

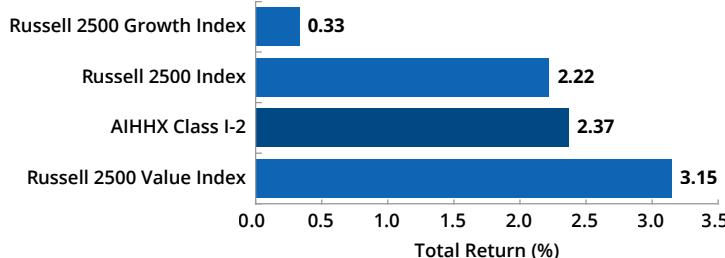
DECEMBER 31, 2025

 Class A  
**ARAHX**

 Class I-2  
**AIHHX**

 Class C  
**AISHX**

### 2025 Q4 Returns



Sources: U.S. Bank, Bloomberg as of 12/31/25.

Performance data quoted here represent past performance. Past performance is no guarantee of future results. 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 information quoted. To obtain performance information current to the most recent month-end, please call (844) 274-7885.

### Market Review

U.S. small/mid cap equities delivered moderate performance in the fourth quarter of 2025. The quarter began with a continuation of the post-Liberation Day risk-on market environment before a brief November sell-off due to growing concerns about a potential artificial intelligence (AI) capital expenditures (capex) bubble, valuations and the market re-pricing the probability of a December Federal Reserve (the Fed) rate cut. The Russell 2500 Index ultimately rallied to a new all-time high in mid-December and finished +2.22% for the quarter and +11.91% for the full year. The index posted a strong return despite geopolitical uncertainty and tariff concerns as optimism around AI-driven productivity and resilient consumer spending helped sustain gains. The rally occurred with a generally favorable macroeconomic backdrop, including a 25-basis-point rate cut by the Fed in December. U.S. gross domestic product (GDP) growth remained strong at 4.3% in the third quarter, supported by stronger than anticipated consumer spending and positive trade developments. Inflation edged higher to 3.1%, driven in part by higher energy costs and tariff passthroughs, but remained within a manageable range for businesses and consumers. Small/mid caps benefited from attractive relative valuations, broadening of market breadth, earnings recovery and a rotation away from mega-cap stocks.

Stylistically, value stocks outperformed their growth counterparts during the quarter as the Russell 2500 Value Index returned 3.15% compared to the 0.33% return of the Russell 2500 Growth Index. This was a departure from the 2024 trend where growth significantly outperformed value.

From a factor perspective, lower-quality companies outperformed higher-quality companies during the quarter. Factors that had the strongest payoffs were high bankruptcy risk, low sales growth, low enterprise value to EBITDA, high beta, low price to earnings, negative free cash flow and non-earners.

At the sector level, there was mixed performance between cyclical and defensive stocks. The best-performing sectors were healthcare (+12.37%), communication services (+3.51%) and materials (+3.38%), while the worst-performing sectors were consumer staples (-7.43%), consumer discretionary (-2.78%) and utilities (-1.48%).

### Fund Performance

For the fourth quarter of 2025, the Aristotle Small/Mid Cap Equity Fund (Class I-2) posted a total return of 2.37%, outperforming the 2.22% total return of the Russell 2500 Index.

The largest contributor to relative performance was security selection in industrials and information technology coupled with underweight allocations to consumer discretionary and real estate. Security selection in healthcare (a combination of stocks we owned coupled with not owning biotechnology) and consumer discretionary coupled with overweight allocations to consumer staples and energy detracted from performance.

### Contributors/Detractors

Contributors to Fund Return	Detractors to Fund Return
Ciena	Itron
MACOM Technology Solutions	Encompass Health
Haemonetics	Wolverine World Wide
Advanced Energy Industries	Acadia Healthcare
Huron Consulting Group	Perrigo

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No bank guarantee • May lose value • Not FDIC insured

# ARISTOTLE SMALL/MID CAP EQUITY FUND COMMENTARY

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## Contributors

### *Ciena*

Ciena is an optical networking equipment manufacturer for telecommunications and web scale network operators. The stock was bolstered due to strong earnings results and optimistic forward guidance driven by AI-related demand and technological innovation including dominating the market share for scale across data center projects in 2026. We believe the company is well-positioned to benefit from strong demand for bandwidth given its differentiated product portfolio and history of technological innovation, which should lead to strong operating results and shareholder value creation.

### *MACOM Technology Solutions*

MACOM Technology Solutions is a designer and manufacturer of high-performance semiconductor products. The stock benefitted from strong quarterly results beating analyst expectations. We maintain our position, as we believe the company's meaningful exposure to growing demand from Data Center and 5G end market applications along with the integration of recent acquisitions and domestic manufacturing footprint should continue to drive shareholder value.

## *Detractors*

### *Itron*

Itron is a global manufacturer and distributor of electric, water and gas meters and advanced meter systems. Shares sold off following the third quarter earnings print due to slower-than-anticipated regulatory approvals. However, we believe that these challenges will be short-lived and expect an acceleration in 2026. We maintain a position, as we believe the company remains well-positioned to benefit from power grid modernization efforts, which should continue to drive demand for the company's smart metering and grid monitoring solutions.

### *Encompass Health*

Encompass Health is a provider of post-acute specialized rehabilitative inpatient treatment healthcare services. The company delivered mixed third quarter results. However, management raised forward guidance and continues to execute on their plan to strategically add capacity with the anticipated roll out of small format hospitals in 2027. We maintain our position, as we believe favorable demographics trends and a stable reimbursement outlook will provide attractive growth potential for the company.

## Recent Fund Activity

Buys/Acquisitions	Sells/Liquidations
Atlantic Union Bankshares	Carlisle Companies
BJ's Wholesale Club Holdings	Chart Industries
IDACORP	eHealth
Novanta	NorthWestern Energy
Perella Weinberg Partners	Nu Skin Enterprises
UGI Corporation	Patterson-UTI Energy
	TreeHouse Foods
	Westinghouse Air Brake Technologies

### *Buys/Acquisitions*

#### *Atlantic Union Bankshares*

Atlantic Union Bankshares is a Virginia-based, bank holding company serving the Virginia, District of Columbia, Maryland and North Carolina markets. Concerns about the potential negative impact to banking customers in their served markets from DOGE-related cuts created an opportunity to build a position in the company. Given the company's diversified customer base, growing market share from increased scale following a meaningful market expanding acquisition and solid balance sheet, we believe that the DOGE-related overhang presents an attractive opportunity to own a high-quality bank led by a strong management team that should drive capital appreciation for shareholders.

#### *BJ's Wholesale Club Holdings*

BJ's Wholesale Club Holdings is a Massachusetts-based retailer operating membership warehouse clubs that sell a wide variety of goods from groceries and housewares to electronics, appliances and jewelry. With the company benefitting from better-than-expected performance from recently opened stores that highlights their strong fundamental execution and a pipeline of new stores in development, we believe that management should be able to continue these efforts to grow shareholder value over the next several years.

#### *IDACORP*

IDACORP is an Idaho-based, vertically integrated electric utility that provides service to customers in southern Idaho and eastern Oregon. Strong industrial load growth and robust population migration into its service territory, combined with critical regional transmission opportunities, underpin the

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company's robust five-year capital plan and double-digit rate base growth outlook. We believe this expansion, facilitated by a constructive regulatory environment and a proven management team, should drive consistent earnings growth and long-term capital appreciation for shareholders.

## *Novanta*

Novanta is a Massachusetts-based supplier of advanced photonics, vision and precision motion technologies that power high-performance medical, life science and industrial automation applications. Supply chain disruption, tariffs and soft end-markets have weighed on gross margin expansion over the last two years. With these headwinds abating and a strong pipeline of new design wins, the company is expected to return to solid, above-average revenue and earnings growth driven, in part, by higher-margin new products, site consolidation and lean initiatives.

## *Perella Weinberg Partners*

Perella Weinberg Partners is a boutique investment bank that has been investing in incremental deal capacity through strategic hires of experienced investment bankers. An expected upturn in mergers & acquisitions (M&A) activity over the next several years following a period of below average activity should allow the company to operationally leverage the investments they've been making during the downturn. Deal pipelines remain near all-time highs, activity is increasing, and the market is pricing in future modest interest rate cuts, which increases confidence that sustained M&A volume recovery is growing. This environment should allow the company to generate shareholder value over the coming years.

## *UGI Corporation*

UGI Corporation is a Pennsylvania-based energy infrastructure company operating regulated natural gas utilities, midstream and marketing assets, AmeriGas retail propane distribution and international LPG services. Under the leadership of a new, highly experienced and highly respected CEO, UGI is implementing an operational reset at AmeriGas while executing a strategic pivot toward its stable utility footprint and underappreciated Midstream assets that we believe are well positioned to capitalize on regional demand. This management-led transformation, coupled with non-core divestitures and an improving balance sheet, should drive greater predictability and support a more durable long-term earnings growth profile.

## *Sells/Liquidations*

### *Carlisle Companies*

Carlisle Companies is a diversified industrial manufacturer of nonresidential roofing materials and industrial connectivity products. The position appreciated during the holding period and was liquidated to redeploy capital to new opportunities for future upside potential.

### *Chart Industries*

Chart Industries is a manufacturer of engineering equipment for the industrial gas, energy and biomedical industries. The company is being acquired by Baker Hughes.

### *eHealth*

eHealth is a provider of Internet-based health insurance agency services for individuals, families and small businesses operating through Medicare, employer and individual business segments. The position was liquidated due to deteriorated fundamental performance and an uncertain strategic outlook.

### *NorthWestern Energy*

NorthWestern Energy generates, transmits, and distributes regulated electricity and natural gas to customers across Montana, South Dakota and Nebraska. The position was sold following its all-stock merger announcement with Black Hills. We decided to step aside while we evaluate the combined entity's integration timeline and future regulatory considerations.

### *Nu Skin Enterprises*

Nu Skin Enterprises is a developer and distributor of beauty and wellness solutions. The position was liquidated due to deteriorated fundamental performance and an ongoing strategic transformation with an uncertain fundamental outlook.

### *Patterson-UTI Energy*

Patterson-UTI Energy is an oilfield services company focused on drilling and pressure pumping solutions for both major oil companies and independent operators. The position was liquidated due to the energy market outlook weakening thus deteriorating fundamental performance.

### *TreeHouse Foods*

TreeHouse Foods is a manufacturer and distributor of private label packaged foods and beverages in North America. Its product portfolio includes snacking, beverages and meal preparation products, available in shelf stable, refrigerated, frozen and fresh

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formats. The position was liquidated ahead of its pending acquisition by a private equity consortium.

## *Westinghouse Air Brake Technologies*

Westinghouse Air Brake Technologies is provider of equipment, systems and value-added services for the rail industry. This was a long-time position that successfully grew from the small-cap space to a large-cap company beyond the Fund's intended investment universe. We redeployed the capital to new positions that we believe present the opportunity for future upside potential.

## Market Outlook

We remain optimistic about the long-term potential for the small/mid-cap segment of the U.S. market. Valuations remain compelling relative to large caps, with the Russell 2500 Index trading near the lower end of its historical range. Potential tailwinds, including deregulation, lower corporate tax rates, increased M&A activity, continued reshoring of U.S. manufacturing, and infrastructure-related spending, could provide additional support for small/mid-cap stocks. Volatility remains elevated over concerns around inflationary risks, geopolitical tensions, and potential U.S. economic and labor weakness.

Our current positioning is a function of our bottom-up security selection process and our ability to identify what we view as attractive investment candidates, regardless of economic sector definitions. Overweights in information technology and materials are mostly a function of our underlying company specific views rather than any top-down predictions for each sector. Conversely, we continue to be underweight in consumer discretionary, as we have been unable to identify what we consider to be compelling long-term opportunities that fit our discipline given the rising risk profiles of many retail businesses and a potential deceleration in goods spending following a period of strength. We are also underweight in financials as the sector has experienced strong returns, leading us to harvest gains and redeploy the proceeds to what we consider to be more attractive reward-to-risk opportunities. Given our focus on long-term business fundamentals, our patient investment approach and low turnover, the Fund's sector positioning generally does not change significantly from quarter to quarter. However, we may take advantage of periods of volatility by adding selectively to certain companies when appropriate.

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Performance as of 12/31/25

	Total Returns (%)			Annualized Total Returns (%)				Top-10 Holdings (%)	
	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Fund Inception (12/31/14)	Ciena Corporation	2.91
Class A-NAV	2.27	3.01	3.01	8.76	4.07	6.83	6.21	Alamos Gold Inc.	2.64
Class A-MOP	-2.09	-1.41	-1.41	7.19	3.17	6.37	5.79	Macom Technology Solutions Holdings, Inc.	2.36
Class I-2	2.37	3.23	3.23	9.04	4.33	7.08	6.46	Huron Consulting Group Inc.	2.26
Russell 2500® Index	2.22	11.91	11.91	13.75	7.26	10.40	9.12	Dycom Industries, Inc.	2.18
								Aercap Holdings N.V.	2.10
								Advanced Energy Industries, Inc.	2.07
								Hannong Armstrong Sustainable Infrastructure Capital, Inc	2.01
								Healthequity, Inc.	1.93
								Bankunited, Inc.	1.86
								<b>Total</b>	<b>22.33</b>

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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 1.26%/1.26%. Inception date 1/8/16. Gross/Net annual operating expenses for Class I-2 are 1.01%/1.01%. Inception date 1/8/16.

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.

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## Definitions

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

The **Russell 2500® Index** measures the performance of the small/mid cap segment of the U.S. equity universe, commonly referred as SMID cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 2500 Growth® Index** measures the performance of the small/mid cap companies located in the United States that also exhibit a growth probability. Effective March 24, 2025, FTSE Russell applies a capped methodology: all companies that have a weight greater than 4.5% in aggregate are no more than 45% of the Index, and no individual company in the Index has a weight greater than 22.5% of the Index. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true large capitalization opportunity set and that the represented companies continue to reflect growth characteristics.

The **Russell 2500 Value® Index** measures the performance of the small/mid cap companies located in the United States that also exhibit a value probability. Effective March 24, 2025, FTSE Russell applies a capped methodology: all companies that have a weight greater than 4.5% in aggregate are no more than 45% of the Index, and no individual company in the Index has a weight greater than 22.5% of the Index. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true large capitalization opportunity set and that the represented companies continue to reflect value characteristics.

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Investing involves risk. Principal loss is possible.

The principal risks of investing in the Fund include, but are not limited to, equity securities risk, mid-capitalization companies risk, small-capitalization companies risk, sector focus risk, industrials sector risk, active management risk, liquidity risk, value companies risk and securities lending risk. For more information on risk, refer to the prospectus.

This commentary represents the views of those at Aristotle Capital Boston, 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 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/funds/small-mid-cap-equity](http://www.AristotleFunds.com/funds/small-mid-cap-equity). 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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