ARISTOTLE FUNDS & ETFs

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FIXED INCOME IN A RISING RATE ENVIRONMENT

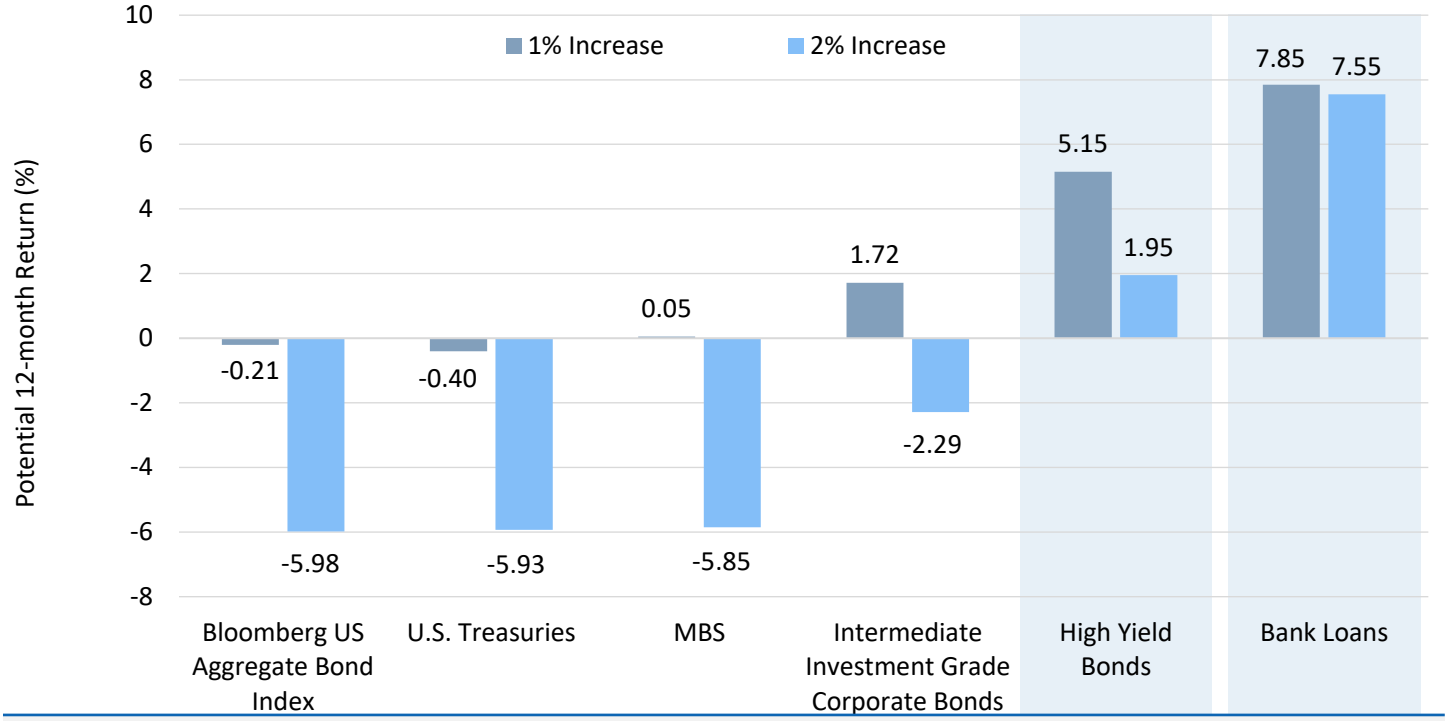
Rising interest rates generally reduce the value of existing fixed-rate bonds as newly issued bonds offer higher yields. However, robust interest income can help cushion price declines, and adjustable-rate instruments can generate positive returns as rates rise.

Our modeling illustrates these effects across two rising-rate scenarios for several fixed-income sectors. Under a one-percentage-point rate increase, the Bloomberg U.S. Aggregate Bond Index and U.S. Treasuries would post small negative returns over 12 months, while intermediate investment-grade corporate bonds would return about 1.7%. A rate increase of two percentage points would worsen outcomes for all three, yet we see such a rate increase as much less likely.

Bank loans and high yield bonds show even greater resilience in both rising-rate scenarios. Bank loans, whose coupons adjust with market rates, would return more than 7% under rate increases of one or two percentage points. High yield bonds would return about 5.2% under a one-percentage-point increase and about 2% under a two-percentage-point increase.

These results suggest that bank loans, high yield bonds, and intermediate IG corporate bonds may help investors navigate a rising rate environment.

Bank Loans, HY Bonds Show Greater Resilience in Rising-Rate Scenarios



	Bloomberg US Aggregate Bond Index	U.S. Treasuries	MBS	Intermediate Investment Grade Corporate Bonds	High Yield Bonds	Bank Loans
Duration (Yrs)	5.77	5.53	5.90	4.01	3.20	0.30
Yield	5.56	5.13	5.95	5.73	8.35	8.15

Past performance does not guarantee future results. Investing involves risk, including loss of principal. Source: Bloomberg as of 9/30/26. The Bloomberg US Aggregate Bond Index (Agg) 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. U.S. Treasuries represent the Bloomberg US Treasury Index, which is made up of U.S. government bonds of various durations. Mortgage-Backed Securities (MBS) represent the Bloomberg Mortgage-Backed Securities Index, a market value-weighted index composed of agency mortgage-backed pass-through securities.