6.77**	**8.75**	**10.27**
Russell Midcap® Value Index	-1.98	15.25	16.89	17.50	9.27	9.93	11.26
Russell Midcap® Index	-3.00	11.84	12.02	17.19	8.04	11.17	11.36
S&P 500® Index	2.30	12.75	15.74	22.88	13.79	15.33	11.10

Past performance is not indicative of future results. An investment's return and principal value 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 as of the most recent month-end may be obtained by visiting our website, arielinvestments.com.

Dear Clients and Friends: After many months of blistering gains powered by enthusiasm for artificial intelligence (AI), share prices weakened in July as investors began to question whether the staggering capital expenditures in this growing segment of the tech sector would generate adequate returns. Meanwhile, global economic conditions began to show more cracks. With inflation reaccelerating, the Federal Reserve raised interest rates for the first time since 2023. Oil climbed even higher in reaction to ongoing conflicts in the Middle East. And a global sell-off in government debt sent long-term yields climbing. Against this darkening backdrop, consumer confidence fell to its lowest level since 2014.[1]

Still, the S&P 500 Index managed a +2.30% return during the quarter as growth in all the wrong places—inflation, interest rates and energy—drove investors back to the perceived safety of mega-cap and AI-related winners in September. To this point, without the contributions of Microsoft Corporation (MSFT), NVIDIA Corporation (NVDA), Apple Inc. (AAPL) and Meta Platforms, Inc. (META), the S&P 500 would have fallen -2.45% during the quarter.[2]

As is typically the case, smaller companies initially bore the brunt of the rising rate environment with the Russell 2500 and Russell 2000 Value indices both losing nearly 5% during the quarter. Our small cap value portfolio and small/mid cap value portfolios outpaced their respective primary benchmarks, while our small cap value concentrated portfolio trailed its primary benchmark during the quarter. That said, all three portfolios were ahead of their respective core benchmarks. At the same time, our mid cap value portfolio underperformed both its value and core benchmarks during the quarter. Our Consumer Discretionary positioning was the biggest detractor across all of the domestic value portfolios during the period. More specifically, **Norwegian Cruise Line Holdings Ltd. (NCLH)** and **OneSpaWorld Holdings, Ltd. (OSW)** were a couple of our holdings that were most sensitive to a waning consumer. Despite this knee-jerk reaction, we believe the fundamentals of these misunderstood and oversold companies remain compelling, and we expect them to recover over time. Fortunately, strong relative performance among Industrial names such as **Zebra Technologies Corporation (ZBRA)** in small cap value, small cap value concentrated and small/mid cap value, helped provide a counterweight. In addition, our Health Care positioning, with names such as **Charles River Laboratories International, Inc. (CRL)** which rose over +30%, was another standout contributor across all portfolios; however, the positive offset did not make up enough ground in the mid cap value portfolio.

The Technology Tail that Wagged the Dog

While the most recent quarter presented some challenges, the significant difference between our returns and those of our benchmarks year-to-date through September 30, 2026, merits a closer look. Owning little to no technology shares proved a noteworthy detractor—costing hundreds of basis points of return across domestic portfolios, as shown in the last column below.

Technology Industry Attribution, for the Year-to-Date Period Ended September 30, 2026

	Portfolio			Benchmark			Attribution		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction	Total Effect
Ariel Small Cap Value vs. Russell 2000® Value Index	0.18	-50.78	-0.26	6.87	84.02	5.06	-3.74	-0.53	-4.26
Ariel Small Cap Value Concentrated vs. Russell 2000® Value Index	0.00	0.00	0.00	6.87	84.02	5.06	-3.79	0.00	-3.79
Ariel Small/Mid Cap Value vs. Russell 2500™ Value Index	0.00	0.00	0.00	10.68	117.10	9.42	-7.66	0.00	-7.66
Ariel Mid Cap Value vs. Russell Midcap® Value Index	0.00	0.00	0.00	10.82	96.58	8.03	-6.79	0.00	-6.79

Total Effect (%) represents the opportunity cost of the investment decisions in a portfolio relative to the overall benchmark.

As we have previously noted, our search for businesses with defensible moats leads us to steer clear of the smaller company tech names that can be rapidly overtaken by "the next new thing."

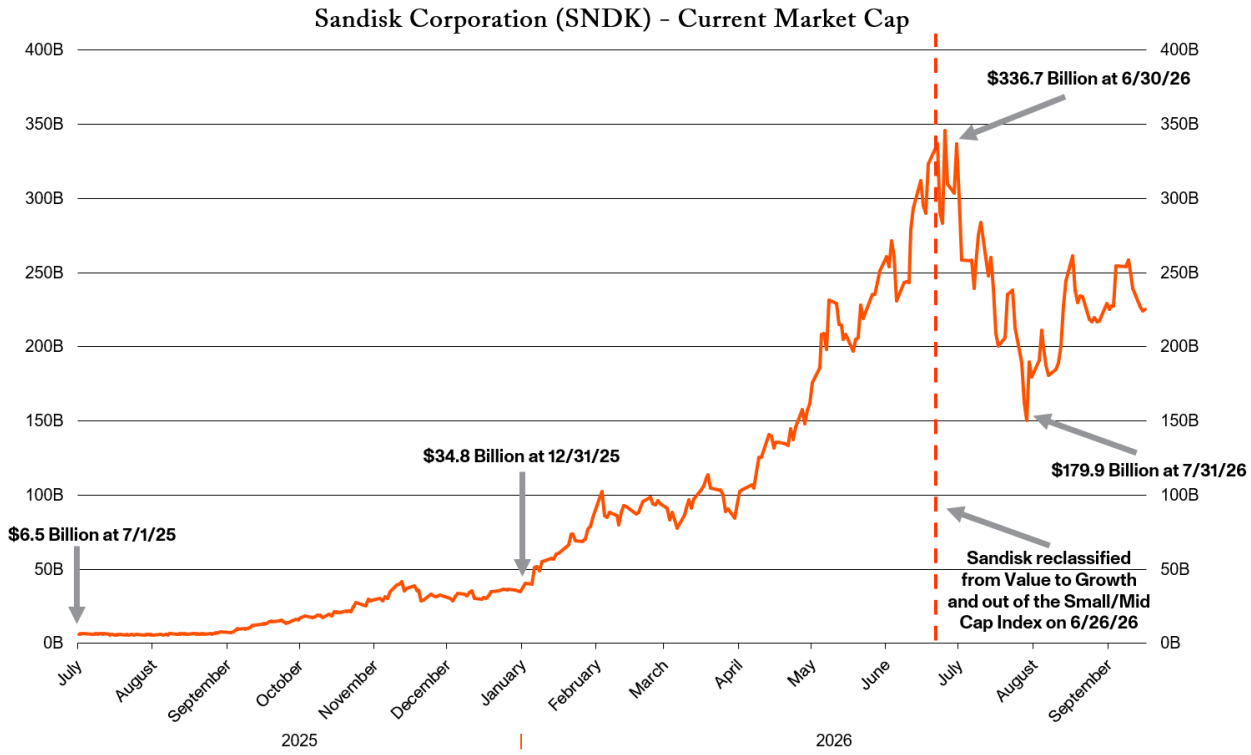
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[1]Seal, Dean (29 September 2026) "U.S. Stocks Edge Lower as Consumer Confidence Sinks." *The Wall Street Journal*, www.wsj.com/finance/stocks/u-s-stocks-edge-lower-as-consumer-confidence-sinks-4b38d491.
[2]Microsoft Corporation, NVIDIA Corporation, Apple Inc. and Meta Platforms, Inc. are not current holdings.

The One Hit Wonder

One name in particular, Sandisk Corporation (SNDK), single-handedly drove up the small/mid and mid cap value benchmarks—returning an astonishing +780.7% in the first half of the year before being jettisoned by these same indices during the reconstitution on June 26, 2026. Sandisk's stunning move contributed +5.59% of the Russell 2500 Value Index's +24.16% year-to-date (YTD) gain through June 30, 2026. This *one* name accounts for 523 basis points of the Ariel Small/Mid Cap Value portfolio's 1,025 basis point shortfall YTD as of June 30, 2026 (gross of fees) against the Russell 2500 Value Index; and 265 basis points of the Ariel Mid Cap Value portfolio's 234 basis point miss YTD as of June 30, 2026 (gross of fees) versus the Russell Midcap Value Index. Given the high obsolescence risk, we would never own this name. Additionally, its deep cyclical, commodity-like characteristics lack the consistency we seek.

In addition, Sandisk's size sits well beyond our small, small/mid and mid cap value guidelines. At the end of 2025, Sandisk had a $35 billion market cap. In six short months, this number ballooned to a staggering $337 billion before it graduated out of the small/mid and midcap benchmarks altogether on June 26, 2026. Adding insult to injury, soon after outgrowing the smaller company indices, Sandisk shares plummeted -47% in July which means the distorted index results caused by its meteoric rise were never impacted by its fall. Moreover, with its now modest weight and market cap relative to its mega cap counterparts, the stock's subsequent drop barely put a dent in the large-cap index. Even before Sandisk's surge, the benchmark makers had acknowledged the unintended effect of these unusual circumstances. Starting this December, Russell will reconstitute its indices twice a year to shorten the window in which a name can outgrow its benchmark while still dominating it.[3]



For illustrative purposes only. Stock presented is not currently held in the portfolio but is shown as an example of how quickly a stock can rise in market capitalization and be reclassified into a larger benchmark. Source: Bloomberg.

[3]Yoshimoto, Catherine (17 December 2025) "Russell US Indexes, Moving to a Semi-Annual Index Reconstitution Frequency – Updated December 2025" *FTSE Russell LSEG*, https://www.lseg.com/en/ftse-russell/research/russell-us-indexes-move-to-semi-annual-reconstitution.

Portfolio Comings and Goings

Two separate portfolio companies had spinoffs during the third quarter. **Resideo Technologies, Inc. (REZI)**, which supplies residential thermal, comfort and security solutions, carved out **ADI Global Distribution, Inc. (ADIG)**, a distributor of low-voltage products. Similarly, food equipment manufacturer, **The Middleby Corporation (MIDD)**, separated from its food processing arm, **Midera Food Processing, Inc. (MFP)**. We maintained our position in these spin-offs in our small cap value and small/mid cap value portfolios, as we believe these newly public companies possess attractive business characteristics and favorable industry positions. That said, we chose to exit ADI Global Distribution and Midera Food Processing in our small cap value concentrated portfolio to redeploy the proceeds into higher-conviction investments. In our mid cap portfolio, we maintained our position in ADI Global Distribution and chose to exit Midera Food Processing, Inc., as well as **Fiserv Inc. (FISV)** to pursue other opportunities.

Additionally, after a painfully unsuccessful holding period, we eliminated pool and spa care services company, **Leslie's, Inc. (LESL)**, in our small cap portfolio as our conviction in the investment case weakened.

Aberrations versus Investing

Sandisk's contribution was larger than that of any single name we have ever seen boost an index. Such an aberration is rare and hard to anticipate or replicate. A one stock, once-in-a-generation phenomenon is a turbocharged bandwagon effect, not an investment philosophy.

Real money is made over time. Warren Buffett understood this when he advised investors to "be fearful when others are greedy, and greedy when others are fearful." We believe a disciplined approach and strong stock selection will drive our relative results and reward the patient investor. As we write, this is proving to be true. With volatility as our time-tested friend, the healthcare names that we bought when they were feeling the most pain have since come to life in October. Some of our harder hit consumer names have also begun to recover. As the AI trade has once again come under scrutiny, our "steady eddies" are starting to benefit from their strong underlying fundamentals and posting gains.

We appreciate the opportunity to serve you and welcome any questions 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 portfolios invest may never be recognized by the broader market. The portfolios 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. Performance results are net of transaction costs and reflect the reinvestment of dividends and other earnings. Ariel Composite Net of Fees returns are calculated by deducting: (1) for the period from inception to December 31, 2013 for Small Cap Value, Small/Mid Cap Value and Mid Cap Value, the maximum advisory fee in effect for the respective period, applied on a monthly basis; and (2) for the period from January 1, 2014 onwards for Small Cap Value, Small Cap Value Concentrated, Small/Mid Cap Value and Mid Cap Value, the actual monthly advisory fee (on an asset-weighted basis) accrued for the 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. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. Ariel's small, small concentrated, small/mid and mid cap portfolios differ from their primary benchmarks with fewer holdings and more concentration in fewer sectors. Effective August 1, 2010, the Ariel Mid Cap Value Composite was redefined to exclude pooled funds due to differences in performance calculation methods. 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 9/30/2026, the Ariel Small Cap Value (representative portfolio) position size, if any, in the above holdings was: Norwegian Cruise Line Holdings, Ltd. 2.74%; OneSpaWorld Holdings, Ltd. 4.97%; Zebra Technologies Corporation 4.12%; Charles River Laboratories International, Inc. 3.42%; Resideo Technologies, Inc. 1.78%; ADI Global Distribution, Inc. 0.70%; The Middleby Corporation 2.26%; Midera Food Processing, Inc. 0.68%; Fiserv, Inc. 0.00% and Leslie's, Inc. 0.00%. As of 9/30/2026, the Ariel Small Cap Value Concentrated (representative portfolio) position size, if any, in the above holdings was: Norwegian Cruise Line Holdings, Ltd. 4.89%; OneSpaWorld Holdings, Ltd. 9.92%; Zebra Technologies Corporation 4.71%; Charles River Laboratories International, Inc. 5.19%; Resideo Technologies, Inc. 2.58%; ADI Global Distribution, Inc. 0.00%; The Middleby Corporation 2.91%; Midera Food Processing, Inc. 0.00%; Fiserv, Inc. 0.00% and Leslie's, Inc. 0.00%. As of 9/30/2026, the Ariel Small/Mid Cap Value (representative portfolio) position size, if any, in the above holdings was: Norwegian Cruise Line Holdings, Ltd. 2.95%; OneSpaWorld Holdings, Ltd. 4.80%; Zebra Technologies Corporation 4.03%; Charles River Laboratories International, Inc. 3.53%; Resideo Technologies, Inc. 1.56%; ADI Global Distribution, Inc. 0.64%; The Middleby Corporation 2.05%; Midera Food Processing, Inc. 0.62%; Fiserv, Inc. 0.00% and Leslie's, Inc. 0.00%. As of 9/30/2026, the Ariel Mid Cap Value (representative portfolio) position size, if any, in the above holdings was: Norwegian Cruise Line Holdings, Ltd. 1.84%; OneSpaWorld Holdings, Ltd. 2.60%; Zebra Technologies Corporation 0.00%; Charles River Laboratories International, Inc. 4.03%; Resideo Technologies, Inc. 1.29%; ADI Global Distribution, Inc. 0.47%; The Middleby Corporation 2.15%; Midera Food Processing, Inc. 0.00%; Fiserv, Inc. 0.00% and Leslie's, Inc. 0.00%.

Index returns reflect the reinvestment of income and other earnings. Indexes are unmanaged, and investors cannot invest directly in an index. 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. Its inception date is June 1, 1993. 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 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. Its inception date is July 1, 1995. The Russell 2500™ Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2,500 of the smallest securities based on a combination of their market cap and current index membership. Its inception date is June 1, 1990. 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.

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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.

