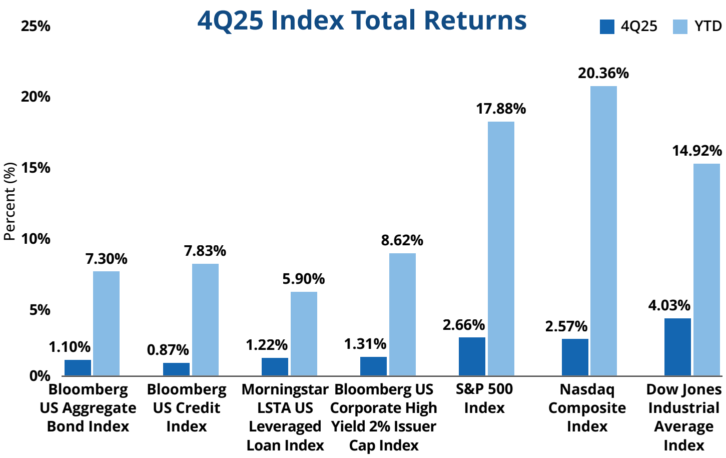
ARISTOTLE
HIGH YIELD BOND FUND COMMENTARY

SUB-ADVISED BY ARISTOTLE PACIFIC CAPITAL, LLC

DECEMBER 31, 2025

Class A	Class C	Class I-2
PLAHX	**PLCHX**	**PLHYX**



Index	4Q25	YTD
Bloomberg US Aggregate Bond Index	1.10%	7.30%
Bloomberg US Credit Index	0.87%	7.83%
Morningstar LSTA US Leveraged Loan Index	1.22%	5.90%
Bloomberg US Corporate High Yield 2% Issuer Cap Index	1.31%	8.62%
S&P 500 Index	2.66%	17.88%
Nasdaq Composite Index	2.57%	20.36%
Dow Jones Industrial Average Index	4.03%	14.92%

Source: Bloomberg as of 12/31/25.

Market Review

U.S. equity and fixed-income markets generated positive total returns in the final quarter of 2025, but softening macro data muddled the economic outlook heading into the new year. Domestic equity indices ended the period higher, while fixed income performance favored intermediate maturities and high yield sectors.

- The economy is expected to expand between 1.0%-1.5% real growth in the fourth quarter, which is in line with forecasts. Full-year growth is expected to be ~2%. Inflation, meanwhile, has proven more stubborn as the Consumer Price Index (CPI) ended the year at 2.7% in December. Several tailwinds supported markets in 2025. With inflation being manageable, the Federal Reserve continued the rate-cutting cycle it began in 2024, lowering financing costs. Companies in the S&P 500 Index grew earnings by roughly 12% last year, and capital expenditure on artificial intelligence continued at a robust pace.
- The Fed lowered the federal funds rate by 50 basis points (bps), with cuts in October and December, and ended the year with a target range of 3.5% to 3.75%. Fed Chair Jerome Powell looked to thread the needle of addressing labor softness without stoking inflation expectations, but the number of dissenting votes grew from one to three members by December.
- Artificial intelligence (AI) continued to captivate markets during the fourth quarter, but a dynamic of have and have not has developed among companies. One chip manufacturer briefly became the first company to cross the $5 trillion market cap threshold, while pessimism weighed on AI infrastructure builders in light of large debt issuance and spending plans.
- Energy and precious metals charted distinctly different paths during the quarter, raising questions about global growth and a diminishing reserve status of the U.S. dollar. Gold enjoyed a fourth consecutive quarterly gain, rising over 12%, while oil (as represented by West Texas Intermediate) fell 7.9% during the period to mark a full year of losses.

While the Fed kept rates steady for much of the year, the tempo of easing accelerated in the final months of 2025. In explaining the rate cut at the December press conference, Powell stated that most of the above target inflation seen today is driven by tariffs, while the labor market faces significant downside risks. Recently appointed Governor Stephen Miran continued to press for a 50-point cut, while Chicago Fed President Austan Goolsbee and Kansas City Fed President Jeffrey Schmid voted for no change in the target rate. Concurrently, the Fed announced a program to purchase $40 billion monthly in T-bills through April 2026 to ensure ample bank reserves going forward. These actions are supportive of risk assets in the near term. March 2026 will represent a full five years since we have seen the Fed's preferred inflation metric, core Personal Consumption Expenditures, at their target of 2%, and we are two to three years away from the Fed's own projections of 2% inflation.

Economic data was choppy during the final quarter, and the outlook was complicated by the longest government shutdown in U.S. history (43 days), which prompted the cancellation of multiple reports. Non-farm payrolls oscillated with a gain of 108,000 in September, a negative print of roughly the same amount in October, and a return to modest growth of 64,000 in November. Softening was evident in the unemployment rate, which rose 20 bps to 4.6%, marking the highest reading since the fall of 2021. The University of Michigan Consumer Sentiment Survey, which measures confidence and future expectations, reflected the weakening job outlook and muted business conditions as well. Sentiment remains 30% below the year-end 2024 reading, and nearly 63% of consumers expect unemployment to rise in 2026. One bright spot among consumers was the easing of long-run inflation expectations, which fell from 3.4% to 3.2% at year end. This aligned with the 2.7% CPI in December. The future of tariffs and their knock-on effect to inflation remain to be seen as the U.S. Supreme Court is set to rule in 2026 if the Trump administration exceeded its authority to impose tariffs under the International Emergency Economic Powers Act (IEEPA).

Coupons and rate sensitivity were the deciding factors for performance during the quarter. The U.S. Treasury curve steepened as front-end yields fell in response to Fed easing, while the 30-year bond yield rose 11 bps. Year to date, the belly of the curve has experienced the largest decline in yields, as yields on two and three-year notes fell 78 bps and 72 bps, respectively. Credit markets generated positive total returns, with high yield corporates and loans outpacing investment-grade securities largely on account of lower interest rate exposure as long-end yields rose in December. Credit spreads were flat to modestly wider during the quarter, but stand near the lower band of history. Looking specifically at U.S. investment grade corporates, the 77 bps of option adjusted spread (OAS) as of year-end was 38 bps below the 10-year average as strong fundamentals, such as robust revenue and EBITDA growth, have underpinned the grind lower.

The U.S. dollar eked out a small gain of 0.56% during the fourth quarter but ended the year down 9.37% as lower Treasury yields and lingering effects from the spring trade war likely weighed on the reserve currency. Gold was a primary beneficiary of dollar weakness as central bank and retail buying drove spot prices for an ounce of gold up almost 65% to end 2025 at $4,431. Oil prices fell during the final months and chalked up a nearly 20% decline in 2025, in spite of dollar weakness and volatility leading up to the U.S invasion of OPEC member Venezuela in early January 2026.

Asset Class Overview

The high-yield bond market was the top performer relative to credit peers in both the fourth quarter and calendar year 2025 as attractive all-in yields, strong capital market activity, and Fed easing policy were all tailwinds during the quarter. The Bloomberg US High Yield 2% Issuer Capped Bond Index returned 1.31% in the fourth quarter, with coupon carrying the day and helping to offset price weakness in October. Option-adjusted spreads (OAS) compressed 1 bp, but the move belies the challenging start to the quarter. Spreads initially widened 14 bps in October on account of rising credit concerns and the impact of the U.S. government shutdown but largely retraced the move in the final months of 2025. The asset class remained well supported by corporate fundamentals, and while default activity ticked up in 2025, it remained low relative to history as many weaker borrowers have migrated to private credit lenders. According to J.P. Morgan, the 12-month par-weighted U.S. high-yield bond default rate (including distressed exchanges) ended the quarter at 1.88%, well below the 25-year monthly average of 3.3%. High-yield companies issued $65.9 billion in new bonds across 78 tranches, capping off the strong year of $328.9 billion in aggregate and the highest point since 2021 with 70% of proceeds earmarked for refinancing.

	4Q25 Return	OAS	OAS to Start Year	YTW	YTW to Start Year	Duration	Duration to Start Year
US HY 2% Issuer Cap Index	1.31%	266	287	6.53%	7.49%	2.77	3.11
BB	1.51%	165	179	5.56%	6.39%	3.00	3.33
B	1.58%	268	277	6.53%	7.43%	2.51	2.89
CCC	0.18%	615	558	9.83%	10.16%	2.46	2.94

Source: Bloomberg as of 12/31/25.

Fund Performance

For the quarter, the Aristotle High Yield Bond Fund (Class I-2) returned 0.83% versus the Bloomberg US High Yield 2% Issuer Capped Bond Index return of 1.31%.

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. The investment advisor has contractually agreed to limit certain expenses through 7/31/28. Please see the current prospectus for detailed information.*

Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest).

Portfolio Review

Near-term fundamentals, technicals, and two Fed rate cuts supported high yield and broader risk sentiment over the fourth quarter. However, valuations are near all-time tights, leaving little room for error amid a highly uncertain geopolitical and macro backdrop.

The portfolio management team trimmed exposure to cyclical credits (e.g., Building, Gaming, Lodging, Leisure) trading at tight spreads, while modestly adding selectively to credits with compelling yields and spread compression potential. The portfolio remains overweight Industrials tied to U.S. manufacturing reshoring, infrastructure, and defensive sectors (Utilities, Midstream Energy, Insurance Brokers), along with an underweight to structurally challenged sectors (Telecom, Media, Retail). The portfolio maintains an overweight in BB CLOs and select bank loans.

At ~7% all-in yields, high yield offers some cushion, but limited spread protection means volatility will likely stay elevated. Still, company fundamentals and balance sheets remain relatively strong, which should keep defaults stable.

Fund Allocation

Portfolio exposures changed modestly over the fourth quarter. The team used some of the portfolio's dry powder to add high quality spread in investment grade corporates as well as moderately to bank loans. From an industry perspective, the team added to higher quality segments of the high yield market via new issues as well as in the secondary market. The team increased exposure most notably to energy, technology, and electric utility companies, and reduced select exposure to names within Capital Goods, Basic Industry and Telecom. Duration for the Fund was neutral versus the benchmark at 2.7 years. The total number of holdings/issues within the portfolio was slightly lower, ending the year at 214. The Fund finished the quarter with 4.7% in cash and modest tactical allocations to select bank loans and CLOs (~10% allocation in aggregate).

Contributors/Detractors

The fund underperformed the benchmark in the fourth quarter due primarily to security selection. An overweight to MajorDrive Holdings (Club Car) was the most notable detractor in the fourth quarter as the company was downgraded at the end of November to CCC+ by S&P. An overweight to Buford Capital Global, a global financial firm detracted from relative returns as third quarter earnings were below expectations. However, the business, outlook, portfolio, and balance sheet remain solid and the team was able to add exposure at attractive levels. Not holding Saks Global Enterprises contributed to relative performance as the company missed a $100 million interest payment in December and filed for Chapter 11 in January.

On a sector basis, an overweight to financial institutions was additive over the quarter as the industry outperformed the total return of the high yield benchmark. Out of benchmark allocations to asset-backed securities and to bank loans contributed positively over the fourth quarter, while a modest allocation to investment-grade corporate bonds detracted.

Manager Outlook

The high yield asset class was defined by the post-Liberation Day rally in 2025 and closed the fourth quarter back near the tightest spread levels of the year. The fourth quarter was buoyed by two additional Federal Reserve interest rate cuts, with the expectation of two more cuts in 2026. We believe the largest number of dissenting voters at an FOMC meeting since 2019 is noteworthy though. Overall, the high-yield index was up 1.31% in the fourth quarter, led by higher-credit-quality issuers, as investment grade asset class returns moved largely in lockstep with high yield during the quarter. Volatility fell to the year's lowest levels in December, reflecting positive investor sentiment around the Fed's rate trajectory and the forecasted backdrop for GDP growth in 2026.

Historically tight starting spreads did not prevent positive excess returns in 2025, and we are entering 2026 at even tighter spread levels, presenting challenges for the asset class to repeat last year's gains. More recently, yields have fallen back to levels last seen in 2022, but still remain attractive near 6.5%, safely above historical averages and providing a cushion for the asset class. We believe risks remain, as evidenced by continued weakening in the labor market, and therefore progress in employment will be a key area to monitor even if the Fed delivers incremental rate cuts in the coming year. That said, over the near term we expect overall company performance to be mostly stable, and historically strong balance sheets should keep defaults within the high yield asset class in check.

Assuming macro conditions remain stable, we believe lower-credit-quality segments still have room to compress after the modest decompression observed toward year-end, especially on a relative basis to higher-credit-quality segments trading at historically tight spread levels. From a portfolio construction perspective, we continue to deploy capital into select opportunities in lower-credit-quality tiers that offer compelling yields. We have also been methodically adding exposure to the AI and data-center-related buildout following the robust new issuance seen in those sectors. To cushion our overweight to lower-credit-quality tiers, we remain overweight defensive sectors such as utilities, midstream energy, and insurance brokers, which should prove more resilient in the event of an economic downturn.

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
Class A–NAV	0.75	6.77	6.77	8.74	3.89	5.75	5.44
Class A–MOP	-3.52	2.20	2.20	7.19	2.99	5.29	5.12
Class I–2	0.83	7.19	7.19	9.05	4.19	6.03	5.72
Bloomberg US High-Yield 2% Issuer Capped Bond Index	1.31	8.62	8.62	10.06	4.50	6.52	6.16

Top 10 Issuers	Weight (%)
MajorDrive Holdings IV, LLC	2.76
Venture Global Partners II LLC	2.29
TransDigm Group Incorporated	2.20
Charter Communications, Inc.	1.99
Alliant Holdings, L.P.	1.90
Allied Universal Manager LLC	1.71
Energy Transfer LP	1.69
Ardonagh Group Holdings Limited	1.67
CRC Insurance Group LLC	1.53
Norwegian Cruise Line Holdings Ltd.	1.47
Total	**19.20**

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Class A shares at maximum offering price (MOP) reflect the deduction of the up-front 4.25% sales load. Performance reflects any applicable fee waivers and expense reimbursements. If a sales charge had been deducted, the results would have been lower.

Gross/Net annual operating expenses for Class A are 0.95%/0.95%. Gross/Net annual operating expenses for Class I-2 are 0.65%/0.65%, inception date 6/29/12.

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

One **basis point** equals 0.01%.

The **Bloomberg 1–3 Year US Government/Credit Bond Index** is a performance benchmark of U.S. investment-grade government and corporate bonds with maturities of one to three years.

The **Bloomberg Asset-Backed Securities (ABS) Index** is the ABS component of the Bloomberg U.S. Aggregate Index that measures the performance of ABS with the following collateral types: credit and charge card, auto and utility loans. All securities have an average life of at least one year.

The **Bloomberg Short Treasury Total Return Index** is a performance benchmark of all U.S. Treasuries that have a remaining maturity between one and twelve months.

The **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.

The **Bloomberg US Corporate Bond Index** includes publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

The **Bloomberg US Corporate High Yield Bond Index** measures the USD-denominated, high yield, fixed-rate corporate bond market.

The **Bloomberg US Credit Index** measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes non-US agencies, sovereigns, supranationals and local authorities.

The **Bloomberg US High-Yield 2% Issuer Capped Bond Index** measures the performance of high-yield bonds with a 2% maximum allocation to any one issuer.

The **Dow Jones Industrial Average index (DJIA)** tracks the share price of the top 30 large, publicly owned U.S. companies which is often used as an indicator of the overall condition of the U.S. stock market.

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.

Morningstar LSTA US Leveraged Loan Index is a market-value weighted index designed to measure the performance of the US leveraged loan market.

The **Nasdaq Composite** is a stock market index that consists of the stocks that are listed on the Nasdaq stock exchange.

Option adjusted spread (OAS) is the measurement of the spread of a fixed-income security rate and the risk-free rate of return.

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.

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

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