Global Equity

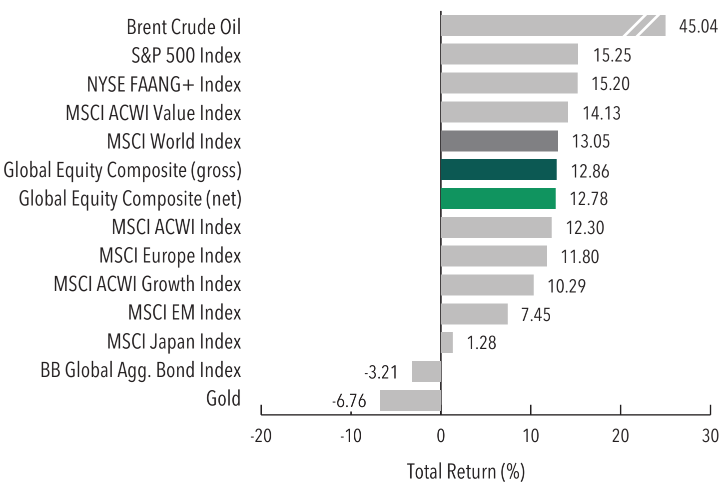
2Q 2021 Commentary

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

Markets Review

Global Markets (total return) performed as follows:

Year to Date Returns



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 continued to climb, with the MSCI ACWI Index gaining 7.39% during the period, its fifth straight quarter of positive performance. Concurrently, the Bloomberg Barclays Global Aggregate Bond Index increased 1.31%. In terms of style, value stocks underperformed their growth counterparts during the quarter, with the MSCI ACWI Value Index trailing growth by 5.14%.

Regionally, North America and Europe were the strongest performers, while Japan posted a slightly negative return. On a sector basis, ten of the eleven sectors within the MSCI ACWI Index posted gains, led by Information Technology, Energy and Health Care. Meanwhile, Utilities (the only sector in the red), Industrials and Consumer Staples were the worst-performing sectors.

By the end of the quarter, roughly three billion vaccine doses had been administered worldwide. The bulk of the vaccines administered were in developed countries, as many developing countries continued to struggle with supply issues, in addition to rising infection rates. However, as vaccination efforts progressed, conditions improved by the end of June. In the U.S., various state governments have dropped travel restrictions, capacity limitations, curfews and mask requirements for fully vaccinated individuals, leading to increased economic activity, such as traveler throughput at U.S. airports, which as of June 2021 was approaching pre-COVID levels. Furthermore, the G7 leaders pledged to provide 870 million vaccine doses to COVAX, a worldwide initiative aimed at equitable access to COVID-19 vaccines, for distribution among low- and middle-income countries.

In line with the improving conditions in the second half of the quarter, economic data points were also strong, as U.S. unemployment continued to decline to 5.8%, eurozone economic sentiment hit a 21-year high and the World Bank upgraded its global growth forecast to 5.6% for 2021. Additionally, positive traction was made in various trade relationships as the U.S. and China continued their dialogue and the U.S. and the European Union agreed to suspend a 17-year trade dispute related to government subsidies to Boeing and Airbus.

Lastly, geopolitical conflicts captured numerous headlines as tensions between Israelis and Palestinians turned violent. Furthermore, relations between the U.S. and Russia continued to sour after Russian hackers shut down the Colonial Pipeline, though no evidence has been traced back to the Russian government.

Performance and Attribution Summary

For the second quarter of 2021, Aristotle Capital's Global Equity Composite posted a total U.S. dollar return of 5.20% gross of fees (5.17% net of fees), underperforming both the MSCI World Index, which returned 7.74%, and the MSCI ACWI Index, which returned 7.39%. Please refer to the table below for detailed performance.

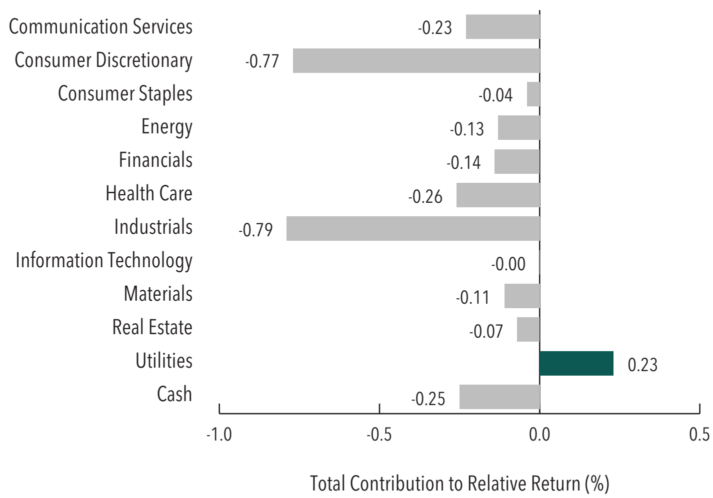
Performance (%)	2Q21	YTD	3 Yrs	5 Yrs	10 Yrs	ITD*
Global Equity Composite (gross)	5.20	12.86	16.28	15.92	11.63	11.90
Global Equity Composite (net)	5.17	12.78	15.87	15.53	11.17	11.44
MSCI World Index (net)	7.74	13.05	14.98	14.82	10.64	10.99
MSCI ACWI Index (net)	7.39	12.30	14.55	14.61	9.89	10.21

**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.*

From a sector perspective, the portfolio's underperformance relative to the MSCI World Index can be primarily attributed to security selection, while allocation effects also had a negative, though smaller, impact. Security selection in Consumer Discretionary, Industrials and Health Care detracted the most from the portfolio's relative performance. Conversely, a lack of exposure to Utilities, an overweight in Information Technology and an underweight in Financials contributed to relative return.

Regionally, both security selection and allocation effects were responsible for the portfolio's underperformance relative to the MSCI World Index. Security selection in North America and an overweight in Japan detracted the most from relative performance, while security selection in Europe contributed.

Total Contribution to Relative Return by Sector versus MSCI World Index
Second 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 2Q 2021

Relative Contributors	Relative Detractors
Adobe	Sony
Danaher	Kubota
LVMH	Microchip Technology
PayPal Holdings	Lennar
Nemetschek	Samsung Electronics

Diversified healthcare-oriented company Danaher was one of the main contributors for the period. Shares rose as the company reported robust revenue, earnings and cash flow growth. The strength was broad-based, although COVID-related tailwinds continued to benefit its Life Sciences (vaccines) and Diagnostics (testing) segments. The company also announced a $9.6 billion agreement to acquire Aldevron, a high-quality plasmid DNA, mRNA and proteins manufacturer serving biotechnology and pharmaceutical customers. This acquisition is in line with Danaher's efforts over the past years to broaden its Life Sciences portfolio. We believe the company has demonstrated an ability to identify attractive acquisition targets, successfully integrate them into the Danaher Business System and bring them to new heights.

Japan-based agricultural and construction equipment manufacturer, Kubota, was one of the largest detractors for the period. Shares fell, likely in response to management's cautious guidance citing ongoing logistical issues impacting product delivery into the U.S., cost headwinds and supply issues in North America. Delays in shipments from Japan, given a shortage of containerships and bottlenecks at U.S. ports, prevented the firm from properly restocking its U.S. dealers. So far, the low levels of inventory appear to have had little negative impact on Kubota's market share. We see this as a short-term situation and instead are focused on the company's brand recognition and technological leadership, which have, in our opinion, allowed it to continue gaining share outside of Japan. Furthermore, Kubota's reported results were strong, as revenues increased by double digits, driven by robust sales in Thailand and China. According to the Association of Equipment Manufacturers, retail sales of small-size tractors increased 64% year-over-year during the first quarter of 2021. We are confident in Kubota's ability to weather short-term volatility, continue winning market share and improve profitability.

Recent Portfolio Activity

Buys	Sells
Rational	Hoshizaki
Pan Pacific International	Novartis
Honeywell	

During the quarter, we sold our investments in Hoshizaki and Novartis. We invested the proceeds in three new positions: Rational, Pan Pacific International and Honeywell.

We originally invested in Hoshizaki, the largest manufacturer of commercial kitchen equipment in Japan, in the third quarter of 2017. At the time, we believed the company was well positioned to capitalize on catalysts such as furthering its presence in Europe, Asia and South America, expanding its product lineup through innovation, and improving its margins by shifting its product mix toward "hot" appliances. Although we still view Hoshizaki as a high-quality business, our confidence in the company's ability to improve margin and gain share in the "hot" appliance market has diminished. As such, we decided to sell our position in favor of what we view as a more optimal investment in Rational.

Our investment in Novartis dates back to the first quarter of 2015. Novartis went through much change during our more than six-year holding period. Vasant ("Vas") Narasimhan was promoted to CEO in early 2018 and we believe has positively influenced the company's culture. Vas also helped shift the business more toward innovative medicines. Examples include the sale of Novartis's consumer (over-the-counter) joint venture with GlaxoSmithKline and the spinoff of Alcon, a global leader in the treatment of eye diseases and eye conditions. Coincidentally, both GlaxoSmithKline and Alcon are current Global Equity holdings. While we continue to believe Novartis possesses Q-V-C characteristics, we decided to exit our investment in favor of what we view to be more optimal opportunities in Pan Pacific International and Honeywell.

Rational AG

Founded in 1973, Germany-based Rational is the global leader in thermal food preparation equipment for commercial and industrial kitchens (e.g., restaurants, schools and supermarkets). The company's key products are powered by proprietary software that is capable of detecting the weight and consistency of the food inside, allowing for an optimal cooking process while reducing waste, energy consumption and cooking times, thus providing a compelling value proposition to businesses. We maintain that this unique combination of quality manufacturing and technology has allowed the business to achieve a more software-like financial profile, with gross margins and return on invested capital averaging 60% and 32%, respectively, over the past ten years.

The company generates roughly 70% of its revenue (2020 revenue of €650 million, down from €844 million in 2019 due to COVID-19) from the sale of combi ovens and cooking centers, with the balance from accessories, cleaning materials, and servicing and parts. Combi ovens are typically found in professional kitchens (20-2,000 meals) and use a combination of heat (aka convection) and steam (aka wet heat). The combi and iVario products can perform ~90% of all cooking processes in professional kitchens (i.e., they can bake, blanch, fry, grill, roast, smoke, sous vide, steam, etc.) and perform the processes in a faster and more energy, space and cost-effective way, delivering a unique value proposition to customers.

Rational's founders (the founding family remains the controlling shareholder, a positive in our view) and management have fostered a unique company culture. By encouraging entrepreneurship among employees and obsessing over the customer's benefit, Rational has earned an enviable reputation for quality products and brand value. We believe this has allowed the company to command a dominant market share in its niche market, which in turn allows the company to invest more in its employees and R&D, perpetuating a cycle of continuous innovation and customer benefit.

High-Quality Business

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

- Scale (within a niche market) and dominant global market share (~50% and ~5x nearest competitor);
- Strong brand recognition, high customer satisfaction and quality reputation have led to a large and growing installed base;
- History of continuous innovation, as evidenced by over 46 years of cooking research that has produced more than 600 patents, patent applications and utility models; and
- Decades of strong financial performance (e.g., nearly uninterrupted annual sales growth, robust profit margins and FREE cash flow generation).

Attractive Valuation

Given our estimates of normalized cash earnings, we believe Rational'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 the continued market share gains and improvements in margins we see.

Compelling Catalysts

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

- Market share gains, particularly in North America and Asia, as well as further penetration of combi ovens into existing kitchens that use traditional appliances;
- Improvements in (already high) gross margins, as new generations of ovens are more efficient to produce;
- Further adoption of newly launched iVario (cooking center) product line;
- Continued innovation can result in expanded use cases for combi ovens; and
- Resolution of COVID-19-induced short-term disruptions as management intentionally focused on the long-term health of the value chain and sought to strengthen customer relationships.

Pan Pacific International Holdings Corporation

Founded in 1980, Pan Pacific International is a Japanese discount and general merchandise retailer. The company operates ~640 stores (~580 of those located in Japan) through formats that include Don Quijote, Donki and Mega Donki. Pan Pacific has a history of taking space from struggling retailers and turning them around (e.g., 2018's acquisition of UNY, Japan's third-largest general merchandise retailer by sales).

Pan Pacific uses an unconventional approach to sales, aiming to get consumers lost inside its stores by creating a sense of treasure hunting that elicits high entertainment value and enables the company to generate higher revenue per square foot than similar competitors. It also opens its stores an average of 17 hours per day, which is much longer than most of its competitors.

We believe its unique business model and decentralized culture have allowed the company to adapt to consumer needs, gain share and generate higher returns than many of its peers in a challenging Japanese retail environment.

High-Quality Business

Some of the quality characteristics we have identified for Pan Pacific include:

- Unique discount business model that leverages the company's purchasing power, procurement advantages and specialized skills in selling items to outcompete traditional retailers on price and other discounters on breadth of inventory;

- While other retailers may have struggled with a shrinking population and e-commerce competition, Pan Pacific has grown sales and profits for more than 30 consecutive years;
- Strong reputation with the local population and foreign tourists, driven by consistently low prices and focus on customer engagement by making shopping an experience and a form of entertainment;
- High barriers to entry due to difficulty in replicating the business model at a large scale and decentralized, incentive-based employee management structure; and
- Robust track record in successfully acquiring and turning around stores to expand its presence and outreach.

Attractive Valuation

Given our estimates of normalized earnings, we believe Pan Pacific's current stock price is offered at a discount to our estimate of the company's intrinsic value. Specifically, we believe Pan Pacific is in a strong position to continue to win market share and execute on initiatives to improve the profitability of its business.

Compelling Catalysts

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

- Continued market share advances in Japan through organic growth and opportunistic acquisitions;
- Improvements to profitability and FREE cash flow generation from the successful format conversion of previously acquired UNY stores;
- More efficient-cost management through initiatives such as the development of in-house digital systems and the incorporation of credit card capabilities; and
- Further expansion overseas in the U.S. and in Asia ex-Japan in areas such as Singapore, Thailand, Hong Kong and Taiwan.

Honeywell International, Inc.

With origins dating back to 1885 as a heating company, Charlotte, North Carolina-based Honeywell has evolved into a multinational industrial conglomerate with over $30 billion in annual revenue. The company provides aerospace (~35% of revenue), performance materials and technologies (~30%), safety and productivity (~20%), and building technologies (~15%) solutions to a wide range of customers, such as airlines, building owners and the U.S. government.

Over the past 100+ years, Honeywell has accumulated more than 35,000 patents and is responsible for leading-edge technological breakthroughs, such as automatic heating, autopilot and biodegradable detergents.

Honeywell has a long history of mergers and acquisitions; perhaps most impactful was the merger with AlliedSignal in 1999. Following the merger of two companies with distinctively different cultures, the business was beset by a myriad of issues. In 2002, David Cote took over as CEO and began a long and what we consider to be a successful turnaround from an over-leveraged, old-line industrial company to a modern-day business focused on energy efficiency, productivity and connectivity (aka Industrial Internet of Things) paired with high-margin software businesses. In 2017, Mr. Cote retired and the current CEO, Darius Adamczyk, took over. In our view, the prior operational and reputational improvements have provided Mr. Adamczyk and team the ability to accelerate Honeywell's transformation.

High-Quality Business

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

- Extensive history of innovation and market-leading positions in attractive industries;
- Diverse product offering across various geographies, end markets and customer types;
- High barriers to entry due to needed scale, resources and technical expertise; and
- Disciplined management team that has maintained a strong balance sheet and developed, what we consider to be, an enviable capital allocation track record.

Attractive Valuation

Given our estimates of normalized earnings, we believe Honeywell's current stock price is offered at a discount to our estimate of the company's intrinsic value. We feel the current valuation does not reflect the improved organic revenue profile and FREE cash flow generation power.

Compelling Catalysts

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

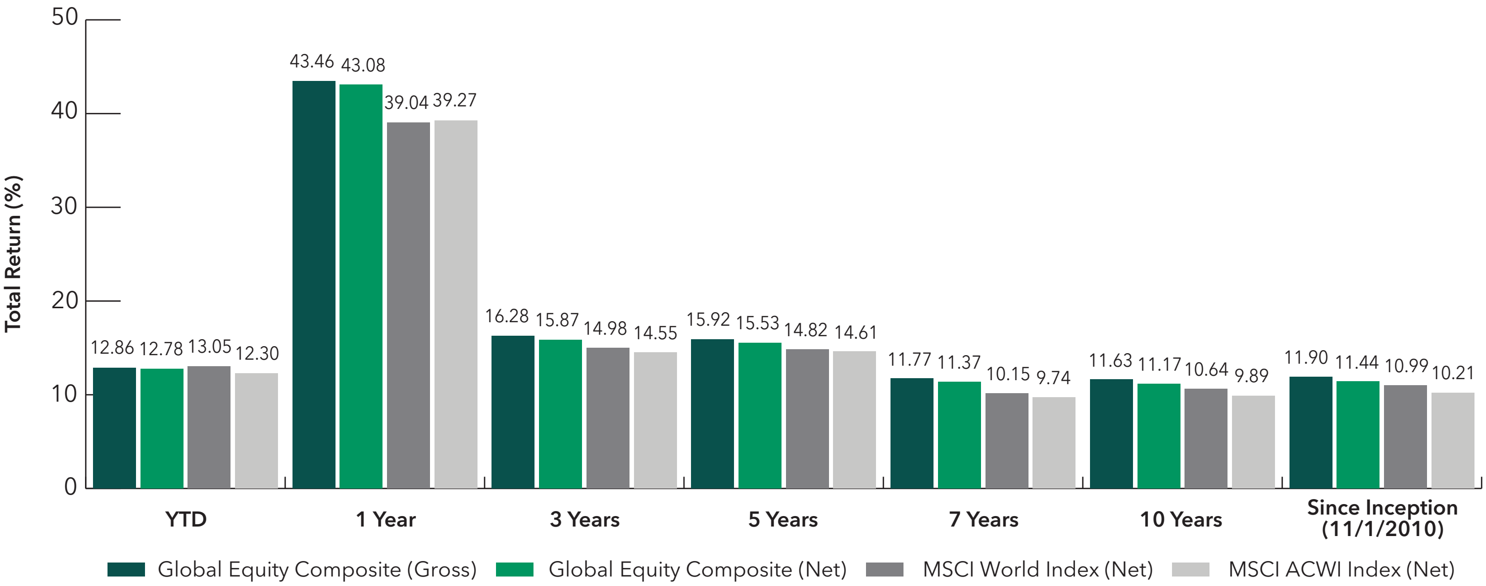
- Heightened organic growth from new product launches, integration of acquired higher-growth businesses and the divesture of declining business units;
- Further improvements to profitability from product portfolio shift to software, supply chain optimization and digital transformation; and
- Continued shareholder-friendly capital deployment, particularly opportunistic and accretive acquisitions and share repurchases.

Conclusion

As the world continues to slowly inch forward in its battle against the pandemic, various headlines such as trade relations, central bank decisions and geopolitical conflicts have shared the spotlight. Although broad economic factors are taken into consideration as part of our analysis, we spend the vast majority of our efforts focusing on individual companies that, in our opinion, possess a combination of qualities which are both sustainable and difficult to reproduce. We will persist in our quest of identifying what we perceive to be high-quality businesses, trading at discounts to our estimate of their intrinsic value, that possess catalysts for appreciation which are within management's control. It is our belief that a diversified portfolio of investments in these companies will hold up best regardless of the environment and can optimize risk-adjusted performance for our clients.

Aristotle Global Equity Composite Performance

All Periods Ended June 30, 2021



Year	Global Equity Composite (Gross %)	Global Equity Composite (Net %)	MSCI World Index (Net %)	MSCI ACWI Index (Net %)
2021 YTD	12.86	12.78	13.05	12.30
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 June 30, 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.