

TRUST OVERVIEW | AS OF DECEMBER 31, 2025

Access to Institutional Alternative Credit

The Trust is designed to address demand by individual investors for institutional-caliber strategies in an innovative fund structure. The Trust seeks attractive total return with an emphasis on income generation across multiple stages of the credit cycle.¹

Actively Managed Portfolio of Loans and CLOs

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 loans;
- CLO debt and CLO equity investments;
- Opportunistic credits.

Benefits At-A-Glance

Investor and Advisor Goals	Why XFLT?
Income	Opportunity for higher levels of monthly income than traditional fixed income
Growth of principal	Total return objective
Diversification from stocks and bonds	Strategy focuses on asset classes that exhibit low historical correlations to stocks and bonds
Direct access to institutional alternatives	Octagon's institutional credit capabilities
Liquidity	Intra-day exchange-traded liquidity on NYSE
Transferability	Listed shares are transferable between accounts and firms
Tax Reporting	1099 tax form; no K-1s
Fees	Asset-based management fee, no performance fees
Risk management	Strategy limits interest-rate sensitivity

¹ There can be no assurance that the Trust will achieve its investment objective, and you could lose some or all of your investment.

² The Trust is actively managed and does not track any index. Morningstar LSTA U.S. Leveraged Loan 100 Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

³ 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.

⁴ 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 2025 comprised 96.23% net investment income or net realized short term capital gains and 3.77% return of capital. The Trust's distributions for fiscal year ending 2026 will be made available and reported to investors after the end of fiscal year 2026.

⁵ 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.



Adviser

XA Investments LLC

Sub-adviser

Octagon Credit Investors, LLC

Inception date

September 26, 2017

Price ticker symbol

XFLT

NAV ticker symbol

XFLTX

CUSIP

98400T106

Preferred ticker symbol

XFLTPRA

Preferred CUSIP

98400T205

As of 12/31/2025

Common shares outstanding

76,154,591 shares

Total managed assets

Approximately \$677 million

Benchmark index²

Morningstar LSTA U.S. Leveraged Loan 100 Index

Valuation frequency

Daily

Valuation method

Independent third party³

Distribution frequency

Monthly

Distribution rate on market price

17.50%⁴

Tax reporting

Form 1099-DIV

The Octagon Advantage

Octagon is a leading institutional manager of below investment grade credit and an experienced manager of CLOs. As sub-adviser to XFLT, Octagon's industry leadership, structural knowledge and credit expertise are beneficial when evaluating senior secured loans and sourcing CLO investments for the Trust's portfolio.

Octagon is a Proven CLO Manager

- **Fundamental Credit Expertise:** Octagon's singular focus on below investment grade credit, combined with the experience and cohesiveness of the investment team, has enabled the firm to build a strong track record in the industry.
- **Structural Expertise:** No two CLOs are identical and differences in collateral or structure can produce dramatically different results. We believe Octagon's dual experience as CLO manager and investor deepens the firm's ability to evaluate the structure and the underlying credit while skillfully navigating challenging environments such as 2008–2009.
- **Portfolio Optimization:** Octagon seeks to enhance alpha generation by continuously searching for relative value opportunities in the credit markets. Octagon dynamically manages the Trust's portfolio based on its evolving credit market outlook and the goal of achieving attractive, risk-adjusted returns.

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 maybe 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 or the Trust's web page at www.xainvestments.com.

- \$33.2 billion of assets under management as of December 31, 2025
- 30+ year track record of managing institutional client credit portfolios

Annual Expense Ratio

Annual Expenses	As a percentage of net assets attributable to common shares ¹	As a percentage of managed assets
Management fees	2.79%	1.70%
Leverage expense ²	4.09%	2.49%
Other expenses		
Investor support and secondary market support services fee	0.33%	0.20%
Other	0.54%	0.33%
Total annual expense	7.75%	4.72%

Expenses shown in the table are based on actual expenses of the Trust for the three months ended 12/31/25, and the Trust's average managed assets and average net assets for the three months ended 12/31/25. 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 12/31/2025, the Trust had outstanding leverage equal to 39.84% 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.



321 North Clark Street, Suite 2430
Chicago Illinois 60654
1.888.903.3358 | xainvestments.com

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