

	Monthly Return (%)	Year-to- Date Return (%)	Yield (%)	Option-Adjusted Spread (BPS)			
	2/28/26	2/28/26	2/28/26	2/28/26	12/31/25	12/31/24	12/31/23
<b>Investment-Grade Corporate Bonds</b>	1.35	1.51	4.66 <sup>1</sup>	79	73	77	93
Single A Bonds	1.31	1.44	4.59	70	64	68	85
BBB Bonds	1.19	1.48	4.92	104	97	97	121
1-3 Year Credit	0.45	0.80	3.89	44	45	48	58
7-10 Year Credit	1.61	1.55	4.77	92	83	89	112
Long Credit	2.12	2.16	5.55	105	95	100	117
<b>Bank Loans <sup>2</sup></b>	-0.78	-1.08	8.81	507	429	424	490
BB Loans <sup>2</sup>	0.17	0.24	6.41	267	263	254	309
B Loans <sup>2</sup>	-1.11	-1.50	8.93	520	414	425	471
<b>High Yield</b>	0.19	0.69	6.71 <sup>1</sup>	291	266	287	323
BB Bonds	0.53	1.07	5.60	176	165	179	201
CCC Bonds	-0.56	-0.25	9.86	623	615	558	776
Intermediate High-Yield Bonds	0.16	0.67	6.70	290	266	287	323
Long High-Yield Bonds	1.41	2.21	7.67	340	301	302	341

Source: Bloomberg and Morningstar as of 2/28/26.

**Investment-grade corporate bonds** represent the Bloomberg US Credit Index and index components. This index measures the performance of investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related debt with at least ten years to maturity. **Bank loans** represent the Morningstar LSTA US Leveraged Loan Index and index components. This index is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. **High yield** represents the Bloomberg US Corporate High Yield Index and index components. This index covers performance for U.S. high-yield corporate bonds. An **option-adjusted spread (OAS)** is the measurement of the spread of a fixed-income security rate and the risk-free rate of return. **Past performance is no guarantee of future results.**

<sup>1</sup>Yield quoted is yield-to-worst. **Yield-to-worst** is a measure of the lowest possible yield from purchasing a bond apart from a company defaulting.

<sup>2</sup>Yields represent four-year effective yields. The **effective yield** is a financial metric that measures the interest rate (or coupon rate) return on a bond.

# Highlights

## Investment Grade

- Deutsche Bank on IG supply: “Gross IG issuance maintained a record pace through February with \$190bn of supply last month. Two main themes of Q4’25 have largely carried over into 2026. First, was the pick-up in duration as discussed above with issuers growing more comfortable with rates remaining relatively higher-for-longer, and the increase in capex spending across a few industries necessitating issuance right away. The second theme was the sharp increase in higher-rated issuance, driven in part by Technology. For the third month in the last four months, a large hyperscaler deal that brought a significant amount of AA or A paper to the market as the Alphabet deal priced bonds across USD, CHF, and GBP markets – with \$20bn in USD. On top of that there were big Financial and Healthcare deals that added to the AA deluge. It was the second most AA bonds issued in a month in over the last decade, with the only larger month being last November. Overall in IG, Technology made up \$53bn of gross issuance – its busiest month ever – while Consumer Non-Cyclicals were the second largest sector at \$43bn, followed by Banks (\$34bn) and Utilities (\$21bn).”<sup>1</sup>
- JP Morgan IG Strategy getting more bullish on IG spreads: “We are revising our JULI [J.P. Morgan US Liquid Index] spread target to 85bp or 12bp tighter than current levels (our 85bp JULI target is roughly equivalent to 73bp OAS for the Bloomberg IG index). Our prior forecast in late November was for 110bp, or +15bp from levels at the time. In the interim, the market hit new all-time tights of 82bp in late January, with the following February the worst month for spreads (+14bp) since September 2022, leaving spreads now marginally wider versus their 1yr average.”<sup>2</sup>

## Bank Loans

- JP Morgan on private credit and bank loan markets: “The median coupon for private credit deals in January was down -25bp m/m [month over month] to +475bp, the OID [original issue discount] was \$99.00 (flat m/m), while the median YTM [yield to maturity] decreased -16bp to 9.17%. Notably, PC [private credit] pricing has held steady over the past 20 months between +475bp and +500bp. For context, the JPM Leverage Loan index YTM was 7.92% (-125bp vs. PC) versus a YTM for B3 and B- rated loans of 8.59% (-58bp) and 8.96% (-21bp), respectively. Note the 58bp gap between B3 rated loans and newly originated PC deals was 172bp at YE23 [year end 2023] and down -31bp m/m. For context, the relationship was inverted (i.e. PC terms cheaper) when syndicated markets were highly volatile during periods of 2022. And the B3/PC pricing gap has averaged 132bp over the past 24 months. As well, the gap between newly originated BSL and PC coupons was unchanged m/m at 200bp (SOFR [Secured Overnight Financing Rate] +275bp vs 475bp). Meanwhile, PC’s median leverage decreased -0.5x m/m to a 6-month low 4.5x in January. Global PC AUM stands at \$1.79trn which consists of \$502bn dry powder and \$1.28trn invested. This is up from \$1.76trn at the end of YE24 [year end 2024] and compares to \$1.1trn at YE20 [year end 2020]. Focusing on North America, the private credit asset class stands at \$1.09trn, up from \$910bn at YE22 [year end 2022]. The private credit asset class has grown at a CAGR [Compound Annual Growth Rate] of 14% since 2020 compared to syndicated loans at a CAGR of 6% (-5% since mid-2022).”<sup>3</sup>

## High Yield

- Deutsche Bank on HY supply: “HY supply has been consistent at moderate levels over the last 4 months, led mainly by BBs. Gross supply totaled \$29bn in February, which was the busiest month since the massive September last year, and maintains the steady month-on-month growth October slowed. The first two months of 2026 have been mildly busier than the same months in 2025 despite a significant number of geopolitical tensions, including tariff headlines in January and renewed US attacks on Iran over the weekend. While we wait to see how the current conflict evolves, LevFin [Leveraged Finance] markets could go on pause for longer than \$IG if rate volatility were to pick up and HY [high yield]/LL [leverage loan] spreads widen significantly. While gross supply has been solid in recent months, HY net supply remains subdued. BB issuance continues to see strong growth, while B supply has stagnated at historically average levels in recent months and CCC issuance remains weak. The lack of momentum in sub-BB supply can partly be attributed to lower-rated issuers migrating to Lev Loans and/or Private Credit, but also highlights the relatively tighter funding environment for leveraged borrowers. The LevFin space continues to focus on refinancing, but there was a mild increase in supply for general corporate purposes last month as well.”<sup>4</sup>

## Sources

<sup>1</sup> Deutsche Bank Strategy, Mar. 5, 2026

<sup>2</sup> JP Morgan Research, Mar. 9, 2025

<sup>3</sup> JP Morgan Research, Feb. 25, 2026

<sup>4</sup> Deutsche Bank Strategy, Mar. 5, 2026

# Definitions

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- **Assets under management (AUM)** is the total market value of the investments managed by a person or entity on behalf of investors.
- **Bank loans** (also known as **floating-rate loans** or **leveraged loans**) invest in bonds and other fixed-income securities that have variable, as opposed to fixed, interest rates.
- A **basis point** is one hundredth of a percent, so 100 basis points is equivalent to 1%.
- A **bond** is a fixed-income instrument and investment product where individuals lend money to a government or company at a certain interest rate for an amount of time. The entity repays individuals with interest in addition to the original face value of the bond.
- **Broadly syndicated loans (BSL)** are a type of loan that will typically be arranged by an investment bank and then syndicated to a large group of commercial banks and specialist loan investors.
- **Capital Expenditure (capex)** is the money spent on acquiring or maintaining fixed assets, such as land, buildings, and equipment.
- **Collateralized loan obligation (CLO)** is a structured financial product that bundles a pool of lower-rated corporate loans and sells them to investors in tranches with different risk/return profiles.
- A **corporate bond** is a debt security that is issued by a company to raise capital.
- A **coupon** or **coupon payment** is the annual interest rate paid on a bond, expressed as a percentage of the face value and paid from issue date until maturity.
- The **credit market** refers to the marketplace through which companies and governments issue debt to investors in exchange for regular interest payments.
- **Credit spread** is the difference in yield between two debt securities with the same maturity but different credit quality.
- **Credit rating** is when bond ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as Standard & Poor's, Moody's and Fitch. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade.
- **Distressed Exchange** is a negotiation process between a financially troubled company and its creditors where the company seeks to restructure its debt without filing for bankruptcy.
- **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.
- A **Fallen Angel** is a bond that was initially given an investment-grade rating but has since been reduced to a junk bond status.
- **High-yield bonds** (or **junk bonds**) are bonds that pay higher interest rates because they have lower credit ratings than investment-grade bonds.
- The **ICE BofA US Corporate Index** is a benchmark index that tracks the performance of investment grade corporate debt in the United States.
- **Investment grade** refers to the quality of a company's credit. To be considered an investment grade issue, the company must be rated at 'BBB' or higher by Standard and Poor's or Moody's.
- **Investment Grade (IG) Index** refers to the ICE BofA US Corporate Index.
- An **issue** or **issuance** is a process of offering securities in order to raise funds from investors. Companies may issue bonds or stocks to investors as a method of financing the business.
- **JPM Leverage Loan Index** is a market-value weighted index designed to measure the performance of the US leveraged loan market.
- **Leverage** refers to using debt (borrowed funds) to amplify returns from an investment. A **leveraged loan** is a type of loan made to borrowers who already have high levels of debt and/or a low credit rating. Lenders consider leveraged loans to have an above-average risk that the borrower will be unable to pay back the loan (also known as the risk of default).
- **Leveraged Buyout** is the acquisition of a company primarily using borrowed funds, often secured by the assets and cash flows of the acquired company.
- **Maturity** (or **maturity wall**) is the date on which the life of a transaction or financial instrument ends, after which it must either be renewed, or it will cease to exist.
- **Mergers and Acquisitions (M&A)** are business transactions in which the ownership of a company, business organization, or one of their operating units is transferred to or consolidated with another entity. They may happen through direct absorption, a merger, a tender offer or a hostile takeover.
- **Morningstar LSTA US Leveraged Loan Index** is a market-value weighted index designed to measure the performance of the US leveraged loan market.
- **Par-weighted** refers to a method of calculating averages where the individual values are weighted by their par (face) value. This means that larger holdings or transactions have a greater influence on the final average.
- **Spread** is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, represented by Treasury bonds. Spread income refers to the additional income from this difference.
- The **10-year treasury** bond yield is the interest rate the U.S. government pays to borrow money for a decade, serving as a benchmark for other interest rates and a key indicator of investor sentiment about economic conditions.
- **Total return**, when measuring performance, is the actual rate of return of an investment or a pool of investments over a given evaluation period.
- **Weighted Average Coupon** is the average gross interest rate of the underlying mortgages in a mortgage-backed security at the time it was issued.
- **Weighted-Average Rating Factor (WARF)** is a numerical representation of the credit risk of a portfolio calculated by Moody's.
- **Yield** is a measure of the profit that an investor will be paid for investing in a stock or a bond. It is usually computed on an annual basis.
- **Yield to worst (YTW)** estimates the lowest possible return on a bond without the issuer defaulting.

## Disclosures

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