

Aristotle Capital Boston Stewardship Policy



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Purpose and Governance



Purpose, Strategy and Culture

As an investment manager, Aristotle* has a fiduciary duty to act in the best interest of its clients. As part of our fiduciary duty, we acknowledge our responsibility to provide advice that is suitable to our clients' investment objectives, seek best execution of all client transactions (absent overriding client direction), and provide full and fair disclosure of all relevant facts and any potential or actual conflicts of interest.

The name Aristotle (Greek name Aristotélēs) means “the best purpose,” which is derived from the words aristos (best) and telos (purpose). To us, “best purpose” means that our purpose is to achieve excellence and to do so for our clients, our employees, our community and our shareholders.

- **Clients:** Our first and primary responsibility is to our clients. We believe this is the foundation for our success.
- **Employees:** We are committed to creating a culture of honesty, hard work and integrity and fostering a setting that spurs intellectual growth.
- **Community:** We commit time, talent and resources to give back to our local communities.
- **Shareholders:** Through strong leadership and adherence to the Aristotle philosophy, we will strive to deliver an attractive long-term return on investment to our shareholders.

*The term “Aristotle” as a stand-alone refers to Aristotle Capital Management and its affiliates. With offices in Los Angeles, Newport Beach, Boston and Sarasota, Aristotle represents a group of affiliated investment advisers that provides equity and fixed income management solutions across a unified platform. Aristotle Capital Management, LLC, Aristotle Capital Boston, LLC, Aristotle Credit Partners, LLC, and Aristotle Atlantic Partners, LLC are independent investment advisers registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about each adviser, including their investment strategies, fees and objectives, can be found in their respective Form ADV Part 2, which is available upon request.



Governance, Resources and Incentives

We fulfill our primary responsibility to our clients by ensuring we maintain a diverse, engaged workforce. Our employees are our greatest asset, and we rely on them to make the right choices. We foster a culture of honesty that encourages collaboration, hard **work** integrity and that spurs intellectual growth.

Our compensation structure seeks to align our interests with those of our clients, with personnel across departments holding ownership in the firm, including the majority of our investment professionals. Our firm has a formal written Compliance Manual and we have adopted our own Code of Ethics for employees, as required by the Investment Advisers Act of 1940, as amended. The firm also follows the CFA Institute's Code of Ethics and Standards for Professional Conduct.

The firm provides new employees with training and documentation with respect to the policies and procedures detailed in the Compliance Manual and Code of Ethics. All new employees and access persons are required to complete certifications attesting to their receipt and understanding of the firm's Code of Ethics and compliance policies and procedures. Thereafter, employees complete compliance certifications on a quarterly basis.

The Chief Compliance Officer (CCO) provides notice to all employees when material updates are made to the Code of Ethics and Compliance Manual and when annual amendments are made. Compliance-related training is generally held on-site, via a web class and/or sent via electronic mail for self-study. On-site compliance training is also supplemented with targeted training received via conferences and workshops sponsored by external vendors. All compliance meetings attended by employees are documented for our files.



Conflicts of Interest

All employees are expected to behave as fiduciaries with respect to our clients. This means that each must render disinterested advice, protect client assets (including clients' personal data) and always act in the clients' best interest. We also strive to identify and avoid conflicts of interest.

All employees are subject to the policies and procedures outlined in the firm's Compliance Manual and Code of Ethics. The Compliance Manual addresses specific risk controls and procedures that guide the firm's processes. In addition, the firm's Chief Compliance Officer is responsible for identifying and managing conflicts of interest. Below are areas outlined as potential conflicts of interest and how we address them.

- **Insider/Personal Trading:** The firm requires disclosure of all material relationships or financial arrangements (e.g. Outside Business Activities). Employees are required to pre-clear all personal trades in reportable securities and the firm monitors all personal trading activity to match pre-clearance actions. The firm also requires employees to disclose when presented with non-public information.
- **Proxy Voting:** Our firm requires disclosure to Compliance of any officer, senior executive or director positions held by employees, their spouses or close relatives at outside and public firms.
- **Side-by-Side Management of Private Funds / Performance-Based Fee Arrangements:** Differing fee arrangements increase the risk that higher fee-paying accounts may receive priority over other accounts during the allocation process. Aristotle mitigates these risks by implementing procedures, such as blocking trades, maintaining proper written records with respect to allocations, and allocating at average price. These procedures are designed and implemented to ensure that all clients are treated fairly and equally, and to prevent conflicts from influencing the allocation of investment opportunities among clients.
- **Trade Allocation and Best Execution:** We employ pro-rata allocation methods and block trading to provide best execution services to clients for all trades executed by the firm.
- **Gifts, Rebates, Contributions or Other Payments of or to Employees:** The firm requires employees to receive pre-approval and/or disclose (based on the gift amount) and/or decline gifts or payments at certain levels to maintain good business practices and ensure that procedures for the Code of Ethics are being followed.

Employees must complete certification of the Compliance Manual and Code of Ethics on an annual basis as well as any time an update to either document is made. Any potential conflicts of interest must be disclosed to the Chief Compliance Officer.



Supporting Well-Functioning Markets

We believe our patient, disciplined investment approach focused on understanding long-term business fundamentals increases our ability to look past market noise and gives us the best opportunity to own what we believe to be great businesses at discounted price levels while seeking to generate long-term alpha for our clients. Our investment decisions are a result of months to even years of thorough independent investment analysis.

By design, risk management practices are largely incorporated within the investment process. We believe portfolio risk is reduced both through our in-depth company analysis and portfolio construction guidelines that are set for each strategy.

We seek to mitigate risk in the portfolio by:

- Constructing a quality-oriented portfolio
- Actively expanding our knowledge of each business
- Using a long-term investment horizon when generating valuation estimates
- Strategically diversifying the portfolio by name and sector
- Carefully managing position sizes
- Rigorously applying our sell discipline

Additionally, portfolio managers and analysts interact daily to discuss current holdings, investment opportunities and/or risks. The team meets regularly to conduct a detailed review of portfolio holdings, in which team members discuss existing holdings as well as the overall opportunity set. Analysts also conduct due diligence review meetings with company management teams through on-site company visits, management meetings at our offices and/or at conferences. Separately, we implement a variety of operational and compliance procedures in an effort to ensure the portfolios managed by the firm adhere to client and internal company guidelines. Automated reviews occur through our use of Charles River Investment Management Solution (CRIMS) which compares pre- and post-trade allocations with account restrictions.

Finally, Aristotle Capital's Investment Risk Committee oversees each Aristotle affiliate and adds a final layer of risk monitoring to our process. The Committee meets on a quarterly basis to review risk exposures and metrics at the portfolio level. The goals of the Committee are to ensure 1) that strategy guidelines are met, 2) that unintended risks are not being taken, and 3) that the investment team has a comprehensive understanding of portfolio's risk exposures. The Committee communicates its findings with members of the investment team following its review.



Review and Assurance

We review our policies to ensure they meet our clients' effective stewardship activities and needs. We listen to our clients' feedback and incorporate it as necessary. We believe that maintaining an open dialogue with our clients is the best way to ensure we meet their needs with a long-term horizon front of mind.



Investment Approach



Client Beneficiary Needs

We have a long history of partnering with our clients. Our Client Portfolio Manager and Portfolio Specialist, along with members of the investment team meet regularly with clients to make sure to understand their evolving needs and requirements.

In seeking to help our clients achieve their investment objectives, we will apply client directed restrictions into their investment portfolios. The objective of our approach is to strike a balance between meeting a client's bespoke needs and having an investable universe that seeks to maximize returns. Any removal of certain companies or industries from consideration for investment, as directed by our clients, are generally based on ESG specific criteria, reflecting a client's values and beliefs. While we do not have a standard ESG exclusion list or apply ESG screens across our investment selection process, we may from time to time exclude or purchase companies where our thesis (positive or negative) is partly related to ESG factors.



Stewardship, Responsible Investment and Climate

Approach to Responsible Investing

We apply a fundamental, bottom-up research approach—focused on companies that we believe can create shareholder value—to identify businesses we believe possess quality management teams, attractive industry dynamics, strong or improving financials, and attractive upside potential and limited downside risk. Additionally, we focus on identifying companies with low current market expectations that we believe have a probability of fundamental improvement. We favor companies that are transparent in their reporting and disclosures and that have shown a pattern of shareholder-friendly behavior due to the alignment of interests of both management and shareholders. In identifying these companies, we consider relevant environmental, social and governance (“ESG”) factors, as we believe they support our on-going analysis of the quality of a business and the investment opportunities and risks over the long term.

Climate Considerations

We believe the current and future effects of global climate change can pose significant risks to the long-term financial performance of our portfolio holdings. At Aristotle Boston we seek to understand any potential impacts at the individual company level. We believe the increased focus on areas such as climate risk (as well as others) are creating secular tailwinds that present both opportunity and transition risk for certain industries. Our investment approach considers important climate-related risks and opportunities such as renewable energy programs, emerging technologies, energy efficiency and pollution, among others in our analysis of the long-term *sustainability* of a business. We evaluate these issues for companies under consideration for potential investment and continuously monitor our existing holdings through dialogue with company management and a review of disclosed data, to the extent available.

Climate Emissions Tracking

For clients that are interested, we are able to track, monitor, and report on portfolio emissions statistics (i.e. Total Carbon Emissions, Carbon Intensity, Weighted Average Carbon Intensity, etc.) through our third-party ESG data provider.



Monitoring Managers and Service Providers

Aristotle Boston engages various vendors to assist the firm in providing services to clients. As a fiduciary, Aristotle Boston is responsible for prudently selecting and maintaining vendors. Accordingly, vendors deemed to be critical to the operations of Aristotle Boston must undergo initial and periodic due diligence reviews. Generally, a vendor is deemed to be a key vendor if: (1) the vendor has access to nonpublic client information; and or (2) provides products and/or its services are critical to Aristotle Boston in conducting its day-to-day business or in meeting its legal or contractual obligations.

As an investment adviser, Aristotle Boston has a fiduciary obligation to clients to supervise services provided by its vendors. In this capacity, Aristotle Boston takes steps to select key vendors to ensure safeguarding of client information and securing Aristotle Boston's critical systems from misuse, disruption and unauthorized access. The CCO is responsible for the Vendor Management Working Group (the "Vendor Management Group") and overseeing the implementation of this policy. The Vendor Management Group generally consists of members of the Compliance Team and/or such other employees designated by the CCO, which may include the CRO and other employee(s) responsible for acquiring the vendor.

Initial Due Diligence and Approval: Prior to engaging a new service provider, Aristotle Boston will review potential vendors for the procurement of services by assessing the vendor for ability to provide services, secure the firm's data and information, maintain and follow compliance policies and procedures and respond appropriately to business interruptions or breaches.

If the vendor is approved, the service agreement will be executed by an authorized agent of Aristotle Boston. If the vendor is deemed to be critical to the business operations of the firm or have access to client or firm sensitive data, the Vendor Management Group will add the vendor to the firm's approved key vendor list.

Ongoing Due Diligence and Assessment: Aristotle Boston will periodically query key vendors to ensure that they maintain a high level of security and adhere to contractual obligations. The frequency of periodic due diligence depends on a vendor's level of risk, as determined by the CCO. Periodic due diligence generally includes the following and will be completed by a member of the compliance team:

- Request and review the following policies from the vendor (as applicable):
 - Business continuity policy
 - Incident response plan
 - Cyber policy
 - Privacy policy
 - Certificate of insurance
 - Demonstration of controls audit (e.g. SOC2) and cybersecurity testing (e.g. penetration testing or vulnerability scans);
- Conduct an onsite audit if deemed necessary by the CCO; and
- Document the review of the vendor.



Engagement



Engagement

As long-term investors with an average holding period of more than seven years, our team's ability to understand long-term, company-specific fundamentals and the key drivers of each business' valuation is enhanced through a deep, bottom-up research effort, which typically includes 400 to 600 company meetings annually. These meetings are not only vital to the understanding of business dynamics and company management styles, but are also useful in providing the team with established benchmarks for success that can be referenced in the future. We believe the overall depth and quality of information gathered throughout our process leads to robust and meaningful analysis upon which we can better assess business fundamentals and valuation.

Our investment team will also engage directly with companies on ESG issues that we think can be of material concern to the long-term sustainability of our investment. Relevant ESG topics and issues deemed appropriate for engagement are identified using third party resources to monitor ESG risks and potential violations of international norms at the company level. These engagements focus on addressing specific issues related to sustainability and with stewardship. We aim to promote appropriate disclosure on material ESG issues, encourage the implementation of a sustainability framework (if one doesn't already exist) and establish dialogue around existing ESG-related controversies.

Through our long-term investment approach, we seek to foster congenial relationships with company management, which can help provide a sounding board if we believe the company has taken fundamental missteps or has failed to create value for its shareholders. We believe this provides an effective means in providing better dialogue between us and the companies in which we invest.



Collaboration

We seek to establish conversations with peers, people in the asset management industry and asset owners, to share and learn best practices as it pertains to stewardship and sustainability. Moving forward, we aim to increase our participation in collaborative engagement and stewardship related activities through participation in forums and educational events on various ESG-related topics. Furthermore, through our membership with the International Corporate Governance Network (ICGN) we look forward to attending governance and stewardship-focused events and becoming a part of a growing and specialized network.

Escalation

As mentioned before, meeting regularly with management teams is a vital component of our research process. Issues that are more likely to prompt escalation include objectionable governance practices or lack of transparency. If such a violation is identified among our existing positions, or potential positions, further analysis on the company is conducted. Our analysis may include ongoing engagement with a company until we deem such issues to be successfully addressed. We may also escalate an issue through our proxy voting practices. However, if we do not feel comfortable with the company's strategy, changes in transparency, policies or any other issue, this may lead us down the path of ultimately divesting our investment in a company.



Exercising Rights and Responsibilities



Exercising Rights and Responsibilities

Aristotle Boston has adopted proxy voting policies and procedures to determine voting decisions. Ballots are cast for the exclusive benefit, and in the best economic interest of those clients and their beneficiaries, as determined in good faith, subject to any restrictions or directions from a client. Such voting responsibilities will be exercised in a manner that is consistent with the general antifraud provisions of the Advisers Act, as well as with the firm's fiduciary duties under federal and state laws to act in the best interests of its clients.

While we do take into consideration the voting recommendations provided by our third-party provider, we also make decisions based on our bottom-up fundamental research process in order to vote in the best economic interest of our clients. For proposals concerning environmental and social issues, often brought forward by shareholders, we examine the issue more closely and consider the benefits of supporting such issue, disclosure for example, in promoting good governance practices but at the same time not compromising the best interests of our clients. Examples of such proposals include corporate reporting on sustainability, board diversity, and calling for board independence. ESG proposals are tracked and documented accordingly with the assistance of our proxy voting administrator. In addition, for clients who feel strongly about exercising their voting rights to promote ESG (or other) issues, we encourage them to vote proxies directly or through a designated third party. We can provide assistance to put this voting authority in place.



Disclosures

This policy is published by the investment management team at Aristotle Capital Boston, LLC (Aristotle Boston). The opinions expressed herein are those of Aristotle Boston and are subject to change without notice. This material is not financial advice or an offer to purchase or sell any product. Aristotle Boston reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs.

Aristotle Capital Boston, LLC is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Aristotle Capital, including our investment strategies, fees and objectives, can be found in our Form ADV Part 2, which is available upon request. ACB-2303-10.

FOR MORE INFORMATION

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