Ariel investments

Performance as of September 30, 2026 (%)			Annualized				
	QTD	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Ariel Fund							11/06/1986
ARGFX Investor Class	**-4.45**	**6.94**	**10.38**	**15.67**	**5.85**	**9.48**	**10.76**
ARAIX Institutional Class	**-4.37**	**7.18**	**10.71**	**16.02**	**6.18**	**9.82**	**10.88**
Russell 2500™ Value Index	-4.36	18.75	22.49	19.11	9.76	10.12	10.93
Russell 2000® Value Index	-4.91	16.96	20.77	17.92	7.80	9.40	10.20
S&P 500® Index	2.30	12.75	15.74	22.88	13.79	15.33	11.35
Ariel Appreciation Fund							12/01/1989
CAAPX Investor Class	**-3.90**	**10.52**	**13.88**	**13.06**	**6.25**	**8.15**	**10.00**
CAAIX Institutional Class	**-3.83**	**10.77**	**14.25**	**13.40**	**6.58**	**8.49**	**10.13**
Russell Midcap® Value Index	-1.98	15.25	16.89	17.50	9.27	9.93	11.07
Russell Midcap® Index	-3.00	11.84	12.02	17.19	8.04	11.17	11.19
S&P 500® Index	2.30	12.75	15.74	22.88	13.79	15.33	10.94

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 Fellow Shareholders: 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. Meanwhile, Ariel Fund fell short of the Russell 2500 Value Index while edging out the Russell 2000 Value benchmark. At the same

[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.

time, Ariel Appreciation Fund underperformed both its value and core benchmarks. Consumer Discretionary names were the biggest detractors during the period. More specifically, **Norwegian Cruise Line Holdings Ltd. (NCLH)**, which we exited in Ariel Appreciation Fund during the quarter, **Boyd Gaming Corporation (BYD)** and **OneSpaWorld Holdings Ltd. (OSW)** were a few 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 Ariel Fund's Industrial stocks, including **Zebra Technologies Corporation (ZBRA),** helped provide a counterweight. In addition, our Health Care exposure, with names such as **Charles River Laboratories International, Inc. (CRL)** which rose over +30%, was another standout contributor in both funds; however, the positive offset did not make up enough ground in Ariel Appreciation Fund.

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. Not owning technology shares proved a noteworthy detractor—costing hundreds of basis points of return across Ariel Fund and Ariel Appreciation Fund, as shown in the last column below.

Technology Sector 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 Fund vs. Russell 2500™ Value Index	0.00	0.00	0.00	10.68	117.10	9.42	-7.60	0.00	-7.60
Ariel Appreciation Fund vs. Russell Midcap® Value Index	0.00	0.00	0.00	10.82	96.58	8.03	-6.80	0.00	-6.80

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

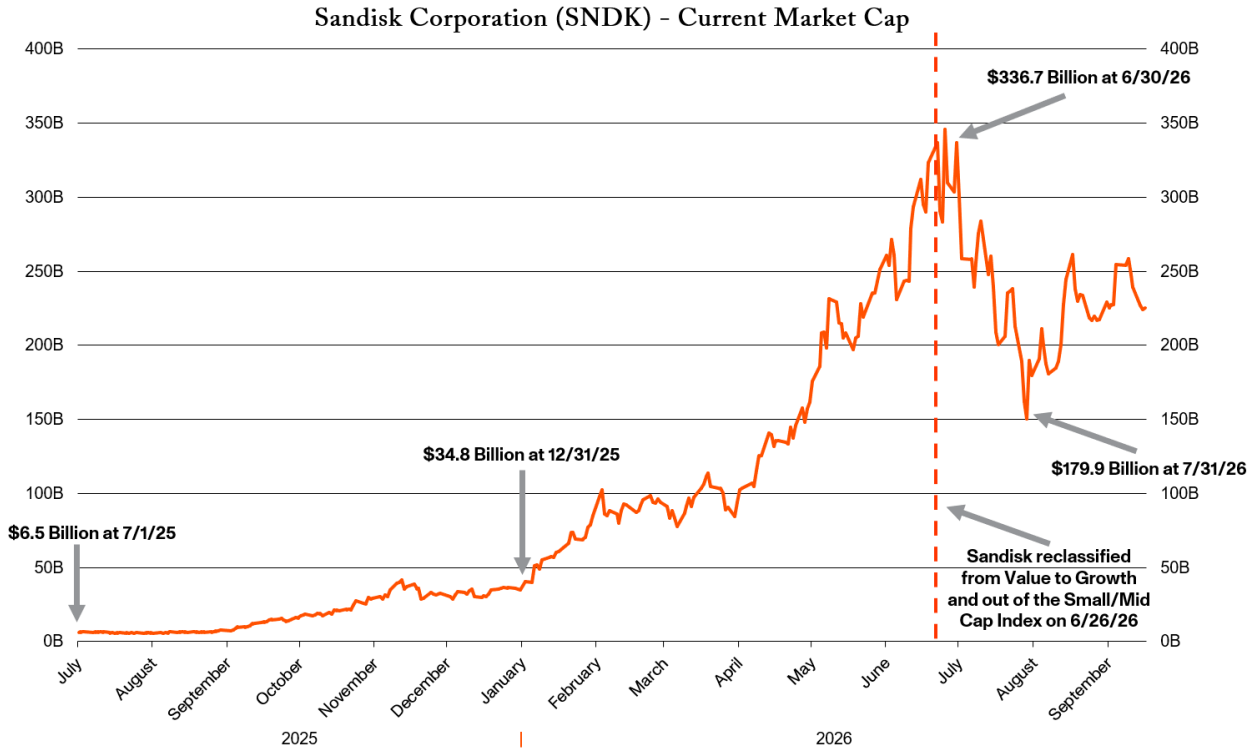
As we have previously noted, our search for businesses with defensible moats leads us to steer clear of the smaller company tech names that can be rapidly overtaken by "the next new thing."

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 519 basis points of Ariel Fund's 1,225 basis point shortfall YTD as of June 30, 2026, against the Russell 2500 Value Index; and 265 basis points of Ariel Appreciation Fund's 257 basis point miss YTD as of June 30, 2026, 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 Ariel Fund and Ariel Appreciation Fund 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]

[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.



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.

Portfolio Comings and Goings

Two separate portfolio companies had spinoffs during the third quarter in Ariel Fund and Ariel Appreciation Fund. **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 ADI Global in Ariel Appreciation Fund, as we believe this newly public company possesses attractive business characteristics and a favorable industry position; however, we chose to exit this holding in Ariel Fund to redeploy the proceeds into higher-conviction investments. We also exited Midera Food Processing in both funds to pursue other opportunities.

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

Meanwhile, we sold Norwegian Cruise Line Holdings Ltd. in Ariel Appreciation Fund, as previously mentioned, to harvest losses for tax purposes and redeployed the proceeds into **Royal Caribbean Cruises Ltd. (RCL)**. Lastly, we eliminated our position in **Fiserv Inc. (FISV)** in Ariel Appreciation Fund to pursue other opportunities.

Aberrations versus Investing

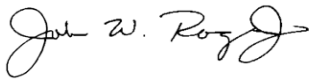
Sandisk's contribution was larger than that of any single name we have ever seen boost an index. Such an aberration is rare and hard to anticipate or replicate. A one stock, once-in-a-generation phenomenon is a turbocharged bandwagon effect, not an investment philosophy.

Real money is made over time. Warren Buffett understood this when he advised investors to be "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 Funds invest may never be recognized by the broader market. The Funds 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.**

Per the Ariel Fund's Prospectus as of February 1, 2026, the Investor Class and Institutional Class had an annual expense ratio of 1.01% and 0.70% respectively. Per the Ariel Appreciation Fund's Prospectus as of February 1, 2026, the Investor Class and Institutional Class had an annual expense ratio of 1.15% and 0.84%, respectively.

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. The Funds' portfolios differ from their primary benchmarks with fewer holdings and more concentration in fewer sectors. 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, Ariel Fund's position size, if any, in the above holdings was: Norwegian Cruise Line Holdings, Ltd. 2.52%; Boyd Gaming Corporation 2.21%; Zebra Technologies Corporation 4.97%; OneSpaWorld Holdings, Ltd. 2.81%; Charles River Laboratories International, Inc. 4.62%; Resideo Technologies, Inc. 2.15%; ADI Global Distribution, Inc. 0.00%; The Middleby Corporation 2.47%; Midera Food Processing, Inc. 0.00%; Leslie's, Inc, 0.00%; Royal Caribbean Cruises, Ltd. 0.00% and Fiserv, Inc. 0.00%. As of 9/30/2026, Ariel Appreciation Fund's position size, if any, in the above holdings was: Norwegian Cruise Line Holdings, Ltd. 0.00%; Boyd Gaming Corporation 0.00%; Zebra Technologies Corporation 0.00%; OneSpaWorld Holdings, Ltd. 2.58%; Charles River Laboratories International, Inc. 3.87%; Resideo Technologies, Inc. 1.33%; ADI Global Distribution, Inc. 0.41%; The Middleby Corporation 2.47%; Midera Food Processing, Inc. 0.00%; Leslie's, Inc, 0.00%; Royal Caribbean Cruises, Ltd. 2.73% and Fiserv, 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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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.