



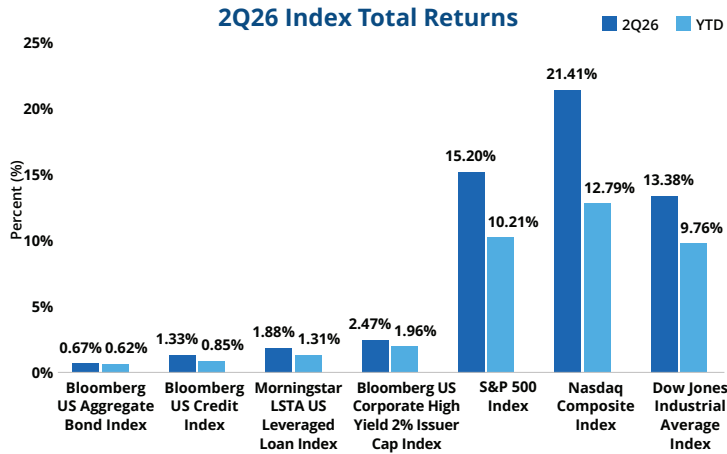
JUNE 30, 2026

ARISTOTLE
STRATEGIC INCOME FUND
COMMENTARY
SUB-ADVISED BY ARISTOTLE PACIFIC CAPITAL, LLC

Class A
PLSTX

Class C
PLCNX

Class I-2
PLSRX



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

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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

Investment-grade bonds bounced back from first-quarter weakness, generating positive performance in the second quarter due to carry. Despite rate volatility and geopolitical influences, investment-grade corporate bonds remained on solid footing, supported by positive fundamentals and technicals. Strong revenue and EBITDA growth continue to support credit quality, as evidenced by upgrades outpacing downgrades by a nearly 2-to-1 ratio thus far in 2026. Investment-grade corporates had strong issuance year to date at \$1,045 billion, representing over 27% year-over-year growth, with much of that in support of AI capital spending. Credit selection will continue to play an important role in the months ahead as animal spirits begin to pick up, as the \$261 billion of forecasted 2026 new issuance in

support of M&A activity would mark the highest total in 10 years. The yield-to-worst of the Bloomberg U.S. Aggregate Bond Index (Agg) rose over the quarter by 17 bps to end at 4.73%, whereas spreads tightened 4 bps, ending with an option-adjusted spread (OAS) of 26 bps. The total return for investment-grade bonds (represented by the Agg) in the second quarter was 0.67%, while the average price was \$93.06, down from \$93.25 at the end of March.

	2Q26 Return	OAS	OAS to Start Year	YTW	YTW to Start Year	Duration	Duration to Start Year
US Aggregate Index	0.67%	26	27	4.73%	4.35%	5.88	6.04
AAA	0.38%	26	31	4.52%	4.05%	4.10	4.19
AA	0.42%	10	10	4.59%	4.20%	5.73	5.88
A	1.27%	63	65	5.08%	4.72%	6.73	6.86
BBB	1.72%	93	98	5.38%	5.06%	6.63	6.71

Source: Bloomberg as of 6/30/26.

The high yield market enjoyed a strong second quarter as geopolitical turmoil subsided and risk-on sentiment returned to leveraged credit. The Bloomberg U.S. High Yield 2% Issuer Capped Bond Index returned 2.47% during the period, as spreads compressed 47 bps with much of the move in April due to de-escalation of the Iran conflict and the fall in oil prices. The asset class remained well supported by corporate fundamentals, and while default activity has increased 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 2.67%, below the 25-year monthly average of 3.20%. High yield issuance was robust during the second quarter as companies raised a total of \$101 billion across 121 tranches with much of that associated with AI and M&A activity. To give a sense of AI's impact on the market, the number of high yield corporate issues linked to expansion and capital expenditure rose from zero each year between 2023-2025 to over 14 new deals year to date in 2026 raising \$29.55 billion.

	2Q26 Return	OAS	OAS to Start Year	YTW	YTW to Start Year	Duration	Duration to Start Year
US HY 2% Issuer Cap Index	2.47%	270	268	7.16%	6.57%	2.92	2.80
BB	2.26%	155	166	6.03%	5.60%	3.16	3.04
B	2.84%	277	270	7.25%	6.56%	2.65	2.53
CCC	2.98%	769	614	12.00%	9.84%	2.54	2.47

Source: Bloomberg as of 6/30/26.

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

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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 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

For the quarter, the Aristotle Strategic Income Fund (Class I-2) returned 1.68% versus the Bloomberg US Aggregate Bond Index return of 0.67%.

Portfolio Review

The second quarter of 2026 was characterized by elevated interest rate volatility as Treasury yields ultimately moved

modestly higher. While higher rates weighed on duration, credit markets remained resilient, with investment grade, high yield, bank loans, and securitized assets supported by strong carry, healthy corporate fundamentals, and stable credit spreads.

During the quarter, we shifted the portfolio back up in credit quality following the increased risk positioning taken during the first quarter's market weakness. While valuations remain relatively tight, we continue to find select higher-yielding, idiosyncratic opportunities within leveraged credit that help maintain attractive portfolio yields and spreads relative to prior periods with similar spread levels.

We are targeting a duration profile that is flat to slightly overweight relative to our blended benchmark, with an emphasis on the intermediate portion of the yield curve and an underweight to longer maturities. More recently, we have increased floating-rate exposure through bank loans and CLOs, balanced by duration exposure in investment grade corporates, Treasuries, and agency MBS. We also continued to diversify the portfolio, primarily through additional securitized exposure within the investment grade allocation. Given the resilience of both the economy and credit markets, we remain active in using the strategy's flexibility to capitalize on opportunities as spreads move within a relatively narrow trading range.

Credit selection continues to focus on U.S. centric issues and away from firms that are dependent upon global supply chains. On a sector basis, we have favored U.S. money center banks, midstream energy, and select technology and manufacturing credits. Overall, we remain oriented towards performing credits and have limited exposure to distressed and lower-quality names. We used rallies in lower-credit-quality issues to reduce exposure to that category, especially in more cyclical names and industries.

Fund Allocation

The portfolio's composition quarter-over-quarter changed modestly. As of June 30, the Fund's allocation was as follows: investment-grade corporate bonds (43%), floating-rate bank loans (15%), high-yield bonds (24%), asset-backed securities including CLOs (6%), and mortgage-backed securities (4%). Portfolio managers added duration at the margin near the end of the quarter as rates moved

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.

higher. At the end of the second quarter, portfolio duration stood at 4.2 years. For curve, the portfolio held greater exposure in the belly while underweight the long end. The portfolio management team continued to diversify, with purchases in agency MBS, non-agency MBS, CMBS, and other securitized credit.

The portfolio management team will continue deploying dry powder to take advantage of market volatility and relative value opportunities. Cash ended the period modestly higher at 2.5%. The Fund continues to have a higher than normal investment-grade exposure due to still relatively tight spreads and geopolitical uncertainty.

Contributors/Detractors

Relative outperformance was driven primarily by an overweight to spread sectors, particularly investment-grade and high-yield corporate credit, with strong contributions from holdings within the financials and industrials sectors. The portfolio's off benchmark allocation to bank loans also added meaningfully to performance, while modest allocations to CLOs and other securitized credit contributed through attractive carry and resilient underlying collateral performance.

Within credit, issuer selection was positive, led by several high-yield bond and bank loan positions. Notable contributors included Club Car, CDK Global, Applied Digital, CoreLogic, Convera, and CoreWeave. These gains were partially offset by weakness in a handful of insurance-related and lower-rated credit holdings, including Acrisure, Howden Group, and BroadStreet Partners.

An underweight to U.S. Treasuries contributed to relative performance as interest rate volatility remained elevated during the quarter and Treasury yields moved higher. In addition, the portfolio's shorter overall duration relative to the Bloomberg U.S. Aggregate Bond Index further supported excess returns. Overall, the strategy benefited from its flexible multi-sector approach, with positive contributions from sector allocation, security selection, and duration positioning.

Manager Outlook

The second quarter was a constructive period for credit markets, even as the macroeconomic backdrop remained mixed. Growth moderated somewhat but remained resilient, inflation stayed above the Federal Reserve's target, and the Fed largely remained on hold as markets debated whether policy would need to stay

restrictive for longer. The dominant market narrative evolved from concern around energy prices and geopolitical risk early in the quarter to a more constructive tone by quarter-end as investors became more comfortable that the more severe inflationary and recessionary tail risks could be avoided. Against that backdrop, risk sentiment improved, credit spreads tightened and carry remained an important contributor to total returns.

Fixed income returns were positive across most credit-sensitive sectors, although the path was not uniform. The Bloomberg U.S. Aggregate Bond Index returned 0.67% for the quarter, while credit spread sectors generally outperformed. Investment grade corporates and high yield corporates both benefited from spread tightening, strong demand for carry, and still-stable corporate fundamentals. Leveraged loans also posted a positive quarter, though performance remained more idiosyncratic as issuer-specific risks continued to matter. Securitized credit was mixed but generally positive, with ABS and CMBS benefiting from demand for spread product, while agency MBS lagged other credit-sensitive sectors as rate volatility and curve uncertainty limited relative performance.

The Aristotle Strategic Income strategy outperformed the Bloomberg U.S. Aggregate Bond Index in the quarter, with performance benefiting partially due to the portfolio's exposure to credit-sensitive fixed income. The move higher in Treasury yields, particularly at the front end of the curve, was a headwind to absolute returns but helped relative performance versus the Aggregate Index. We continued to maintain a higher-quality bias relative to the strategy's history, with above-average exposure to investment grade instruments and a disciplined approach to lower-quality leveraged finance.

During the quarter, portfolio activity reflected both the improvement in credit markets and the more attractive all-in yield environment created by higher rates. We added selectively across fixed rate credit, mainly across investment grade sectors, while also extending duration as rates moved higher. The portfolio is now slightly longer duration relative to its own historical positioning. While spreads remain tight relative to history, we believe all-in yields across high-quality and intermediate-quality credit continue to offer attractive forward-looking return potential without requiring a meaningful stretch into the weakest portions of the leveraged finance market.

Looking forward, we expect the economic backdrop to remain broadly supportive of credit, but we are mindful that current

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valuations leave less room for error. We continue to believe there are compelling opportunities to invest in mid-5% to mid-6% yields without reaching for lower-quality risk. Our focus remains on higher-quality carry, liquidity, and idiosyncratic opportunities where we believe market concerns are overstated. We continue to find select opportunities across software, data centers, insurance brokers, and hyperscalers where fears around competitive disruption, data center supply, or capital spending

sustainability appear overdone, in our opinion. At the same time, we remain cautious on weaker balance sheets and lower-quality issuers where elevated rates, refinancing needs, and business model pressure could create more persistent downside. Overall, we believe the portfolio is positioned to benefit from still-attractive all-in yields, while preserving flexibility to add risk if market volatility creates better entry points.

Performance as of 6/30/26

	Total Returns (%)			Annualized Total Returns (%)				Top 10 Issuers	Weight (%)
	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Fund Inception		
Class A-NAV	1.72	1.10	4.32	6.52	2.86	4.59	5.22	Government Of The United States Of America	4.30
Class A-MOP	-2.58	-3.17	-0.11	5.00	1.97	4.14	4.91	Citigroup	1.89
Class I-2	1.68	1.23	4.59	6.78	3.11	4.85	5.47	Energy Transfer LP	1.64
Bloomberg US Aggregate Bond Index	0.67	0.62	3.79	4.16	0.08	1.54	2.01	JPMorgan Chase	1.57
								UBS	1.55
								Bank Of America	1.47
								Oracle	1.45
								Morgan Stanley	1.44
								Goldman Sachs	1.38
								CRC Insurance Group LLC	1.34
								Total	18.03

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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 0.94%/0.94%. Gross/Net annual operating expenses for Class I-2 are 0.69%/0.69%, 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. 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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