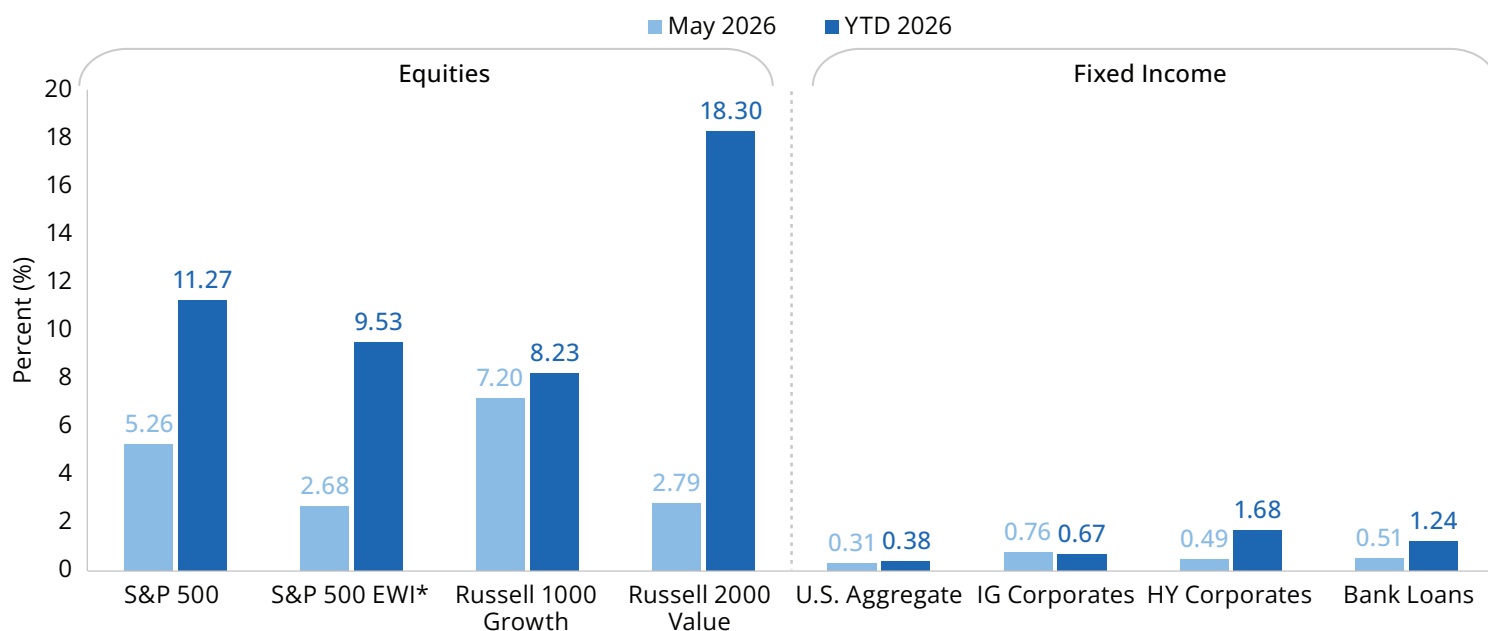


BEYOND THE PITCH

Aristotle Pacific CEO Dominic Nolan discusses the economics of the World Cup—plus, opportunities in fixed income, the Fed's next move, market performance, and economic trends.

We recently sat down with Dominic Nolan, CEO of Aristotle Pacific Capital, to get his insights on recent market performance, the economics of the World Cup, the Fed's next move, and fixed income. We conclude with a personal reflection.

Market Performance: Total Return



Past performance does not guarantee future results. Source: Morningstar as of 5/31/26. *Equal Weight Index HY Corporates represented by Bloomberg US Corporate High Yield Index, Bank Loans represented by J.P. Morgan Leveraged Loan Index, IG Corporates represented by Bloomberg US Corporate Index, U.S. Aggregate represented by Bloomberg US Aggregate Bond Index.

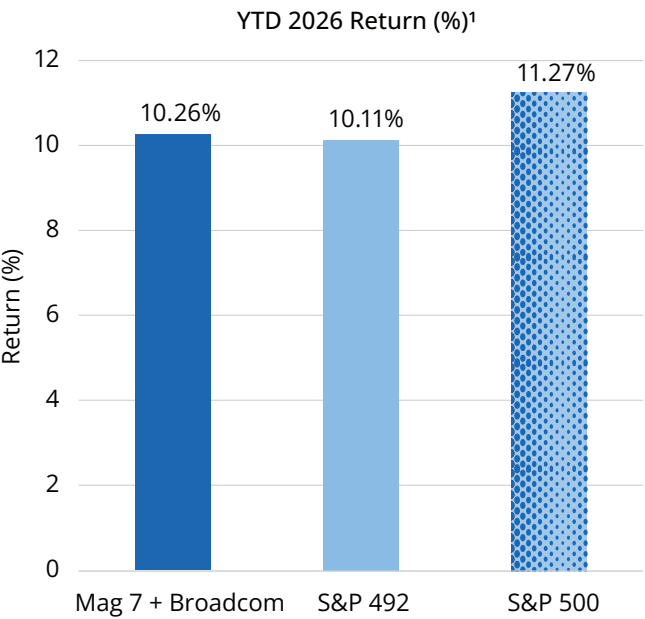
May was a strong month for stocks and ok for bonds. What drove risk appetite?

Artificial intelligence continues to be the overarching story in markets. The S&P 500 Index returned more than 5% in May, with the Russell 1000 Growth Index gaining more than 7%. The S&P is still leading the growth index year to date at 11.3% vs. 8.2%, while the Russell 2000 Value tops them both at 18.3% year

to date, even though it returned a modest 2.8% in May.

Bonds had slightly positive gains in May, with the Bloomberg US Aggregate Bond Index returning 31 basis points (bps). Risk performed better in fixed income; investment-grade corporates gained 76 bps in May, while bank loans and high yield both returned roughly 50 bps.

Mag 7 + 1: A Rising Tide



	YTD 2026 Average Weight (%)	May 2026 1-Month Return (%)	YTD 2026 Total Return (%)
Nvidia Corporation	7.82	5.80	13.22
Apple Inc.	6.64	15.11	15.00
Alphabet Inc.	5.83	-1.28	20.90
Microsoft Corporation	5.19	10.65	-6.49
Amazon.com, Inc.	3.82	2.11	17.25
Broadcom Inc.	2.83	7.03	29.35
Meta Platforms, Inc.	2.33	3.37	-4.10
Tesla, Inc.	1.92	14.19	-3.10
Contribution to S&P 500 Index YTD 2026 Performance			
Magnificent 7 + Broadcom			4.00%
Rest of the Companies in S&P 500 Index			7.27%

Past performance does not guarantee future results. Source: FactSet 1/1/26 – 5/31/26, MAG 7 companies sorted by average weight. ¹Mag 7+1 and S&P 492 return reflects average return while the S&P500 is the weighted average return. A full list of each fund's holdings can be found at www.aristotlefunds.com/resources/prospectuses-reports and are subject to change at any time. Any discussion of individual companies in this presentation is not intended as a recommendation to buy, hold or sell securities issued by those companies.

How did our Mag 8 perform?

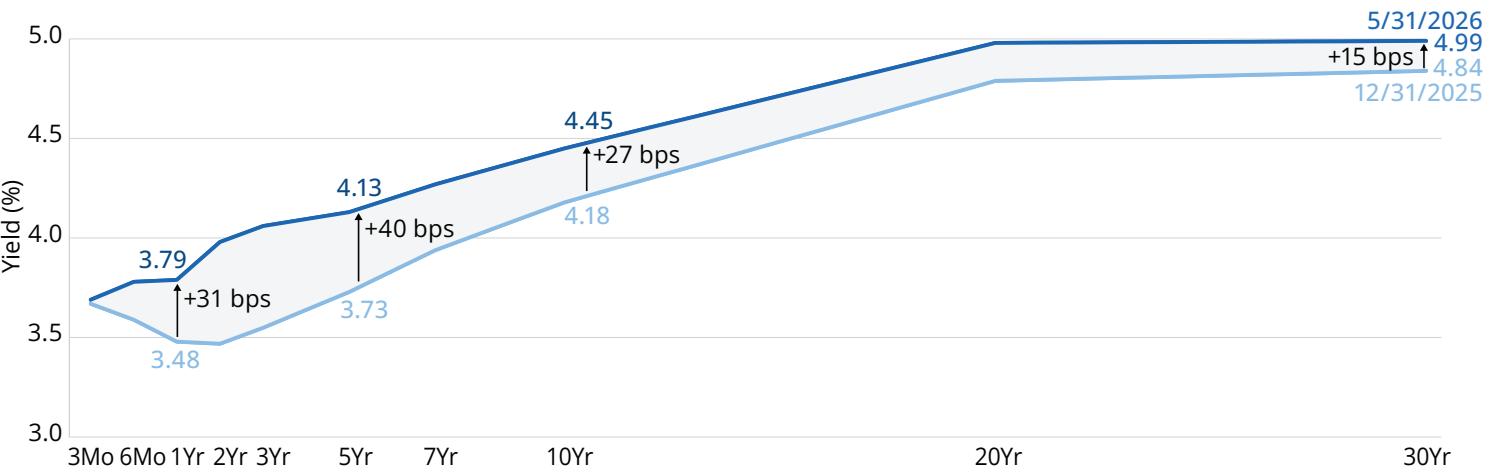
May was positive overall for the group. Apple led the way, up more than 15%, while Alphabet was the lone laggard, down about 1%. As mentioned, AI continues to drive returns, and the rally broadened last month, encompassing more chip makers and representing a shift from AI-model training GPUs to more inference-capable CPUs, as well as Broadcom’s custom-designed AI accelerator chips. Also, the incredible capex spending continues; Alphabet announced on June 1 it is raising \$80 billion through equity offerings to fund AI spending. Interestingly,

Berkshire Hathaway is investing in \$10 billion of the \$80 billion announced – that’s a strong endorsement.

Circling back to bonds, U.S. Treasury yields charged higher in May, but ended well off the mid-month highs. What caused the rise in rates?

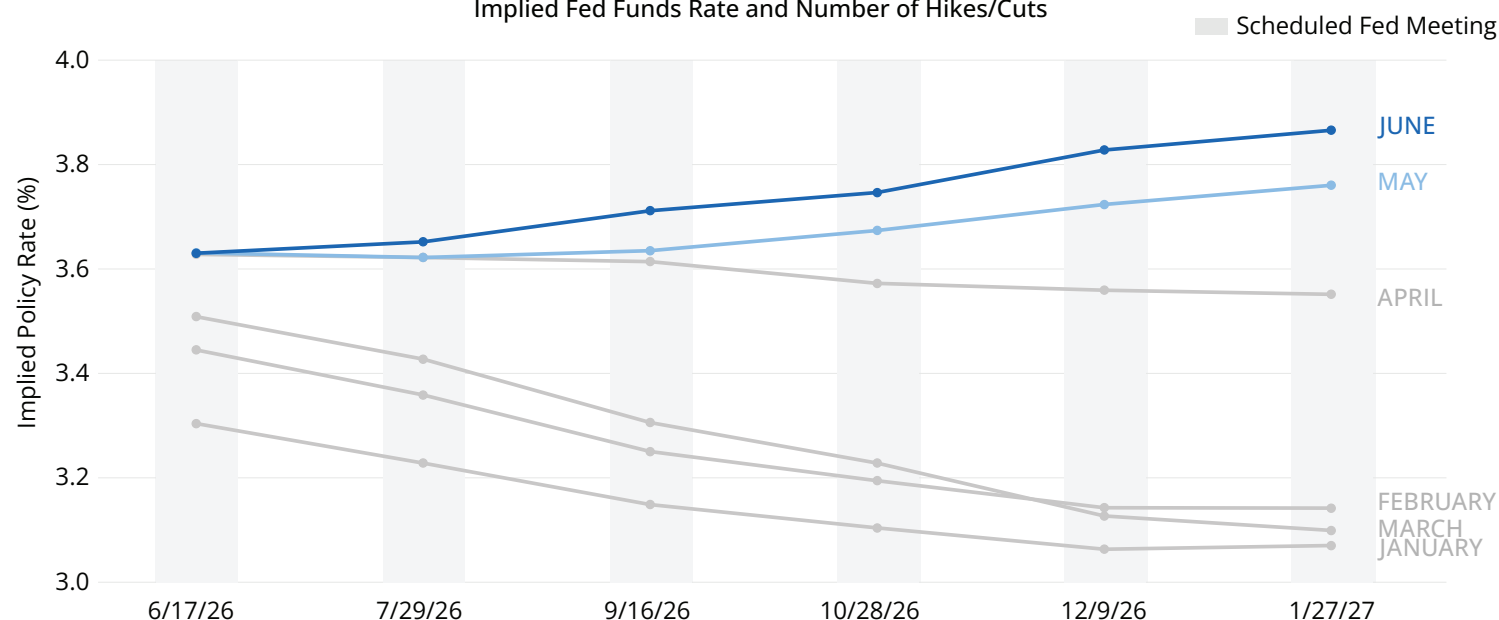
I think the market is shifting back somewhat to a traditional negative correlation between equities and fixed income. In the distant past, during periods of strong equity performance, risk appetite would increase and interest rates would rise, leading to a

2025 U.S. Treasury Yield Curve Range: Higher and Longer



Fed Futures: Next Move?

Implied Fed Funds Rate and Number of Hikes/Cuts



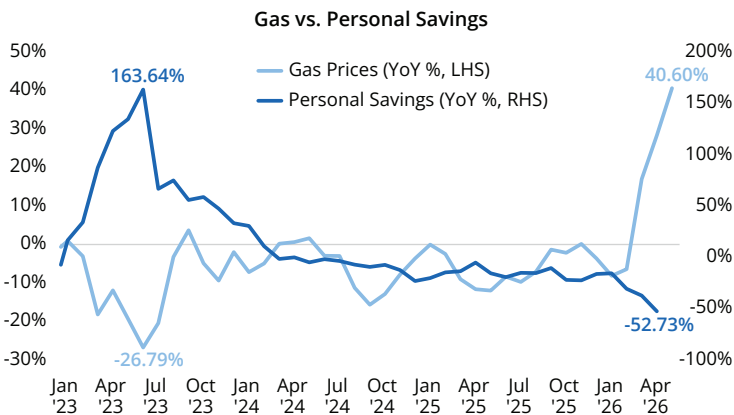
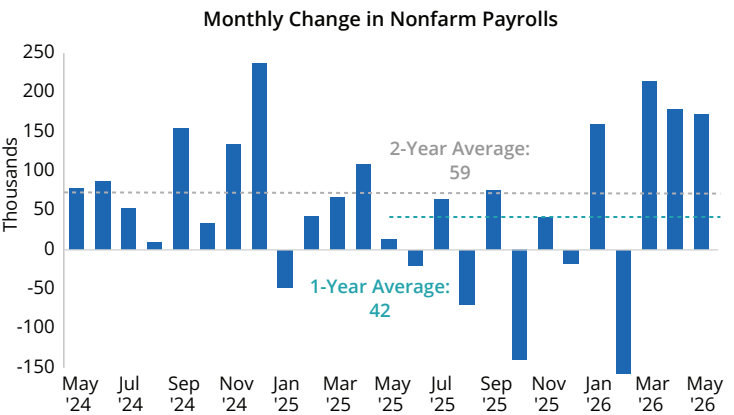
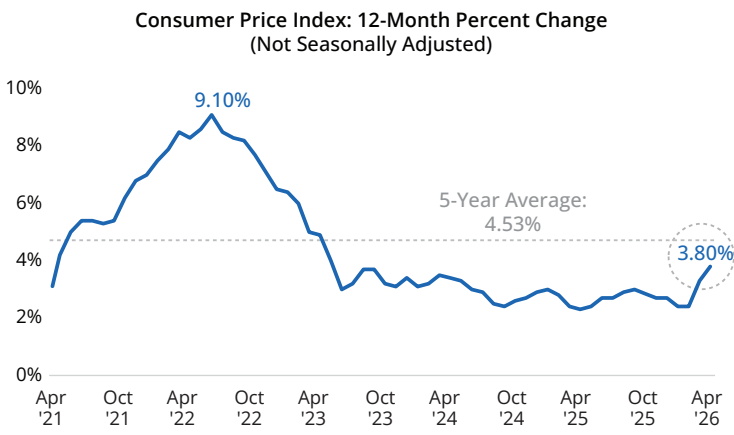
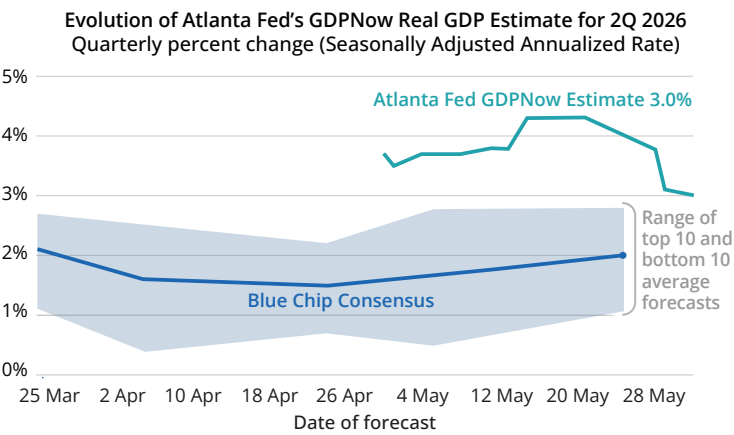
Source: Bloomberg, as of 6/1/26.

divergence in asset-class performance. However, I believe the Federal Reserve's quantitative easing post financial crisis skewed the traditional dynamic between the asset classes, and they became more correlated. Today, the situation is different. Bond investors are observing higher inflation, increased supply from deficit spending, and the possibility of Fed hikes. Meanwhile, equity investors are seeing the AI momentum and continued economic growth. The good news is higher yields tend to benefit fixed income investors, and if bonds are negatively correlated to stocks, they can add diversification benefit to an equity-focused portfolio.

Regarding the Fed, Kevin Warsh took office as the new chair on May 22nd. What do you anticipate for Fed policy under his leadership?

I expect a different style of communication, and I think the Fed will continue to reduce its balance sheet. As we have this discussion, the market is pricing in higher rates by the end of the year. I've been skeptical of a hike this year and have been expecting one or two cuts. Perhaps I am being stubborn, but I still find it unlikely that the Fed will hike this year; my base case now is the Fed remains on hold. Yet, I recognize things are very kinetic.

Economic Dashboard: Shock Absorbing



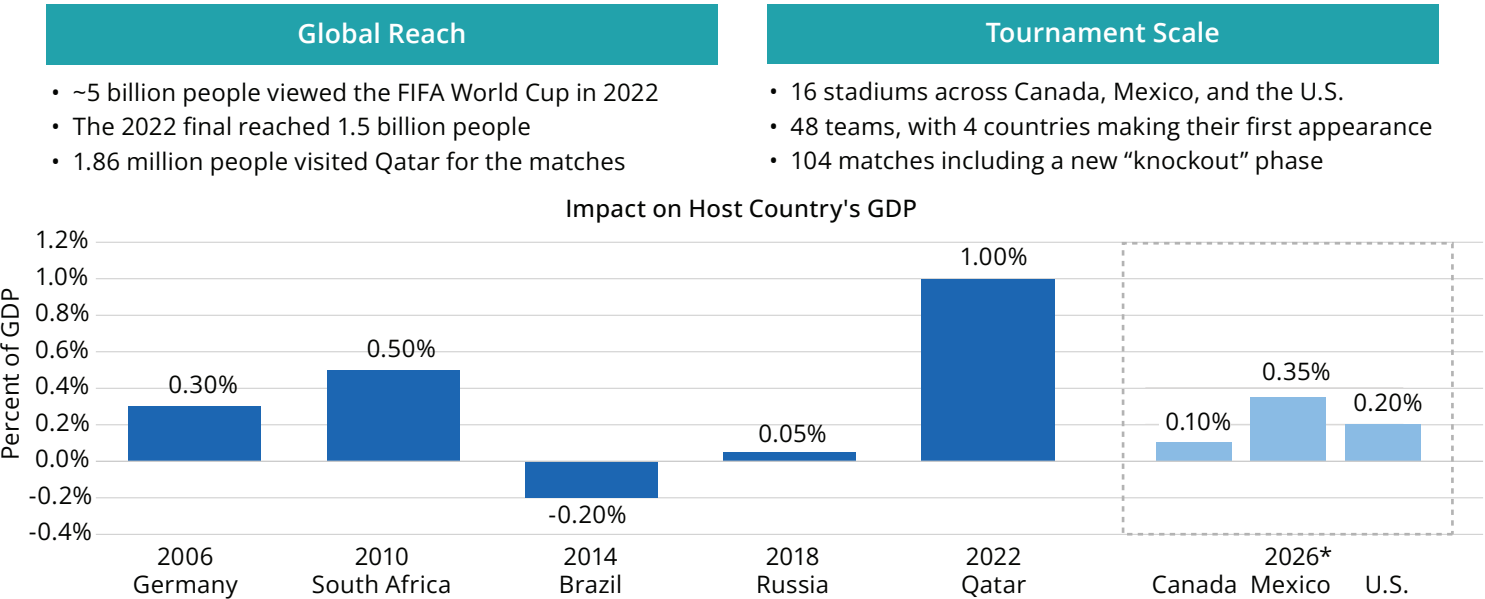
Sources: GDP – Atlanta Fed, Blue Chip Economic Indicators and Blue Chip Financial Forecasts as of 6/1/26; CPI – U.S. Bureau of Labor Statistics as of 4/30/26, most recent data available as of 6/1/26; Payrolls – U.S. Bureau of Labor Statistics as of 4/30/26, most recent data available as of 6/1/26; Gas Prices – U.S. Energy Information Administration as of 5/31/26, Personal Savings – Bureau of Economic Analysis as of 4/30/26, most recent data available as of 6/1/26.

Shifting to the economy, what do you see in the data?

The economy has been absorbing an energy supply shock coupled with a massive AI-infrastructure buildout that is also a tax on energy. The macro numbers continue to paint a mixed picture, as we have discussed previously. For example, forecasters continue to expect GDP expansion, while the job market has been choppy since early 2025. I think the jobs data reflect that companies are reassessing key

questions, including whether to reduce headcount and how much capital expenditure is appropriate. Meanwhile, the Consumer Price Index released last month showed prices rising 3.8% in April versus a year earlier. Also, as gas prices have increased, personal savings have declined. To summarize: consumers are stressed, inflation is a potential issue, the job market is uncertain, but technology investment is propping everything up, allowing the economy and markets to absorb the shocks thus far.

Beyond The Pitch: Billions of Viewers and a Measurable, Though Limited, Economic Footprint



Source: FIFA, World Trade Organization, and BMO Economics as of 6/1/26.
*2026 GDP impact values are estimates from BMO economics and show the average if there was a range.

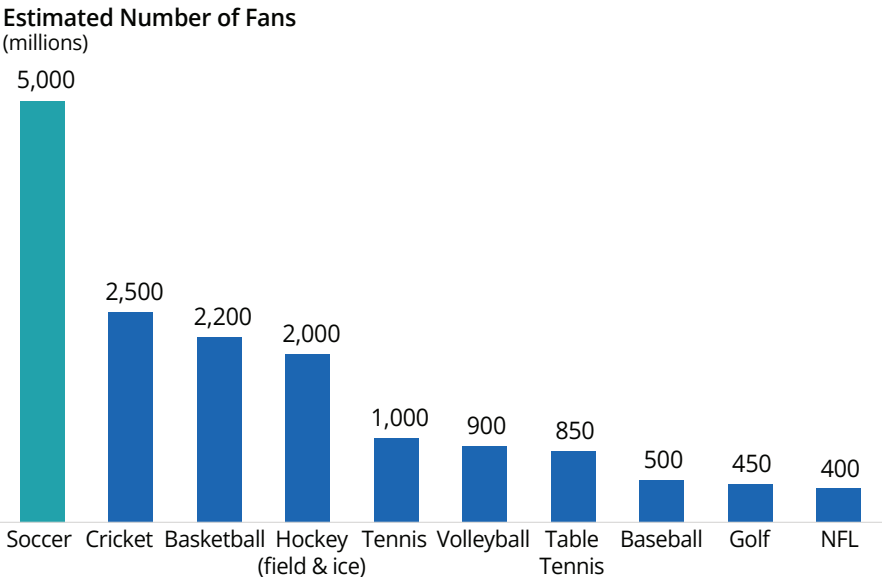
Let’s shift to this month's special topic, the economics of the World Cup. Could you begin with some color on the tournament?

2026 FIFA World Cup will be the largest tournament in history. A big reason why is they have expanded the format, going from 32 teams to 48. We have done similar things in the U.S., for example, by expanding the college football playoffs from four teams to 12. More teams mean more matches, more fans, and ultimately more revenue. Also, for the first

time three countries are hosting: the U.S., Canada, and Mexico.

One interesting tidbit: the MetLife Stadium in New Jersey will be temporarily called the New York New Jersey Stadium, because FIFA doesn’t want any corporate sponsor of a stadium to interfere with their sponsors. This is nothing new; the Olympics has done the same for years. Interestingly, for the 2028 Olympics the stadiums can keep the corporate names for a fee, with revenue going to the City of Los Angeles to cover some of the costs of hosting.

The World's Game: From Viewership to Social Following, Soccer Outpaces All Sports



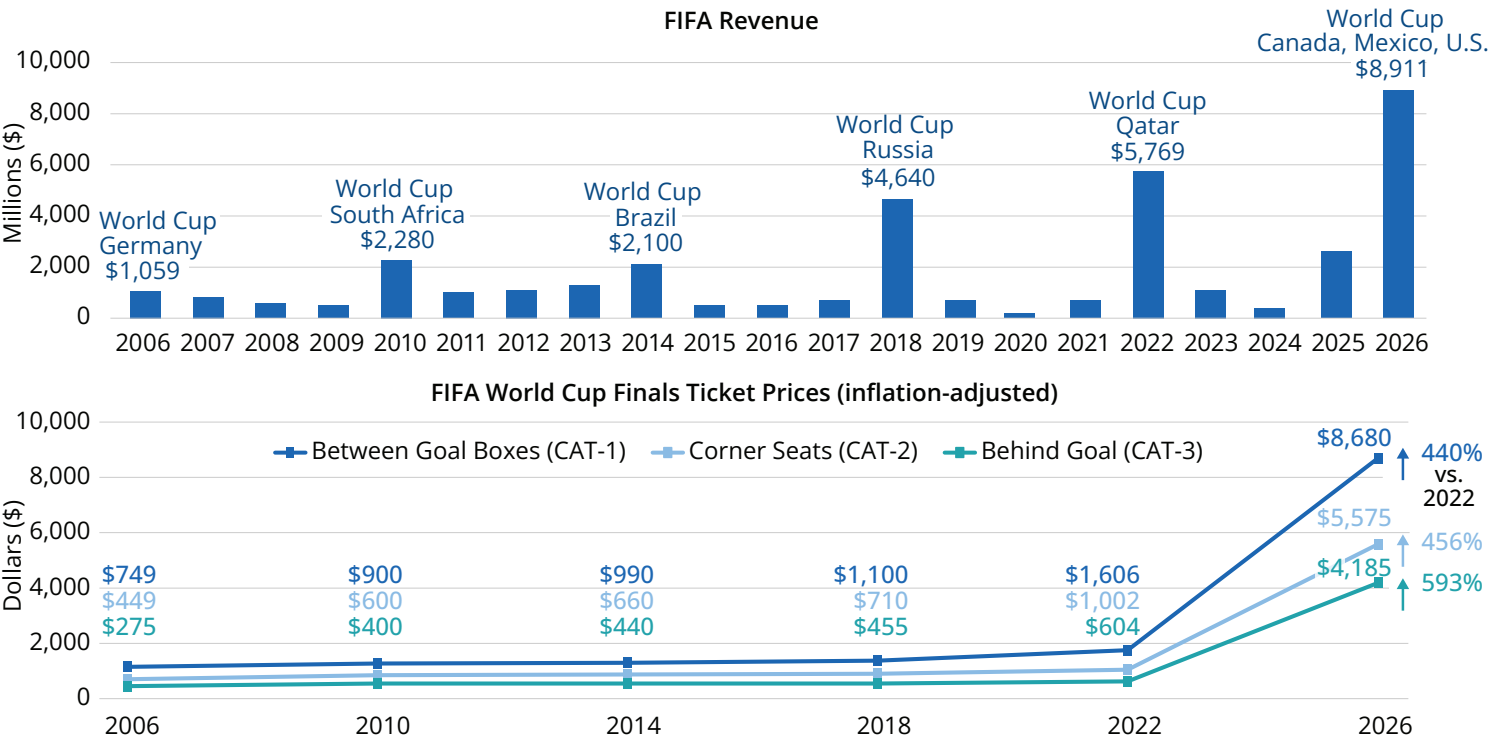
Instagram Followers of Popular Athletes (millions)		
Cristiano Ronaldo	Soccer	665
Lionel Messi	Soccer	506
Virat Kohli	Cricket	273
Neymar	Soccer	233
LeBron James	Basketball	154
Conor McGregor	MMA	46
Lewis Hamilton	Formula 1	43
Odell Beckham Jr.	American Football	17
Novak Djokovic	Tennis	16
Shohei Ohtani	Baseball	11

How popular is soccer compared to other sports around the world?

First, let me start with some perspective. I grew up a baseball kid, and today the baseball fanbase is ~500 million people worldwide. Basketball is much more popular worldwide, with a global audience of 2.2 billion. Well, soccer tops their combined fanbase, by a wide margin, as well as every other sport, with a fanbase of 5 billion people – that’s roughly how many people watched the 2022 World Cup and

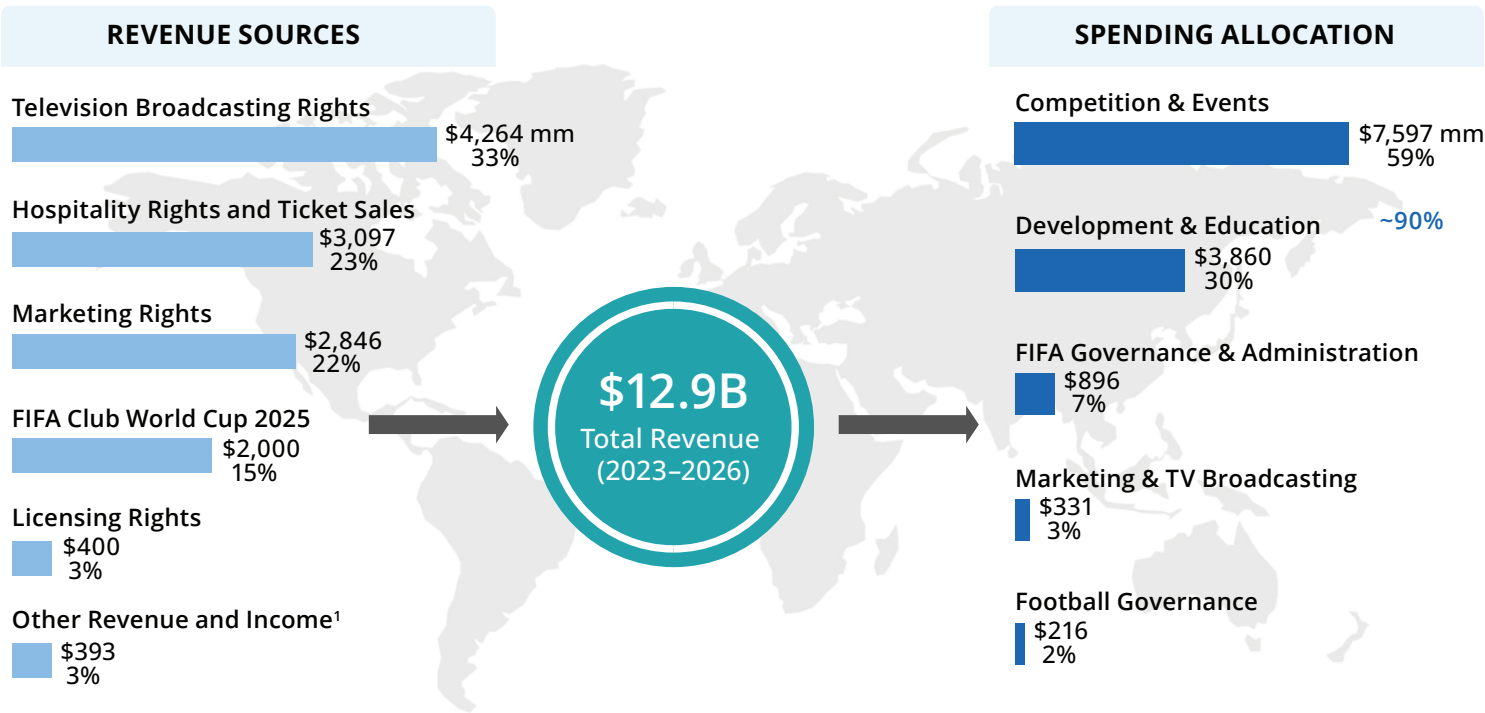
about how many are expected to watch the upcoming tournament via a device or by attending a game. More than 1 billion people will likely watch the finale, which is simply incredible. If one were to go beyond the sport to an individual level, it tells the same story. Cristiano Ronaldo has over 600 million followers on Instagram, Lionel Messi over 500 million; LeBron James, the best player of this generation, 150 million, and Shohei, one of the best baseball players ever, just over 11 million.

Record Demand, Record Revenue:
Dynamic Pricing and Tournament Expansion Drive World Cup Revenues



Source: FIFA Financial Reports (2006–2024), FIFA Annual Reports (2022–2024), and William Blair Equity Research, Economics Weekly: The World Cup and Equity Markets (May 29, 2026). 2025–2026 figures are projections.

FIFA's Flows: From Revenue to Reinvestment



Source: FIFA, Revised budget 2023-2026. ¹Other revenue and income represents FIFA collections and interest. ²Marketing & TV Broadcasting represents the lead up to events where FIFA pays to advertise.

The 2022 World Cup in Qatar and related marketing over the four years from the previous Cup generated \$7.6 billion in revenue for FIFA. What are the revenue forecasts for this year's Cup?

Revenue has been on an upward trend for decades, and this year the World Cup is expected to generate close to \$9 billion in 2026 and FIFA expects to earn more than \$13 billion for the four-year cycle that includes the FIFA Women's World Cup that was held in Australia and New Zealand in 2023. A portion of the revenue increase is due to FIFA's use of dynamic ticket pricing for the first time this year, allowing the cost of seats to fluctuate in real time based on market demand. Prices have skyrocketed, with recent reports putting the range as high as \$4,000 to \$8,700 per ticket for the finale. There has been an outcry over the prices, and FIFA has distributed a limited number of cheaper tickets.

Despite the staggering revenue, I don't expect the Cup to have a substantial impact on U.S. GDP given the size of the U.S. economy, though it will be accretive.

FIFA has a checkered past when it comes to corruption, which begs the question, who's making the money from the games and where is it going?

Looking at the big picture for the expected \$13 billion to be raised from the 2026 World Cup marketing cycle, reportedly about \$7.6 billion goes to fund competition and events, \$3.9 billion to development and education, \$900 million to FIFA governance and administration, \$330 million to marketing and broadcasting, and \$216 million to football governance.

As it relates to the "checkered past of FIFA," strong governance was not a forte of the organization prior to "Lex FIFA", let's discuss the background behind overhauled its criminal code, colloquially known as "Lex FIFA," to address private corruption. Private bribery became a criminal offense rather than a civil matter; previously, private bribery was only criminal if it distorted market competition. In addition, Swiss authorities no longer need someone to file a complaint to launch an investigation; they can act on their own initiative. Lastly, high-ranking sports

Economics of the World's Game: Supporting 211 Member Associations Across Six Confederations

FIFA COUNCIL

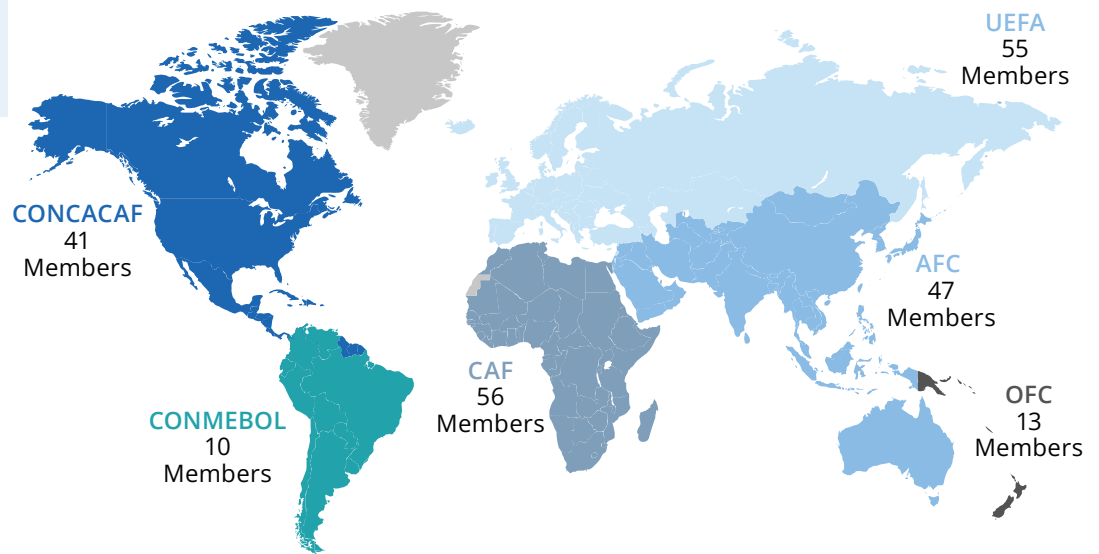
37 members: 1 President, 8 Vice Presidents, and 28 other members
Total Annual Compensation¹ (excluding pension contributions): \$33.96 Million

~90% (\$11.6B)
of revenue reinvested in
football during 2023–2026 cycle

\$2.7B
distributed to federations
and confederations

\$7.6B
budgeted across all FIFA
tournaments

Remaining amount allocated to
FIFA governance, administration,
and marketing



Source: FIFA, as of 6/1/26. ¹Compensation reflects the most recently reported year, 2023. There are currently 211 national associations which are members of FIFA. An additional 11 associations are full or associate members of a continental confederation, but not members of FIFA.

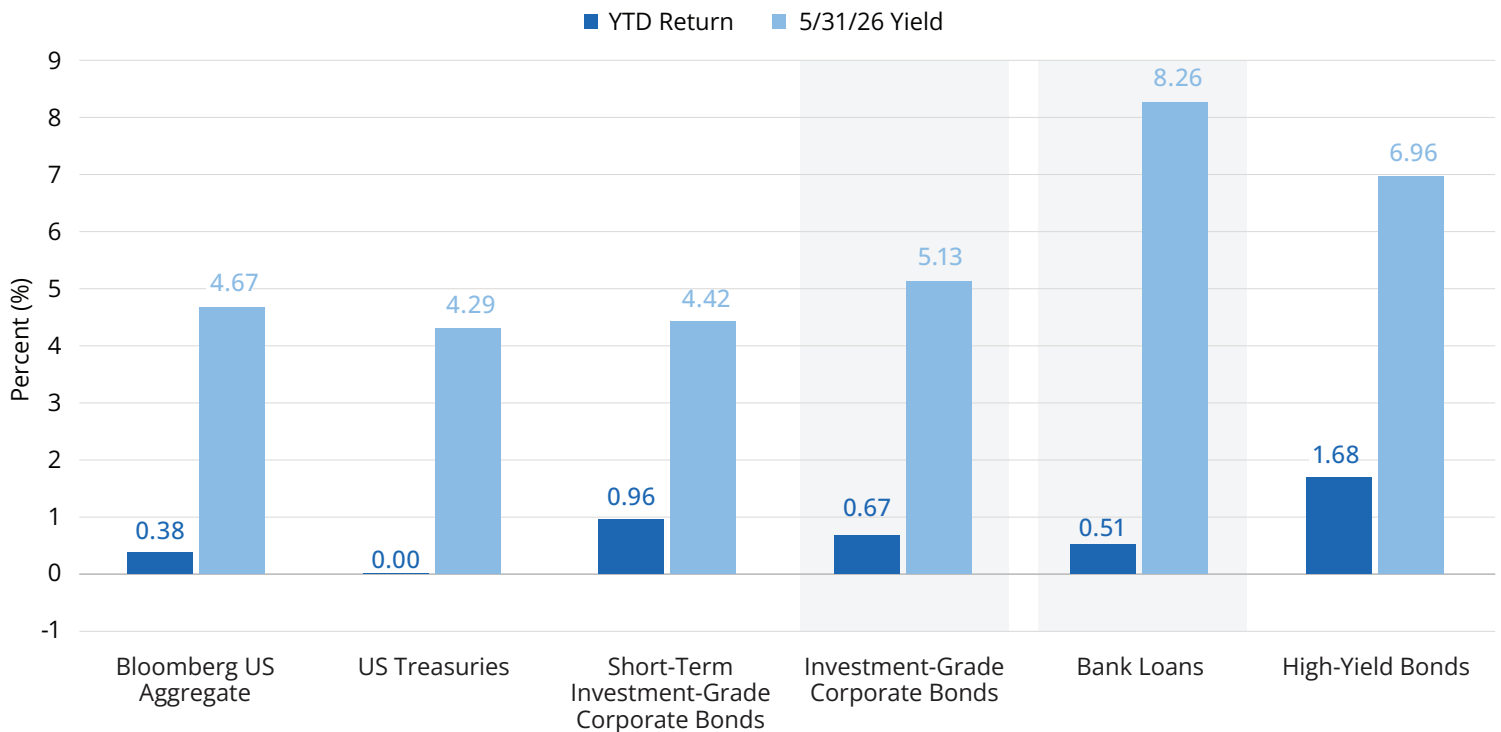
officials became classified as politically exposed persons, putting them on the same legal level as political figures. As a result, Swiss banks are legally required to heavily scrutinize, track, and flag suspicious financial movements or assets tied to sports leaders.

However, bribery scandals have continued since the criminal code was amended, including alleged bribes related to the 2022 competition. Amid all the scandal, in 2018 the U.S. signed a formal FIFA agreement required to officially secure hosting rights for the 2026 Cup. FIFA was likely motivated both by a desire to avoid further accusations of corruption and because the U.S. could provide an expansive and lucrative location.

Finally, I'd like to point out that FIFA does seem to do a commendable job of promoting soccer globally and sharing funds with soccer clubs worldwide. Close to 90% of FIFA's World Cup revenue is reinvested into soccer. FIFA both provides competing countries millions of dollars in funds to distribute to their teams and provides funding to private teams that release their players to compete on national teams.

It is most likely FIFA will have a stigma of some corruption for years to come, there have been governance changes to reduce it. I will be curious to see how the revenue numbers stack up over the next Cups if the host country is not a large global economy.

Opportunities in Fixed Income: Fixed Income Yields and Year-to-Date Returns



Past performance does not guarantee future results. Source: Bloomberg and J.P. Morgan, as of 5/31/26.

Yield quoted is yield-to-worst, except for Bank Loans which represents 4-year effective yield. US Treasury represented by the Bloomberg US Treasury Index. Investment-grade corporate bonds are represented by the Bloomberg US Corporate Index. Short term investment grade corporate bonds are the 1-3 year component of the Bloomberg US Credit Index. Bank loans are represented by the Morningstar LSTA Leveraged Loan Index and index components. High yield is represented by the Bloomberg US Corporate High Yield Index.

Let's return to bonds. Where are you seeing opportunities in fixed income today?

Well, I have favored investment-grade corporates, but amid higher inflation, duration has been a headwind. Still, they have returned 67 basis points for the five months ending in May, outpacing the Agg. I continue to view IG corporates as a solid allocation. And bank loans continue to offer attractive income, with a yield around 8.2%, the highest in traditional fixed income. Duration has been a key determinant of performance this year given how strong floating-rate and shorter duration debt has performed. This was vastly different than most forecast entering 2026.

Let's close with a personal reflection.

The big word for me this month is **perspective**. We touched on it with the World Cup. Thousands of people will come to attend games, and billions of people will be watching. The World Cup should be the peak of cultural unity, with fans coming together and sharing in friendly competition. I hope we as Americans don't get caught up in frustrations over immigration, ticket costs, or travel restrictions. We have the potential to be good hosts, welcoming people and appreciating the global popularity of this sport. I hope we will. Don't let the media feed the negativity.

Definitions:

The **10-year Treasury note** is a debt obligation issued by the U.S. government with a maturity of 10 years upon initial issuance. It pays interest at a fixed rate every six months and pays the face value to the holder at maturity.

The **10-year Treasury yield** is the interest rate the U.S. government pays to borrow money for a decade.

The **Atlanta Fed's GDPNow** is a forecasting model that provides a "nowcast" of GDP growth.

Bank loans (or **floating-rate loans**) are financial instruments that pay a variable or floating interest rate. A floating rate fund invests in bonds and debt instruments whose interest payments fluctuate with an underlying interest rate level.

Basis points, otherwise known as bps or bips, are a unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

A **bond** is a fixed-income instrument and investment product where individuals lend money to a government or company at a certain interest rate for an amount of time. The entity repays individuals with interest in addition to the original face value of the bond.

The **Consumer Confidence Index (CCI)** is a monthly report that measures how optimistic consumers are about the economy, labor market, and their finances.

The **Consumer Price Index (CPI)** is a measure that examines the weighted average of prices of a basket of consumer goods and services such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living.

Consumer Sentiment is a statistical measurement of the overall health of the economy as determined by consumer opinion.

A **coupon** or **coupon payment** is the annual interest rate paid on a bond, expressed as a percentage of the face value and paid from issue date until maturity. **Clipping coupons** refers to the practice of earning income through interest payments from bonds.

Duration is often used to measure a bond's or fund's sensitivity to interest rates. The longer a fund's duration, the more sensitive it is to interest-rate risk. The shorter a fund's duration, the less sensitive it is to interest-rate risk.

Effective tariff rate measures the actual protection afforded to domestic producers, considering tariffs on both the final product and imported inputs.

Fed funds futures is a tool used by traders and institutions to hedge or bet on changes in the federal funds rate, which is key to U.S. monetary policy.

The **federal funds rate** is the target interest rate set by the Fed at which commercial banks borrow and lend their extra reserves to one another overnight.

The **Federal Open Market Committee (FOMC)** is the branch of the Federal Reserve System that determines the direction of monetary policy and is responsible for raising or lowering interest rates.

Fixed income refers to assets and securities that pay a set level of income to investors, typically in the form of fixed interest or dividends.

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. The **nominal GDP growth rate** compares the year-over-year (or quarterly) change in a country's economic output to measure how fast an economy is growing. **Real GDP** is GDP adjusted for inflation.

High-yield bonds are debt securities, also known as junk bonds, that are issued by corporations.

Investment grade refers to the quality of a company's credit. To be considered an investment grade issue, the company must be rated at 'BBB' or higher by Standard and Poor's or Moody's.

Definitions (continued):

The **Personal Consumption Expenditures Index (PCE)** is a measure of consumer spending and includes all goods and services bought by U.S. households. **Core PCE** excludes the prices of food and energy.

Risk is defined in financial terms as the chance that an outcome or investment's actual gains will differ from an expected outcome or return.

Spread is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, represented by treasury bonds. Spread income refers to the additional income from this difference.

Volatility is a statistical measure of the dispersion of returns for a given security or market index. In most cases, the higher the volatility, the riskier the security.

Yield is the income returned on an investment, such as the interest received from holding a security.

A **yield curve** plots the interest rates of bonds that have equal credit quality but different maturity dates.

Yield-to-Worst is the lowest potential yield that can be received on a bond without the issuer defaulting.

For more insights from Aristotle Funds,
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Any performance data quoted represent past performance, which does not guarantee future results. Index performance is not indicative of any fund's performance. Indexes are unmanaged and it is not possible to invest directly in an index. For current standardized performance of the funds, please visit www.AristotleFunds.com.

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