Corporate Credit

ARISTOTLE CREDIT PARTNERS

4Q 2021 Market and Portfolio Commentary

Summary

U.S. corporate credit markets finished the year strong, led by high yield bonds and bank loans. High yield bonds and bank loans both gained 0.71% as measured by the Bloomberg U.S. Corporate High Yield Bond Index and the Credit Suisse Leveraged Loan Index. Investment grade bonds modestly underperformed, gaining 0.23% during the period and ending 2021 in negative territory as measured by the Bloomberg U.S. Corporate Bond Index.

The U.S. equity market finished 2021 with a strong fourth quarter as the S&P 500 Index gained 11.03%. Risk sentiment benefited from strong consumer spending, robust corporate earnings and still accommodative monetary policy. On the U.S. economic data front, the unemployment rate declined to 4.2% in November, its lowest level since February 2020, despite a smaller than expected increase in nonfarm payrolls. Meanwhile, inflation remained in focus as November Consumer Price Index (CPI) rose by 6.8% year-over-year, the fastest rate since 1982, and Core CPI rose by 4.9% year-over-year, the largest annual increase since June 1991. At its November meeting, the Federal Reserve (Fed) announced it would begin tapering asset purchases at a pace of $15 billion a month, as expected, then proceeded to double the pace at the December meeting while abandoning the term "transitory". In line with the shift in policy, new projections based on the median forecast by Fed officials signaled the possibility of three interest rate increases in the new year. On the COVID front, the emergence of the Omicron variant led to increasing case counts through year-end but initially resulted in fewer disruptions than earlier variants.

Market Environment

The U.S. Treasury yield curve flattened further in the fourth quarter. Short-term yields rose sharply with the yield on U.S. 2-Year and 5-Year notes climbing roughly 46 and 30 basis points, respectively. In contrast, longer duration treasuries outperformed with the yield on the U.S. 10-Year note inching roughly 2 basis points higher while the long-end rallied. Higher quality bonds underperformed as the Bloomberg U.S. Aggregate Bond Index was essentially flat, bringing its calendar-year return to -1.54%.

Corporate credit spreads ended the quarter nearly unchanged after a significant rally in December on the back of reduced supply and robust demand. High yield bond spreads ended the quarter roughly 4 basis points tighter as measured by the Bloomberg U.S. Corporate High Yield Bond Index. Conversely, investment grade corporate bond spreads ended the quarter roughly 8 basis points wider, as measured by the Bloomberg U.S. Corporate Bond Index.

While high yield bond issuance moderated in December, total issuance in 2021 topped $468 billion and surpassed 2020's record annual supply. Investment grade corporate bond issuance also slowed in the fourth quarter but totaled more than $1 trillion for the full year, falling short of 2020's record. Driven by robust private equity buyout activity and record collateralized loan obligation (CLO) sales, leveraged loan supply topped $600 billion in 2021, the highest since at least 2013.

On the demand side, investors continued to favor investment grade corporate bond and bank loan funds in the fourth quarter. For the year, high yield bond funds experienced more than $13 billion in outflows while bank loan funds experienced inflows of around $45 billion.

Performance across the major high yield bond rating buckets was fairly similar as 'B's (+0.84%) slightly outperformed 'BB's (+0.75%) and 'CCC's (+0.54%). From an industry perspective, Automotive (+2.20%) outperformed, while Cable & Satellite (-0.30%) trailed the broader high yield bond market. Additionally, default activity remained very benign as the U.S. high yield bond default rate declined to a record-low 0.29% at the end of the year.

Performance and Attribution Summary

High Yield Bond

The Aristotle High Yield Bond Composite returned 0.52 % gross of fees (0.46% net of fees) in the fourth quarter, underperforming the 0.73% return of the ICE BofA BB-B U.S. Cash Pay High Yield Constrained Index. Security selection was the primary detractor from relative performance.

Security selection detracted from relative performance led by holdings in Telecommunications and Technology. This was partially offset by positive selection in Media & Entertainment and Lodging & Leisure. Sector rotation also detracted from performance led by the allocation to investment grade corporate bonds, which was only partially offset by the allocation to bank loans.

Industry allocation contributed modestly to performance led by an underweight in Technology and an overweight in Automotive & Captive Finance. This was mostly offset by an overweight in Insurance and an underweight in Food, Beverage & Tobacco.

Top Five Contributors	Top Five Detractors
RR Donnelley & Sons	**MetLife**
Ford	**Level 3 Financing**
Endeavor Energy	**Tenneco**
Titan International	Occidental Petroleum
Live Nation	**Telecom Italia**

*Bold securities held in representative account

Investment Grade Corporate

The Aristotle Investment Grade Corporate Bond Composite returned 0.05% gross of fees (-0.03% net of fees) in the fourth quarter, underperforming the 0.23% return of the Bloomberg U.S. Corporate Bond Index. Yield curve positioning was the primary detractor from relative performance.

An underweight in the long end of the yield curve relative to the benchmark detracted from performance. Industry allocation also detracted from performance led by overweights in Insurance and Transportation. This was partially offset by overweights in Real Estate Investment Trusts (REITs) & Real Estate-Related and Brokerage.

Security selection contributed to relative performance led by holdings in Transportation and Utilities, which was only partially offset by security selection in Technology and Pipelines & Distributors. Sector rotation and quality allocation both had a neutral effect on performance.

Top Five Contributors	Top Five Detractors
United Airlines	**Dell**
CDW	**Corning**
Oracle	**Wells Fargo**
VEREIT	**MetLife**
JPMorgan Chase	**Fiserv**

*Bold securities held in representative account

Strategic Credit

The Aristotle Strategic Credit Composite returned 0.19% gross of fees (0.13% net of fees[1]) in the fourth quarter, underperforming the 0.31% return of the blended benchmark of one-third Bloomberg U.S. High Yield Ba/B 2% Issuer Capped Bond Index, one-third Bloomberg U.S. Intermediate Corporate Bond Index and one-third Credit Suisse Leveraged Loan Index. Security selection was the primary detractor from relative performance.

Security selection detracted from relative performance led by holdings in Automotive & Captive Finance and Cable & Satellite. This was partially offset by security selection in Media & Entertainment and Transportation. Industry allocation had an overall neutral effect on relative performance as overweights in Automotive & Captive Finance and Pipelines & Distributors were largely offset by overweights in REITs & Real Estate-Related and Retailers & Restaurants.

Sector rotation also had a marginally positive effect on relative performance as an overweight in high yield bonds was partially offset by an underweight in bank loans.

Top Five Contributors	Top Five Detractors
RR Donnelly & Sons	**Service Properties Trust**
Titan International	**MetLife**
United Airlines	**Lumen Technologies**
American Airlines	**DISH Network**
Quad/graphics	**Dell**

*Bold securities held in representative account

Outlook and Strategy

We believe corporate credit markets should remain strong in the first half of 2022, especially relative to higher quality fixed income market segments given expected interest rate pressures. In our opinion, solid fundamentals and the positive momentum in the global economy should overshadow the negative impact of a shift to tighter financial conditions.

While U.S. economic growth has moderated from the torrid pace seen in the middle of 2021, we believe 2022 should still see above-trend growth despite greater uncertainty on the monetary and fiscal policy fronts. The tides have turned as the Fed embarks on its well-telegraphed tapering process and is set to begin hiking rates soon, while additional fiscal stimulus meets resistance ahead of the mid-term elections in 2022. Despite these headwinds, we believe strong consumer spending, robust corporate earnings and solid balance sheets should be supportive of growth.

We believe U.S. Treasury yields should continue to push higher with the Fed backstop going from a tailwind to a headwind over the next several months. In our opinion, the lack of price-insensitive central bank demand in the bond market will have a significant impact on the yield curve, leading to higher rates across the curve and potential steepening. Furthermore, we expect real rates to move out of significantly negative territory, especially as global central banks begin following the Fed on the road to tighter monetary policy.

Following a record year for supply in the high yield market, we still expect above-average issuance in 2022. We believe companies will continue to take advantage of historically low rates to refinance, especially amidst the ongoing hunt for yield. Nonetheless, we expect to see a pickup in more aggressive issuance as companies fund share repurchases and mergers and acquisitions (M&A). We anticipate further growth in the loan market on the back of strong demand for floating-rate instruments ahead of the Fed hiking cycle.

With credit spreads entering 2022 within striking distance of the all-time lows, we believe the key to performance this year will come from carry. In our opinion, company balance sheets continue to improve and profitability remains strong. We acknowledge the outlook is more opaque than it has been for some time. In

[1] As of December 31, 2021, 32% of the Composite consisted of a non-fee-paying account.

addition to the most apparent risks, we are monitoring additional risks including heightened geopolitical risk and broader, more persistent inflationary pressures that negatively impact consumers and corporate balance sheets.

High Yield Bond Positioning

In our high yield portfolios, we continue to favor credit risk over interest rate risk. We maintain a duration underweight relative to the benchmark, and added further to higher-yielding, lower rated 'B' credits while reducing higher quality 'BB' credits trading at what we see as very tight spreads.

In line with our view on duration, we continue to see more attractive opportunities in the front end of the yield curve. To further reduce interest rate risk, we reduced exposure to Technology credits with a greater sensitivity to higher interest rates and already trading at historically tight spreads. We also increased exposure to Lodging & Leisure credits with relatively higher yields and lower interest rate sensitivity. At the end of the quarter, we held overweights in Media & Entertainment, Transportation and Lodging & Leisure alongside underweights in Telecommunications, Technology and Food, Beverage & Tobacco.

Investment Grade Corporate Positioning

In our investment grade corporate bond portfolios, we also favor credit risk over interest rate risk. We have added to our overweight in 'BBB'-rated credits while maintaining a duration underweight relative to the benchmark.

Within the investment grade corporate bond universe, we added to lower quality, higher beta Technology credits and select Energy credits while reducing exposure to higher rated, longer duration bonds. At the end of the quarter, we held overweights in Insurance, Transportation and Brokerage & Asset Management alongside underweights in Banking, Pharmaceuticals and Retailers & Restaurants.

Strategic Credit Positioning

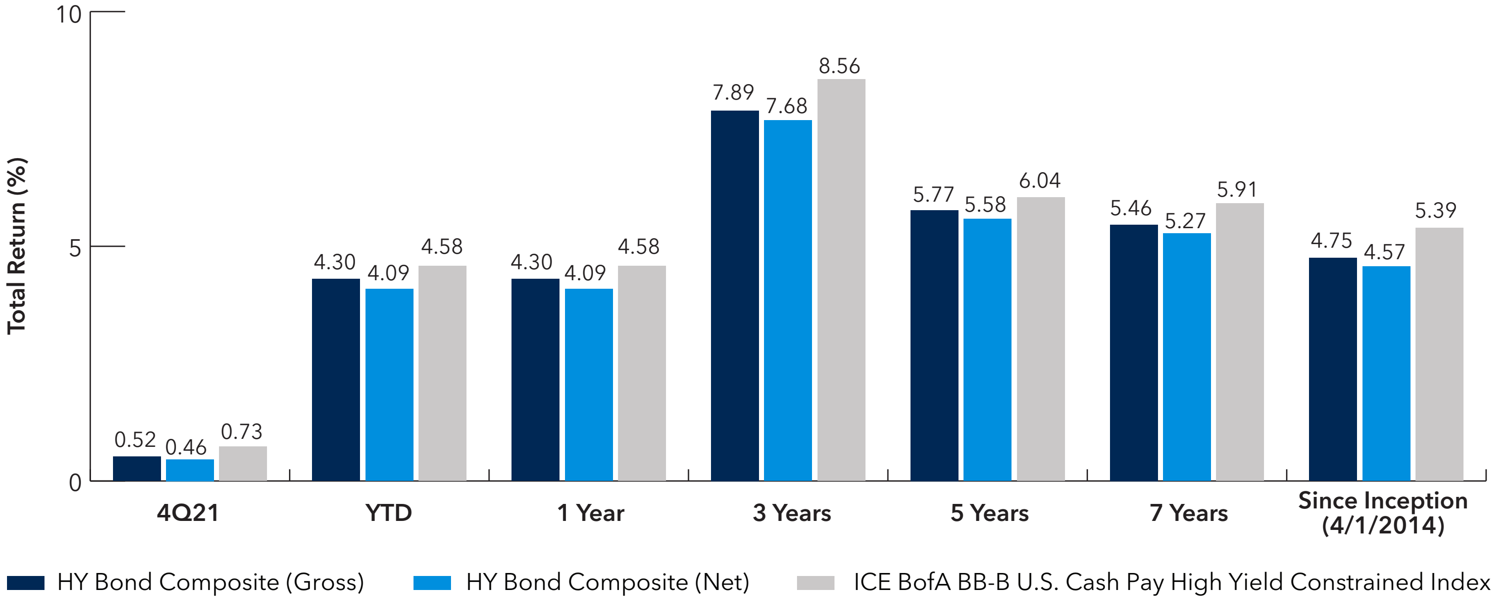
In our strategic credit portfolios, from an overall perspective, we did not make any major changes to asset allocation during the quarter. We maintained an overweight in high yield bonds alongside underweights in investment grade corporate bonds and bank loans. As with our other strategies, we continue to hold a duration underweight relative to the blended benchmark.

With short-term interest rates in the U.S. already beginning to price in the Fed's rate hikes this year, we are beginning to see better opportunities in the bank loan market and plan to gradually reduce our underweight during the first quarter. Nonetheless, we still favor shorter duration high yield bonds relative to bank loans, particularly from a quality perspective.

As of December 31, the strategy was composed of 21.6% investment grade corporate bonds, 66.4% high yield bonds and 7.7% bank loans. Roughly 4.3% was held in cash. At the end of the quarter, we held overweights in Energy, Transportation and Lodging & Leisure alongside underweights in Technology, Industrials and Food, Beverage & Tobacco.

Aristotle High Yield Bond Composite Performance

All Periods Ended December 31, 2021



Year	High Yield Bond Composite (Gross, %)	High Yield Bond Composite (Net, %)	ICE BofA BB-B U.S Cash Pay High Yield Constrained Index (%)
2021[1]	4.30	4.09	4.58
2020	6.01	5.81	6.32
2019	13.61	13.41	15.09
2018	-0.94	-1.12	-2.04
2017	6.42	6.24	6.98
2016	12.05	11.86	14.76
2015	-2.21	-2.37	-2.82
2014[2]	-1.21	-1.30	0.49
		Supplemental Performance	
2013	7.87	7.29	6.29
2012	14.32	13.70	14.58
2011	4.55	3.97	5.43
2010	14.77	14.15	14.25
2009[3]	27.88	27.31	39.81

Sources: SS&C Advent; FTSE

[1]Composite returns are preliminary pending final account reconciliation.

[2]2014 is a partial-year period of nine months, representing data from April 1, 2014 to December 31, 2014.

[3]2009 is a partial-year period of ten months, representing data from March 1, 2009 to December 31, 2009.

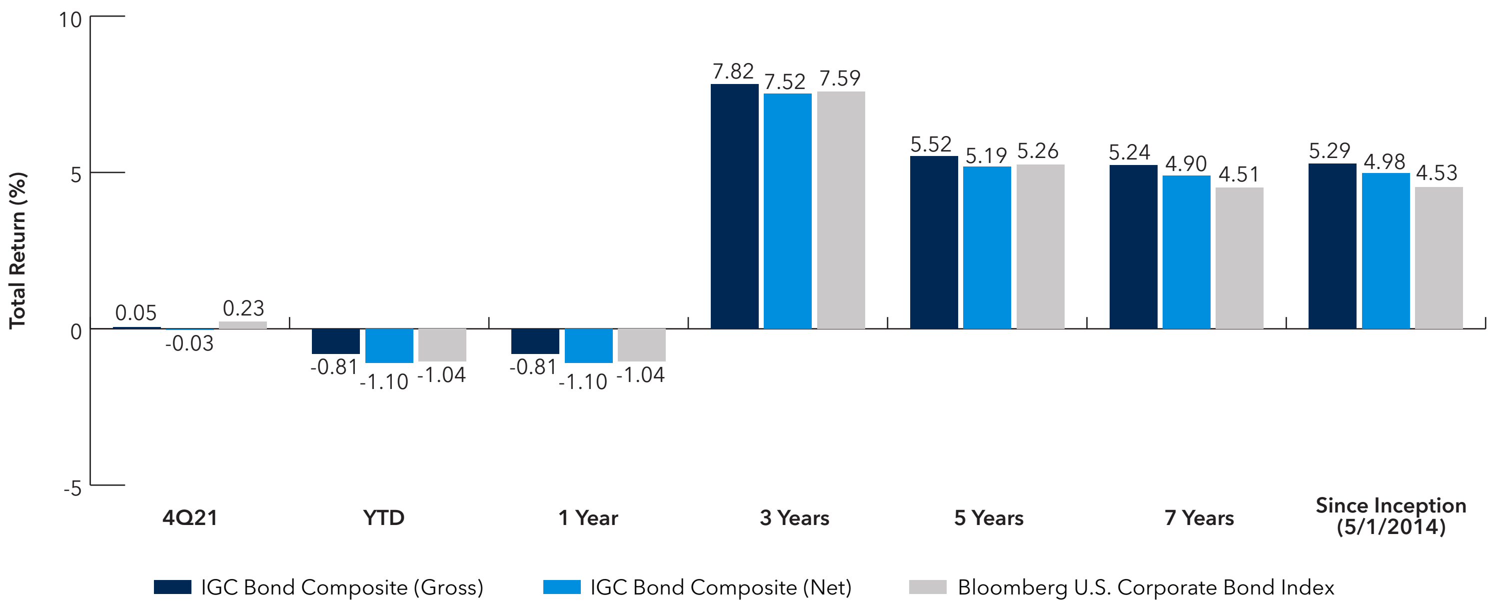
The Aristotle High Yield Bond strategy has an inception date of April 1, 2014; however, the strategy initially began at Douglas Lopez's predecessor firm. A supplemental performance track record from March 1, 2009 to December 31, 2013 (Mr. Lopez's departure from the firm) is provided. The returns are based on a separate account from the strategy while it was being managed at Doug Lopez's predecessor firm and performance results are based on custodian data. During this time, Mr. Lopez had primary responsibility for managing the account.

Past performance is not indicative of future results. Returns presented are gross and net of investment advisory fees and include the reinvestment of all income. Please refer to disclosures within this document.

FOR MORE INFORMATION, PLEASE CONTACT
Phone: (949) 681-2100 | **Email:** info@aristotlecap.com | **Web:** www.aristotlecredit.com

Aristotle Investment Grade Corporate Bond Composite Performance

All Periods Ended December 31, 2021



Year	Investment Grade Corporate Bond Composite (Gross, %)	Investment Grade Corporate Bond Composite (Net, %)	Bloomberg U.S.Corporate Bond Index (%)
2021[1]	-0.81	-1.10	-1.04
2020	8.64	8.41	9.89
2019	16.34	15.94	14.54
2018	-2.41	-2.76	-2.51
2017	6.93	6.56	6.42
2016	8.69	8.46	6.11
2015	0.58	0.08	-0.68
2014[2]	3.87	3.84	3.16
		Supplemental Performance	
2013	0.63	0.28	-1.53
2012	15.38	14.98	9.82
2011	8.48	8.10	8.15
2010	11.42	11.04	9.00
2009[3]	2.93	2.81	3.15

Sources: SS&C Advent, Bloomberg

[1]Composite returns are preliminary pending final account reconciliation.

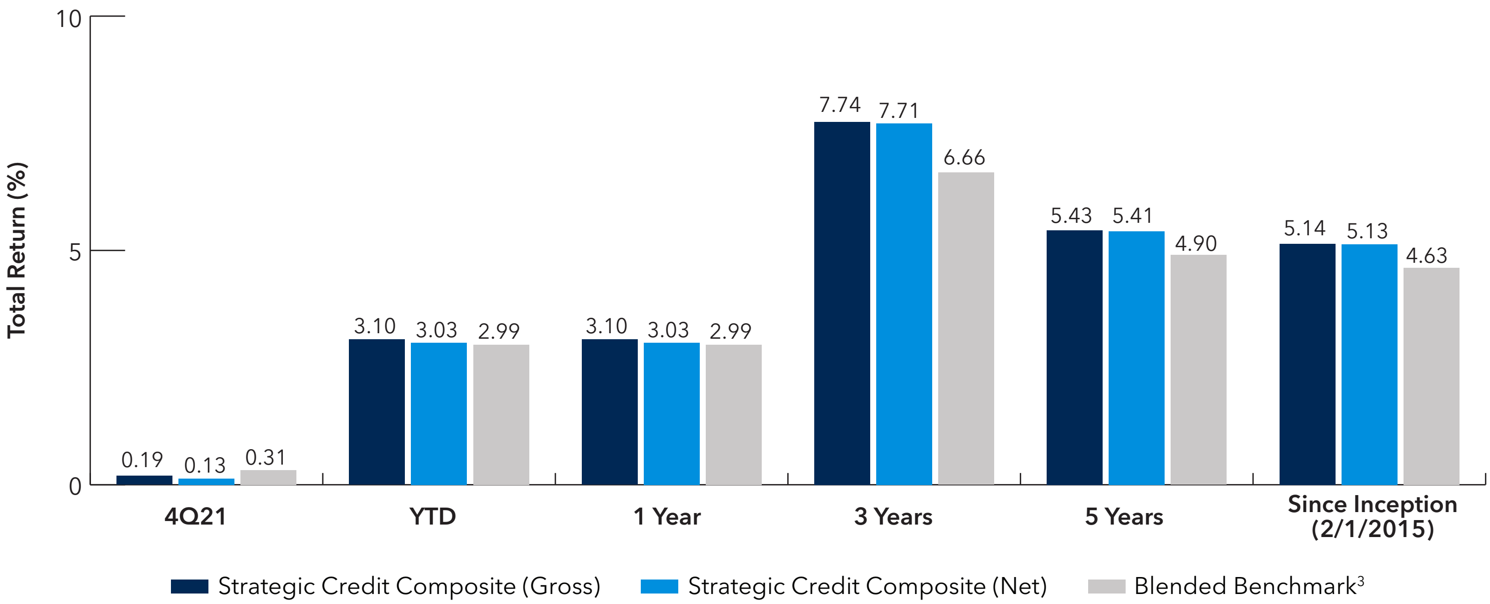
[2]2014 is a partial-year period of eight months, representing data from May 1, 2014 to December 31, 2014.

[3]2009 is a partial-year period of four months, representing data from September 1, 2009 to December 31, 2009.

Past performance is not indicative of future results. Returns presented are gross and net of investment advisory fees and include the reinvestment of all income. The primary benchmark was retroactively changed from Bloomberg U.S. Credit Bond Index to Bloomberg U.S. Corporate Bond Index effective March 31, 2017. The Aristotle Investment Grade Corporate Bond strategy has an inception date of May 1, 2014; however, the strategy initially began at Terence Reidt's predecessor firm. A supplemental performance track record from September 1, 2009 to December 31, 2013 (Mr. Reidt's departure from the firm) is provided. The returns are based on a separate account from the strategy while it was being managed at Terence Reidt's predecessor firm and performance results are based on custodian data. During this time, Mr. Reidt had primary responsibility for managing the account. Please refer to disclosures within this document.

Aristotle Strategic Credit Composite Performance

All Periods Ended December 31, 2021



Year	Strategic Credit Composite (Gross, %)	Strategic Credit Composite (Net, %)	Blended Benchmark[3] (%)
2021[1]	3.10	3.03	2.99
2020	7.77	7.76	6.02
2019	12.59	12.58	11.15
2018	-0.82	-0.82	-0.32
2017	4.99	4.99	5.03
2016	11.85	11.85	9.60
2015[2]	-2.88	-2.88	-1.84

Sources: SS&C Advent, Bloomberg , Credit Suisse

[1]Composite returns are preliminary pending final account reconciliation.

[2]2015 is a partial-year period of eleven months, representing data from February 1, 2015 to December 31, 2015.

[3]Blended benchmark represents a blend of blend of 1/3 Bloomberg U.S. High Yield Ba/B 2% Issuer Capped Bond Index, 1/3 Bloomberg U.S. Intermediate Corporate Bond Index and 1/3 Credit Suisse Leveraged Loan Index. The Bloomberg U.S. High Yield Loans Index was retired on September 30, 2016 and was replaced with the Credit Suisse Leveraged Loan Index effective October 1, 2016. Past performance is not indicative of future results. Returns presented are gross and net of investment advisory fees and include the reinvestment of all income. Please refer to disclosures within this document.