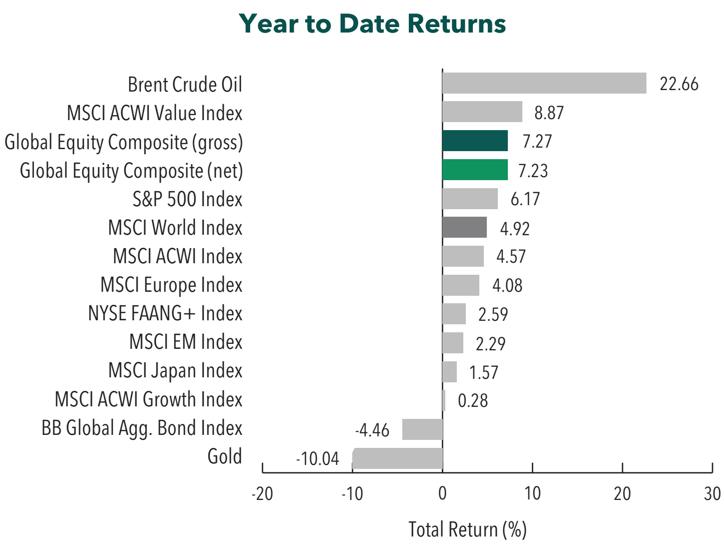
Global Equity

1Q 2021 Commentary

(All MSCI index returns are shown net and in U.S. dollars unless otherwise noted.)

Markets Review

Global Markets (total return) performed as follows:



Sources: SS&C Advent, Bloomberg
Past performance is not indicative of future results. Aristotle Global Equity Composite returns are presented gross and net of investment advisory fees and include the reinvestment of all income. Aristotle Capital Composite returns are preliminary pending final account reconciliation. Please see important disclosures at the end of this document.

Global equity markets moved higher during the first quarter, the MSCI ACWI's fourth straight quarter of positive performance. Overall, the MSCI ACWI Index gained 4.57% during the period. Concurrently, the Bloomberg Barclays Global Aggregate Bond Index fell 4.46%. In terms of style, the value indices outperformed their growth counterparts during the quarter, with the MSCI ACWI Value Index outperforming growth by 8.59%.

From a regional perspective, North America and the U.K. were the strongest performers, while Emerging Markets and Developed Asia underperformed the broader global equity market. On a sector basis, ten of the eleven sectors within the MSCI ACWI Index posted positive returns, led by Energy, Financials and Industrials. Consumer Staples (the only sector in the red), Health Care and Utilities were the worst-performing sectors.

Though global equity markets finished higher for the period, headlines were mixed as most regions, especially Europe, experienced a significant reversal from the positive progress made against COVID-19 early in the quarter. The number of new daily cases worldwide fell to ~290,000 in mid-February from ~862,000 in early January, but the figure spiked to over 600,000 at the end of March. As a result, countries such as Brazil, India, Germany, Italy and the U.K. renewed various lockdown measures to control the new waves of the virus. However, the U.S. made significant progress in combatting the spread of the COVID-19 virus, as the number of new daily cases fell to as low as ~39,000 in mid-March from its high of ~315,000 in early January.

In addition to the mixed COVID-19 trends, vaccine distribution was also turbulent. Although the U.S. made strides in its distribution efforts as the FDA granted emergency use authorization for Johnson & Johnson's single-shot vaccine, only ~540 million vaccine doses had been administered worldwide through March 31. With less than 10% of the people in countries such as Germany, France and Italy having received their first shot, the rollout has been described as slow and disappointing. Moreover, several European countries temporarily paused the distribution of the AstraZeneca vaccine due to concerns of dangerous blood clots in some recipients.

Adding to impediments for an economic recovery was commotion in the Suez Canal as a containership, the Ever Given, ran aground blocking the entire route. Efforts to dislodge the ship lasted six days, the longest such blockage since 2004. Estimates indicate more than $9 billion in goods were delayed every day the canal was not open.

On the economic front, employment and GDP data continue to improve while fiscal and monetary policies across most of the globe remain highly accommodative. The Federal Reserve, European Central Bank and Bank of Japan all held policy rates at or near zero percent and remain net buyers of financial assets. Furthermore, the U.S. Congress passed an additional $1.9 trillion stimulus package.

Performance and Attribution Summary

For the first quarter of 2021, Aristotle Capital's Global Equity Composite posted a total U.S. dollar return of 7.27% gross of fees (7.23% net of fees), outperforming both the MSCI World Index, which returned 4.92%, and the MSCI ACWI Index, which returned 4.57%. Please refer to the table below for detailed performance.

Performance (%)	1Q21	1 Yr	3 Yrs	5 Yrs	10 Yrs	S.I.*
Global Equity Composite (gross)	7.27	62.98	14.28	15.73	11.08	11.66
Global Equity Composite (net)	7.23	62.47	13.88	15.32	10.63	11.19
MSCI World Index (net)	4.92	54.03	12.80	13.35	9.87	10.48
MSCI ACWI Index (net)	4.57	54.60	12.06	13.21	9.14	9.72

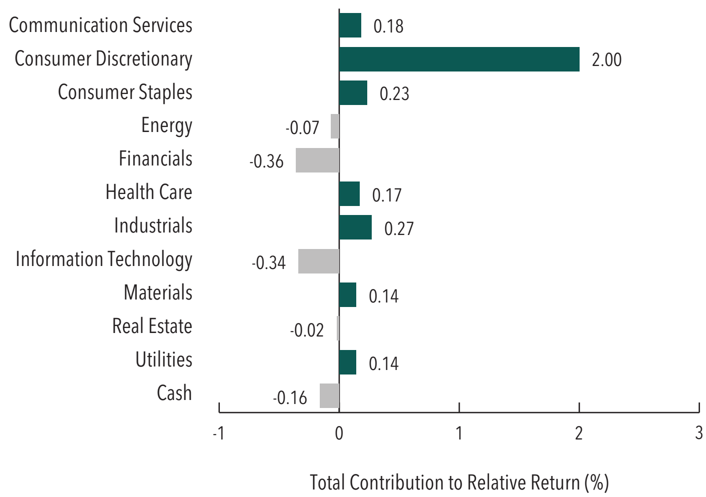
**The Global Equity Composite has an inception date of November 1, 2010. Past performance is not indicative of future results. Returns are presented gross and net of investment advisory fees and include the reinvestment of all income. Aristotle Capital Composite returns are preliminary pending final account reconciliation. Please see important disclosures at the end of this document.*

Overall, security selection in Consumer Discretionary, Communication Services and Health Care contributed the most to the portfolio's outperformance relative to the MSCI World Index. Conversely, an underweight in Financials, security selection in Information Technology and an overweight in Information Technology detracted from relative return.

Regionally, security selection in North America and Japan contributed the most to performance relative to the MSCI World Index, while security selection in Europe and Asia/Pacific ex-Japan detracted.

Total Contribution to Relative Return by Sector versus MSCI World Index

First Quarter 2021



Source: FactSet

Past performance is not indicative of future results. Attribution results are based on sector returns, which are gross of investment advisory fees and include the reinvestment of all income. Please see important disclosures at the end of this document.

Contributors and Detractors for 1Q 2021

Relative Contributors	Relative Detractors
Lennar	Qualcomm
Oshkosh	Samsung Electronics
Magna International	Adobe
Martin Marietta Materials	Symrise
Penske Automotive	Nemetschek

Magna International, a Canada-based global auto parts, systems and assembly company, was a leading contributor for the quarter. Building on prior agreements, Magna and Fisker, an electric vehicle (EV) company, announced an expanded partnership. The two companies now have an EV platform sharing agreement, complete vehicle engineering and manufacturing cooperation, and a collaboration on a full ADAS (advanced driver-assistance system). Magna also reported strong quarterly results and provided forward guidance, both of which were ahead of market expectations. Moreover, the board increased the quarterly dividend by 8%. We view the strong results and expanded partnership with Fisker as evidence that Magna is executing on two key catalysts we identified at purchase: market share gains from increased outsourcing and benefits from higher demand for lightweighting and ADAS, two areas in which Magna specializes.

Qualcomm, a leading wireless communications technology company, was one of the largest detractors for the period. After being one of the top performers in 2020, shares pulled back as the company provided softer guidance for the second and third quarters of this year. Management attributed the tempered forecasts to the seasonality of the business combined with supply constraints impacting the broader industry. Furthermore, Apple's announcement of a €1 billion investment in a facility that will focus on 5G and future wireless technologies reignited concerns surrounding the relationship between Qualcomm and one of its largest customers. Nevertheless, first quarter results continued to demonstrate improving fundamentals, as the company reported ~60% growth in revenues, triple-digit earnings growth and ~30% margins for its CDMA technologies segment, well above its long-term target of 20%. Additionally, the company successfully executed its acquisition of NUVIA, a CPU (central processing unit) technology company, and increased its quarterly dividend by 5%. We believe these results and events reflect Qualcomm's ability to realize its technological investments and its dedication to shareholder-friendly capital allocation, both catalysts we previously identified. Lastly, the company announced that Cristiano Amon will succeed Steve Mollenkopf as CEO, effective June 30, 2021. We take comfort in Mr. Amon's experience and long tenure of over 25 years at Qualcomm and will monitor what should be a smooth transition.

Recent Portfolio Activity

Buys	Sells
GlaxoSmithKline	Pioneer Natural Resources
Nemetschek	ORIX
	Toray

During the quarter, we sold our investments in Pioneer Natural Resources, ORIX and Toray. We invested the proceeds in two new positions: GlaxoSmithKline and Nemetschek.

We first invested in Pioneer Natural Resources during the fourth quarter of 2018. We have long admired the company's advantageous low-cost/high-return Permian Basin assets and its management team's financial discipline. A key catalyst that occurred during our holding period was the company's transition to a pure-play Permian producer. We decided to sell given Pioneer's recent all-stock acquisition of independent oil and natural gas company Parsley Energy, which includes the assumption of Parsley's existing and not insignificant debt. This acquisition strikes us as contradictory to Pioneer's conservative use of debt, something we prefer to understand better from the sidelines.

Coincidentally, both ORIX and Toray are Japanese companies that we have been invested in since the inception of our strategy at Aristotle Capital. During our more than 10-year holding period, the companies have experienced meaningful changes, some negative and some positive.

Tokyo-based financial services company ORIX has executed well on several catalysts we previously identified, including shifting its business mix, continuing accretive transactions and improving normalized profitability. Toray's rich history of innovation and commitment to R&D has resulted in a diverse portfolio of businesses, with textiles and fibers, performance chemicals (e.g., adhesives and resins), and carbon fiber serving as the main profit drivers. While Toray has expanded its carbon fiber business organically and via acquisitions (~40% global production share), our main catalyst of this becoming a substantially larger part of the business has not taken place. Although we continue to admire (and monitor) both ORIX and Toray, we believe GlaxoSmithKline and Nemetschek to be more optimal investment opportunities at this time.

GlaxoSmithKline plc

GlaxoSmithKline was formed in 2000 following the merger of British pharmaceutical companies Glaxo Wellcome and SmithKline Beecham. The company develops, manufactures and commercializes innovative medicines (~50% of revenue – HIV, respiratory, immuno-inflammation, etc.), vaccines (~20% – shingles, meningitis, influenza, etc.), and consumer health products (~30% – oral health, pain, digestive health, etc.).

With origins dating as far back as 1715, U.K.-headquartered GlaxoSmithKline and its predecessors have been at the forefront of innovation, resulting in one of the strongest portfolios of commercialized products in the industry. The company currently operates in 150 countries and boasts an extensive network of manufacturing and research sites that spans over 36 countries, including major centers in the U.K., U.S., Spain, Belgium and China.

In early 2020, GlaxoSmithKline's relatively new management team announced that the company will undergo a demerger, creating standalone biopharmaceutical and consumer healthcare companies in 2022. This ongoing strategic change is one we view positively.

High-Quality Business

Some of the quality characteristics we have identified for GlaxoSmithKline include:

- Global scale and a diverse product offering across various end markets and regions;
- Leading market positions and a robust portfolio of recognizable brands (e.g., Advair, Triumeq, Shingrix, Bexsero, Advil, Sensodyne); and
- Extensive history of developing innovative and relevant medicines (e.g., discovery of amoxicillin and Retrovir, the first treatment for HIV).

Attractive Valuation

Given our estimates of normalized earnings, we believe GlaxoSmithKline's current stock price is offered at a discount to our estimate of the company's intrinsic value. We believe normalized earnings power is underappreciated given continued market share gains of commercialized products and the business's improving FREE cash flow generation.

Compelling Catalysts

Catalysts we have identified for GlaxoSmithKline, which we believe will cause its stock price to appreciate over our three- to five-year investment horizon, include:

- Benefits from the upcoming separation of the biopharmaceutical and consumer health businesses, creating two standalone companies;
- Continued market share advances by Shingrix, a leading vaccine for shingles (aka herpes zoster); and
- Further market share gains for the oncology franchise, including Zejula, a treatment for ovarian cancer.

The Nemetschek Group

Headquartered in Munich, Germany, Nemetschek is a leading global software provider for the architecture, engineering and construction (AEC) industry. Founded in 1963 by Professor Georg Nemetschek, the company has a €6.3 billion market cap, employs more than 3,000 experts, has 82 locations worldwide and generates nearly €600 million in revenue.

Nemetschek is the only company that covers the entire lifecycle of building and infrastructure projects. Its products guide its customers into the future of digitalization and include computer-aided design (CAD), computer-aided engineering (CAE), collaboration tools, facility management software and 3D visualization tools. The company's software optimizes the design, build and management of a project, enabling a more sustainable and efficient process for complex building and infrastructure projects.

The company has 16 brands and operates through four segments: Design (~50% of revenue), Build (~30%), Manage (~10%) and Media & Entertainment (~10%). All four segments promote the use of open standards, or open building information modeling (aka BIM). BIM allows for all relevant building data to be processed virtually in a 3D model and in real time. As a result, BIM increases collaboration of all parties (architects, engineers, contractors, etc.) on a uniform platform and can significantly increase productivity, a compelling value proposition for Nemetschek customers.

High-Quality Business

Some of the quality characteristics we have identified for Nemetschek include:

- Leading market share positions in large and underpenetrated markets;

- High degree of recurring revenue (~60% of total) and stable margins;
- Large and loyal installed base of over six million users across 142 countries; and
- Decades of continuous innovation supported by investments in R&D (~25% of revenue) results in high barriers to entry.

Attractive Valuation

Valuation is attractive based on our estimates for higher normalized cash earnings power. More specifically, we believe Nemetschek's ongoing shift toward a subscription revenue model is not fully appreciated and can result in a more consistent and higher level of normalized FREE cash flow.

Compelling Catalysts

Catalysts we have identified for Nemetschek, which we believe will cause its stock price to appreciate over our three- to five-year investment horizon, include:

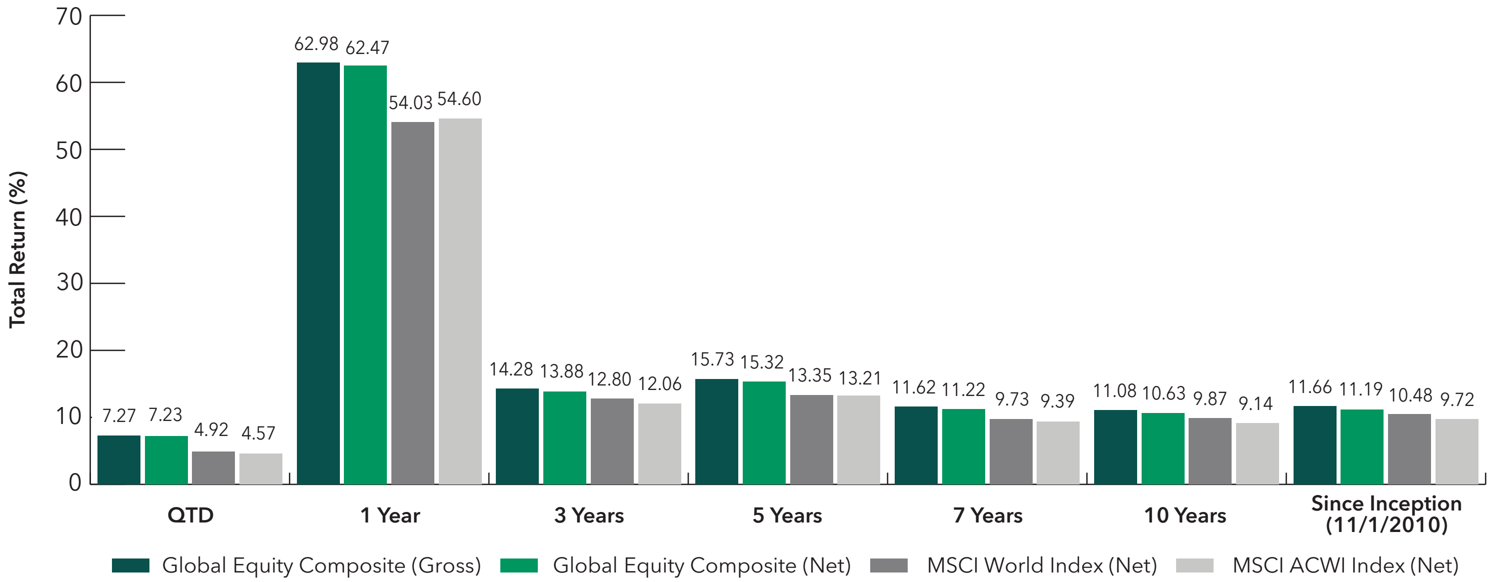
- Market share gains in planning, building and management projects;
- Further mandatory implementation of BIM legislation (for public projects) and increased adoption by the private sector uniquely benefits Nemetschek's decades of focus on BIM;
- Continued successful transition from a license to subscription and cloud-based revenue model (subscription revenues are just ~15% of total); and
- Bundling of competencies of the brands, which can serve to reduce internal complexity, create synergies and develop overarching solutions for customers from a single source.

Conclusion

Whether it be the improving vaccination rates in the U.S., the rise in the U.S. 10-year Treasury yield, the uncertainty surrounding fiscal and monetary policy, or even the blockage of the Suez Canal, there continues to be no shortage of headlines that can create volatility in the markets. Rather than becoming preoccupied with the news of the day, at Aristotle Capital, we remain focused on company fundamentals and the long term. Our investment process is not dependent on the realization of fiscal or monetary policies or the speed of a recovery. We seek to find companies with quality characteristics that can allow them to succeed over full market cycles, regardless of macroeconomic and/or political events. Our goal is to deliver for our clients through a disciplined, research-oriented approach to finding what we believe to be great companies and a consistent, well-executed portfolio management process.

Aristotle Global Equity Composite Performance

All Periods Ended March 31, 2021



Year	Global Equity Composite (Gross %)	Global Equity Composite (Net %)	MSCI World Index (Net %)	MSCI ACWI Index (Net %)
2021 YTD	7.27	7.23	4.92	4.57
2020	18.24	17.80	15.90	16.25
2019	29.18	28.74	27.67	26.60
2018	-7.58	-7.93	-8.71	-9.42
2017	24.53	24.05	22.40	23.97
2016	11.31	10.93	7.51	7.86
2015	1.80	1.40	-0.87	-2.36
2014	3.01	2.59	4.94	4.16
2013	24.53	23.88	26.68	22.80
2012	17.09	16.33	15.83	16.13
2011	-6.03	-6.44	-5.54	-7.35
11/1/10 - 12/31/10	4.65	4.56	5.03	4.93
		Supplemental Performance		
1/1/10 - 10/31/10	8.27	6.29	6.41	7.37
2009	34.78	31.76	29.99	34.63
2008	-38.12	-39.54	-40.71	-42.19
7/1/07 - 12/31/07	-2.30	-3.31	-0.12	1.62

Composite returns for all periods ended March 31, 2021 are preliminary pending final account reconciliation.
Past performance is not indicative of future results. Performance results for periods greater than one year have been annualized. Returns are gross and net of investment advisory fees and include the reinvestment of all income. The Aristotle Global Equity strategy has an inception date of November 1, 2010; however, the strategy initially began at Mr. Gleicher's predecessor firm in July 2007. A supplemental performance track record from July 1, 2007 through October 31, 2010 is provided above. The returns are those of a publicly available mutual fund from the fund's inception through Mr. Gleicher's departure from the firm. During that time, Mr. Gleicher had primary responsibility for managing the fund. Please see important disclosures within this document.