

***The Case for
Contrarian Intrinsic Value Investing (CIVI)***

***13th Annual Value Investor Conference
University of Nebraska Omaha***

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Portfolio Manager, Ariel Investments

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Success = AND not OR



Steve Jobs, Apple
Smart **AND** Simple



Billy Beane, Oakland Athletics
Above Avg. Wins **AND** Below Avg. Costs



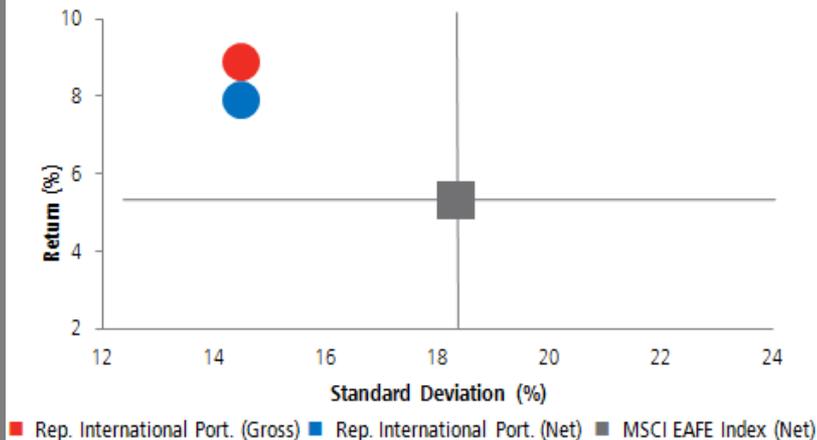
Contrarian Intrinsic Value Investor
Higher Returns **AND** Lower Risk

Contrarian Intrinsic Value Investing (CIVI)

Higher Returns and Lower Risk

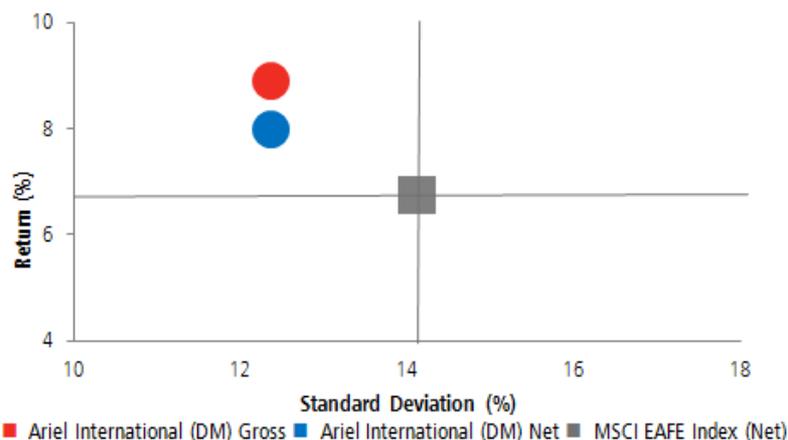
10 Yr Performance at prior employer Since Inception (05/01/01 - 04/30/11)

REPRESENTATIVE INTERNATIONAL PORTFOLIO - SUPPLEMENTAL INFORMATION



4+ Yr Performance at current employer Since Inception (01/01/12 - 03/31/16)

ARIEL INTERNATIONAL (DM)



Past performance is no guarantee of future results. Performance results are net of transaction costs and reflect the reinvestment of dividends and other earnings. Net returns reflect the deduction of the maximum advisory fee in effect for the respective period. Effective 1/1/14 the maximum fee is 0.80% per annum. Fees for prior periods are available upon request. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Fee information is available upon request and may also be found in Ariel's Form ADV, Part 2. Results shown may be preliminary. Returns are calculated in U.S. dollars.

Contrarian Intrinsic Value Investing (CIVI)

Ariel International Fund



Ariel Global Fund



Ariel International Fund's Overall Morningstar Rating™ is five stars (for both the Investor and Institutional Classes) among 289 Foreign Large Value Funds for the period ended 3/31/16 and is derived only from the three-year rating of five stars among the 289 funds in the category. Ariel Global Fund's Overall Morningstar Rating™ is five stars (for both the Investor and Institutional Classes) among 991 World Stock Funds for the period ended 3/31/16 and is derived only from the three-year rating of four stars among the 991 funds in the category. The inception date for both Funds is 12/30/11 and therefore they do not yet have performance or ratings for the five- and ten-year periods.

For each Fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. These ratings change monthly. The top 10% of funds in an investment category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics.

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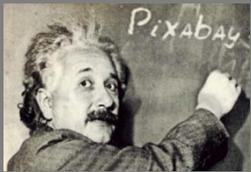
Both Funds seek long-term capital appreciation. Ariel International Fund invests primarily in foreign equity securities in developed international markets and Ariel Global Fund invests primarily in equity securities of both domestic and foreign issuers in developed or emerging market countries.

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. Please read the summary prospectus or full prospectus carefully before investing. Distributed by Ariel Distributors, LLC, a wholly-owned subsidiary of Ariel Investments, LLC.

CIVI Framework = Contrarian AND Correct



No payoff for right answers if consensus



Must be right **AND** prove consensus wrong



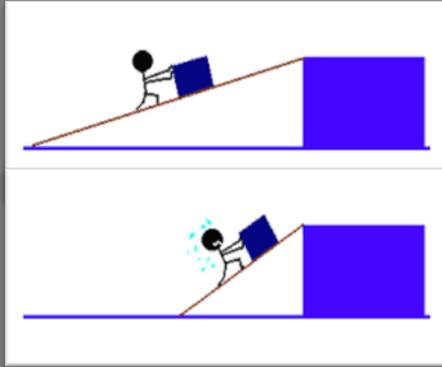
Markets reward correct, non consensus views
not “me too” conclusions everyone has priced



Harsh penalties for wrong answers

Harsh Penalties for Wrong Answers

- Big losses require bigger gains to break even



-30% loss requires **+43%** gain

-50% loss requires **+100%** gain

-90% loss requires **+900%** gain

- Avoiding losers as important as picking winners

Avoid these Losers

- **Optically Cheap** Don't be fooled by this red herring
- **Financial Engineering** Beware creative accounting
- **Low Quality Business** Sidestep this minefield
- **Weak Balance Sheet** Avoid this quicksand
- **Reversion to Mean** Hope is not a strategy
- **Disruptive Forces** Denial can prove deadly



Margin of Safety to lower downside risk

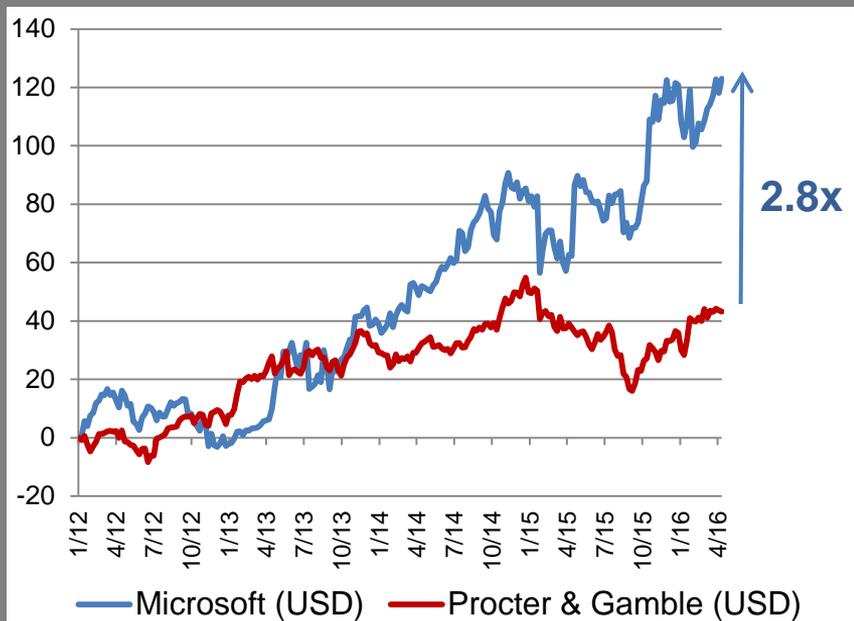
- **High Quality Business** LT business models & moats, not ST buzz models
- **Strong Balance Sheet** Ballast and strategic optionality
- **Out of Favor** Bad news priced in, good news is not
- **Discount to Intrinsic Value** Differentiated thesis/ fundamentals, not “the greater fool theory”

Seek these Undervalued Winners

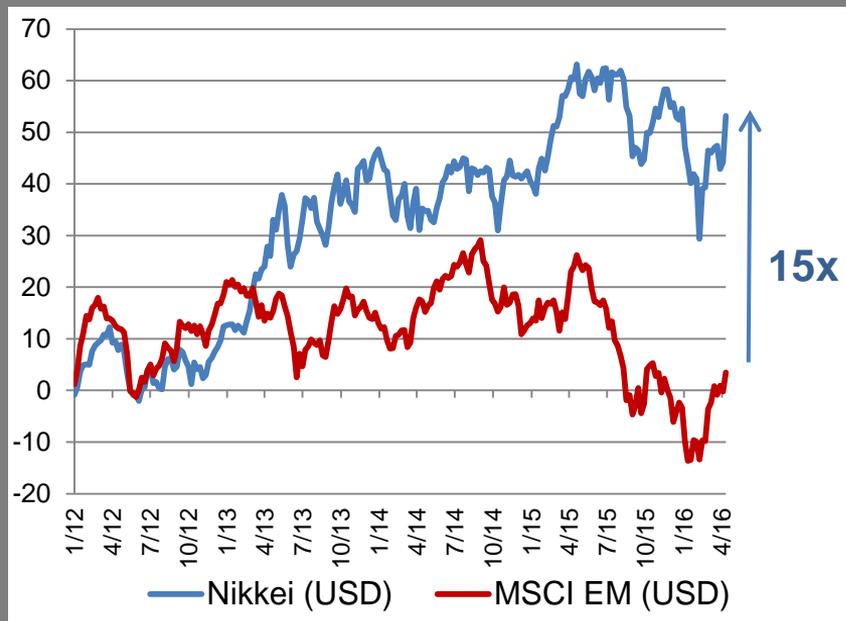
- Business Model Misunderstandings
- Exceptions to the Rule
- Volatility vs Stability
- Second Order Effects
- Past \neq Future
- Perception vs Reality

Upset Victories = Big Payoffs

Undervalued Volatility vs Overvalued Stability



Submerging market vs Emerging market



Biggest Contrarian Opportunity - Rethink Equities

A source of **Value Creation**, not just Volatility



Mankind's **creativity** to come up with innovations

Mankind's **ingenuity** to solve problems

Mankind's **success** in overcoming challenges

CIVI = Access Higher returns of Equities AND Lower risk

CIVI – INVESTMENT VOWS

*I, Intelligent Investor, take you, Equities,
to be my thoughtfully chosen investment,
to have and to hold, from this day forward,
~~for better, for worse~~ in bull or bear markets,
~~for richer, for poorer~~ through stability or volatility,
~~in sickness and in health~~ in weak and in strong
markets, until death do us part.*



Disclosure

Rupal J. Bhansali joined Ariel Investments on October 1, 2011 as the Chief Investment Officer, Global Equities. The Ariel International (DM) Composite seeks long-term capital appreciation by investing primarily in equity securities of foreign issuers in developed international markets. The inception date of the Ariel International (DM) product was December 31, 2011. Any portfolio, performance, and ranking information shown for the periods prior to December 30, 2011 is supplemental information and is that of the publicly available mutual fund managed by Rupal J. Bhansali at her prior firm in a substantially similar manner as she is managing the Ariel International (DM) Product. April 2011 was the last full month prior to the date of Ms. Bhansali's departure from her prior firm on May 27, 2011. During the time periods shown, Ms. Bhansali had primary responsibility for managing the fund. The inception date of May 1, 2001 represents the start of Ms. Bhansali's management of the fund and not the inception date of the fund itself. The prior fund performance shown is no indication of the potential performance of any of the products or funds Ms. Bhansali manages at Ariel, including the Ariel International (DM) Composite. The performance of Ariel products differ from the results shown for the prior fund. The Ariel International (DM) Composite differs from its benchmark, the MSCI EAFE Index, because the Composite: (i) has fewer holdings than the benchmark, (ii) will invest in Canada, and (iii) will at times invest a portion of its assets in the U.S. and emerging markets. Index returns reflect reinvested dividends and other earnings.

Investments in foreign securities may underperform and may be more volatile because of the risks involving foreign economies and markets, foreign political systems, foreign regulatory standards, foreign currencies and taxes. The use of currency derivatives, ETFs, and other hedges 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 portfolio invests may never be recognized by the broader market.

MSCI EAFE Index is an unmanaged, market-weighted index of companies in developed markets, excluding the U.S. and Canada. The MSCI EAFE 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. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

Q&A



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