

# TRENDS

INVESTMENT IDEAS FOR TODAY'S PORTFOLIOS

## A STRONG DEFENSE CAN BE YOUR BEST OFFENSE

### THE CASE FOR SHORT-TERM CORPORATE BONDS

#### Who is on Your Fixed-Income Roster?

Helping investors reach their financial goals can be like a football game. Success is not always dependent on having players who are bigger and stronger. In a contest between a strong and powerful defensive lineman and a speedy, agile runner, it is often the runner who leaves his opponent in the dust and scores. Adding more agility to a portfolio is the reason we believe investors should consider making short-term corporate bonds part of their fixed-income lineups, especially today. Just look at the playing field over the past decade: The fixed-income market continues to experience challenges such as interest-rate volatility, central bank activity and concerns over economic conditions. How will your clients maneuver around the risks inherent in these themes? Aristotle Short Duration Income Fund is designed for investors seeking current income with protection against sudden or large interest-rate changes.

#### A Winning Defense

For over 40 years, short-term corporate bonds have provided greater returns and less volatility than intermediate-term corporate bonds. In fact, during this time period, short-term bonds have had only eight negative rolling one year periods.

As a result, during volatile interest-rate periods, they provided greater stability. Compared to intermediate-term bonds, short-term corporate bonds have historically provided yield opportunities with less volatility as shown below.

#### Risk-Return Trade-Off

Over the past 40+ years, short-term corporate bonds have provided<sup>1</sup>:



of the returns of  
intermediate-term bonds



of the volatility of  
intermediate-term bonds

**And have had only 8 negative  
rolling 1-year periods**

(Out of 197 rolling 1-year periods)

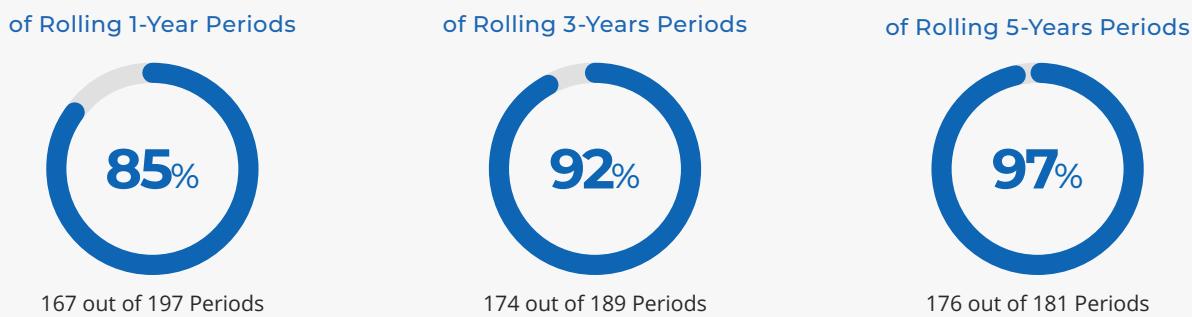
<sup>1</sup>Source: Morningstar® Inc., as of 12/31/25 Short-term corporate bonds are represented by the ICE BofA US Corporate 1-3 Year Index, intermediate-term bonds are represented by the Bloomberg US Aggregate Bond Index.

## Potential to Gain More Yardage

Shifting from the interest-rate risk inherent in U.S. government bonds toward credit risk with short-term corporate bonds enables investors to potentially benefit from higher levels of income. Historical data indicates that investors were generally compensated for the increased risk. When compared to short-term government bonds, short-term corporate bonds have provided coupon income that helped offset declining bond prices.

As shown below, short-term corporate bonds have historically outperformed short-term government bonds. In fact, short-term corporate bonds consistently outperformed 97% of the time over rolling five-year periods since 1976.

### Short-Term Corporate Bonds Outperformed Short-Term Government Bonds Since 1976<sup>1</sup>

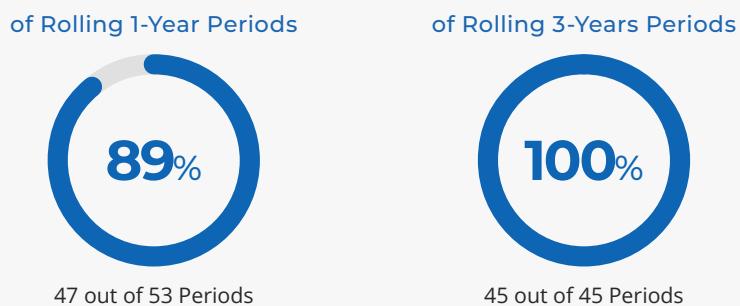


## Aristotle Short Duration Income Fund

While many short-term bond funds are anchored in government securities as core investments, our focus is on corporate securities. The Fund's portfolio management team carefully selects securities across multiple fixed-income sectors. This allows for flexibility to adapt to changing market conditions by adjusting the asset mix to better reflect the investment team's favorable views on market segments and the broader interest-rate environment.

As shown below, the Fund has historically outperformed the Morningstar Category™ average return. In fact, the Fund consistently outperformed 100% of the time over rolling three-year periods since inception.

### Aristotle Short Duration Income Fund Outperformed the Morningstar Short-Term Bond Category<sup>1</sup>



<sup>1</sup>Source: Morningstar® Inc., as of 12/31/25. Short-term corporate bonds are represented by the ICE BofA U.S. Corporate 1-3 Year Index and short-term government bonds are represented by the Bloomberg 1-3 Year U.S. Government/Credit Index. Morningstar Category: Short-Term Bond 557 funds as of 12/31/25.

Additionally, even in the worst-performing periods, the Fund still historically outperformed the Morningstar Category average return.<sup>2</sup>

Class I-2 Performance as of 12/31/25	Rolling 1-Year Periods		Rolling 3-Year Periods	
	Best	Worst	Best	Worst
<b>Aristotle Short Duration Income Fund</b>	8.61%	-4.68%	6.07%	0.13%
<b>Short-Term Bond Morningstar Category Average</b>	8.70%	-6.81%	5.65%	-0.74%

<sup>2</sup>Morningstar Category: Short-Term Bond (557 funds as of 12/31/25). The Morningstar Category Average is the average return for the peer group based on the returns of each individual fund within the group for the period shown. This average assumes reinvestment of dividends and capital gains, if any, and excludes sales charges. Morningstar Category™ is a proprietary Morningstar® data point. 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 Inc. All Rights Reserved.

***Past Performance is not indicative of future results. Returns reflect reinvestment of dividends/distributions. 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.***

## ARISTOTLE SHORT DURATION INCOME FUND

(Formerly Pacific Funds Short Duration Income)

Morningstar Rating™ 

Overall Rating out of 533 Short-Term Bond funds as of December 31, 2025 based on risk-adjusted returns

CALENDAR YEAR-END RETURNS (%)										
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0.93	2.77	2.61	0.85	5.75	4.03	0.17	-2.95	6.71	5.33	5.81

CLASS I-2 PERFORMANCE AS OF 12/31/25									
Total Returns (%)			Annualized Total Returns (%)				Annualized Operating Expenses (%)		
3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Fund Inception 6/29/12	Gross/Net (%)*		
1.11	5.81	5.81	5.95	2.94	3.06	2.99	0.49/0.49		

Class I-2 shares are sold at net asset value (NAV) without an initial sales charge and do not include a CDSC. Performance reflects any applicable fee waivers and expense reimbursements. Class I-2 shares inceptioned 6/29/12. Performance shown prior to these dates is hypothetical and is that of Class I shares (12/19/11 inception date) restated to reflect applicable service and/or 12b-1 fees. \*Gross/Net fees are effective as of 7/29/25.

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The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Fund's Class I-2 shares also received a ten-year rating of 4 stars out of 385 funds, five-year rating of 4 stars out of 501 funds and three-year rating of 4 stars out of 533 Short-Term funds, based on risk-adjusted returns as of 12/31/25.

## Definitions

**Bloomberg 1-3 Year US Government/Credit Bond Index** is a performance benchmark of US investment-grade government and corporate bonds with maturities of one to three years. Indexes are unmanaged and cannot be invested in directly. Further, they hold no cash and incur no expenses.

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

**ICE BofA U.S. Corporate 1-3 Year Index**, a subset of the BofA U.S. Corporate Master Index, tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market. This subset includes all securities with a remaining term to maturity of less than 3 years.

## About Principal Risks

All investing involves risks including the possible loss of the principal amount invested. There is no guarantee the Fund will achieve its investment goal. Corporate bonds are subject to issuer risk in that their value may decline for reasons directly related to the issuer of the security. Not all U.S. government securities are checked or guaranteed by the U.S. government, and different government securities are subject to varying degrees of credit risk. The Fund is subject to liquidity risk (the risk that an investment may be difficult to purchase, value, and sell particularly during adverse market conditions, because there is a limited market for the investment, or there are restrictions on resale) and credit risk (the risk an issuer may be unable or unwilling to meet its financial obligations, risking default). High-yield/high-risk bonds ("junk bonds") and floating-rate loans (usually rated below investment grade) have greater risk of default than higher-rated securities/higher-quality bonds that may have a lower yield.

***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.***

Foreside Financial Services, LLC, distributor.