

MARCH 31, 2026

Class A  
POEAX

Class C  
POCEX

Class I-2  
POEDX

## Market Review

Global equity markets declined in the first quarter of 2026 amid the war in Iran and the resulting energy price shock. The MSCI EM, MSCI EAFE, and S&P 500 returned -0.2%, -1.2%, and -4.3%, respectively. Value stocks outperformed growth stocks globally as volatility increased and interest rates rose.

In fixed income, the best performing asset in the first quarter was cash. Interest rates rose sharply as markets priced in higher inflation expectations. Global central banks could respond to higher inflation by hiking interest rates, although the Federal Reserve is more likely to remain on hold for longer. Long-duration U.S. Treasury bonds provided little diversification against equity risk. Since the start of the war, the US Aggregate Bond Index has returned -1.5% (and -0.1% for the first quarter). In the flight to quality, credit spreads widened in emerging market and U.S. corporate debt.

## Fund Performance

The fund returned -1.83% during the first quarter of 2026 and 18.27% for the trailing 12-month period (Class A at NAV).

## Performance Review

As the market experienced excessive volatility in the first quarter of the year, the fund still delivered competitive results, ranking in the 17<sup>th</sup> percentile versus peers over the trailing 12-month period as of March 31, 2026, according to Morningstar.

Among the domestic equity group, our strategic overweight to equities detracted from performance in the first quarter of 2026 but contributed positively in the trailing 12-month period. Overweight to large-growth companies and underweight to real estate contributed negatively in the first quarter but positively in the trailing 12-month period. Overweight to small companies detracted from performance in both the first quarter and trailing 12-month period. 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 underweight to international growth contributed to performance both in the first quarter and throughout the trailing 12-month period. We started to overweight emerging market equity in late 2025, and its net contribution in the first quarter was slightly positive, even after a significant decline in March. On the other hand, Aristotle International Equity detracted from performance over the trailing 12-month period.

Among the fixed-income group, the exposure to high yield bonds detracted from performance for the first quarter but contributed positively in the trailing 12-month period. However, Aristotle High Yield Bond modestly detracted from performance over the trailing 12-month period.

## Outlook

The near-term market outlook will likely be determined by how the war in Iran evolves. In our baseline scenario, the Strait of Hormuz gradually reopens to shipping by the end of April. Whether that occurs via a negotiated settlement or a unilateral U.S. and Israeli withdrawal (with Iran continuing to charge tolls for safe passage) is ultimately less important to markets than the normalization of shipping volumes. In that scenario, oil prices would likely fall quickly from elevated levels, consistent with the current oil futures curve. Risk assets would likely rally, and rates would likely decline in the near term.

While not our base case, investors should also consider the substantial risk of a more extended closure of Hormuz and longer-term damage to regional energy infrastructure. Key triggers to watch for are an escalation in the bombing of civilian infrastructure or a ground invasion of Iran. This scenario is likely not priced into market expectations and could push oil and other energy commodity prices higher. Risk assets could take another leg lower due to the negative impact on economic growth.

**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/performance](http://www.AristotleFunds.com/performance) or by calling 1-844-274-7885. Please see the current prospectus for detailed information.

The energy price shock has pushed inflation expectations and interest rates substantially higher. In the U.S., the one-year inflation swap rate has risen to 3.25%, while longer-term inflation expectations have remained contained. The Fed will likely look through another supply shock and keep rates unchanged for longer. Internationally, the risk of central bank rate hikes has increased. We think the risk of an inflation shock as extreme as 2022 (when core CPI reached 6.6%) remains distant: the fiscal expansion is smaller today, and supply-chain disruption is less widespread than after COVID. Nevertheless, bonds continue to be a poor diversifier of equity risk in a high-inflation regime.

The U.S. is more insulated from the economic effects of the Iran war than much of the rest of the world. Expectations for 2026 U.S. real GDP growth were healthy going into the year; the consensus estimate has declined from 2.5% before the war to 2.3%. If the conflict is resolved soon, the U.S. can likely weather the shock without entering a recession. Other countries—particularly energy importers in Europe and Asia—may be more exposed. Reducing risk in equities and bonds of the most exposed countries and regions is prudent during such a volatile period.

Beyond the energy price shock, another major market risk is rising concern over private credit. Some of the largest private credit managers have seen significant year-to-date stock price declines (e.g., Apollo: -26%, Ares: -36%, and Blue Owl: -43%).

The S&P index of publicly traded business development company (BDC) stocks also declined in the first quarter, and many private credit interval funds saw redemption requests exceed their 5% quarterly limits. Investors are rushing for the exit amid concerns that AI could disrupt the business models of private credit borrowers, particularly software companies. Software borrowers have not yet shown a meaningful rise in default rates, and some of the AI-driven credit spread widening may be sentimentally driven and temporary.

Earnings expectations for U.S. companies continue to rise. The consensus estimate for EPS growth over the next 12 months has increased to 17%. Combined with lower stock prices, the S&P 500 forward P/E has declined to 20x. Robust profitability and healthy growth could set equities up for a sharp recovery if the war in Iran ends soon.

Overall, markets remain tightly linked to the path of the Iran conflict and the speed at which energy flows normalize. Higher inflation expectations and stickier rates continue to limit the diversification benefit of long-duration bonds and raise the bar for risk assets. We are watching for signs of stress in private credit as spreads adjust, while also recognizing that dislocations may create selective opportunities where fundamentals remain intact. In this environment, managing exposure to the most energy-sensitive regions and assets is key. Long-term investors should manage short-term volatility while aiming for long-term growth.

# PORTFOLIO OPTIMIZATION AGGRESSIVE GROWTH FUND

## COMMENTARY

MARCH 31, 2026

### Performance as of 3/31/26

	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	-1.83	-1.83	18.27	13.93	6.58	9.75	7.24
Class A—MOP	-7.24	-7.24	11.74	11.79	5.38	9.13	6.97
S&P 500® Index	-4.33	-4.33	17.80	18.32	12.06	14.16	10.36
MSCI EAFE Index	-1.24	-1.24	21.27	13.62	7.91	8.38	6.42
Bloomberg US Aggregate Bond Index	-0.05	-0.05	4.35	3.63	0.31	1.70	3.23

**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/performance](http://www.AristotleFunds.com/performance) or by calling 1-844-274-7885. Please see the current prospectus for detailed information. Net/Gross annual operating expenses for Class A are 1.12% and 1.12%.

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.

## Definitions

The **Bloomberg US Aggregate Bond Index** is composed of investment-grade U.S. government and corporate bonds, mortgage passthrough 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. © 2026 Morningstar Investment Management, LLC. All Rights Reserved. For Overall, three-, five-, and 10-year Morningstar Ratings for other share classes, visit [AristotleFunds.com/Performance](https://www.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](https://www.AristotleFunds.com). It should be read carefully before investing.**

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