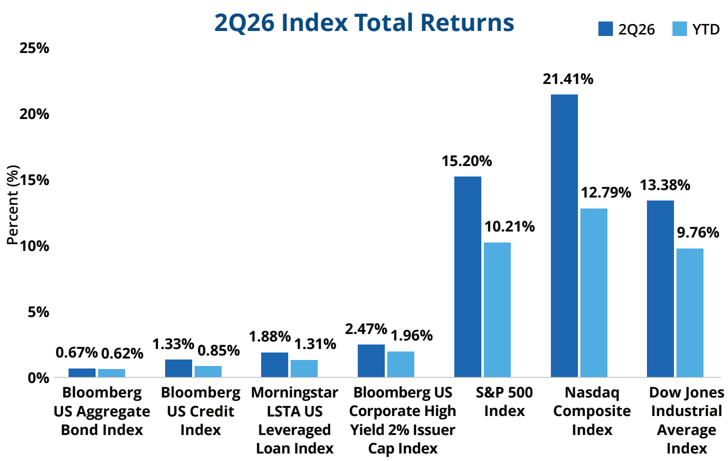
ARISTOTLE FUNDS

ARISTOTLE FLOATING RATE INCOME FUND COMMENTARY

JUNE 30, 2026

SUB-ADVISED BY ARISTOTLE PACIFIC CAPITAL, LLC

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



Index	2Q26	YTD
Bloomberg US Aggregate Bond Index	0.67%	0.62%
Bloomberg US Credit Index	1.33%	0.85%
Morningstar LSTA US Leveraged Loan Index	1.88%	1.31%
Bloomberg US Corporate High Yield 2% Issuer Cap Index	2.47%	1.96%
S&P 500 Index	15.20%	10.21%
Nasdaq Composite Index	21.41%	12.79%
Dow Jones Industrial Average Index	13.38%	9.76%

Source: Bloomberg as of 6/30/26.

Market Review

U.S. equity and fixed-income markets generated positive total returns in the second quarter of 2026 as risk-on sentiment, a ceasefire between the U.S. and Iran, and a robust IPO market supported performance. Domestic equity indices were stronger across the board with small caps leading the way, while fixed-income performance favored longer maturities and lower credit quality.

- Artificial intelligence (AI) and technology more broadly continued to play an outsized role in U.S. markets as investors embraced debt and equity issuance alike. AI infrastructure needs drove a memory supplier's stock to gain over 241% in three months while also opening the door to the largest IPO in history with SpaceX.
- The U.S.-Iran conflict, which began on February 28th, paused on June 17th with the signing of a Memorandum of Understanding, thereby at least temporarily reopening the Strait of Hormuz to seaborne traffic and setting the stage for further talks around Iran's nuclear program. The long-term viability of the agreement remains to be seen as skirmishes continued by both sides through the end of June.
- Energy and precious metals weakened during the second quarter as the cessation of the Iran conflict and shifting Federal Reserve policy weighed on performance. As the Consumer Price Index (CPI) gained steam from the recent supply shock, the Fed opted to keep the fed funds rate unchanged but struck a hawkish tone at the June meeting and market expectations shifted from zero rate changes to at least one hike for the balance of 2026.

Credit investors enjoyed positive total returns during the second quarter as spread compression offset rising rates. The U.S. Treasury curve flattened as yields rose across maturities – the two-year note rose 35 basis points (bps) and the 30-year bond climbed to 5.18% in mid-May, a high-water mark last touched in 2007. High yield corporates outperformed investment grade peers and bank loans as falling energy prices and investor appetite for new issues backing data centers drove down option-adjusted spreads by 47 bps to end June at 270 bps. The AI-induced sell-off that defined the first quarter for the leveraged loan market continued to play out as software and services loan secondary prices fell over $2 to end June at $85.62. AI continued to provide a tailwind for equity markets, as memory chip manufacturers soared with Micron Technology gaining over 241% during the quarter, joining the trillion-dollar market capitalization club. Investors embraced new technology in the IPO market, as SpaceX launched a record $75 billion issuance in June that valued the company at $1.8 trillion, while both Anthropic and OpenAI filed to potentially go public in 2026.

The U.S. dollar gained 1.23% during the quarter as a hawkish shift in Fed messaging supported performance. Gold and oil, which were both outperformers during the first quarter, fell over 14% and 32% respectively in the second quarter as investors processed the uneasy peace from the Memorandum of Understanding between the U.S. and Iran. While the risk premium in oil has gone down, the long-term effects of the Strait of Hormuz closure remain to be seen in refined products, fertilizer, and shipping insurance. As of June 20th, commercial vessels exiting the critical chokepoint were less than a third of the 71 daily ship average seen in February just prior to the conflict. Cognizant of the effects of the supply shock, Kevin Warsh made the most of his first meeting as new Fed chair in June to set the tone for his approach to policy. The Fed kept the fed funds rate between 3.5%-3.75%, dropped forward guidance, and drove home an emphasis on price stability over full employment by ending the June statement with, "The committee will deliver price stability."

Economic data has been resilient in 2026, but signs of weakness began to creep in during the second quarter. Monthly nonfarm payrolls were positive during the quarter, but the magnitude decreased each consecutive month, with June's 57,000 print coming in at roughly half of consensus expectations coupled with downward revisions to the two prior months. U.S. unemployment ticked down a tenth of a point to 4.2% in June, but the driver of the change was less sanguine for future job growth as the decline was attributed to individuals leaving the workforce rather than new employment. The University of Michigan Consumer Sentiment Survey, which measures confidence and future expectations, troughed in May at the lowest level on record as concerns over affordability remain top of mind. Expectations aligned with CPI, which leapt from 2.4% in February to 4.2% in May, as the energy shock from the Iran conflict fed through the economy. The outlook was not all dour though, as the Fed's Beige Book noted that manufacturing activity rose at a moderate to strong pace across three quarters of the 12 districts surveyed.

Asset Class Overview

The floating-rate loan market began on a strong footing in April but gave ground in the following months as investors gravitated toward higher-quality issuers and selling pressure in software returned. The Morningstar LSTA Leveraged Loan Index returned 1.88% with carry the primary performance driver as secondary prices weakened in the second half of the quarter. The four-year discounted spread for the index tightened 8 bps to end at 453 bps, while the effective yield declined 3 bps to 8.26%. The AI-induced disruption that began at the start of the year became more pronounced as secondary prices on software loans fell over 2 dollars in the second quarter to end June at $85.62. Model advancements have 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. While second-quarter loan activity was relatively steady at $224 billion, it is worth noting that Paramount Skydance was able to place an upsized $15 billion deal in May across dollar and euro denominated term loans in support of the purchase of Warner Brothers Discovery, which represents the largest term-loan deal since the great financial crisis. Retail investors returned to the asset class after four consecutive quarters of net redemptions, with $1.2 billion of inflows during the second quarter, and CLOs remained active buyers of loans with $33 billion of new tranche issuance during the period.

	2Q26 Return	3Yr DM	3Yr DM to Start Year	3Yr Life Yield	3Yr Life Yield to Start Year
Morningstar LSTA US Leveraged Loan Index	1.88%	495	428	8.58%	8.28%
BB	2.54%	263	262	6.26%	6.62%
B	1.06%	494	414	8.57%	8.14%
CCC	-3.43%	2015	1690	23.78%	20.90%

Source: Bloomberg and PitchBook as of 6/30/26.

Fund Performance

The Aristotle Floating Rate Income Fund (Class I-2) returned 1.80% versus the Morningstar LSTA Leveraged Loan Index return of 1.88%.

Fund Allocation

During the second quarter, the investment team made changes to the credit quality and industry exposure of the Fund. Single B and CCC exposures were reduced by over 10% and 4% respectively, while BB exposure climbed 9% and BBB loans increased by over 3%. The shift towards higher credit quality may also be seen at the portfolio level, as average credit quality rose from B to B+ quarter over quarter. Looking at GICS level II industry exposure, the portfolio reduced exposure to insurance,

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Please see the current prospectus for detailed information.

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

financial services, and software and services, and increased exposure to media and entertainment, health care equipment and services, and energy.

Portfolio Review

For the quarter, the Fund performed generally in line with the benchmark. Sector allocations through an overweight to commercial and professional services benefited performance while an overweight to insurance (insurance brokers) and underweight to materials detracted. Security selection in software and services was again a strong contributor to relative performance. An overweight to single B rated loans was a marginal benefit to relative performance. In addition, the Fund's overweight to larger, liquid loans detracted from performance. The Fund's focus on performing credits and those above $90 benefited performance.

Manager Outlook

The loan market rebounded in the second quarter of 2026 after a lackluster first quarter. The LSTA Leveraged Loan Index returned 1.88% in the second quarter of 2026, bringing the year-to-date return to 1.31%. Single B rated loans led the way higher in the second quarter of 2026, returning 1.97%. However, higher quality loans, namely BB rated loans, have been the best-performing segment of the loan asset class year to date, returning 2.54% and handily outperforming the broader index year-to-date return of 1.31%.

So far in 2026, the loan market has experienced generally strong corporate earnings, steady demand facing limited supply, and higher-than-expected yields via a steady SOFR rate. However, overriding those positives has been the development of two notable risks – the Iran War and concerns over potential future disruption from artificial intelligence. Both will continue to be key factors in the short term. Despite those concerns, loans remain well positioned overall. A resilient economy – characterized by steady growth and healthy corporate and consumer fundamentals – provide a solid foundation for the asset class. At the same time, market technicals remain favorable with limited new issue supply. Loans that have little perceived AI-related risk and solid earnings performance are generally trading above par and, in some cases, have been able to reduce their spreads due to strong demand. With inflation having ticked up, expectations are now skewed on the margin toward interest rates rising instead of falling. That keeps the absolute coupon on loans higher and thus more attractive to coupon-focused investors.

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, media & entertainment. We are underweight distressed loans, with our CCC exposure largely concentrated in performing second-lien loans. We have reduced our overweight to the insurance brokerage sector (currently 9% weighting as of June 30th versus 19% at the end of the first quarter). The majority of our software exposure is focused on shorter-dated maturities. Lastly, we continue to rotate out of tighter, longer-dated single B exposure into new issue BB rated loans.

Performance as of 6/30/26

	Total Returns (%)			Annualized Total Returns (%)			
	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Fund Inception
Class A-NAV	1.63	1.02	4.64	7.25	5.75	4.97	4.66
Class A-MOP	-1.37	-2.00	1.51	6.16	5.12	4.65	4.44
Class I-2	1.80	1.27	5.02	7.55	6.02	5.24	4.92
Morningstar LSTA US Leveraged Loan Index	1.88	1.31	4.36	7.55	6.01	5.50	4.93

Top 10 Issuers	Weight (%)
CoreLogic, Inc.	4.49
Gainwell Intermediate Holding Corp.	4.29
RealPage, Inc.	3.57
TK Elevator	3.49
Proofpoint, Inc.	3.42
CRC Insurance Group LLC	3.27
Covetrus, Inc.	3.01
TransDigm Group Incorporated	2.88
Ellucian Company L.P.	2.49
Allied Universal	2.34
Total	**33.25**

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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%.

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.

GICS is an industry analysis framework that helps investors understand the key business activities for companies around the world.

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.

Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

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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