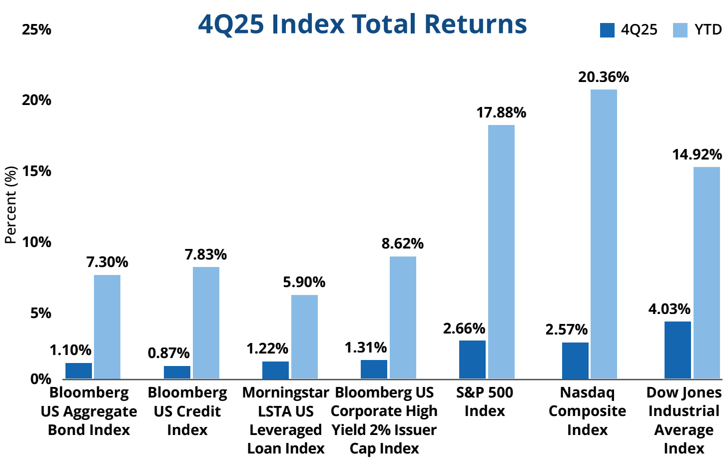
ARISTOTLE FUNDS

ARISTOTLE
FLOATING RATE INCOME FUND
COMMENTARY

DECEMBER 31, 2025

SUB-ADVISED BY ARISTOTLE PACIFIC CAPITAL, LLC

Class A	Class C	Class I-2
PLFLX	**PLBCX**	**PLFDX**



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% in 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 floating-rate loan market generated a positive total return in the fourth quarter, though two rounds of fed funds rate cuts and weakness in specific sectors weighed on the asset class. The Morningstar LSTA US Leveraged Loan Index returned 1.22%, with carry the primary driver of returns and offsetting secondary price softness in October and November. The four-year discounted spread for the index widened 8 bps to end at 404 bps, while the effective yield declined 31 bps to 7.69%. The average secondary price for the Morningstar LSTA US Leveraged Loan Index declined 42 cents during the fourth quarter to end at $96.64. Market conditions were more muted in the final months of 2025, with $156 billion in total loan market activity relative to the three-month record of $404 billion set the prior quarter. Much of the decline in loan activity came from repricings, which fell from 56% of total loan activity to 40% quarter over quarter. Investor sentiment improved as the quarter progressed, as evident in the number of loans that traded above par, which rose from 37% in September to 58% as of year-end. In 2025, a push/pull dynamic developed in terms of demand from individual and institutional buyers. Retail loan mutual fund flows were negative $3.1 billion in the fourth quarter as the prospect of further Fed easing in 2026 weighed on future yields. CLOs remained active buyers of loans, with $55 billion of new tranche issuance during the period.

	4Q25 Return	3Yr DM	3Yr DM to Start Year	3Yr Life Yield	3Yr Life Yield to Start Year
Morningstar LSTA US Leveraged Loan Index	1.22%	429	424	8.30%	8.93%
BB	1.47%	263	254	6.64%	7.23%
B	1.40%	414	426	8.15%	8.95%
CCC	-1.59%	1689	1379	20.89%	18.48%

Source: Bloomberg and PitchBook as of 12/31/25.

Fund Performance

The Aristotle Floating Rate Income Fund (Class I-2) returned 1.65% versus the Morningstar LSTA US Leveraged loan Index return of 1.22%.

***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).

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Portfolio Review

For the quarter, the Fund outperformed the benchmark due primarily to security selection, sector allocation, and an overweight to 2nd lien bank loan issues. Security selection in the Automobiles and Commercial and Professional Services sectors benefited performance. Security selection in Financial Services detracted from performance while an underweight to Materials benefited the portfolio.

Fund Allocation

The fund did not have any material changes during the quarter.

Contributors/Detractors

Across credit qualities the fund benefited from an overweight to B-rated loans given carry and yield versus BB-rated issues. The fund also benefited from an overweight to CCC-rated 2nd lien issuers. The fund's focus on performing credits and those above $90 benefited performance. During the quarter, distressed issuers underperformed given increasing political and economic uncertainty.

Manager Outlook

The year 2025 shared many similarities with 2024, as the equity markets repeatedly tested new all-time highs and the economy remained resilient despite various exogenous shocks. Against this backdrop, loans once again delivered solid returns, with the Morningstar LSTA US Leveraged Loan Index returning 5.90% on the year.

However, unlike 2024—where a rising tide lifted all boats—2025 was a year that saw increased bifurcation and more pronounced investor selectivity. Whereas all sectors produced a positive return in 2024, there were several notable laggards in 2025—with Autos reporting a negative 9.5% return on the year due to the implosion of First Brands. The increased bifurcation in our market also saw CCCs underperform the broader index by over 400 basis points, as lower quality names were penalized on earnings misses and the fear of LMEs. This was a notable reversal from 2024, where single Bs and CCCs outperformed BBs.

Looking back, it felt like returns for 2024 were more driven by beta, while performance for 2025 was dictated by credit selection. Amidst this "credit picker's market," our strategy outperformed, as we were able to actively rotate out of underperforming names, while avoiding the landmines.

As we look ahead, loans remain well positioned. A resilient economy—characterized by steady growth and healthy corporate fundamentals—provide a solid foundation for the asset class. At the same time, market technicals remain favorable due to strong CLO formation and limited supply—with an end to rate cuts potentially sparking increased investor appetite for the asset class (market expects just two more cuts in 2026 before the Fed goes on pause).

For our portfolios, we maintain a bias toward performing credits, as evidenced by the higher average-dollar price of our holdings. By sector, we remain overweight insurance and capital goods, while being underweight materials, healthcare, and media & entertainment. We are underweight distressed loans, with our CCC exposure largely concentrated in performing second-lien loans.

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	1.69	6.29	6.29	9.27	6.11	5.21	4.75
Class A–MOP	-1.35	3.14	3.14	8.17	5.46	4.89	4.53
Class I–2	1.65	6.45	6.45	9.49	6.38	5.47	5.00
Morningstar LSTA US Leveraged Loan Index	1.22	5.90	5.90	9.35	6.42	5.83	5.00

Top 10 Issuers	Weight (%)
CommScope	4.09
Alliant Holdings, L.P.	3.43
Proofpoint, Inc.	3.34
Allied Universal Manager LLC	3.31
TransDigm Group Incorporated	3.07
CoreLogic, Inc.	2.97
CRC Insurance Group LLC	2.83
Ellucian Support Inc.	2.79
Ascensus, LLC	2.60
Alera Group Ultimate Holdings, LLC	2.48
Total	**30.91**

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.*

Gross/Net annual operating expenses for Class A are 1.05%/1.05%, inception date 12/30/11. Gross/Net annual operating expenses for Class I-2 are 0.80%/0.80%, 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%.

Beta is a measure of systematic risk with respect to a benchmark.

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.

Investing involves risk. Principal loss is possible. 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. The Fund is also subject to foreign-markets risk.

This commentary represents the views of the portfolio managers at Aristotle Pacific Capital, LLC as of the publication date and are presented for informational purposes only. These views should not be construed as investment advice, an endorsement of any security, mutual fund, sector or index, or to predict performance of any investment. Any forward-looking statements are not guaranteed. All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The opinions expressed herein are subject to change without notice as market and other conditions warrant. Sector names in this commentary are provided by the Fund's portfolio managers and could be different if provided by a third party.

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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Diversification does not assure a profit, nor does it protect against a loss in a declining market.

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