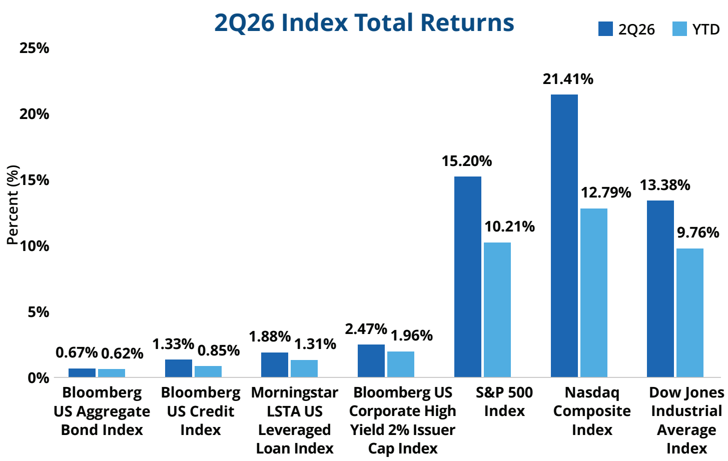
ARISTOTLE FUNDS

ARISTOTLE CORE INCOME FUND COMMENTARY

SUB-ADVISED BY ARISTOTLE PACIFIC CAPITAL, LLC

JUNE 30, 2026

Class A	Class C	Class I-2
PLIAX	**PLNCX**	**PLIDX**



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 increased 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.

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

	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.

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

The Aristotle Core Income Fund (Class I-2) returned 1.18% versus the Bloomberg US Aggregate Bond Index return of 0.67%.

Portfolio Review

In this environment, all-in yields above 5% on the investment-grade index remain attractive from a carry perspective, but historically tight spreads continue to limit the margin of error for credit investing—particularly as the inflation and rate outlook has shifted decisively higher. We believe this backdrop continues to warrant a disciplined and conservative posture, with an emphasis on credit quality and prudent risk management.

At the same time, the intra-quarter spread volatility created relative value opportunities that we were able to exploit selectively. We maintained spread exposure modestly above the benchmark while preserving a yield advantage. The portfolio's investment-grade corporate exposure remains anchored in BBB rated securities, where we continue to find selective value as that cohort outperformed during the quarter's risk-on recovery. Credit positioning emphasizes sectors and issuers we believe are better equipped to navigate an environment of elevated energy costs, renewed inflation, and potential economic deceleration—with a focus on resilient balance sheets, stable cash flow profiles, and limited direct exposure to energy price pass-through risk.

During the quarter, we continued to build out the portfolio's exposure to structured credit, including investment-grade collateralized loan obligation (CLO) debt and senior asset-backed securities (ABS), where spreads remain compelling relative to similarly rated corporates. Within the CLO market, we note that investor demand remains concentrated in senior tranches, and we continue to favor the top of the capital stack, where stability in pricing contrasts with growing dispersion further down the credit structure. We continually adjusted but maintained a similar level of exposure to ABS, favoring sectors with strong collateral performance and away from segments showing consumer stress. Select bank-loan exposures continue to offer appealing income characteristics, though we remain attentive to the impact of potentially higher base rates on overall floating-rate returns and borrower fundamentals.

Fund Allocation

The portfolio's composition remained largely stable during the second quarter of 2026, with the total number of holdings declining modestly from 483 to 474. Investment-grade corporate bonds continued to represent the largest allocation, though exposure edged lower quarter over quarter from 41.23% to 40.01% as we selectively trimmed positions. U.S. Treasury exposure held steady ending at 18.56%, while allocations to asset-backed securities and floating-rate loans were essentially unchanged at 11.11% and 7.21%, respectively. On the securitized side, we modestly increased exposure to both agency mortgage-backed securities and non-agency MBS, which ended the quarter at 13.89% and 6.34%, respectively. From a duration standpoint, the portfolio's profile was nearly static on a point-to-point basis, finishing the quarter at 6.01 years—reflecting our view that the current level appropriately balances income generation with rate sensitivity in a more uncertain policy environment.

Contributors/Detractors

On an asset-class basis, the portfolio's overweight positions in ABS, investment-grade corporate bonds, and floating-rate loans were the primary contributors to total return, as credit-oriented sectors broadly benefited from the quarter's spread environment. At the sector and issuer level, select holdings within banking, insurance, consumer cyclical, and energy contributed positively as these areas benefited from improved risk sentiment and resilient fundamentals. Specific selections within consumer non-cyclical and sovereign issuers were a slight drag on relative performance. Duration management was a net positive over the quarter, as tactical positioning along the curve captured incremental value amid shifting rate expectations.

Manager Outlook

A strong economic backdrop and a recovery in equities continues to buoy the consumer; this, along with record low periods of unemployment, have continued to support broad economic growth during the second quarter. Fixed income markets are digesting Kevin Warsh's appointment to chair of the Federal Reserve and his resolute focus on finally returning the U.S. economy toward a 2% inflation outcome. Much like any incoming CEO, we believe that Warsh will enact change as the new head of the Federal Open Market Committee (FOMC) – however, it remains early to fully know what lies ahead. Front-end Treasury yields rose notably across the quarter as the market moved from pricing 2026 cuts from the FOMC to pricing outright hikes.

In the first half of the year, we have seen over $200 billion in issuance to support the massive data center buildout, and this is reshaping credit markets with tech moving to represent the largest issuers within indexes. This massive supply shock to markets has meant spreads have moved wider for these issuers, while the rest of the market broadly saw notable spread compression. While rates were higher, the strong returns from credit meant that most fixed income indices ended the quarter in positive territory.

As we look forward, key questions to define the second half of the year will be the evolution of inflation and ability of consumers to continue to digest ongoing high inflation in the face of limited real wage growth. At the moment, we see some small hope that inflation may be cooling while growth remains strong; we remain optimistic that continued AI capex will propel the economy forward, though it is likely to remain a headwind for markets. A strong fundamental backdrop remains; however, broad market level compensation for potential risks remains muted. Thus, we continue to proceed with a cautious stance, while finding relative value in some pockets of the markets.

The OAS of Bloomberg US Corporate Bond Index tightened by 15 basis points in the second quarter. The corporate index started the quarter with an OAS of 89 bps and ended near the lowest levels this millennium at 74 bps. This strong reversal versus the first quarter propelled corporates over agency mortgages and Treasuries. Significant issuance from tech companies led to notable spread widening for the sector, bucking the trend of tighter corporate spreads broadly. While spreads are wide for tech companies, they continue to have very strong balance sheets and durable cash flow streams, and we have found value as spreads widen. Away from some idiosyncratic stories, we continue to focus on cash flows we believe are resilient to the inflationary headwinds and potential slowing of the consumer. Core and Core Plus portfolios have remained overweight duration versus their benchmarks, while remaining toward their lower historical ranges for broad credit exposure.

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COMMENTARY

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Our Fund's flexibility continues to be a key differentiator in navigating a complex macro backdrop. Through our relative value framework, we continue to maintain spread in excess of our index along with a yield advantage. The Fund's investment-grade corporate-bond exposure is focused on BBB rated securities. We continue to seek and find value in non-agency securitized asset classes for not only offering spread and yield advantages over corporates, but as a diversifier to traditional credit. We also find attractive yield and relative value in investment-grade collateralized loan obligation (CLO) debt and senior asset-backed securities (ABS). Our fundamental research leads us to favor industries such as U.S. global systemically important banks (G-SIBs), utilities, selective office-REITs and –amidst the notable spread widening – we find value in many of the data center tech names. Additionally, we are cautious on consumer cyclical sectors, healthcare-related names on M&A pressures, and retail-related sectors.

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	1.10	0.61	3.80	4.64	0.86	2.47	3.33
Class A-MOP	-3.23	-3.64	-0.62	3.12	-0.01	2.03	3.04
Class I-2	1.18	0.76	4.11	4.94	1.16	2.78	3.61
Bloomberg US Aggregate Bond Index	0.67	0.62	3.79	4.16	0.08	1.54	2.38

Top 10 Issuers	Weight (%)
Government Of The United States Of America	18.55
Federal National Mortgage Association	8.95
Freddie Mac	5.19
JPMorgan Chase	1.85
Government National Mortgage Association	1.68
Morgan Stanley	1.30
Goldman Sachs	1.13
Bank of America	0.79
Wells Fargo	0.76
Credit Agricole	0.74
Total	**40.93**

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.*

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 0.85%/0.85%, inception date 12/31/10. Gross/Net annual operating expenses for Class I-2 are 0.55%/0.55%, 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.

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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