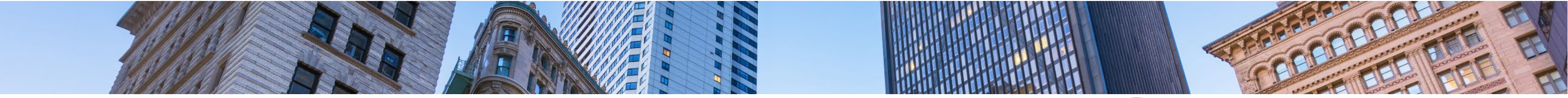


SMALL/MID CAP EQUITY

ARISTOTLE
CAPITAL BOSTON

1Q 2024 Commentary

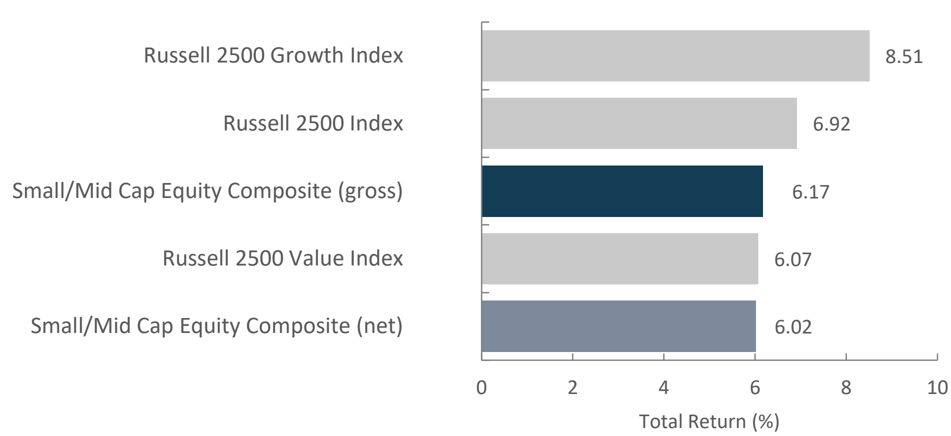
Markets Review

SMID caps added to their fourth quarter 2023 gains to begin the year with the Russell 2500 delivering a total return of 6.92%. Resilient economic data helped support investor sentiment during the first quarter. The U.S. economy was confirmed to have grown by more than expected during Q4 2023, while survey data from the composite Purchasing Managers' Index (PMI) remained firmly in expansionary territory. Stickier inflation prints and healthy jobs data, however, are among the factors that have altered expectations about the timing and magnitude of interest rate cuts over the past few months. Earlier this year, the federal funds futures market had priced in as many as six 25-basis-point cuts to the federal funds target rate for this calendar year. Now that number is down to three, with some market prognosticators suggesting that the Fed won't lower interest rates this year at all, due to the strength of the economy and the risk that inflation will remain too high.

Stylistically, growth stocks outperformed their value counterparts during the quarter as evidenced by the Russell 2500 Growth Index returning 8.51% compared to 6.07% for the Russell 2500 Value Index. Growth's outperformance was buoyed by outsized gains from two information technology sector companies - Super Micro and Microstrategy. Super Micro and Microstrategy exited the quarter with market capitalizations of $59.1B and $28.9B respectively, well above the $8.3B weighted average market cap of the Russell 2500 Index. Both companies are poised to graduate into the larger cap Russell 1000 index to the disdain of many SMID cap active managers, which will fail to reap any immediate relative benefit from a retracement of these gains in periods to come.

At the sector level, nine of the eleven sectors in the Russell 2500 Index recorded positive returns during the first quarter, led by strong returns in the Industrials (+11.76%), Energy (+11.09%) and Consumer Discretionary (+9.40%) sectors. Conversely, Communication Services (-5.16%), Real Estate (-2.39%) and Financials (+3.31%) all underperformed. Looking at market factors, Momentum, Growth, and High Short Interest outperformed while Value, Low Beta, and Negative Earners underperformed.

2024 Year-to-Date Returns



Sources: CAPS Composite Hub, Russell Investments
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. Gross returns will be reduced by fees and other expenses that may be incurred in the management of the account. Net returns are presented net of actual investment advisory fees and after the deduction of all trading expenses. Aristotle Small/Mid Cap Equity 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 2024, the Aristotle Small/Mid Cap Equity Composite generated a total return of 6.02% net of fees (6.17% gross of fees), trailing the 6.92% total return of the Russell 2500 Index. Underperformance was driven by security selection while allocation effects positively contributed. Overall, security selection was weakest within the Information Technology, Consumer Staples, and Industrials sectors and strongest in Materials, Health Care, and Energy. From an allocation perspective, the portfolio benefited from an underweight in Real Estate and an overweight in Industrials, however, this was partially offset by an underweight in Consumer Discretionary and an overweight in Health Care.

Relative Contributors	Relative Detractors
The AZEK Company	BankUnited
Diamondback Energy	Huron Consulting Group
Dycom Industries	Matthews International
Carlisle Companies	Advanced Energy Industries
Itron	Herbalife

CONTRIBUTORS

- **AZEK (AZEK)**, a leading manufacturer of residential building products, primarily focused on wood-alternative decking, railing and trim, benefited from strong fundamental performance revealed in the company's latest earnings release after the company reported favorable broader business trends, expanding margins, and strong sales. We maintain our position, as 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.

- **Diamondback Energy (FANG)**, an independent oil and natural gas company focused on the acquisition, development and exploration of unconventional, onshore oil and natural gas reserves, benefited from improving well productivity trends, strong free cash flow generation, and a supportive oil price backdrop during the quarter. We maintain our position as we continue to view the company as a top-tier operator with a low cost structure and excellent acreage in the Permian that has only been enhanced with recent acquisitions.

DETRACTORS

- **BankUnited (BKU)**, a bank holding company that provides commercial and consumer banking services in select regions nationally, declined alongside the broader regional banking sector early in the quarter as concerns regarding commercial real estate exposures in select markets resurfaced. We maintain our investment given the company's favorable geographic footprint within the Southeast, expansion into new markets, and improving underlying fundamentals.

- **Huron Consulting Group (HURN),** a specialty consulting company that provides financial, operational, and digital consulting services to health care, education and commercial clients, declined despite continued strong demand within two of the company's core business verticals and strong margin performance exiting the quarter. The pullback in shares appears to be a function of a normalization in the company's revenue growth expectations following a period of outperformance over the past two years. We maintain our investment, as we believe the company remains well-positioned to capitalize on a demand backdrop aided by financial and operational pressures in its largest end-markets, along with secular tailwinds supporting digital transformation, analytics, and cloud consulting.

Recent Portfolio Activity

Buys/Acquisitions	Sells/Liquidations
PowerSchool	

BUYS/ ACQUISITIONS

- **PowerSchool (PWSC),** a leading provider of cloud-based software for K-12 education in North America, was added to the portfolio. Overall, we believe the company stands to benefit from the growing demand for digital education solutions, an increased need for efficiency in school operations, and a favorable funding environment. Moreover, we believe the company's ability to innovate and adapt to the evolving needs of the education sector while expanding its capabilities and solutions should result in up-sell opportunities that can further create value for their customers and shareholders.

SELLS/LIQUIDATIONS

- **None**

Outlook

We continue to remain optimistic about the long-term potential for the SMID-cap segment of the U.S. market, although we readily admit that making short-term calls about the future direction of the market following a strong run (+30% since the Russell 2500 October 2023 low) is a challenging and dubious task. As we look out to the remainder of 2024, while we are encouraged by the continuing signs of economic stability, we recognize that calls for a soft landing are now consensus, sentiment may be overly optimistic, and markets seem priced for very little risk. So, despite greater clarity over the Fed's path from here, there still remains a long list of items creating uncertainty that could lead to greater volatility in 2024 including, but not limited to, signs that inflationary pressures have not yet dissipated, geopolitical tensions, U.S. equity index concentration issues, ongoing commercial real estate concerns, and the looming presidential election. We are well aware that most of these issues are well known, but the timing and magnitude of the impact of any and all of these issues remains unpredictable. Therefore, as we always have, we will continue to avoid the temptation to forecast their outcome in favor of assessing the potential impact from a range of potential outcomes within our company-specific, bottom-up analysis, and quality focus.

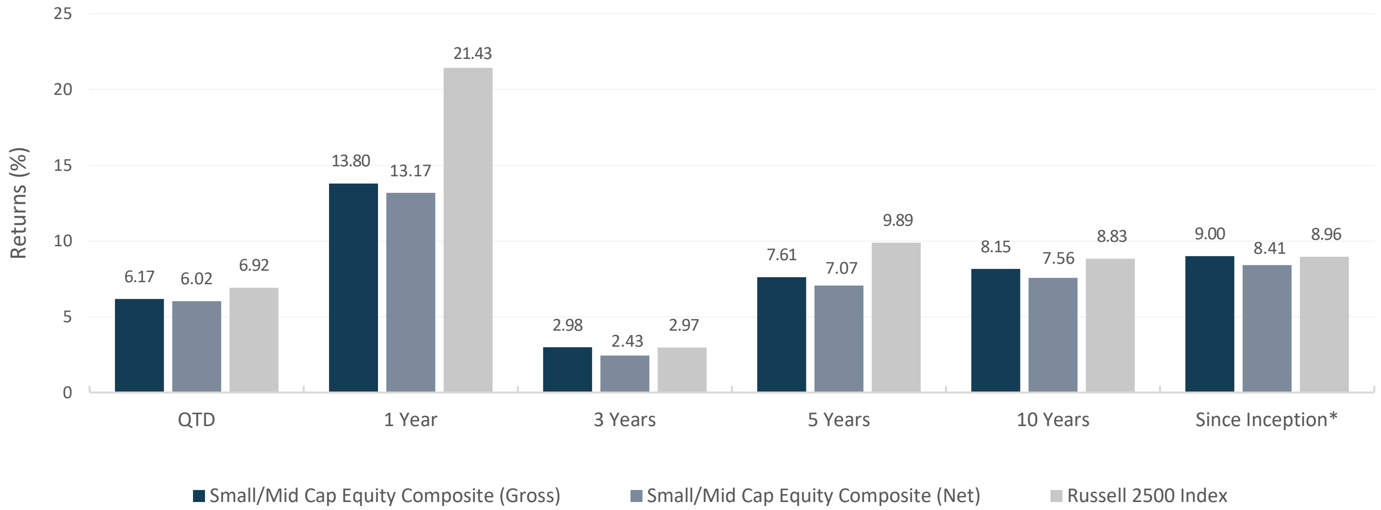
From an asset class perspective, valuations of SMID versus large continue to remain near multi-decade lows, which we believe suggests a more favorable setup for SMID caps relative to large caps in the periods to come (16.2x P/E for the Russell 2500 Index vs. 21.8x P/E for the Russell 1000 Index). Additionally, earnings growth is expected to improve for small & mid caps in 2024 and outpace that of large caps, which we believe provides further fundamental support and potential upside for the asset class. In the event that the economy continues to stabilize, our view is that valuations are likely to rise for those businesses that have largely sat out the mega cap performance regime. It also helps that the well-noted concentration in large caps is reaching 50-year highs and SMID cap valuation relative to large cap is at multi-decade lows, therefore any fundamentally driven repositioning is likely to benefit SMID caps more than larger companies, in our view. Lastly, we believe SMID caps remain better positioned to benefit from the reshoring of U.S. manufacturing, the CHIPS Act, and several infrastructure projects on the horizon.

Positioning

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. Overweights in Industrials and Information Technology are mostly a function of our underlying company specific views rather than any top-down predictions for each sector. Conversely, we continue to be underweight in Consumer Discretionary, as we have been unable to identify what we consider to be compelling long-term opportunities that fit our discipline given the rising risk profiles of many retail businesses and a potential deceleration in goods spending following a period of strength. We also continue to be underweight in Real Estate as a result of structural challenges for various end markets within the sector. 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.

Aristotle Small/Mid Cap Equity Composite Performance

All Periods Ended March 31, 2024



Year	Small/Mid Cap Equity Composite (Gross %)	Small/Mid Cap Equity Composite (Net %)	Russell 2500 Index (%)
YTD 2024	6.17	6.02	6.92
2023	8.35	7.73	17.42
2022	-12.05	-12.52	-18.37
2021	18.50	17.93	18.18
2020	10.23	9.71	19.99
2019	23.73	23.25	27.77
2018	-10.22	-10.55	-10.00
2017	13.98	13.24	16.81
2016	22.73	21.89	17.59
2015	3.77	3.17	-2.90
2014	2.91	1.78	7.06
2013	38.34	37.41	36.82
2012	16.49	15.27	17.88
2011	0.00	-1.11	-2.51
2010	28.17	28.07	26.70
2009	28.88	28.88	34.38
2008	-30.53	-30.53	-36.78

Sources: CAPS Composite Hub, Russell Investments

Composite returns for periods ended March 31, 2024, are preliminary pending final account reconciliation.

**The Aristotle Small/Mid Cap Equity Composite has an inception date of January 1, 2008 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.*

Effective January 1, 2022, the Russell 2500 Value Index was removed as the secondary benchmark for the Aristotle Boston Small/Mid Cap Equity Strategy. Non-fee-paying accounts represented less than 5% of the SMID Cap Composite assets from December 31, 2010 to December 31, 2013. As of December 31, 2014, there were no non-fee-paying accounts in the Composite. In instances where non-fee paying accounts were included in the SMID Cap Composite, the highest model fee was applied to recalculate the net returns for composite purposes and the impact on the since inception return of the composite was deemed immaterial. 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. Net returns are presented net of actual investment advisory fees and after the deduction of all trading expenses. Please see important disclosures enclosed within this document.

DISCLOSURES:

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All investments carry a certain degree of risk, including the possible loss of principal. Investments are also subject to political, market, currency and regulatory risks or economic developments. International investments involve special risks that may in particular cause a loss in principal, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs.

These risks typically are greater in emerging markets. Securities of small- and medium-sized companies tend to have a shorter history of operations, be more volatile and less liquid. Value stocks can perform differently from the market as a whole and other types of stocks.

The material is provided for informational and/or educational purposes only and is not intended to be and should not be construed as investment, legal or tax advice and/or a legal opinion. Investors should consult their financial and tax adviser before making investments.

The opinions referenced are as of the date of publication, may be modified due to changes in the market or economic conditions, and may not necessarily come to pass.

The Russell 2500 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 2500 Growth® Index measures the performance of the small/mid cap companies located in the United States that also exhibit a growth probability. The Russell 2500 Value® Index measures the performance of the small/mid cap companies located in the United States that also exhibit a value probability. The Russell 1000 Index is a subset of the Russell 3000® Index, representing approximately 90% of the total market capitalization of that index. It includes approximately 1,000 of the largest securities based on a combination of their market capitalization and current index membership. 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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