

DECEMBER 31, 2025

 Class A  
**PODAX**

 Class C  
**PODCX**

 Class I-2  
**PMADX**

## Market Review

Global equity markets finished 2025 on a positive note with the MSCI EM, MSCI EAFE and the S&P 500 indices returning modest gains for the fourth quarter and surging 33.57%, 31.22% and 17.88% for the calendar year, respectively. In terms of style, value stocks outpaced growth stocks over the fourth quarter as markets may be experiencing early stages of investment style rotation.

Within fixed income, long-duration bonds underperformed their shorter-duration counterparts, as the yield on the 10-year Treasury rose over the quarter. Among the spread sectors, emerging market debt continued to outperform, ending the year up 14%. U.S. high-yield bonds also performed well in the final quarter, even as major tech companies increased issuance to raise capital for growth through M&A activity and AI-related investments.

## Fund Performance

The fund returned 2.01% during the fourth quarter of 2025 and 14.77% for the trailing 12-month period (Class A at NAV).

## Performance Review

As markets finished the year, the fund delivered competitive results, ranking in the 54<sup>th</sup> percentile versus peers over the trailing 12-month period as of December 31, 2025, according to Morningstar.

Among the domestic equity group, our strategic overweight to equities largely contributed to performance over the fourth quarter and the trailing 12-month period. Although value stocks outpaced growth stocks in the fourth quarter, the exposure to large-growth companies contributed to performance over the 2025 calendar year as tech stocks regained their upward momentum. Regarding underlying funds, manager selection contributed positively to performance with Aristotle Core Equity leading the domestic

equity group in outperformance relative to their respective benchmarks.

Within the international equity group, our overweight to international value and underweight to international growth contributed to performance for the fourth quarter and throughout the trailing 12-month period. On the other hand, Aristotle International Equity detracted from performance over the calendar year.

Among the fixed-income group, the exposure to high yield bonds contributed to performance for the fourth quarter and the trailing 12-month period. However, Aristotle High Yield Bond's underperformance offset the positive asset allocation effect from the asset class decision.

## Outlook

As we look ahead for 2026, changes will be a common theme when considering the global economy, markets and geopolitics. For starters, President Donald Trump's One Big Beautiful Bill Act (OBBBA) and related extensions for expiring Trump-era provisions should provide a boost for consumers. Individuals will see extensions to their already reduced income tax brackets. For those in high-tax states, the state and local tax (SALT) deductions cap has increased from \$10,000 to \$40,000 for 2025-2029 tax years. Other new and expanded deductions effective in 2026 include car loan interest, tips and overtime pay as well as a higher child tax credit. Overall, these provisions should provide a boost for working families and individuals.

While the topic of a divided economy between haves and have-nots has contributed to the recently mixed and unconventional economic growth, Trump's tax provisions could help spending patterns converge, which should provide some boost to the U.S. economy this year and beyond. A strengthening economy could encourage a conventional Federal Reserve to consider pausing the current easing if

**Past Performance is not indicative of future results.** Returns reflect reinvestment of dividends/distribution. Investment 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 quoted. Performance current to the most recent month end may be found at [www.AristotleFunds.com](http://www.AristotleFunds.com)/performance or by calling 1-844-274-7885. The investment advisor has contractually agreed to limit certain expenses through 7/31/28. Please see the current prospectus for detailed information.

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inflationary conditions start brewing. On the other hand, widespread usage of AI applications as well as a weakening labor market have the potential to ease inflationary pressures, which would justify additional rate cuts – the futures market currently expects two more cuts in 2026. While employment growth remains positive and initial jobless claims remain relatively subdued, much will depend on how executives identify opportunities and react to challenges, as artificial intelligence can represent both a prospect and a potential threat. For instance, AI's future impact on the workforce remains uncertain for now.

Changing dynamics for work productivity with the implementation of AI will likely continue to remain a key theme throughout the remainder of the year. While a significant amount of capital has already been poured into AI implementation, more investment will probably be needed to improve functionality and reliability of AI-related tools and applications. Throughout these early stages of AI implementation and trial, productivity improvements will likely be modest until further enhancements are developed and energy becomes more readily available to handle the exorbitant amount of data. Nevertheless, markets typically front-run the economy before fully realizing AI benefits that will come later.

Meanwhile, geopolitical events continue to erupt around the globe with the Venezuela-U.S. conflict the latest to hit global news headlines, as U.S. military captured Venezuelan President Nicolas Maduro for drug trafficking charges. In light of Trump's interest in Venezuelan oil, geopolitical events can stem from seemingly random regions with built up tension. In other words, geopolitical and domestic politics can affect the market throughout 2026, including Venezuela, Iran, global trade and tariffs, mid-term U.S. elections, Russia-Ukraine and rising China-Taiwan-Japan tensions.

These economic and geopolitical conditions will surely influence the market throughout the year. For context, the S&P 500 Index has experienced double-digit calendar year returns every year since 2019 except in 2022 when markets were hit with Russia's surprise invasion of Ukraine and surging shelter inflation that led to aggressive Fed rate hikes. Nonetheless, large mega tech companies led the S&P 500 and other large-cap-growth indices to record levels.

The narrow market led by a few major tech players appears to be reaching its limitations, as valuations would suggest higher return potential from segments outside the handful of recent market leaders.

International markets have also been an area that has been neglected and overshadowed by U.S. tech giants. The main reasons for falling behind include continued weakness throughout Europe, which struggles with limited access to cheap gas due to the Ukraine-Russia conflict, as well as U.S. tariffs and increased trade tensions with China.

Despite the ongoing global trade tension, consumer inflation in the U.S. has so far remained contained, as it hovers close to the Fed's 2% target. Although goods prices are accelerating, shelter (which was a significant contributor to the spike in the Consumer Price Index between 2021 and 2022) and other core service inflation have shown signs of moderating and/or decelerating.

However, consumer prices have remained stable because companies strategically absorbed hits to profit margins due to tariffs to preserve market share. Accumulating cost pressures may finally urge companies to hike prices to offset higher costs, as commodity prices and producer prices are beginning to accelerate.

The success of properly managing passthrough to customers will become important in generating positive and accelerating earnings growth. Managing earnings growth dynamics will be an important fundamental factor in influencing price multiples for a company's market value.

The Fed will monitor these inflationary-pricing dynamics as it considers monetary policy throughout the year. In turn, the level of interest rates as well as the shape of the yield curve will not only affect the bond market but also will influence lending and borrowing activities. Companies in various sectors like biotech and technology will likely continue to engage in M&A activity to grow and compete with larger companies that have been investing in building "moats" to protect their strategic positions.

Fed decisions can materially impact corporate decisions and the health of the economy, and political drama between Trump and Fed members (especially Chair Jerome Powell) appears likely to

continue. Kevin Hassett, current director of the National Economic Council and a proponent of rate cuts to spur economic growth, may become the new Fed chair when Powell's term expires in May of this year. While this change does not guarantee additional interest rate cuts, Trump's attempt to alter and influence the voting makeup of the Federal Open Market Committee could certainly push economic activity to an unstable pace.

As suggested, the investment landscape for 2026 could be filled with several key changes. Business and earnings growth

fundamentals continue to remain relatively stable (for now), which could support the health of the overall market. However, valuations have become highly inflated for certain segments of the market, while others have become more interesting due to attractive valuations and an economy that will be supported by tax refunds later this year. Most importantly, liquidity remains abundant and default risks remain low. For now, we maintain a cautiously optimistic stance – prepared to participate in identified opportunities but disciplined to adjust exposures as risks arise and evolve.

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PORTFOLIO OPTIMIZATION GROWTH FUND  
COMMENTARY

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Performance as of 12/31/25

|                                   | Total Returns (%) |       |        | Annualized Total Returns (%) |        |         |                               |
|-----------------------------------|-------------------|-------|--------|------------------------------|--------|---------|-------------------------------|
|                                   | 3-Month           | YTD   | 1-Year | 3-Year                       | 5-Year | 10-Year | Since Fund Inception 12/31/03 |
| Class A—NAV                       | 2.01              | 14.77 | 14.77  | 14.74                        | 6.93   | 8.62    | 6.92                          |
| Class A—MOP                       | -3.62             | 8.43  | 8.43   | 12.61                        | 5.73   | 8.01    | 6.65                          |
| S&P 500® Index                    | 2.66              | 17.88 | 17.88  | 23.01                        | 14.42  | 14.82   | 10.71                         |
| Bloomberg US Aggregate Bond Index | 1.10              | 7.30  | 7.30   | 4.66                         | -0.36  | 2.01    | 3.27                          |
| MSCI EAFE Index                   | 4.86              | 31.22 | 31.22  | 17.22                        | 8.92   | 8.18    | 6.55                          |

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Returns shown at net asset value (NAV) have all distributions reinvested. Returns shown at maximum offering price (MOP) for Class A shares reflect payment of the maximum sales charge of 5.50%. When a sales charge is illustrated, it is applied at the beginning of the period.

Indexes are unmanaged and cannot be invested in directly. Further, they hold no cash and incur no expenses.

All share classes may not be available at all firms, and not all investors may be eligible for all share classes.

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## Definitions

The **Bloomberg US Aggregate Bond Index** is composed of investment-grade U.S. government and corporate bonds, mortgage pass-through securities, and asset-backed securities and is commonly used to track the performance of U.S. investment-grade bonds.

The **ICE BofA Merrill Lynch US 3-Month Treasury Bill Index** is comprised of a single issue with approximately three months to final maturity, purchased at the beginning of the month and held for a full month.

The **MSCI EAFE Index** is designed to measure the equity-market performance of developed markets in Europe, Australasia, and the Far East.

The **MSCI Emerging Market Index** tracks the performance of equity stocks in selected emerging foreign markets.

The **S&P 500 Index** is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the U.S. stock market.

Morningstar Category™ is a proprietary Morningstar data point. Percentile Rank in Category is the fund's total return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top performing fund in a category will always receive a rank of 1. Percentile Rank in Category is based on total returns which include reinvested dividends and capital gains. Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. The top 10% of funds in each 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. Morningstar Ratings for other share classes may have different performance characteristics. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. © 2025 Morningstar Investment Management, LLC. All Rights Reserved. For Overall, three-, five-, and 10-year Morningstar Ratings for other share classes, visit AristotleFunds.com/Performance. Morningstar Ratings are objective, based entirely on a mathematical evaluation of past performance. They're a useful tool for identifying investments worthy of further research but shouldn't be considered buy or sell recommendations.

Investing involves risk. Principal loss is possible. Asset allocation and diversification do not guarantee future results, ensure a profit or protect against loss. Although diversification among asset classes can help reduce volatility over the long term, this assumes that asset classes do not move in tandem and that positive returns in one or more asset classes will help offset negative returns in other asset classes. There is a risk that you could achieve better returns by investing in an individual fund or multiple funds representing a single asset class rather than using asset allocation. A fund-of-funds does not guarantee gains, may incur losses and/or experience volatility, particularly during periods of broad market declines, and is subject to its own expenses along with the expenses of the underlying funds. It is typically exposed to the same risks as the underlying funds in which it invests in proportion to their allocations.

***Investors should consider a fund's investment goal, risk, charges and expenses carefully before investing. The prospectus contains this and other information about the fund and can be obtained at [www.AristotleFunds.com](http://www.AristotleFunds.com). It should be read carefully before investing.***

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