Ariel Investments



The Patient Investor | September 30, 2026



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Ariel Fund
Ariel Appreciation Fund

As of September 30, 2026



John W. Rogers, Jr.
Chairman and Co-CEO



Mellody Hobson
Co-CEO

Our Track Record (%)

	QTD	YTD	1-Year	3-Year (ANNUALIZED)	5-Year (ANNUALIZED)	10-Year (ANNUALIZED)	Since Inception* (ANNUALIZED)
Ariel Fund Investor Class	-4.45	6.94	10.38	15.67	5.85	9.48	10.76
Ariel Fund 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

* The inception date for Ariel Fund is 11/06/86.

Our Track Record (%)

	QTD	YTD	1-Year	3-Year (ANNUALIZED)	5-Year (ANNUALIZED)	10-Year (ANNUALIZED)	Since Inception* (ANNUALIZED)
Ariel Appreciation Fund Investor Class	-3.90	10.52	13.88	13.06	6.25	8.15	10.00
Ariel Appreciation Fund 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

* The inception date for Ariel Appreciation Fund is 12/01/89.

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. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. Performance data current to the most recent month-end for Ariel Fund and Ariel Appreciation Fund may be obtained by visiting our website, www.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 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

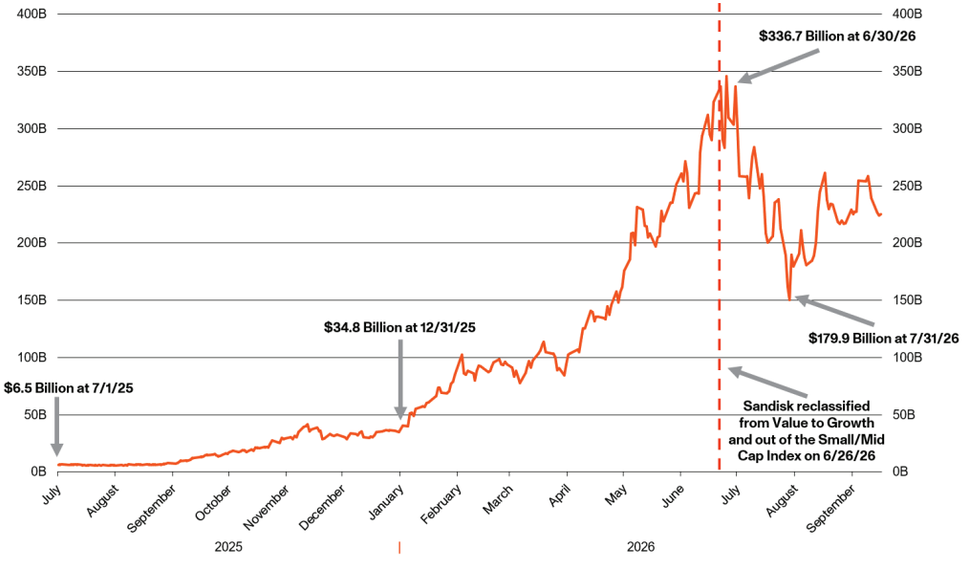
One name in particular, Sandisk Corporation (SNDK), single-handedly drove up the small/mid and mid-cap value benchmarks—returning an astonishing +780.7% in the first half of the year before being jettisoned by these same indices during the reconstitution on June 26, 2026. Sandisk's stunning move contributed +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 mid-cap 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

[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.

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]

Sandisk Coporation (SNDK)—Current Market Cap



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.

[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.

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.

> "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."

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.

As always, we appreciate the opportunity to serve you and welcome any questions or comments 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%.

Ariel Focus Fund



Charles K. Bobrinskoy
Vice Chairman

Our Track Record (%)

	QTD	YTD	1-Year	3-Year (Annualized)	5-Year (Annualized)	10-Year (Annualized)	Since Inception* (Annualized)
Ariel Focus Fund Investor Class	-1.26	8.22	7.68	18.16	8.65	9.68	7.09
Ariel Focus Fund Institutional Class	-1.20	8.40	7.92	18.48	8.92	9.96	7.28
Russell 1000 Value Index	2.61	19.27	23.81	20.07	11.92	11.43	8.97
S&P 500 Index	2.30	12.75	15.74	22.88	13.79	15.33	11.24

* The inception date for Ariel Focus Fund is 06/30/05.

Dear Fellow Shareholders:

For the quarter ending September 30, 2026, Ariel Focus Fund lost -1.26% compared to the +2.61% gain for the Russell 1000 Value Index and +2.30% return for the S&P 500. For the year-to-date period ended September 30, 2026, the Fund's +8.22% return significantly trailed the +19.27% gain of the Russell 1000 Value Index, but less so versus the S&P 500 which grew +12.75%. Our underperformance results from a market increasingly driven by a narrow group of mega-cap technology stocks along with weakness in many of the attractively valued businesses we own. Although the environment has been challenging, we remain focused on the long-term earnings power of our companies as well as the gap between their share prices and underlying worth.

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. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. Performance data current to the most recent month-end for Ariel Focus Fund may be obtained by visiting our website, www.arielinvestments.com.*

A Market of Extremes

Today's market concentration represents ever-narrowing leadership that has created a meaningful performance headwind. More specifically, two stocks—Microsoft Corporation (MSFT) and Apple Inc. (AAPL)[1]—account for 221 basis points of the Russell 1000 Value Index's +2.61% third quarter gain. Furthermore, the Technology sector makes up 17.8% of the index versus 1.9% of our portfolio, represented by our sole technology name, **Oracle Corporation (ORCL)**.

Meanwhile, several of our holdings declined as investors grew increasingly cautious about the economy, interest rates and the strength of cyclical demand. Despite solid fundamentals that met or exceeded expectations, a widening gap between operating performance and market sentiment led to a selloff in some of our portfolio company shares. We know periods of heightened uncertainty may often create short-term fears that send prices below our estimate of intrinsic value. As a result, our deeply discounted Ariel Focus Fund is trading at 11.6x forward earnings versus 16.9x for the Russell 1000 Value Index and 19.0x for the S&P 500. At quarter-end, the portfolio also traded at a meaningful discount to our assessment of its private market value, which we believe, combined with the earnings power of the businesses we own, provides a strong foundation for long-term returns.

> "We know periods of heightened uncertainty may often create short-term fears that send prices below our estimate of intrinsic value."

Resideo: Fundamentals Versus Price

Resideo Technologies, Inc. (REZI), a leader in home comfort controls and security systems, illustrates the growing gap between business performance and market sentiment. A year ago, we highlighted the company's $1.6 billion settlement with Honeywell International, Inc., which we expected would reduce annual cash obligations by nearly $60 million, alongside management's plan to separate the business into two public companies.[2]

In August 2026, Resideo completed the separation of **ADI Global Distribution, Inc. (ADIG)**, distributing one ADI share for every two Resideo shares while repaying approximately $900 million of debt.[3] A few days later, the company reported record second-quarter revenue of $1.98 billion and 26% growth in adjusted earnings per share.[4] Despite these accomplishments, Resideo's shares fell -16.0% during the quarter as concerns over housing activity, mortgage rates and security-system demand weighed on investor perceptions. Still, our appraisal of the company remained largely unchanged. At $18.15, Resideo shares trade at a 41% discount to our private market value estimate of $30.78. Given the compelling valuation, we added to our position in recent months and chose to hold the ADI Global shares that also trade well below our assessment of intrinsic value. In our view, the market's focus on near-term pressures has overshadowed Resideo's progress in simplifying its structure, strengthening its balance sheet and improving its earnings power—and they were not alone. Auto components manufacturer **PHINIA, Inc. (PHIN)** fell -27.5%, and dental products manufacturer, **Dentsply Sirona, Inc. (XRAY)** dropped -16.5%, despite both reporting earnings well above expectations.

Positioning for the Long Term

The positive performance contributions of our Energy and Materials holdings partially offset the negative impact of our Consumer Discretionary and Technology names. We selectively added to some of our cheapest stocks and trimmed positions with less upside. Given our redeployment of capital into existing holdings at compelling prices, we did not buy any new names nor eliminate any positions during the quarter.

Looking ahead, inflation, interest rates and the durability of earnings growth are likely to remain important market drivers. Persistent federal deficits, tariffs and the costs of deglobalization could keep inflation elevated and limit the Federal Reserve's flexibility. Against this backdrop, our task is to distinguish between businesses facing permanent impairment and those temporarily out of favor. We will remain patient when fundamentals support our conviction and focus on opportunities where the disconnect between price and underlying business value is greatest.

As always, we appreciate the opportunity to serve you and welcome any questions or comments you might have.

Sincerely,



Charles K. Bobrinskoy
Vice Chairman

[1] Microsoft Corporation and Apple Inc. are not current holdings.
[2] Ariel Investments, 3Q25 Ariel Focus Fund Quarterly Letter, September 30, 2025, pp. 2.
[3] Resideo (12 August 2026) "Q2'26 Earnings Presentation" *Resideo,* pp. 19, https://s206.q4cdn.com/301352751/files/doc_financials/2026/q2/Resideo-Q226-Earnings-Presentation-Final.pdf
[4] Resideo (12 August 2026) "Q2'26 Earnings Presentation" *Resideo,* pp. 14, https://s206.q4cdn.com/301352751/files/doc_financials/2026/q2/Resideo-Q226-Earnings-Presentation-Final.pdf

Investing in equity stocks is risky and subject to the volatility of the markets. Investing in small- and mid-cap companies is more risky and 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 portfolio. The Fund is often concentrated in fewer sectors than its benchmarks, and its performance may suffer if these sectors underperform the overall stock market.

Per the Ariel Focus Fund's Prospectus as of February 1, 2026, the gross expense ratio for the Investor Class and Institutional Class was 1.19% and 0.89%, and had an annual net expense ratio of 1.00% and 0.75%, respectively. Effective February 1, 2014, Ariel Investments, LLC, the Adviser, has contractually agreed to waive fees and reimburse expenses (the "Expense Cap") in order to limit Ariel Focus Fund's total annual operating expenses to 1.00% and 0.75% of net assets for the Investor Class and Institutional Class, respectively, through January 31, 2027. Prior to February 1, 2014, the Expense Cap was 1.25% of net assets for the Investor Class and 1.00% of net assets for the Institutional Class.

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 Focus Fund held the following positions referenced: Oracle Corporation 2.99%; Resideo Technologies, Inc. 3.84%; ADI Global Distribution, Inc. 0.83%; PHINIA, Inc. 4.35% and Dentsply Sirona, Inc. 3.41%. The 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.

Ariel International Fund
Ariel Global Fund

As of September 30, 2026



Henry Mallari-D'Auria, CFA®
Chief Investment Officer
Global Equities

Our Track Record (%)

	QTD	YTD	1-Year	3-Year (Annualized)	5-Year (Annualized)	10-Year (Annualized)	Since Inception* (Annualized)
Ariel International Fund Investor Class	-2.59	14.89	17.48	19.69	9.96	6.80	7.01
Ariel International Fund Institutional Class	-2.59	15.05	17.76	19.95	10.23	7.06	7.27
MSCI EAFE Net Index	0.81	10.33	15.69	18.40	9.32	9.07	8.41
MSCI ACWI ex-US Net Index	0.48	14.22	20.00	20.54	9.55	9.25	8.04
MSCI EAFE Value Net Index	4.27	14.32	23.26	22.97	14.32	10.06	8.64
MSCI ACWI ex-US Value Net Index	3.50	18.50	27.51	23.86	13.73	10.02	8.08

* The inception date for Ariel International Fund is 12/30/11.

Our Track Record (%)

	QTD	YTD	1-Year	3-Year (Annualized)	5-Year (Annualized)	10-Year (Annualized)	Since Inception* (Annualized)
Ariel Global Fund Investor Class	-1.98	22.27	25.79	20.31	12.63	9.87	9.65
Ariel Global Fund Institutional Class	-1.91	22.52	26.14	20.60	12.91	10.14	9.93
MSCI ACWI Net Index	1.60	13.03	16.75	21.73	11.57	12.38	11.48
MSCI ACWI Value Net Index	3.75	16.05	20.30	19.62	11.49	9.92	9.42

* The inception date for Ariel Global Fund is 12/30/11.

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. Any extraordinary performance shown for short-term periods may not be sustainable and is not representative of the performance over longer periods. Performance data current to the most recent month-end for Ariel International Fund and Ariel Global Fund may be obtained by visiting our website, www.arielinvestments.com.*

Dear Fellow Shareholders:

The third quarter brought the first quarter's fault lines back into view. Oil prices and interest rates reclaimed the spotlight, lifting energy shares and pressuring long-duration assets. Beneath the surface, artificial intelligence (AI) infrastructure fundamentals remained strong, but returns diverged sharply: U.S. mega-cap technology advanced as Asian semiconductor suppliers surrendered part of their second-quarter gains amid renewed debate over cycle durability and capital costs. These crosscurrents played out differently across regions, with Japan absorbing higher energy import costs and shifting rate expectations, Europe facing stubborn inflation and a softer consumer and China's recovery remaining uneven as investors focused more closely on the returns from AI spending.

Against this backdrop, our funds trailed their respective benchmarks during the quarter. Information technology detracted most across both funds, as memory-related holdings gave back part of their exceptional second-quarter performance. The absence of energy producers, alongside our overweight to oil-importing Asia in our Global fund, added to the shortfall. We view these pressures as short-term macro volatility and remain confident in our positioning. Our response follows the process rather than the tape: we re-underwrote the affected positions, continue to monitor the leading indicators tied to each thesis and use the volatility to resize holdings and redeploy capital where we see share-price moves have outpaced changes in business prospects.

A Market Made for the Curious Investor

We believe AI is likely to produce both extraordinary businesses and expensive mistakes. Monitoring excess is essential, but that debate speaks to the immediate market setup. The longer-term story is more consequential. Over time, we think AI will change corporate economics far beyond the current group of perceived winners—altering investment needs, operating models, pricing power and competitive moats. The road will be uneven, and in our view, the final destination is unlikely to mirror today's consensus.

> "We believe AI is likely to produce both extraordinary businesses and expensive mistakes."

That uncertainty is not a reason to step back, but is a reason to zero in. Rather than anchor to a single forecast, we track consumer spending to understand strengthening economics as well as instances where we believe expectations have outrun the evidence.

We divide the AI economy into four categories—upstream suppliers, infrastructure hosts, model providers and end users—and assess each on the merits of its own economics, capital requirements, risks and leading indicators. In so doing, we can distinguish enthusiasm from evidence and identify where value is accruing as this once-in-a-generation transformation unfolds.

So far, the money trail points to suppliers. Semiconductor, memory, electronic component, power-equipment and chip-manufacturing-tool companies are meeting exceptional demand without bearing the full cost of the buildout. Infrastructure hosts, by contrast, have committed an estimated $1+ trillion of capital, with returns still taking shape.[1] Model providers generate more than $100 billion in annualized revenue, though pricing power remains untested.[2]

Our positioning reflects that uneven scorecard. We favor suppliers and remain measured where capital spending is running ahead of returns. Among model providers, we see promise without assuming today's leaders will prevail. We also continue to look for proof that end users can convert adoption into lasting profits.

AI may be digital, but we think its economics are shaped by physical scarcity. While compute defined the first phase, the next will be increasingly defined by power, memory, fabrication facilities and data-center capacity, in our view. Revenue expectations for key suppliers have risen materially. Graphics Processing Unit (GPU) rental prices are up roughly 32% year to date.[3] In addition, token consumption has expanded about 27x year-over-year.[4] Together, these readings suggest usage is still absorbing available infrastructure. They also provide an early warning system if the cycle begins to turn.

Pruning the Obvious, Planting the Overlooked

In our view, the third-quarter pullback repriced parts of the AI value chain at more attractive prices, even as our research continued to uncover company-specific inflections beyond AI. We made additions following active profit-taking in the second quarter, when supplier shares began to reflect the demand recovery, capacity constraints and earnings inflections we had underwritten. We trimmed or exited several positions while redeploying capital toward ideas with more compelling return potential.

The next chapter of AI deployment is moving closer to the device. That led us to initiate a position in **Qualcomm, Inc.** in Ariel Global Fund during the third quarter, a U.S. wireless semiconductor and connectivity company positioned to benefit as

[1] Goldman Sachs (7 August 2026) "Global AI Investment is Forecast to Exceed $1 Trillion in 2026" *Goldman Sachs,* https://www.goldmansachs.com/insights/articles/global-investment-is-forecast-to-exceed-1-trillion-in-2026
[2] Hirsch, Lauren et al. (21 September 2026) "Anthropic Moves Ahead With I.P.O. Plans Amid A.I. Safety Debate" *The New York Times Company,* https://www.nytimes.com/2026/09/18/technology/anthropic-ipo-ai-safety.html
[3] Bloomberg L.P. *Silicon Data B200 Rental Price Index.* Data covering 1/1/2026 to 9/25/2026.
[4] OpenRouter. *Weekly OpenRouter usage by lab.* Data covering the week starting 9/15/2025 to 9/21/2026.

more processing takes place directly on smartphones and other connected devices. In our view, Qualcomm shares provide exposure to this shift without the heightened expectations already embedded in the most prominent AI names. That same lens led us to new positions with distinct company-level catalysts. We anticipate stronger demand as rising cloud complexity makes observability more essential at **Dynatrace, Inc.**, a U.S. application-performance and cloud-monitoring software provider. Meanwhile, **Sunny Optical Technology (Group) Co., Ltd.** is a Chinese precision-optics and camera-module manufacturer that provides exposure to a camera-upgrade cycle, supported by higher-value lenses and potential market-share gains. Beyond technology, **Komatsu Ltd.**, a Japanese construction and mining equipment manufacturer, combines growing mining-equipment demand with a steady stream of parts and service revenue that we believe remains underappreciated.[5]

Our performance was pressured by several of our technology stocks that pulled back during the quarter. Despite strong underlying fundamentals, suppliers enabling AI deployment traded down with broader infrastructure names. In our view, **Xiamen Faratronic Co., Ltd.**, a Chinese film-capacitor manufacturer, and **Infineon Technologies AG**, a German power-semiconductor company, remain positioned to benefit from the shift toward the 800-volt data-center power systems that increase demand for film capacitors and power semiconductors. Rising chip complexity also supports two of our Japanese holdings: **Daifuku Co Ltd.**, a material-handling and cleanroom-automation company, and **Horiba Ltd.**, a precision-measurement and analysis equipment maker. Daifuku supplies the systems that move wafers through advanced fabrication plants, while Horiba's instruments become increasingly critical as semiconductor manufacturing requires tighter process control.

Strong stock selection in other sectors helped offset our losses. Several detractors from recent periods rebounded on strong fundamentals. **Bandai Namco Holdings Inc.**, a Japanese entertainment and gaming company; **China Mengniu Dairy Company Limited**, a leading dairy producer; and **Pharmaron Beijing Co., Ltd.**, a Chinese drug-research and manufacturing services provider, recovered as results showed operational progress.

[5] We added Dynatrace, Inc. in Ariel Global Fund during the quarter ended 6/30/2026. We added Sunny Optical Technology (Group) Co., Ltd. in Ariel International Fund and Ariel Global Fund during the quarter ended 6/30/2026. We added Komatsu Ltd. in Ariel International Fund and Ariel Global Fund during the quarter ended 9/30/2026.

Komatsu: Paid by the Ton, Not the Truck

Komatsu Ltd. sells machines that remain in service for years, generating ongoing demand for replacement parts, maintenance and automation upgrades. Investors often treat Komatsu as a classic cyclical: buy when equipment orders pick up and sell before they peak. In our view, that framing overlooks how much of the earnings base now comes from supporting equipment already at work. Aftermarket parts and service accounted for about 50% of company-wide revenue in the first quarter of fiscal 2026[6] and we estimate the aftermarket business contributes an even greater share of profit.

At a mine, downtime is measured in lost tons. Sites are remote, machines are specialized and reliable access to parts and service is critical. Komatsu's dealer network helps keep fleets running, turning each equipment sale into a long-term customer relationship. Automation strengthens that connection. Its FrontRunner autonomous haulage system has operated commercially since 2008, and in April, Komatsu commissioned its 1,000th ultra-class autonomous haul truck, the first manufacturer to reach that milestone.[7] These fleets operate longer hours, increasing the need for maintenance, replacement parts and technology upgrades. Each machine sold can therefore generate years of follow-on revenue.

The service business helps cushion downturns, and early demand signals suggest the equipment cycle may now be turning in Komatsu's favor. Because Komatsu provides less order detail than some competitors, we look to Sandvik and Epiroc—suppliers to many of the same global miners—as an early read on customer spending.[8] In the second quarter of 2026, Sandvik reported 11% organic order intake growth in its mining business, reaching a record SEK 20.1 billion, with total orders up 17% year-over-year.[9] Meanwhile, Epiroc's orders grew 13% organically during the same period.[10] Komatsu's own results provide further support: June-quarter sales rose nearly 15%, parts sales increased 18% and management raised its full-year sales and profit forecasts.[11] Yet the company still expects industry demand to decline for the year. That gap between cautious guidance and strengthening orders is the inflection we are monitoring. We are tracking peer order intake, Komatsu's equipment and parts sales, the share of sales

[6] Hosotani, Hiroshi and Kiyoshi Hishinuma (29 July 2026) "Business Results for the Three Months Ended June 30, 2026" *Komatsu Ltd.,* pp. 30, https://www.komatsu.jp/en/-/media/home/ir/library/results/2025/en_fy261qpresentation.pdf?rev=178c4e4419eb4fbcb0ad8e646d0938a2&hash=4267A80FA03FB90ADAFEEF14F53FFAD1

[7] Corporate Communications Department, Sustainability Promotion Division, Komatsu Ltd. (22 April 2026) "FrontRunner Autonomous Haulage System continues to create value for customer operations, delivering scalable productivity and safety improvements–Komatsu becomes first OEM to commission 1,000 ultra-class autonomous haul trucks" *Komatsu Ltd.,* https://www.komatsu.jp/en/newsroom/2026/20260422

[8] Sandvik and Epiroc are not current holdings.

[9] Sandvik AB (17 July 2026) "Interim report second quarter 2026" *Sandvik AB,* pp. 1 and 6, https://www.home.sandvik/siteassets/investors/reports--presentations/interim-reports/2026/interim-report-second-quarter-2026.pdf

[10] Epiroc (17 July 2026) "Interim report Q2 2026" *Epiroc,* pp. 4, https://www.epirocgroup.com/content/dam/epiroc/corporate/documents/quarterly-results-presentations-/2026-q2/Epiroc%20Interim%20Report%20Q2%202026.pdf

[11] Hosotani, Hiroshi and Kiyoshi Hishinuma (29 July 2026) "Business Results for the Three Months Ended June 30, 2026" *Komatsu Ltd.,* pp. 1, 14 and 30, https://www.komatsu.jp/en/-/media/home/ir/library/results/2025/en_fy261qpresentation.pdf?rev=178c4e4419eb4fbcb0ad8e646d0938a2&hash=4267A80FA03FB90ADAFEEF14F53FFAD1

from service and miners' capital budgets—leading indicators of demand strength and the durability of the recovery. At today's valuation, we believe the market still prices Komatsu primarily as a cyclical equipment maker, giving limited credit to the repeat revenue generated over each machine's working life. Continued order strength and clearer service growth could narrow that gap. The machines are already in the pit—Komatsu gets paid as long as the ore keeps moving.

Looking Forward

As 2026 draws to a close, we expect the next phase of the AI cycle to reward companies that convert investment into lasting returns—not simply those spending at scale. Higher capital costs and uneven monetization should widen the gap between suppliers with visible demand and scarce capacity and businesses still trading largely on expectations. The quarter also pointed to a broader earnings cycle, with improving conditions extending beyond AI across a wider range of industries and regions.

As always, we appreciate the opportunity to serve you and welcome any questions or comments you might have.

Sincerely,



Henry Mallari-D'Auria, CFA®
Chief Investment Officer
Global Equities

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 exchange-traded funds (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 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 the Funds' 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 Ariel International Fund's Prospectus as of February 1, 2026, the gross expense ratio for the Investor Class and Institutional Class was 1.38% and 1.05%, and had an annual net expense ratio of 1.13% and 0.88%, respectively. Ariel Investments, LLC, the Adviser, has contractually agreed to waive fees and reimburse expenses (the "Expense Cap") in order to limit Ariel International Fund's total annual operating expenses to 1.13% and 0.88% of net assets for the Investor Class and Institutional Class, respectively, through January 31, 2027. The net expense ratios for the Investor Class and Institutional Class do 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.

Per the Ariel Global Fund's Prospectus as of February 1, 2026, the gross expense ratio for the Investor Class and Institutional Class was 1.69% and 1.35%, and had an annual net expense ratio of 1.19% and 0.94%, respectively. Ariel Investments, LLC, the Adviser, has contractually agreed to waive fees and reimburse expenses (the "Expense Cap") in order to limit Ariel Global Fund's total annual operating expenses to 1.13% and 0.88% of net assets for the Investor Class and Institutional Class, respectively, through January 31, 2027. The net expense ratio for the Investor Class and Institutional Class do 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 expressed views will come to fruition or any investment will perform as described.

As of 9/30/2026, Ariel International Fund's position size, if any, in the above holdings was Qualcomm Incorporated 0.00%; Dynatrace, Inc. 0.00%; Sunny Optical Technology (Group) Company, Ltd. 2.09%; Komatsu, Ltd. 4.57%; Xiamen Faratronic Co., Ltd. 0.00%; Infineon Technologies AG 3.83%; Daifuku Co., Ltd. 3.71%; Horiba, Ltd. 3.74%; Bandai Namco Holdings, Inc. 4.00%; China Mengniu Dairy Company, Ltd. 1.04% and Pharmaron Beijing Co., Ltd. 0.84%. As of 9/30/2026, Ariel Global Fund's position size, if any, in the above holdings was Qualcomm Incorporated 3.96%; Dynatrace, Inc. 4.76%; Sunny Optical Technology (Group) Company, Ltd. 2.38%; Komatsu, Ltd. 3.09%; Xiamen Faratronic Co., Ltd. 1.33%; Infineon Technologies AG 2.06%; Daifuku Co., Ltd. 2.23%; Horiba, Ltd. 2.33%; Bandai Namco Holdings, Inc. 2.14%; China Mengniu Dairy Company, Ltd. 2.35% and Pharmaron Beijing Co., Ltd. 1.54%.

Bank of Ireland Group PLC

Barry Cohen
Vice President
Senior Research Analyst, Global Equities



Bank of Ireland Group PLC is one of two large retail banks in Ireland, serving a significant share of the country's households and businesses. The bank owns New Ireland Assurance, a leading insurance and pension provider and Davy, a well-known wealth management firm. The group also oversees a retail banking operation in the United Kingdom (UK). The overhang from Ireland's banking crisis weighed on the stock, allowing us to accumulate shares at a deep discount to our estimate of intrinsic value. More recently, however, the market began to recognize the bank's strong return profile, and the gap has narrowed considerably. As a result, we trimmed our position while maintaining meaningful exposure to Bank of Ireland's growth potential.

Banking on Deposits

Our long-term investment case rests on funding. After Ireland's banking crisis, many lenders exited the market, leaving households and businesses with only a few banking options. Consequently, Bank of Ireland received an influx of deposits, while its loan book grew at a much slower pace. In a period of normalized interest rates, this is a structural competitive advantage. Where most banks compete for deposits with higher rates, Bank of Ireland would rather protect its lending margins. The bank also has ample opportunity to put these deposits to work, with Irish mortgage lending expanding and loans to first-time homebuyers recently reaching a record high.

Credit Where It's Due

We originally purchased Bank of Ireland due to our differentiated view on capital. The bank was generating cash faster than market assumptions. Meanwhile its reserves, the money set aside for bad loans, significantly outweighed its losses. The bank adopted this conservative habit during a more fearful era. Our view was that its strong capital position would provide flexibility and strategic freedom. This outcome played out when management announced a multi-year strategy with materially higher profit targets and additional share buybacks. The bank also raised earnings guidance through the year. Furthermore, we expected the company to part ways with its UK business which remains a drag on returns. We were hoping for a divestment, similar to recent moves by other European banks. However, management recently reaffirmed its commitment to the business. So far, investors have been unphased as evidenced by its steady share price appreciation over the year.

Interest Remains

With the capital return story now largely priced in and the sale of the UK business unlikely to emerge as a positive catalyst, we see less upside potential over the near term. Therefore, we trimmed our position and reallocated proceeds to more compelling ideas from a risk-return perspective. Despite its reduced weight, we continue to view the bank's long-term prospects favorably. In our view, Bank of Ireland's strong deposit base should continue to drive attractive earnings and steady returns for years to come.

Charles River Laboratories International, Inc.

Sabrina Carollo, CFA®
Senior Vice President
Director of Research Operations



Charles River Laboratories, Inc. (CRL) is a leading provider of products and services supporting drug discovery and development. Before any drug reaches a pharmacy, it must be tested—for safety, effectiveness and quality. Charles River is the testing partner drugmakers have relied on for generations. By the company's estimate, more than 80% of novel drugs approved by the FDA over the past five years were supported by its services. This leading position in safety testing was built on decades of accumulating scientific data, strengthening its regulatory expertise and solidifying customer relationships. In our view, rising complexity in drug development should support sustainable growth and earnings expansion for the company over time.

Just What the Doctor Ordered

Research investment soared to unprecedented levels during the COVID-19 era. Afterwards, the funding backdrop weakened considerably, pressuring outsourced research providers such as Charles River. Over the last year, however, demand has rebounded and bookings have strengthened. Importantly, pharmaceutical companies are prioritizing the most promising areas of modern medicine: gene and cell therapies as well as RNA-based medicines. These newer treatments are more scientifically demanding than traditional drugs, relying on the specialized testing Charles River offers. As funding recovers and drug pipelines expand, we believe the company is poised to capture this multi-year recovery in development spending.

Under the Microscope

Today, the primary concern among investors is whether artificial intelligence and new approach methodologies (NAMs) will disrupt the company's traditional testing business. However, management is optimistic these emerging technologies will complement its core business rather than displace it. That confidence is underscored by its recent investments in AI-enabled digital pathology, virtual control groups, advanced analytics and predictive models. The company also possesses one of the industry's largest proprietary toxicology and scientific databases, providing a powerful foundation for AI-driven insights and virtual testing. Together, we believe these assets should become a competitive advantage rather than a risk to the franchise.

Strong Vitals

As investor confidence returns with renewed demand and stronger margins, shares have rallied sharply from last year's lows. Still, we believe there is more room to run, underscored by growing enthusiasm for management's long-term strategy, a strong biotech funding environment and the company's ability to leverage technology to drive sustainable earnings growth. With medicine increasingly more complex and new technologies reshaping drug development, we believe Charles River is uniquely positioned to capitalize on an evolving landscape which should reward patient investors over time.

Komatsu, Ltd.

Dong Zheng, CFA®
Vice President
Research Analyst, Global Equities



Founded in 1921, **Komatsu Ltd.** is the second-largest manufacturer of construction and mining equipment in the world. What began as a supplier of machinery to a single copper mine on Japan's coast, now has excavators, bulldozers and haul trucks working across quarries, infrastructure projects and open-pit mines around the globe. That said, our investment thesis considers more than its machines. In our view, the market is underappreciating its high-margin aftermarket business, extensive service network and earnings base stretching across different industries, including semiconductors.

Parts of the Story

While most equipment makers sell through independent dealers, Komatsu owns part of its distribution network—providing a direct line to its customers. That relationship pays off long after the sale, as customers turn to Komatsu to service their machines. A machine's working life is long and demanding, spent in punishing conditions. Undercarriages wear out, hydraulic systems break and engines require overhauls. For Komatsu, these repairs carry higher margins than the original sale, and this work persists during weaker parts of the cycle. In other words, while a customer may delay buying a new machine, necessary repairs are harder to put off.

Komatsu is well-positioned to capture this work due to its built-in monitoring system, KOMTRAX. Installed on nearly every machine it sells, the system tracks real-time data, such as operating hours, fuel use and warning codes. KOMTRAX also alerts the company's service teams to deteriorating components before they cause costly downtime. As a result, the machines break down less, which strengthens customer relationships. We believe the market prices Komatsu on the machines it sells, overlooking the service operation that creates a durable competitive edge.

Wheels Are Turning

The mining equipment business is in a slump, and we believe a recovery hinges on the replacement of aging fleets. These machines can only be pushed so far—replacements can be delayed, but not forever—and the pressure to upgrade builds with every year of heavy use. In our view, miners in Latin America and Africa are ready to spend again, buoyed by high commodity prices such as gold and copper. In Indonesia, the government capped mining output to support coal prices—and now, with prices recovering, easing quotas are likely to put machines back to work and revive equipment purchases in 2027. We are also monitoring fleet ages, capital spending and peer orders. Our early readings suggest the replacement cycle is beginning to turn.

Lighting Up a New Market

A lesser-known part of Komatsu's story is its wholly owned semiconductor subsidiary. Gigaphoton is a leading supplier of specialized lasers used for lithography, the process that prints microscopic circuits onto computer chips. Gigaphoton's machines require regular service. For every unit installed, the company generates recurring revenue as long as the plant remains active. Last fiscal year, management reported strong maintenance revenue, with an expectation for sales to rise over time. In our view, this recurring earnings stream, tied to an entirely different market than construction or mining, makes this investment even more compelling.

Solid Ground

Over the past decade, Komatsu has leveraged its strong balance sheet to diversify earnings beyond new machine sales. The company has invested meaningfully in aftermarket service, mining automation and semiconductor equipment. Meanwhile, management remains committed to returning capital to shareholders, underscored by its steady annual dividend and ongoing share repurchases. Given its diversified revenue streams and financial strength, we believe Komatsu is uniquely positioned to deliver attractive, long-term earnings growth across cycles, rewarding investors over time.

Benjamin Rosner, CFA®
Vice President
Domestic Research



Founded in 1937, **Progressive Corporation (PGR)** is the largest personal auto insurer in the United States. The company was the first to introduce drive-in claims service, allowing customers to drive their damaged cars to adjusters and get paid on the spot rather than waiting weeks for paperwork. They were also among the earliest to offer premiums in monthly installments rather than one annual lump sum, and pioneered usage-based insurance—pricing coverage based on how safely people actually drive. Today, Progressive collects more than $80 billion in premiums annually through two channels: its website, where customers can get a quote and buy a policy directly in minutes, and a network of roughly 40,000 independent agents for those who prefer personal guidance. In our view, three competitive advantages set the company apart, its data-powered underwriting, trusted brand and significant scale.

In the Driver's Seat

Progressive's greatest asset is its data. In 1996, the company began testing usage-based insurance, powered by telematics. That grew into the Snapshot program, which Progressive rolled out nationally in 2011. Using a mobile app or plug-in device, the company can see real behavior, such as how hard drivers brake, how fast they accelerate and how often they are on the road, then price each policy accordingly.
The payoff is a dataset few competitors can replicate, allowing Progressive to match price to risk across a full spectrum of drivers, from the safest to the riskiest. The result is a powerful flywheel: better pricing attracts new customers, new customers generate fresh data, and fresh data sharpens pricing further. We believe this self-reinforcing advantage will continue to compound as the company grows.

Going with the Flo

Progressive's brand is a powerful complement to its data. National campaigns featuring Flo, the company's famously upbeat spokeswoman, are funded by an advertising budget more than double that of many competitors. So, when it's time to shop for coverage, Progressive is top of mind for consumers. That familiarity matters in insurance, an industry based on trust. Against many lesser-known insurance companies, Progressive's household name is a strong differentiator for attracting and retaining customers.

Built for Bumpy Roads

The auto insurance industry is in a softening cycle. As insurers compete more aggressively for customers, many are lowering prices. At the same time, the cost of paying claims continues to rise. Modern cars packed with cameras and sensors make even minor repairs expensive, while injury claims grow with rising medical costs. However, Progressive continues to outperform—writing more new policies than competitors and maintaining a strong combined ratio in the high-80s, meaning it spends under ninety cents of every premium dollar it collects, keeping the rest as profit. As a result, the company generates significant cash flow and returns capital to shareholders through dividends and buybacks. Progressive has successfully navigated soft markets before, and we expect the same underwriting discipline to carry them through again.

Worth the Ride

Progressive's vast data, iconic brand and commanding scale provide a durable competitive moat. In our view, near-term industry softness should not impact long-term earnings power. Rather, we believe current market conditions provide us with an attractive opportunity to own a differentiated business at a 32% discount to our estimate of private market value.

Our Portfolio Managers

Ariel Fund



John W. Rogers, Jr.
Lead Portfolio Manager



Kenneth E. Kuhrt, CPA
Portfolio Manager

Ariel Appreciation Fund



Timothy Fidler, CFA®
Co-Portfolio Manager



Kenneth E. Kuhrt, CPA
Co-Portfolio Manager

Ariel Focus Fund



Charles K. Bobrinskoy
Portfolio Manager

Ariel International Fund | Ariel Global Fund



Henry Mallari-D'Auria, CFA®
Lead Portfolio Manager



Vivian Lubrano
Portfolio Manager



Ted Mann, CFA®
Portfolio Manager

Important Disclosures

Risks of Investing in the Funds

Investing in equity stocks is risky and subject to the volatility of the markets. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings or its strategy. 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. Equity investments are affected by market conditions. Ariel Fund, Ariel Appreciation Fund and Ariel Focus Fund invest in small and/or mid-cap companies, which is riskier and more volatile than investing in large cap stocks. Ariel Focus Fund is a non-diversified fund and therefore may be more volatile than a more diversified investment. Ariel International Fund and Ariel Global Fund invest in foreign securities and may use currency derivatives and ETFs. Investments in foreign securities may underperform and may be more volatile than comparable U.S. stocks because of the risks involving foreign economies and markets, foreign political systems, foreign regulatory standards, foreign currencies and taxes. The International and Global Funds' use of currency derivatives and ETFs may increase investment losses and expenses and create more volatility. The International and Global Funds' investments in emerging markets present additional risks, such as difficulties selling on a timely basis and at an acceptable price.

Specific Stocks Held by the Funds

The companies highlighted in the Company Spotlights were held in one or more of the following Fund portfolios during the quarter ending September 30, 2026: Ariel Fund, Ariel Appreciation Fund, Ariel Focus Fund, Ariel International Fund or Ariel Global Fund. We candidly discuss various individual companies to illustrate our investment process. The information and our opinions were current as of the date above but are subject to change. The information shown 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. These securities do not represent all securities purchased or sold to investors during the period. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings of any Fund or of any particular Fund itself. Portfolio holdings are subject to change. **Past performance does not guarantee future results.** Please visit our website, arielinvestments.com to see the holdings of the Funds.

Please Read the Funds' Prospectuses

Investors should consider carefully the investment objectives, risks, and charges and expenses before investing. For a current summary prospectus or full 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 summary prospectus or full 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.

Information about the Funds' Indexes

Each Fund's primary index is the first one listed below each respective Fund's performance data. Indexes are unmanaged. An investor cannot invest directly in an index.

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 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. Inception of this benchmark is July 1, 1995. This index pertains to Ariel Fund.

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. The inception date of this benchmark is June 1, 1993. This index pertains to Ariel Fund.

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. The inception date of this benchmark is February 1, 1995. This index pertains to Ariel Appreciation Fund.

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. The inception date of this benchmark is November 1, 1991. This index pertains to Ariel Appreciation Fund.

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. The inception date of this benchmark is January 1, 1987. This index pertains to Ariel Focus Fund.

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. This index pertains to Ariel Fund, Ariel Appreciation Fund and Ariel Focus Fund.

The MSCI EAFE Index is an equity index of large and mid-cap representation across 21 Developed Markets (DM) countries around the world, excluding the U.S. and Canada. Inception of this benchmark was May 31, 1986. The MSCI EAFE Value Index captures large and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada. Inception of this benchmark was December 8, 1997. These indexes pertain to Ariel International Fund.

The MSCI ACWI (All Country World Index) ex-US Index is an index of large and mid-cap representation across 22 Developed Markets (DM) and 24 Emerging Markets (EM) countries. Inception of this benchmark was January 1, 2001. The MSCI ACWI ex-US Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 22 Developed and 24 Emerging Markets countries. Inception of this benchmark was December 8, 1997. These indexes pertain to Ariel International Fund.

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. Inception of this benchmark was January 1, 2001. The MSCI ACWI Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 23 Developed Markets countries and 24 Emerging Markets (EM) countries. Inception date of this benchmark was December 8, 1997. These indexes pertain to Ariel Global Fund.

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.

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- **x.com/arielinvests**

What's Inside

THE ONE HIT WONDER Co-CEOs John W. Rogers, Jr. and Mellody Hobson explain that a name we would never own, SanDisk Corporation, single-handedly drove up the small/mid and mid cap benchmarks in the first half of the year before being jettisoned by these same indices in June. 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.

A MARKET OF EXTREMES Vice Chairman Charlie Bobrinskoy says despite solid fundamentals that met or exceeded expectations, a widening gap between operating performance and market sentiment led to a sell-off in some of our portfolio company shares.

A MARKET MADE FOR THE CURIOUS INVESTOR Chief Investment Officer, Global and Emerging Markets Equities, Henry Mallari-D'Auria believes over time AI will change corporate economics far beyond the current group of perceived winners—altering investment needs, operating models, pricing power and competitive moats. The road will be uneven, and in our view, the final destination is unlikely to mirror today's consensus.

COMPANY SPOTLIGHTS Views from our investment team on Bank of Ireland PLC, Charles River Laboratories, Inc., Komatsu Ltd. and Progressive Corporation.

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