



ARISTOTLE
PACIFIC CAPITAL

Rates: Myths, Markets & Mindset

TEXPERS

April 2026

FOR INSTITUTIONAL INVESTOR USE ONLY

Aristotle Pacific Capital

**Independent
with Employee
Ownership/Equity**

**Established in 2007
(formerly Pacific Asset
Management) with a focus
across the credit landscape**

**46 Team Members –
Including 31 Investment
Professionals**

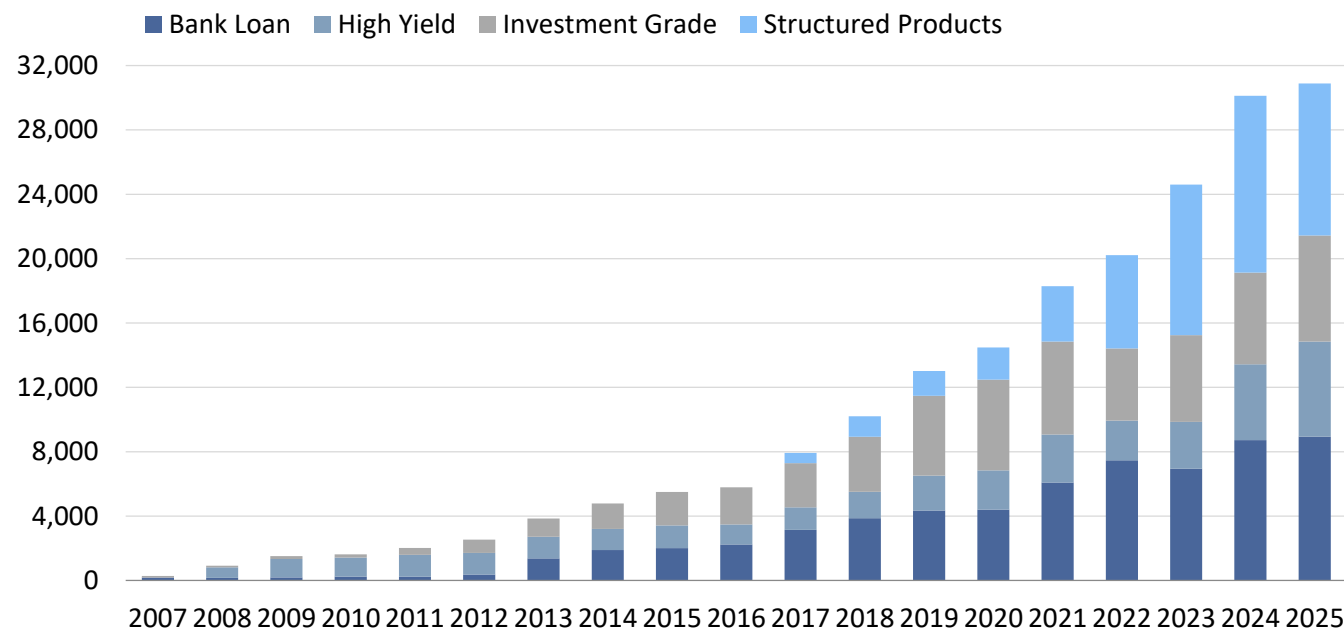
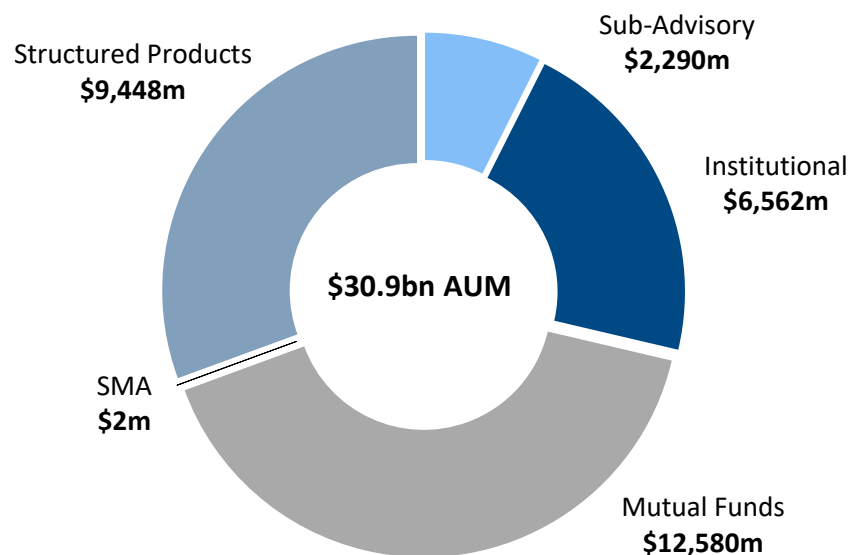
**Diversified Client Base
Across Institutional,
Consultant and Retail**

Aristotle Pacific Capital

Strategy	AUM (\$m)	Inception	Vehicle Availability ¹
Structured Product Strategies	9,452	2016	SA, CF, CLO
Bank Loan Strategies	8,943	2007	SA, CF, MF, ETF
Strategic Credit Strategies	4,578	2012	SA, MF, CIT, CF
Core Plus Strategies	3,600	2011	SA, MF, CIT, SMA
Short Duration Strategies	2,176	2012	SA, MF
High Yield Bond Strategies	1,267	2007	SA, MF, CF
Investment Grade Strategies	652	2008	SA, MF
Core Bond Strategies	165	2021	SA, MF, SMA
Credit Opportunities Strategy	54	2024	SA

As of December 31, 2025

Total AUM 30,887



The Times They Are A-Changin'

When we look back at the 2020s, from the perspective of say 2040, the nature of forces currently in train may become more clear. We may conceivably conclude from that vantage point, the American economy was experiencing a once-in-a-century acceleration of innovation, which propelled forward productivity, output, corporate profits, and stocks at a pace not seen in generations, if ever.



Counting on No-Change is Dangerous

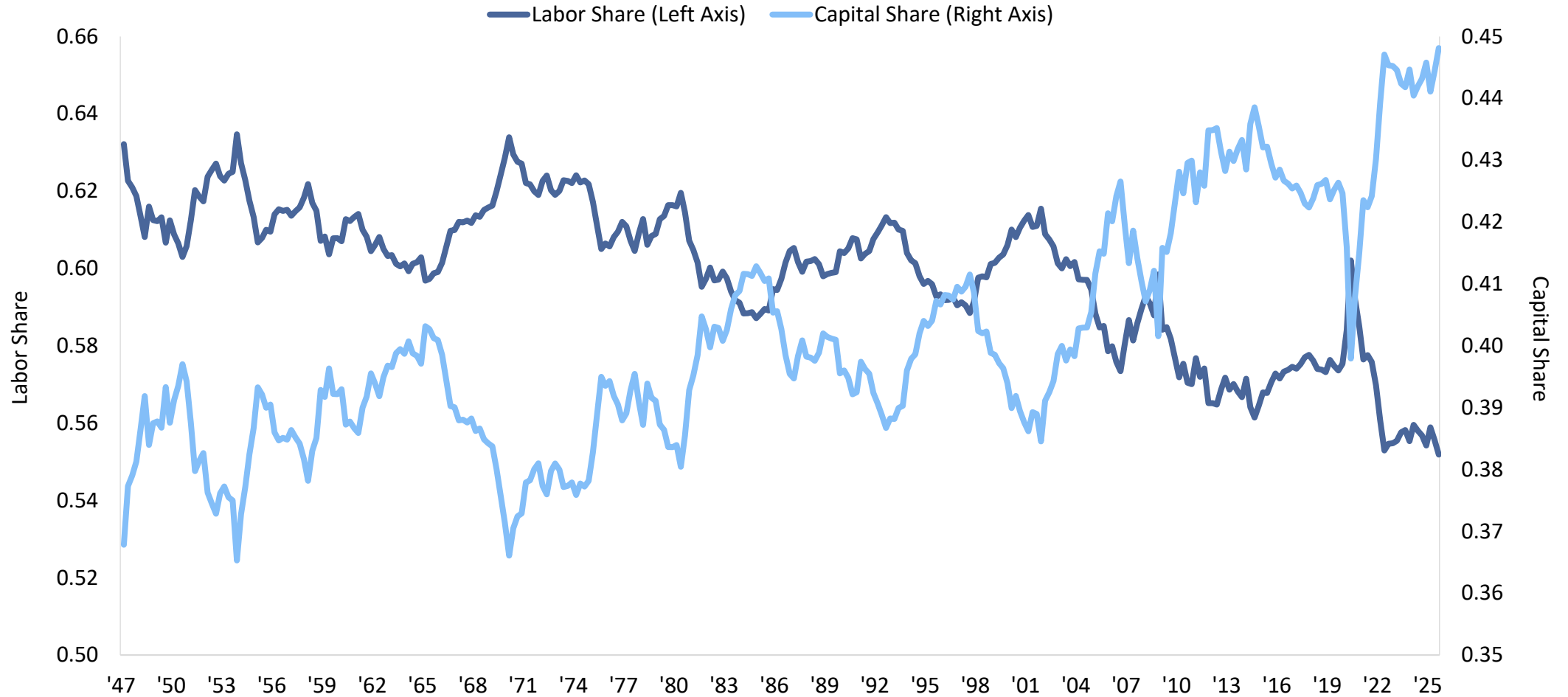
Though no words are perhaps more dangerously problematic in finance than “this time is different”

“When we look back at the 1990s, from the perspective of say 2010, the nature of forces currently in train will have presumably become clearer. We may conceivably conclude from that vantage point ... the American economy was experiencing a once-in-a-century acceleration of innovation, which propelled forward productivity, output, corporate profits, and stocks at a pace not seen in generations, if ever.”

— *Allan Greenspan January 13, 2000*

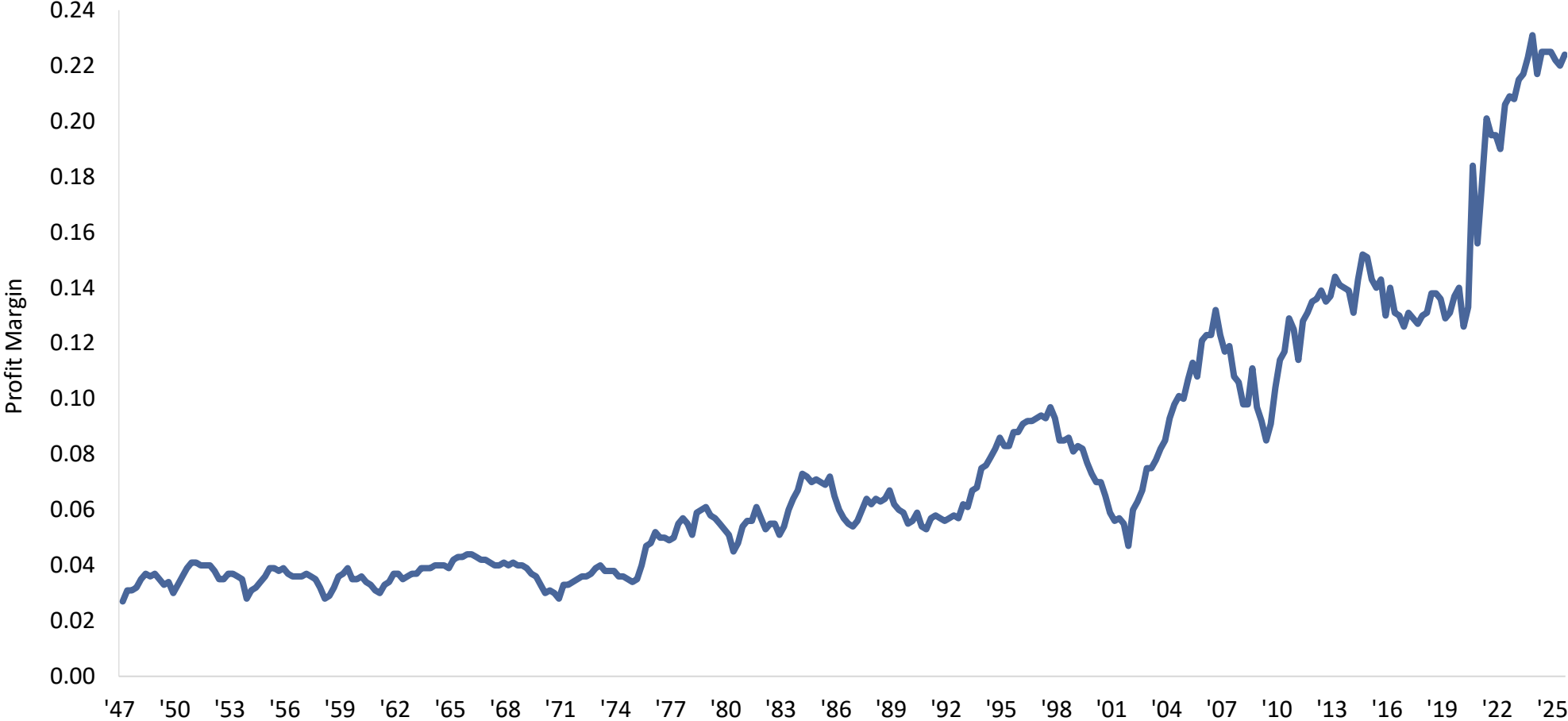
A Look at History

LABOR VERSUS CAPITAL



Macro Overview

PROFIT MARGINS



The Fed's Dual Mandate

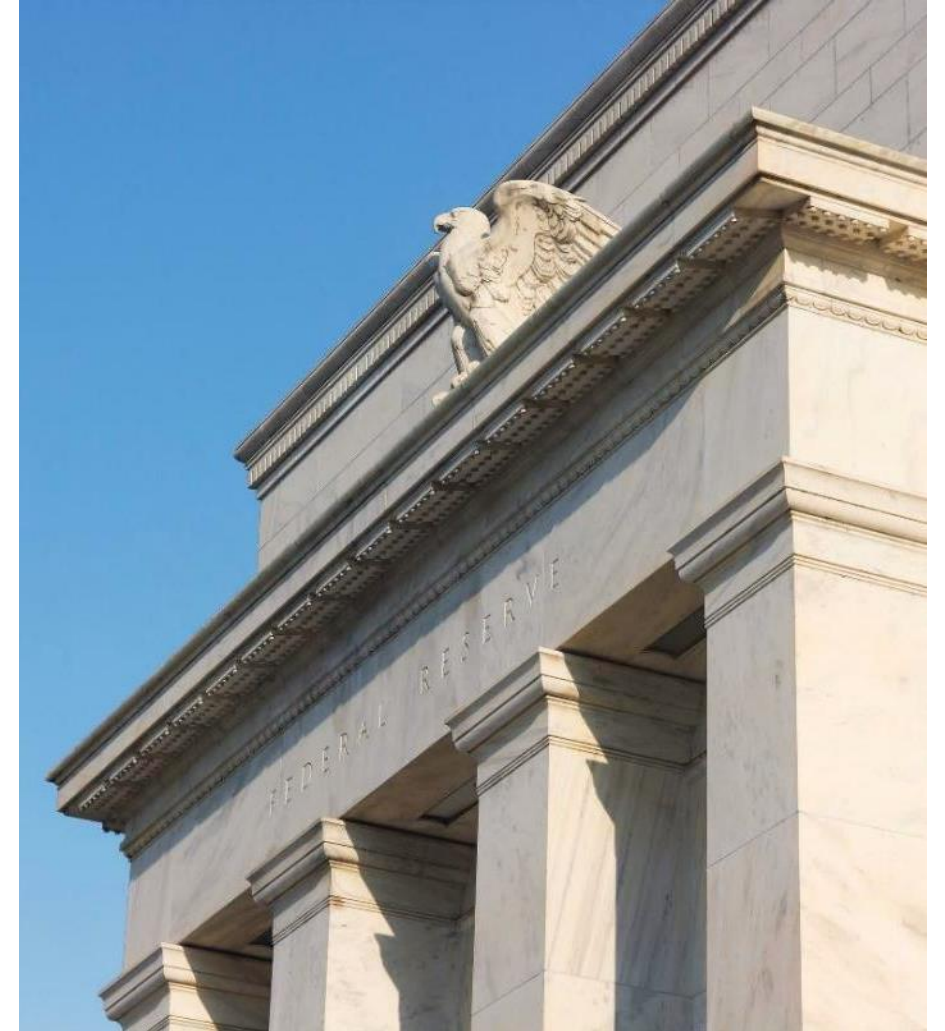
PLUS, A THIRD MANDATE

*The Board of Governors of the Federal Reserve System and the Federal Open Market Committee shall maintain long run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, **stable prices, and moderate long-term interest rates.***

Section 2A. Monetary Policy Objectives, Federal Reserve Act

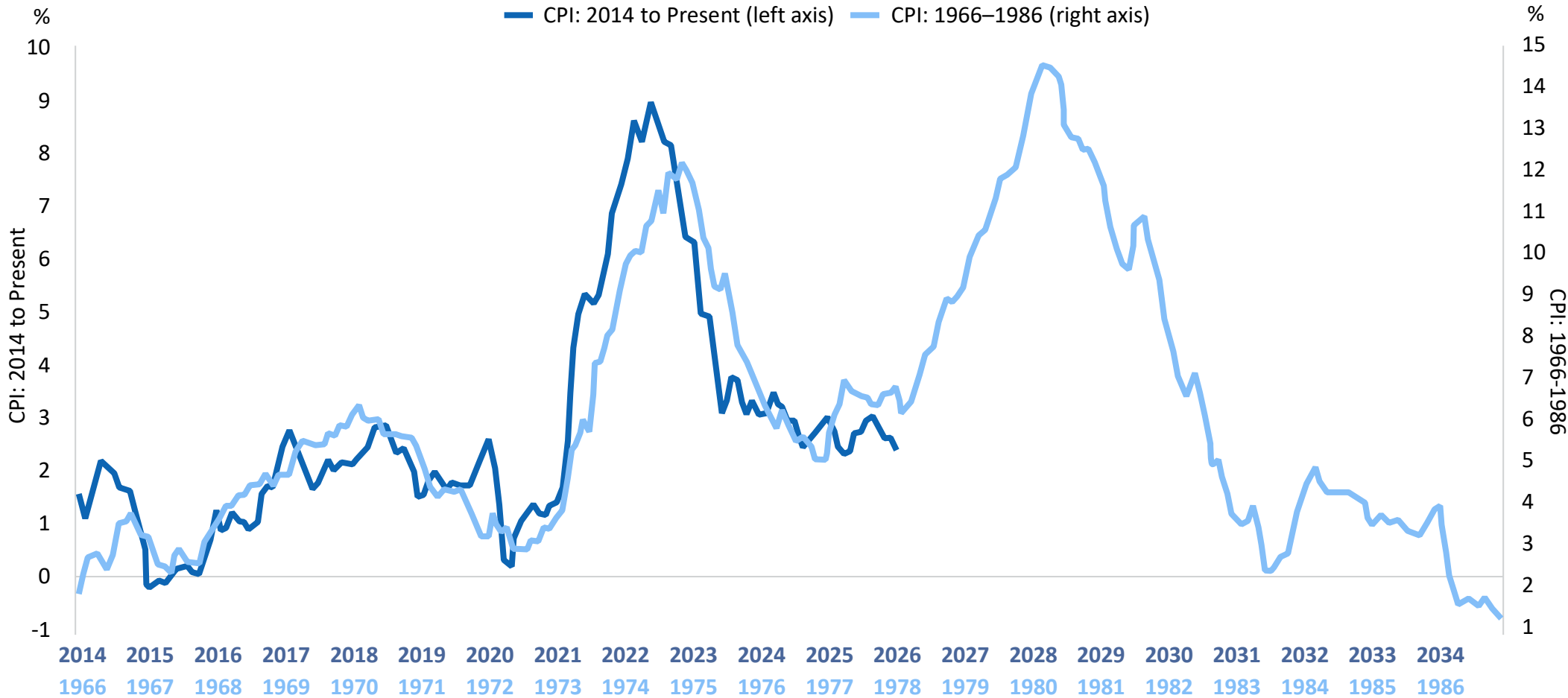
KEY TAKEAWAY

The third mandate is an outcome, not a tool, and gives the Fed policy flexibility when employment and inflation point in different directions.



U.S. Inflation: 1970s vs. Today

THE 1970S INFLATION PLAYBOOK? IRAN MAY BE TRIGGERING THE SECOND ACT.



The World is Different. To Thrive, We Must Be Different.

Be intentional

Focus on an outcome throughout all aspects of the investment process, not just in portfolio construction.

Focus on fundamentals

We have been lulled into complacency with benign credit outcomes. The next downturn may be different.

Focus on relative value

How can we take out the **potential** for volatility when the market isn't pricing appropriately?

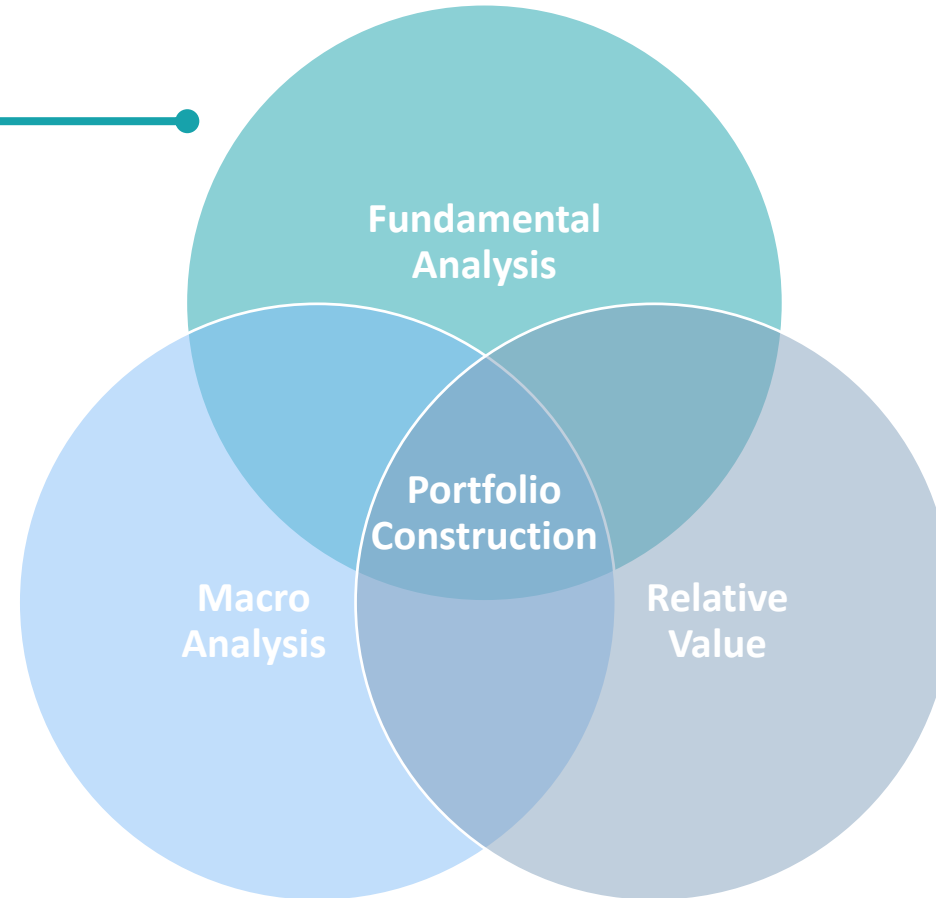
Relative Value in Action

FRAMING THE INDIVIDUAL SECURITY PROCESS

Are we **compensated** appropriately?

- Issuer default analysis
- Deal specific analysis
 - Structure, tenure, premium/discount
- Value within issuer capital stack analysis

Does the macro outlook/asset class/security drive the **portfolio** toward its unique outcome, or does it enter a diversified risk?



Does this decision represent the best **relative value** for a portfolio's available opportunity set?

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Aristotle Pacific’s investment team, formerly known as “Pacific Asset Management,” was formed in 2007 as a division of Pacific Life Fund Advisors LLC. Pacific Asset Management was reorganized from Pacific Life Fund Advisors LLC into Pacific Asset Management LLC on December 31, 2019. On April 17, 2023, Aristotle Capital Management, LLC acquired Pacific Asset Management LLC from Pacific Life Insurance Company and renamed it Aristotle Pacific Capital, LLC. Aristotle Pacific is registered with and regulated by the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. (Aristotle Pacific also relies on subsection 8.26(3) of NI 31-103 (international advisor exemption) and has filed Form 31-103F2 in Ontario).

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