ARISTOTLE FUNDS & ETFs

ARISTOTLE MULTI-ASSET BALANCED INCOME FUND COMMENTARY

(FORMERLY, ARISTOTLE PORTFOLIO OPTIMIZATION MODERATE CONSERVATIVE FUND)

SEPTEMBER 30, 2026

MANAGED BY PACIFIC LIFE FUND ADVISORS, LLC

Class A	Class C	Class I-2
POBAX	**POBCX**	**PMCDX**

Market Review

Global equity markets were mixed in the third quarter of 2026. Rising interest rates weighed on small-cap stocks, with the Russell 2000 returning -6.8% during the quarter. The S&P 500 gained 2.5%, supported by continued strength in large-cap growth stocks. Internationally, emerging market equities declined 0.3% in the quarter but remain up 25.8% year to date. Developed international equities returned 1.3% during the quarter.

Rising interest rates and wider credit spreads weighed on fixed income markets in the third quarter. Core bonds returned -3.3% and are down -2.7% year to date. The U.S. high yield index declined 1.8% in the quarter, leaving returns roughly flat year to date. The best-performing areas of fixed income were lower-duration assets, including cash and floating-rate loans.

Fund Performance

The fund returned -1.09% during the third quarter of 2026 and 6.25% for the trailing 12-month period (Class A at NAV).

Performance Review

Among the domestic equity group, our overweight to large cap growth contributed positively to performance in the third quarter of 2026 and over the trailing 12-month period. Overweight to mid and small cap value companies detracted over the quarter and trailing 12-month period. Regarding underlying funds, manager selection in large cap funds contributed positively to performance in the quarter and the trailing 12-month period, with Aristotle Growth Equity leading the domestic equity group in outperformance relative to their respective benchmarks.

Within the international equity group, our overweight to international value contributed positively to performance over the trailing 12-month period. Our overweight to Japan equities contributed positively in the third quarter and the trailing 12-month period. On the other hand, Aristotle International Equity detracted from performance over the quarter and the trailing 12-month period.

Among the fixed-income group, underweights to core bond and investment grade contributed positively over the third quarter and the trailing 12-month period. Exposure to emerging market bonds detracted from performance for the quarter and over the trailing 12-month period. Regarding underlying funds, Aristotle Core Bond and iShares JP Morgan USD EM Markets Bond ETF detracted from performance over the quarter and the trailing 12-month period.

Outlook

Our outlook remains cautiously optimistic. In our base case, U.S. economic growth should remain resilient, driven primarily by a sharp increase in AI-related capital spending. Hyperscaler capex estimates continue to be revised higher and are now approaching $1 trillion over the next 12 months. One recent study estimates that AI buildout spending will average 3.6% of U.S. GDP between 2025 and 2032, making it the largest infrastructure investment cycle in U.S. history. This capex boom is supporting real GDP growth above 2% and has helped drive growth in U.S. after-tax corporate profits to more than 20% this year.

We expect the AI-driven boom to continue in the near term. Investments in chips and datacenters have thus far generated attractive returns, as reflected in rising NVIDIA GPU rental rates and the strong residual value of existing hardware. While the long-term returns on datacenter investments remain uncertain, Goldman Sachs estimates there is approximately $1.5 trillion of contracted hyperscaler revenue backlog, suggesting demand for datacenter capacity remains far from saturated.

On the other hand, the growing shift from funding capex with free cash flow to relying on debt financing increases financial system risk and could lead to greater market volatility. During the third quarter, concerns about the sustainability of the AI boom, combined with the collapse of hedge fund Situational Awareness, triggered a sharp selloff in momentum stocks. The momentum factor has stabilized over the past month, however. We believe AI-related momentum stocks could outperform through year-end, supported by continued strong earnings 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 or by calling 1-844-274-7885. Please see the current prospectus for detailed information.*

No bank guarantee • May lose value • Not FDIC insured

Global semiconductor sales continue to surge, supporting export growth in Korea and Taiwan. With the AI boom showing few signs of slowing, we remain overweight emerging market equities to gain exposure to some of the largest beneficiaries of AI-related spending. Within developed international markets, we also favor Japanese equities. Japan has generated strong returns across both technology and non-technology sectors and provides diversification from the concentrated AI exposure embedded in U.S. and emerging market equity indices. We prefer unhedged exposure to Japanese equities, as potential yen appreciation versus the U.S. dollar could provide an additional source of return, particularly if stronger currency pressures weigh on Japanese exporters.

Small caps performed poorly in the third quarter, largely due to the rise in interest rates, and with the Russell 2000's decline during the quarter its returns are now almost on par with the S&P 500 year to date. We still fundamentally like small cap value stocks, with S&P 600 Value index earnings growth at 29% and a NTM PEG ratio of 0.7x (versus 0.9x for the S&P 500). With a stabilization of interest rates or a more dovish tone from the Fed, small cap value stocks could outperform in the fourth quarter.

The sharp rise in Treasury yields during the third quarter was driven by several factors. Higher oil prices and wider premiums for petroleum products as conflicts in the Middle East and Ukraine continued to constrain oil supply and refining capacity, contributed to renewed inflation concerns. Combined with resilient economic growth and a healthy labor market, these pressures drove a hawkish repricing of Fed expectations. The two-year Treasury yield now reflects expectations for at least three additional Fed rate hikes. We believe the scope for further increases at the front end of the curve is limited, however, as core PCE inflation remained relatively contained during the quarter despite higher energy prices.

In recent weeks as expectations for Fed hikes have stabilized, the selloff in bonds has moved to the long-end of the curve. The recent curve steepening is driven by worries over global bond supply. With government deficits remaining historically wide in much of the developed world, sovereign bond supply is a longstanding worry. This year, the increase in corporate bond issuance to fund the AI buildout has begun to compete with sovereign bonds and pushed up term premia. We see the glut of global developed market debt as a longstanding issue with no easy solution. Hyperscalers alone could issue over $300 billion in IG debt this year. That issuance combined with continued UST net issuance above $2 trillion per year are a lot for the market to swallow. In fixed income, we remain underweight investment grade and core bonds. On the other hand, emerging market debt looks comparatively attractive versus developed markets, and we remain overweight EM debt.

Risks

The most significant risk to our base case is a further rise in interest rates. Over time, higher yields are likely to create financial stress and weigh on economic growth. Elevated rates are already constraining the housing market, and as the AI buildout becomes increasingly debt-financed, additional rate increases could undermine investment profitability. Signs of strain are already emerging in the most leveraged segments of credit markets. CCC spreads have widened above 1,000 basis points (bps) for the first time since the 2023 regional banking crisis. Fiscal concerns are also affecting sovereign debt markets, with French OAT spreads over German Bunds reaching new highs for the year. Despite recent hawkish rhetoric, we believe the Federal Reserve has limited tolerance for credit market stress and would likely pause further rate hikes, or even consider rate cuts, if financial conditions deteriorate materially. With core inflation below 3%, we do not believe the Fed needs to tighten policy aggressively.

The second key risk to our outlook is the potential for an AI-driven investment bubble. The scale and pace of capital deployment raise the risk of misallocation, particularly if demand fails to materialize at the levels currently priced into markets. Given the decline in free cash flow, hyperscalers will need to continue generating strong returns on their capital investments to justify current spending plans. AI end users will also likely need to demonstrate a positive return on investment to sustain spending growth. We are closely monitoring for signs that AI spending growth is beginning to slow, but the industry continues to expand and upstream suppliers remain key beneficiaries.

Finally, the upcoming midterm election could generate short-term volatility. Most research shows historically equities have

shown modest reactions to midterms, while rates have been driven much more by Fed policies. Equities have rarely experienced large outperformance or underperformance in the three to six months following the vote. The broad consensus is Democrats are favored to win the House, while control of the Senate remains uncertain, leading most likely to a split Congress. For equities, the AI capex theme remains the biggest catalyst and a split-Congress scenario would mean lower policy change delta given the gridlock. For Treasuries and credit, the effect is neutral to mildly positive as fewer policy surprises could be expected. FX should also be more sensitive to growth and rates policy rather than the election itself.

In sum, the macroeconomic and earnings backdrop remains supportive, justifying a cautiously optimistic outlook. We maintain moderate risk-on positioning, with an overweight to equities and AI-related themes, while remaining attentive to emerging risks. As the cycle evolves, disciplined portfolio construction and risk management will remain critical.

Performance as of 9/30/26

	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	-1.09	4.49	6.25	10.76	3.56	5.45	5.08
Class A—MOP	-6.55	-1.25	0.39	8.69	2.39	4.85	4.82
S&P 500® Index	2.30	12.75	15.74	22.89	13.79	15.33	10.92
Bloomberg US Aggregate Bond Index	-3.51	-2.91	-1.84	4.06	-0.64	1.14	3.02

Formerly, Aristotle Portfolio Optimization Moderate Conservative Fund. The Fund changed its principal investment strategies on July 29, 2026. Accordingly, any performance information for periods prior to July 29, 2026 is attributable to the Fund's previous principal investment strategies.

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 or by calling 1-844-274-7885. Please see the current prospectus for detailed information. Gross/Net annual operating expenses for Class A are 1.16% and 1.16%.

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.

CapEx refers to a company's capital expenditures.

An **NTM PEG** ratio is a valuation metric that divides a company's Next Twelve Months price-to-earnings ratio by its projected annual earnings per share growth rate.

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.

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

Investing involves risk. Principal loss is possible. The following is a summary of certain principal risks. As a "fund of funds," the Fund is subject to *Asset Allocation Fund of Funds Risk, Conflicts of Interest Risk, ETF Risk and Securities Lending Risk*. The Fund is also subject to the risks of the Underlying Funds in which it invests, which may change based on the Fund's allocations to the Underlying Funds.

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. It should be read carefully before investing.

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