

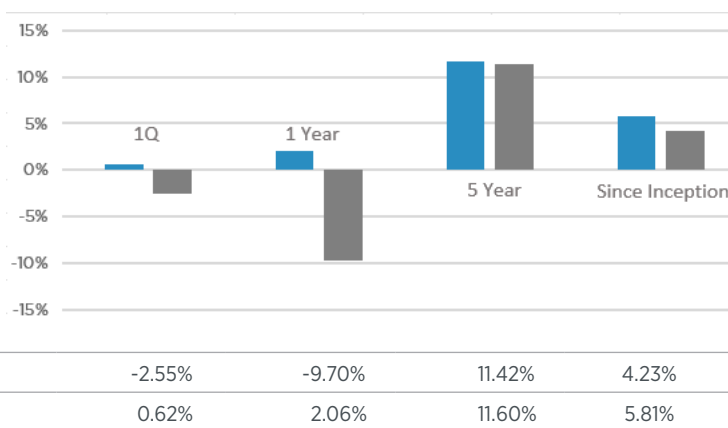
## Objective and Investment Strategy

The Trust's investment objective is to seek attractive total return with an emphasis on income generation across multiple stages of the credit cycle. The Trust's investment portfolio is comprised largely of floating-rate credit instruments and other structured credit investments. The Trust's assets are managed opportunistically primarily within private below investment grade credit markets including:

- Senior secured floating-rate loans;
- Structured credit (CLO debt and CLO equity);
- Opportunistic credit (long/short credit investments and stressed credits).

**Overall Morningstar rating™ ★★★★★<sup>1</sup>**

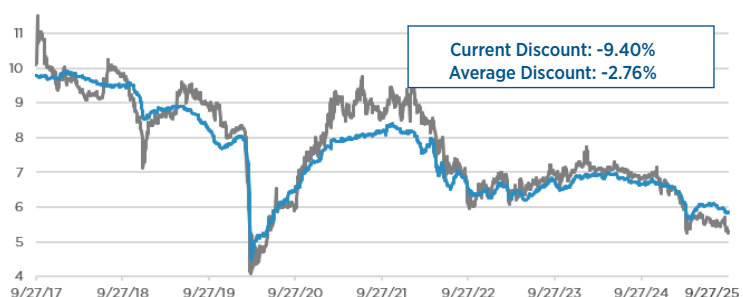
## Total Returns<sup>2</sup>



## Share Price and NAV History<sup>3</sup>

Since inception (9/27/17-09/30/25)

— Share Price  
— NAV



Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.

All data is as of 09/30/2025 unless otherwise noted



## TRUST BASICS

**CUSIP** 98400T106  
**Price ticker symbol** XFLT  
**NAV ticker symbol** XFLT  
**NAV ticker symbol** XFLT  
**Inception date** September 26, 2017  
**Preferred ticker symbol** XFLTPRA  
**Preferred CUSIP** 98400T205  
**Valuation frequency** Daily  
**Valuation method** Independent third-party<sup>4</sup>

## CAPITAL STRUCTURE

**Total managed assets**  
 Approximately \$715 million  
**Common shares outstanding**  
 76,154,591 shares  
**Average daily volume (QTD)**  
 528,374 shares  
**Total regulatory leverage percent<sup>5</sup>**  
 37.70%  
**Average cost of leverage<sup>6</sup>** 5.50%

## KEY INFORMATION REGARDING DISTRIBUTIONS<sup>7</sup>

**Current Distribution (Monthly)** \$0.070  
**Distribution Rate on NAV** 14.36%  
**Distribution Rate on Market Price** 15.85%

## TOTAL DISTRIBUTIONS PAID PER SHARE

**YTD** \$0.595  
**Inception to Date** \$6.955

<sup>1</sup> Please see second page for Morningstar rating disclosures.

<sup>2</sup> Represents total return for the period. The returns are net of fees and expenses applicable to the Trust.

<sup>3</sup> "Share Price" means the closing price on the NYSE of the shares of the Trust on NYSE trading days. "NAV" means the net asset value of the Trust as of the end of each such day. "Average Discount" means the amount by which the NAV exceeds Share Price on average over a one-year period as of 09-30-2025.

<sup>4</sup> Independent third-party pricing services determine the Trust's NAV. The Trust's management team does not provide or calculate prices for portfolio holdings. In events that could cause a portfolio security's price to be deemed unavailable or unreliable, the Trust's Valuation Committee may determine the security's value in accordance with guidelines adopted by the Trust's Board of Trustees.

<sup>5</sup> Regulatory leverage consists of preferred shares or debt issued by the Trust. Both of these are part of a trust's capital structure. Regulatory leverage is sometimes referred to as 40 Act leverage and is subject to asset coverage limits set in the Investment Company Act of 1940. Leverage includes both Regulatory leverage and the leverage effects of certain derivative investments in the Trust's portfolio that increase the Trust's investment exposure.

<sup>6</sup> Average cost of leverage represents the annualized interest expense on payments made to the Trust's outstanding borrowings and preferred share dividends calculated fiscal year to date.

<sup>7</sup> Distribution rates represent the latest declared regular distribution, annualized, relative to the market price and net asset value (NAV) as of quarter end. Distribution rates are not performance and may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Trust. Distributions may include a return of capital and should not be confused with "yield" or "income." There is no assurance the Trust will continue to pay regular distributions or that it will do so at a particular rate. The actual components of the Trust's distributions for U.S. tax reporting purposes can only be finally determined as of the end of each fiscal year and are reported on Form 1099-DIV. The Trust's distributions for fiscal year ended 2024 comprised 71.16% net investment income or net realized short term capital gains and 28.84% return of capital. The Trust's distributions for fiscal year ending 2025 will be made available and reported to investors after the end of fiscal year 2025.

<sup>8</sup> Parallel Distributors LLC is the distributor for the at-the-market offering of the fund. Parallel is unaffiliated with Octagon Credit Investors LLC and XA Investments LLC.

Portfolio Management

Octagon Credit Investors, LLC, is a leading below-investment grade credit investor with \$33.8 billion of assets under management (as of 09/30/25). Octagon is the investment sub-adviser to the Trust and has a 30 year track record managing institutional client credit portfolios. The investment team is a cohesive, experienced and deep bench of 38 professionals, highlighted by a senior investment committee with members who have worked together for 20 years (on average) across multiple credit cycles. Over the past two decades, senior team members have been active participants in the CLO market and have built a substantial network enabling efficient industry navigation and an ability to properly evaluate and invest in CLOs. In this time Octagon has also developed a repeatable and scalable credit selection and investment process driven by an investment philosophy centered around relative value. It is this philosophy that informs the team’s active management style and is the basis for Octagon’s rigorous fundamental credit analysis, a strict awareness of target risk profiles and ongoing portfolio optimization.

All data is as of 09/30/2025 unless otherwise noted.

**Risk Considerations** Investing in closed-end funds involves risk, including the possible loss of your entire investment. There is no guarantee the Trust’s investment objective will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value, which is a risk separate and distinct from the risk that the Trust’s net asset value could decrease as a result of its investment activities. The Trust invests primarily in below investment grade credit instruments, which are commonly referred to as “high yield” securities or “junk” bonds. Senior loans may not be fully secured by collateral, generally do not trade on exchanges, and are typically issued by unrated or below-investment grade companies, and therefore are subject to greater liquidity and credit risk. Lower credit debt securities may be more likely to fail to make timely interest or principal payments. The Trust invests a significant portion of its assets in CLO debt and subordinated notes (commonly referred to as CLO “equity”) which often involve risks that are different from or more acute than risks associated with other types of credit instruments. CLOs are a type of structured credit instrument. Holders of structured credit instruments bear risks of the underlying investments, index or reference obligation as well as risks associated with the issuer of the instrument, which is often a special purpose vehicle, and may also be subject to counterparty risk. Leverage increases return volatility and magnifies the Trust’s potential return and its risks; there is no guarantee a trust’s leverage strategy will be successful. The Trust’s shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation. **Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.** An investment in this Trust presents a number of risks and is not suitable for all investors. Investors should carefully review and consider potential risks before investing. These and other risk considerations are described in more detail in the Trust’s annual shareholder report, prospectus and SAI, each of which can be found in the SEC’s website at [www.sec.gov](http://www.sec.gov) or the Trust’s web page at [www.xainvestments.com](http://www.xainvestments.com).

Morningstar rating Disclosures

Morningstar rated the XAI Octagon Floating Rate & Alternative Income Trust 5 stars among 21 Bank Loan Funds for the overall rating and the 3 and 5 year periods ended 9/30/2025, respectively. Morningstar Rating for other share classes may have different performance characteristics. Morningstar ratings are based on risk-adjusted returns and do not take into account the effect of sales charges and loads. © 2025 Morningstar, Inc. All Rights Reserved. The information contained: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

The Morningstar rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance.

The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three



Asset Allocation

|                           |        |
|---------------------------|--------|
| Senior Secured First Lien | 45.82% |
| CLO Equity                | 36.83% |
| CLO Debt                  | 13.49% |
| High Yield                | 1.19%  |
| Secured Second Lien       | 0.56%  |
| Common Stock              | 0.07%  |
| Cash & Equivalents        | 2.05%  |

Total may not add up to 100% due to rounding. Holdings may vary and are subject to change without notice.

Trust Characteristics

|                    |     |
|--------------------|-----|
| Number of Holdings | 535 |
|--------------------|-----|

Top 5 Holdings

| Holding                                    | Percent of Portfolio |
|--------------------------------------------|----------------------|
| TICP CLO XV Ltd.                           | 1.62%                |
| Neuberger Berman Loan Advisers CLO 47 Ltd. | 1.12%                |
| Oaktree CLO 2022-3 Ltd.                    | 1.06%                |
| OHA Credit Partners XII Ltd.               | 0.91%                |
| Apidos CLO XLVIII Ltd.                     | 0.91%                |

Holdings may vary and are subject to change without notice. Top 5 holdings are all CLO equity.

Annual Expense Ratio

| Annual Expenses                                            | As a percentage of net assets attributable to common shares¹ | As a percentage of managed assets |
|------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------|
| Management fees                                            | 2.74%                                                        | 1.70%                             |
| Leverage expense²                                          | 3.97%                                                        | 2.47%                             |
| Other expenses                                             |                                                              |                                   |
| Investor support and secondary market support services fee | 0.32%                                                        | 0.20%                             |
| Other                                                      | 0.54%                                                        | 0.34%                             |
| Total annual expense                                       | 7.57%                                                        | 4.71%                             |

Expenses shown in the table are based on actual expenses of the Trust for the nine months ended 09/30/25, and the Trust’s average managed assets and average net assets for the nine months ended 09/30/25. Common shareholders bear the expenses of the Trust, including the management fee, which is calculated on the basis of the Trust’s managed assets, including proceeds from leverage, and the cost of leverage, as shown in the column “As a Percentage of Net Assets Attributable to Common Shares” above. As of 09/30/2025, the Trust had outstanding leverage equal to 37.70% of the Trust’s managed assets. See the Trust’s Annual Report for full information on expenses.

- 1 Common shareholders will pay the expenses set forth in this column.
- 2 Represents both interest expense on borrowed funds and preferred dividends.