SMALL CAP EQUITY

Aristotle Capital Boston, LLC — 1Q 2022 Commentary

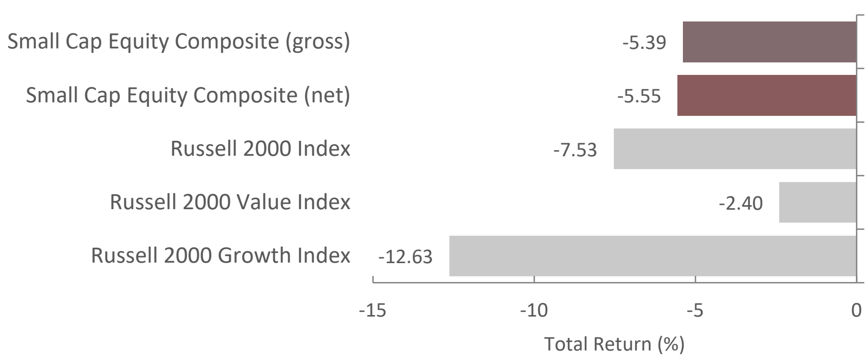
Markets Review

After a strong 2021, small cap equities declined alongside other risk assets to begin the year as investors grappled with a myriad of uncertainties, including a shift to tighter monetary policy, the impact of rampant inflation and the ripple effects from Russia's invasion of Ukraine. On the policy front, the Federal Reserve (Fed) raised the target rate by 0.25%, as expected, making it clear that further increases will be appropriate. Fed officials will now focus on the challenging task of taming inflation without stunting economic growth and sending the U.S. economy into a recession. In related news, supply shortages fueled by the Ukraine-Russia conflict, along with a host of pre-existing factors, drove commodity prices higher during the period. Oil prices were particularly volatile, with crude oil at one point eclipsing $130 a barrel. Natural gas, fertilizer and agriculture-related commodity prices also experienced sharp increases during the period.

From a sector perspective, performance varied widely during the quarter, ranging from the 41.77% total return of the Russell 2000 Energy sector to the 17.18% decline of the Consumer Discretionary sector. To put this type of dispersion into context, Energy's 41.77% gain versus Consumer Discretionary's 17.18% loss marked the third largest divergence between any two Russell 2000 sectors in a single quarter. Only Information Technology's outperformance of Energy in the fourth quarter of 1999 and Consumer Discretionary's outperformance of Utilities in the second quarter of 2020 were greater. Other areas of the small cap market that were hit hard in the first quarter included Health Care (-14.64%) and Information Technology (-13.53%), while Utilities (+3.18%) and Materials (-1.61%) outperformed the broader index and followed Energy as the strongest performing sectors during the quarter.

Stylistically, value continued its outperformance of growth in the first quarter, as evidenced by the Russell 2000 Value Index's return of -2.40% compared to the -12.63% return of the Russell 2000 Growth Index. This marks the sixth consecutive quarter of outperformance for the Russell 2000 Value Index relative to the Russell 2000 Growth Index. Factor performance was decidedly mixed during the period, as companies with lower valuations and stronger profitability generally outperformed during the January drawdown and into the first half of February. On the other hand, March market performance was particularly bifurcated, as the final three weeks of the month saw pronounced outperformance from the meme stocks, bitcoin and other risk-on proxies, a complete reversal from the first two weeks of the month and factor leadership during the January period.

Year to Date Returns



Sources: SS&C Advent, Russell Investments
Past performance is not indicative of future results. Aristotle Boston Composite returns are preliminary pending final account reconciliation. Please see important disclosures at the end of this document.

Performance Review

For the first quarter of 2022, the Aristotle Small Cap Equity Composite generated a total return of -5.39% gross of fees (-5.55% net of fees), outperforming the -7.53% total return of the Russell 2000 Index. Outperformance during the quarter was driven entirely by security selection, while allocation effects modestly detracted. Security selection within the Information Technology, Health Care and Energy sectors added the most value on a relative basis, while selection within Industrials, Real Estate and Financials detracted. From an allocation perspective, the portfolio benefited from underweights in Consumer Discretionary and Health Care; however, this was offset by an underweight in Energy and an overweight in Information Technology.

Relative Contributors	Relative Detractors
NexTier Oilfield Solutions	1-800-FLOWERS.COM
Cal-Maine Foods	MACOM Technology Solutions
HealthEquity	ModivCare
Acadia Healthcare	Charles River Laboratories
Mercury Systems	AerCap Holdings

CONTRIBUTORS

Security selection added the most value within the Information Technology, Health Care and Energy sectors. From an allocation perspective, the portfolio benefitted from underweights in Consumer Discretionary and Health Care. At the company level, **NexTier Oilfield Solutions** and **Cal-Maine Foods** were two of the largest contributors during the quarter.

- **NexTier Oilfield Solutions (NEX)**, a provider of hydraulic fracturing and other completion-oriented oilfield services to exploration and production companies in the U.S., benefited from rising U.S. completion activity and rising prices due to tight supply/demand fundamentals for frac equipment. We maintain a position, as we believe the company's dedicated service agreements, solid execution and merger synergies from recent mergers and acquisitions activity can unlock additional value for shareholders in periods to come.

- **Cal-Maine Foods (CALM)**, the largest producer and distributor of fresh shell eggs in the U.S., benefited from an upward move in egg pricing following an Avian Flu outbreak that impacted industry supply dynamics. We maintain a position, as we believe continued favorable supply/demand dynamics and the ability to take share in a consolidating industry should allow the company to create further value for shareholders.

DETRACTORS

Security selection detracted within the Industrials, Real Estate and Financials sectors. Additionally, the portfolio's underweight in Energy and overweight in Information Technology detracted from relative performance. At the company level, **1-800-FLOWERS.COM** and **MACOM Technology Solutions** were two of the largest detractors during the quarter.

- **1-800-FLOWERS.COM (FLWS)**, an e-commerce provider of floral and gift products, declined due to supply chain disruptions and inflationary pressures which impacted the company's most recent quarterly earnings. We maintain our investment, as we believe recent macro headwinds will subside over time and the company will continue to benefit from investments made in the business over the past few years that have solidified its competitive position and enhanced its operating efficiency.

- **MACOM Technology Solutions (MTSI)**, a designer and manufacturer of high-performance semiconductors, declined in the face of industry-wide supply chain issues. Nevertheless, the company's fundamentals continue to advance, as we believe the company's meaningful exposure to growing demand from Data Center and 5G end market applications plus solid company-specific execution has driven faster-than-expected profitability. We believe the underlying demand drivers are sustainable for the foreseeable future and continue to maintain our position.

Recent Portfolio Activity

Buys/Acquisitions	Sells/Liquidations
AZEK	Evercore
JBG SMITH Properties	Kraton
	Omega HealthCare Investors

BUYS/ACQUISITIONS

- **AZEK (AZEK)**, a leading manufacturer of residential building products, primarily focused on wood-alternative decking, railing and trim, was added to the portfolio. We believe the strong secular demand backdrop for alternative, sustainably sourced building products along with company-specific margin improvements should benefit shareholders in periods to come.

- **JBG SMITH Properties (JBGS)**, a Washington DC-based owner, operator and developer of residential, office, retail and mixed-use real estate properties, was added to the portfolio. We initiated a position, as we believe the firm's healthy multi-year development pipeline anchored by Amazon's new headquarters (Amazon HQ2) should benefit from improved economic activity in the area as businesses increasingly return to the office.

SELLS/LIQUIDATIONS

- **Evercore (EVR)**, a boutique investment bank that provides advisory and wealth management services, was removed from the portfolio due to our belief that shares were fully valued, and we were nearing a cyclical peak in demand for the company's services.

- **Kraton (KRA)**, a chemical company that manufactures and sells specialty polymers to various end markets, was removed from the portfolio by virtue of its acquisition by DL Chemical.

- **Omega Healthcare Investors (OHI)**, a healthcare-focused real estate investment trust, was removed from the portfolio due to a deterioration of the financial condition of its tenant base. After seeing an improvement in the prior couple of quarters, management highlighted the potential for a worsening outlook for delinquencies with subdued occupancy due to COVID-related concerns and labor shortages. We believe higher labor costs due to the ongoing nursing and general labor shortage are also negatively impacting their customers and have decided to step away from our investment.

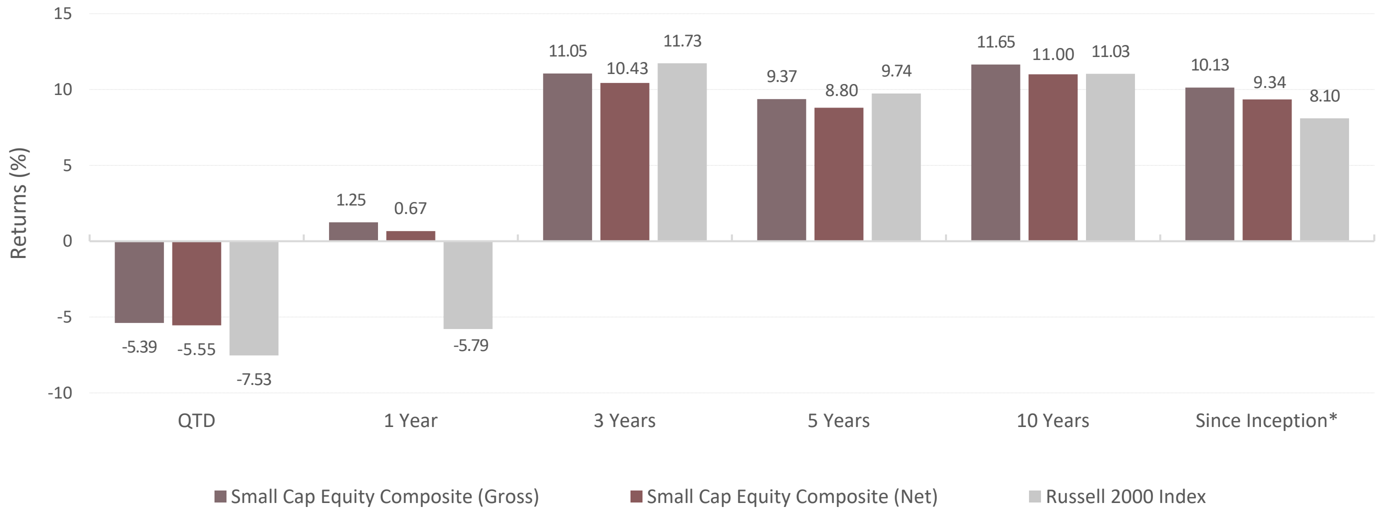
Outlook and Positioning

Despite the pickup in volatility over the first few months of 2022, we continue to believe that generally positive fundamentals and low relative valuations support further upside for small cap equities. While near-term price movements and volatility continue to be driven by macroeconomic and geopolitical issues in the short term, we believe business fundamentals will ultimately determine equity values in the long run. Additionally, as the Fed continues its path toward interest rate normalization, and as company fundamentals and valuations become increasingly more important, we believe this development should be beneficial for fundamentally-oriented, active managers like ourselves. As such, we remain optimistic about the prospects for small cap equities going forward, given our views on the overall fundamentals of our individual holdings at this stage in the market cycle. While economic growth may slow globally and even domestically, we continue to believe the U.S. economy is on relatively healthier footing than other markets around the world, which should benefit the more domestically-oriented small cap market. Small caps, which derive the vast majority of their revenues from U.S. sources, may also be less impacted by continued geopolitical turmoil abroad relative to large caps. With that said, we recognize there are certain areas of the market that continue to appear to be stretched in terms of balance sheet quality and valuations, and the small cap market continues to have a high percentage of negative earning companies (roughly one-third of constituents). We believe these later cycle conditions, along with the heightened periods of market volatility, favor quality-oriented investors like ourselves and can provide us with additional opportunities to add value on an absolute and relative basis.

Our current positioning is a function of our bottom-up security selection process and our ability to identify what we view as attractive investment candidates, regardless of economic sector definitions. Recent purchases have been spread across industries and are idiosyncratic in nature, as opposed to being tied to an outlook for a particular sector. Overweights in Industrials and Information Technology are mostly a function of the performance of our holdings in these sectors over the past few years. Conversely, we continue to be underweight in Consumer Discretionary, as we have been unable to identify what we consider to be compelling opportunities that fit our discipline given the rising risk profiles as a result of structural headwinds for various brick and mortar businesses. We also continue to be underweight in Health Care due to our lack of exposure to early-stage biotechnology companies, which generally do not fit our discipline due to their elevated levels of binary risk. Given our focus on long-term business fundamentals, patient investment approach and low portfolio turnover, the strategy's sector positioning generally does not change significantly from quarter to quarter; however, we may take advantage of periods of volatility by adding selectively to certain companies when appropriate. As always, our focus remains on identifying what we view as attractive, long-term investment opportunities that can create value for shareholders over the next three to five years, which we believe gives us the best opportunity to generate alpha for our clients.

Aristotle Small Cap Equity Composite Performance

All Periods Ended March 31, 2022



Year	Small Cap Equity Composite (Gross %)	Small Cap Equity Composite (Net %)	Russell 2000 Index (%)
2022 YTD	-5.39	-5.55	-7.53
2021	19.88	19.24	14.82
2020	10.08	9.47	19.96
2019	24.86	24.20	25.53
2018	-11.59	-12.03	-11.01
2017	18.98	18.43	14.65
2016	19.53	18.92	21.31
2015	3.20	2.72	-4.41
2014	3.32	2.45	4.89
2013	39.77	38.73	38.82
2012	17.39	16.58	16.35
2011	-0.85	-1.47	-4.17
2010	24.92	24.03	26.85
2009	39.37	38.11	27.19
2008	-34.27	-35.01	-33.80
2007	6.12	4.32	-1.55
2006**	7.31	7.31	2.97

Sources: SS&C Advent, Russell Investments
Composite returns for periods ended March 31, 2022 are preliminary pending final account reconciliation.
**The Aristotle Small Cap Equity Composite has an inception date of November 1, 2006 at a predecessor firm. During this time, Jack McPherson and Dave Adams had primary responsibility for managing the strategy. Performance starting January 1, 2015 was achieved at Aristotle Boston.*
***For the period November 2006 through December 2006.*
Past performance is not indicative of future results. Performance results for periods greater than one year have been annualized.
Returns are presented gross and net of investment advisory fees and include the reinvestment of all income. Gross returns will be reduced by fees and other expenses that may be incurred in the management of the account. Please see important disclosures enclosed within this document.

DISCLOSURES:

The opinions expressed herein are those of Aristotle Capital Boston, LLC (Aristotle Boston) and are subject to change without notice.

Past performance is not indicative of future results. The information provided in this report should not be considered financial advice or a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed may not represent an account's entire portfolio and, in the aggregate, may represent only a small percentage of an account's portfolio holdings. The performance attribution presented is of a representative account from Aristotle Boston's Small Cap Equity Composite. The representative account is a discretionary client account which was chosen to most closely reflect the investment style of the strategy. The criteria used for representative account selection is based on the account's period of time under management and its similarity of holdings in relation to the strategy. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will be profitable, or that the investment recommendations or decisions Aristotle Boston makes in the future will be profitable or equal the performance of the securities discussed herein. Aristotle Boston reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. Recommendations made in the last 12 months are available upon request.

Returns are presented gross and net of investment advisory fees and include the reinvestment of all income. Gross returns will be reduced by fees and other expenses that may be incurred in the management of the account. For example, a 0.5% annual fee deducted quarterly (0.125%) from an account with a ten-year annualized growth rate of 5.0% will produce a net result of 4.4%. Actual performance results will vary from this example.

Effective January 1, 2022, the Aristotle Small Cap Equity Composite has been redefined to exclude accounts with meaningful industry-specific restrictions or substantial values-based screens hampering implementation of the small cap strategy.

Effective January 1, 2022, the Russell 2000 Value Index was removed as the secondary benchmark for the Aristotle Boston Small Cap Equity strategy.

The Russell 2000® Index measures the performance of the small cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Growth® Index measures the performance of the small cap companies located in the United States that also exhibit a growth probability. The Russell 2000 Value® Index measures the performance of the small cap companies located in the United States that also exhibit a value probability. The volatility (beta) of the composite may be greater or less than the benchmarks. It is not possible to invest directly in these indices.

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