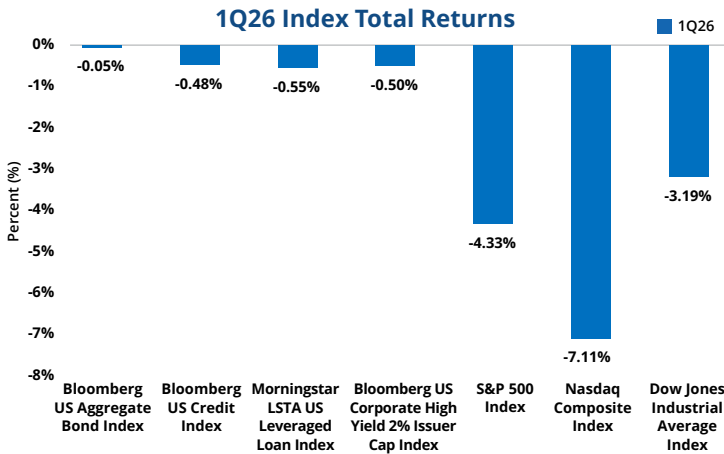


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Class A  
**PLAHX**

Class C  
**PLCHX**

Class I-2  
**PLHYX**



Index	1Q26
Bloomberg US Aggregate Bond Index	-0.05%
Bloomberg US Credit Index	-0.48%
Morningstar LSTA US Leveraged Loan Index	-0.55%
Bloomberg US Corporate High Yield 2% Issuer Cap Index	-0.50%
S&P 500 Index	-4.33%
Nasdaq Composite Index	-7.11%
Dow Jones Industrial Average Index	-3.19%

Source: Bloomberg as of 3/31/26.

## Market Review

U.S. equity and fixed-income markets generated largely negative total returns in the first quarter of 2026 as software-related credit concerns, rising yields, and the Iran conflict weighed on markets. Domestic equity indices were weaker, with small caps and value the exceptions, while fixed-income performance favored short maturities and higher credit quality as rates and spreads moved higher.

- Artificial intelligence (AI) developments played an outsized role in the first quarter as advancing functionality posed a potential threat to software-company business models and adjacent service industries. Leveraged loan prices in the software sector fell in January and February in the wake of the developments with the selling cascading to private credit vehicles, many of whom gated redemptions.

- The first three months of 2026 were bookended by conflict, starting with Operation Absolute Resolve in early January, which swiftly removed Venezuelan leader Nicolás Maduro from power. Then, in Operation Epic Fury, which began on February 28, the United States, in partnership with Israel, launched an air and naval campaign that resulted in the killing of Iran's supreme leader and senior leadership, as well as widespread damage across the region and the closure of the Strait of Hormuz to seaborne traffic.
- Energy and precious metals prices moved notably higher as the Iran conflict exposed the global economy to potentially the largest supply chain shock since COVID. Faced with heightened uncertainty, the Federal Reserve (Fed) opted to keep the fed funds rate unchanged at the March meeting as market expectations shifted from two cuts at the start of the year to zero for the balance of 2026.

Both "risk-free" and risk assets were negatively impacted due to the events mentioned above. The U.S. Treasury curve flattened as yields rose across the curve, with the two-year note rising 32 basis points and the 30-year bond nearly touching 5% at the end of March. Credit generated negative total returns, with investment-grade corporates, high yield bonds, and leveraged loans in close proximity and down roughly a half percentage point. Spreads widened with fixed-rate corporates responding to the impact of Iran, while loans were largely influenced by the selloff in software and services companies. The largest level-two GICS industry in the Morningstar LSTA Leveraged Loan Index at the start of the year, secondary loan prices in software and services fell over seven points during the quarter to end March at \$87.97. AI advancements caused a revaluation of this segment within the loan market that had previously been viewed as sturdy due to recurring revenue and high switching costs. Software stress also manifested in the private credit space, where several leading alternative asset managers had to gate non-publicly traded business development companies as redemption requests outpaced quarterly share repurchase caps. The U.S. dollar gained 1.67% during the quarter as an expected pivot in Fed easing policy and investor shift to risk-free assets

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supported performance. Gold started the year on a strong footing, rising over 25% by late January, but largely gave back gains as the Iran conflict escalated and ended the quarter up 7.99%. Oil was the standout asset during the quarter, with West Texas Intermediate rising over 76% as the Strait of Hormuz closure by Iran cut the world off from 14 million barrels of oil per day and set in motion a worldwide scramble for refined products, liquid natural gas, and fertilizer.

Economic data was resilient during the first quarter, but the outlook is complicated by the knock-on effects from the Iran conflict, which will likely factor into data in the months ahead. Non-farm payrolls gained in two of the three months, with March coming in well above consensus at 178,000 new jobs, and the unemployment rate modestly declined from 4.4% to 4.3% quarter over quarter. The University of Michigan Consumer Sentiment Survey, which measures confidence and future expectations, started off on a strong note but weakened in March as respondents processed the costs of the Iran conflict. One area of concern was a jump in short-term inflation expectations, which rose from 3.4% to 3.8% from February to March, although long-term expectations among respondents remained anchored at 3.2%. This aligned with the Consumer Price Index, which continued to drop from the recent high of 3.0% in September 2025 to a February reading of 2.4%. One data point that has the potential to be disinflationary is the future of tariffs, now one year on from liberation day. During the quarter, the U.S. Supreme Court ruled 6 to 3 against the president's use of emergency tariff powers under the International Emergency Economic Powers Act, although the White House signaled that it would rely on other authorities to continue tariffs.

## Asset Class Overview

The high-yield bond market gave back some of the strong performance of 2025 as rising rates, volatile energy prices, and risk-off market sentiment were too much to overcome in the first quarter. The Bloomberg US High Yield 2% Issuer Capped Bond Index returned -0.50% during the period, as carry was unable to offset price weakness with option adjusted spreads widening 51 basis points (bps) at the onset of the Iran conflict.

*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](http://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).*

Despite market conditions, the asset class remained well supported by corporate fundamentals, and while default activity has ticked up since the third quarter of 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 2.07%, well below the 25-year monthly average of 3.25%. High yield issuance started with a bang but ended with a whimper as the Iran conflict weighed on risk appetite. A total of \$80 billion across 90 tranches came to the high-yield market, with most of it in the first half of the quarter, while volume fell in March as two M&A deals, Electronic Arts and Nexstar Media Group, made up more than half of the total that month.

## Fund Performance

For the quarter, the Aristotle High Yield Bond Fund (Class I-2) returned -0.46% versus the Bloomberg US High Yield 2% Issuer Capped Bond Index return of -0.50%.

	1Q26 Return	OAS	OAS to Start Year	YTW	YTW to Start Year	Duration	Duration to Start Year
US HY 2% Issuer Cap Index	-0.50%	317	268	7.40%	6.57%	3.02	2.80
BB	-0.28%	197	166	6.21%	5.60%	3.25	3.04
B	-0.65%	345	270	7.69%	6.56%	2.78	2.53
CCC	-0.13%	725	614	11.39%	9.84%	2.56	2.47

Source: Bloomberg as of 3/31/26.

## Portfolio Review

The primary driver of negative absolute returns for high yield bonds in 1Q26 was the notable shift in prevailing macro-economic sentiment in the back half of the quarter driven by escalating geopolitical tensions in the Middle East, fears around the potential disruption of artificial intelligence in certain sectors and broader concerns around the health of private credit. Volatility increased significantly in the month of March reaching levels not seen since April of 2025. Unsurprisingly, higher credit quality outperformed as BB's were only down 28bps in the quarter as compared to CCC's down 1.26%.

The portfolio management team remains underweight cyclical credits (e.g., Building/Housing, Chemicals, Packaging and Retail) trading at tight spreads, reflecting our view of a prolonged cyclical decline, 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.

With yields in the mid-7% range, high yield offers some cushion, but still-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 first quarter of 2026. The team used some of the portfolio's dry powder within investment grade corporates to add to high conviction high yield names during the spread widening in March. From an industry perspective, the team added to higher quality BB segments of the high yield market via new issues as well as in the secondary market. The team notably increased exposure across insurance, electric utility companies, select leisure names as well as manufacturing. The portfolio management team reduced select exposure to names within Capital Goods, Technology, Telecom, as well as took profits on certain positions in the Energy space. Duration for the Fund was unchanged at 2.7 years. The total number of holdings/issues within the portfolio was also unchanged, ending the first quarter at 214. The Fund finished the quarter with more dry powder (6.7%) in cash and modest tactical allocations to select bank loans and CLOs (~11% allocation in aggregate).

## Contributors/Detractors

The fund underperformed the benchmark in the fourth quarter. The fund outperformed the benchmark in the first quarter due primarily to security selection. Security selection within Capital Goods was a key contributor to relative results as was selection across Energy, Technology and Consumer Non-Cyclicals. An overweight to the Insurance industry as well as security

selection detracted from relative returns. An overweight to Buford Capital Global, a global financial firm detracted from relative returns, however the business, outlook, portfolio, and balance sheet remain solid and the team added at attractive levels. The portfolio's underweight to LABL Inc. (label and packaging company) contributed to relative performance as the company filed for Chapter 11 in January. On a sector basis, being overweight Energy on average over the quarter contributed to relative returns.

Out-of-benchmark allocations to bank loans and investment-grade corporate bonds contributed positively over the first quarter, while a modest allocation to CLOs detracted.

## Manager Outlook

Leveraged credit markets experienced their first quarterly loss in a year as performance deteriorated into quarter-end and the high yield asset class closed the first quarter of 2026 down -0.50%. There was a notable shift in prevailing sentiment in the back half of the quarter driven by escalating geopolitical tensions in the Middle East, fears around the potential disruption of artificial intelligence in certain sectors, and broader concerns around the health of private credit. Volatility increased significantly in the month of March reaching levels not seen since April of 2025. Unsurprisingly, higher credit quality outperformed as BBs were only down 28 bps in the quarter as compared to CCCs down 1.26%. From a sector perspective, Energy was an outperformer in the quarter as oil eclipsed \$100 per barrel, while software, paper, packaging and building related sectors led the way lower on fears around the potential for a more prolonged era of higher interest rates and generally lower economic activity.

Aristotle High Yield Bond Fund outperformed in the quarter primarily due to credit selection. Several of our larger, higher yielding, lower credit quality positions outperformed on stronger earnings expectations while our general underweight to software and credits most at risk of AI disruption was additive at a sector level.

As we look ahead, the conflict with Iran has already damaged consumer confidence and broader risk sentiment given the likelihood that inflation will remain elevated for longer due

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to increasing commodity costs. The market is now pricing in an expectation of higher inflation, which reduces the likelihood of further Federal Reserve interest rate cuts. Yet, despite the macro uncertainty, the growth outlook appears intact for now with GDP expectations still in the +2% area for 2026, which should be supportive of the high yield asset class, especially at a more attractive entry point at 7.4% yield to worst, nearly ~100 bps wider quarter over quarter. We are closely monitoring developments in the Middle East, as clearly a protracted conflict in the region presents significant downside risks to the global economy.

While tail risks to the backdrop are currently elevated, our base case remains for macro conditions to be stable enough for lower-credit-quality segments to compress, especially after the recent widening. 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.

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Performance as of 3/31/26

	Total Returns (%)			Annualized Total Returns (%)			
	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Fund Inception
Class A-NAV	-0.54	-0.54	6.28	7.26	3.57	5.44	5.30
Class A-MOP	-3.51	-3.51	3.04	6.18	2.94	5.12	4.99
Class I-2	-0.46	-0.46	6.58	7.58	3.86	5.74	5.58
Bloomberg US High-Yield 2% Issuer Capped Bond Index	-0.50	-0.50	7.01	8.60	4.22	6.12	6.01

Top 10 Issuers	Weight (%)
TransDigm Group Incorporated	2.85
MajorDrive Holdings IV, LLC	2.81
Venture Global Partners II LLC	2.19
Alliant Holdings, L.P.	1.94
Acrisure Holdings, Inc.	1.88
Norwegian Cruise Line Holdings Ltd.	1.83
Allied Universal Manager LLC	1.62
Energy Transfer LP	1.62
Charter Communications, Inc.	1.59
Sunoco LP	1.53
<b>Total</b>	<b>19.87</b>

*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](http://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.*

*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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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](http://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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