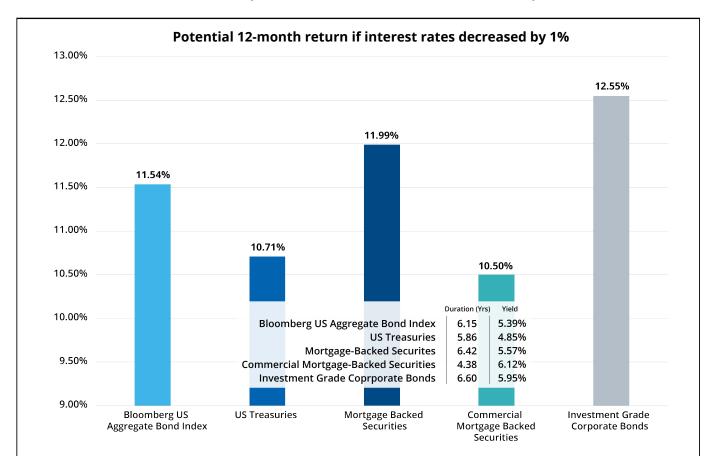


## What Might Happen if the Fed Lowers Rates?

Bond prices have an inverse relationship to yield: When yield or interest rates increase or decrease, bond prices move in the other direction. By looking at the duration of an asset class, you can potentially estimate how much bond prices might move for every 1% shift in interest rates. Then you could add in the current yield to estimate the potential 12-month return. With the Federal Reserve now on pause, and the market likely anticipating rate cuts in 2024, here is a look at what the potential return might be for specific investment-grade fixed-income asset classes based off current duration and yield levels if the Fed decreased interest rates by 1%.



Source: Bloomberg as of 9/30/2023. 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** represent the Bloomberg Mortgage-Backed Securities Index, a market value-weighted index composed of agency mortgage-backed pass-through securities. **Commercial Mortgage-Backed Securities (CMBS)** represent the CMBS company of the Bloomberg US Aggregate Bond Index. **Investment-grade corporate bonds** represent the Bloomberg US Credit Index, which measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. **Current yield** is an investment's annual income (interest or dividends) divided by the current price of the security. **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.

Past performance does not guarantee future results. Index performance is not indicative of any fund's performance. Indexes are unmanaged, and it is not possible to invest directly in an index. For current standardize performance of the funds, please viist www.AristotleFunds.com.

Investing involves risk, including loss of principal.

Investors should consider a fund's investment goal, risks, charges, and expenses carefully before investing. The prospectuses and/or summary prospectuses contain this and other information and should be read carefully before investing. The prospectuses can be obtained by visiting AristotleFunds.com.