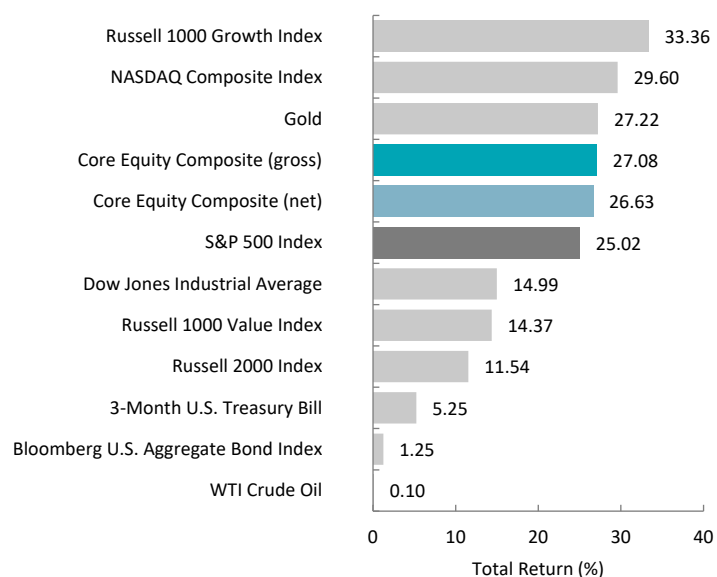


## 4Q 2024 Commentary

### Markets Review

The U.S. equity market ended the year on a strong note, with the S&P 500 Index rising 2.41% during the period. In contrast, the Bloomberg U.S. Aggregate Bond Index declined, falling 3.06% for the quarter.

#### Year-to-Date Returns



Sources: CAPS CompositeHub™, Bloomberg

Past performance is not indicative of future results. Aristotle Atlantic Core Equity Composite 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 Atlantic Composite returns are preliminary pending final account reconciliation. Please see important disclosures at the end of this document.

On a sector basis, gains were made in four of the eleven sectors within the S&P 500 Index, led by Consumer Discretionary and Communication Services. The worst-performing sectors were Materials and Health Care.

The U.S. economy continued to demonstrate resilience, with real GDP growing at an annualized rate of 3.1%, according to the BEA's most recent report. Increases in consumer spending, exports, nonresidential fixed investment and federal government spending drove the economic expansion. Retail sales rose 3.8% year-over-year in November, supported by a 2.7% increase in disposable personal income for the most recent quarter.

The labor market remained tight but showed signs of softening, as the unemployment rate edged up to 4.2% in November. Inflation remained relatively stable, rising modestly to an annual rate of 2.7%, as measured by the Consumer Price Index (CPI).

As was widely expected, the Federal Reserve (Fed) implemented two rate cuts during the quarter, setting the federal funds target rate at 4.25% to 4.50%. Fed Chair Jerome Powell emphasized the importance of finding a balance—reducing policy restraint too rapidly could hinder progress on inflation, while acting too slowly could weaken

economic activity and the labor market. Still, he indicated that both the economy and monetary policy are on solid footing.

Corporate earnings also showed strength, as S&P 500 companies reported 5.8% earnings growth, marking the fifth consecutive quarter of positive results. A majority of companies exceeded EPS expectations, with only 61 companies issuing negative EPS guidance—the lowest figure since the fourth quarter of 2021. Looking ahead to 2025, consensus estimates project earnings growth of 14.8% for the calendar year, signaling optimism among analysts.

On the political front, Donald Trump was elected as the 47th president of the United States, becoming the first Republican to win the popular vote since 2004. The Republican Party also won the Senate and kept control of the House of Representatives, though with narrow majorities.



## Performance and Attribution Summary

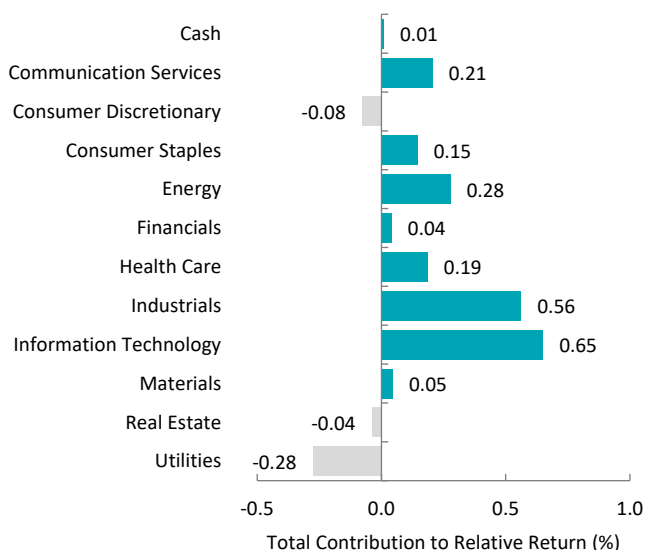
For the fourth quarter of 2024, Aristotle Atlantic’s Core Equity Composite posted a total return of 4.11% gross of fees (4.00% net of fees), outperforming the S&P 500 Index, which recorded a total return of 2.41%.

Performance (%)	4Q24	1 Year	3 Years	5 Years	10 Years	Since Inception*
Core Equity Composite (gross)	4.11	27.08	7.25	14.36	13.70	14.33
Core Equity Composite (net)	4.00	26.63	6.83	13.91	13.21	13.82
S&P 500 Index	2.41	25.02	8.94	14.53	13.10	13.65

\*The Core Equity Composite has an inception date of August 1, 2013. Past performance is not indicative of future results. Aristotle Atlantic Core Equity Composite 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 Atlantic Composite returns are preliminary pending final account reconciliation. Please see important disclosures at the end of this document.

During the fourth quarter, the portfolio’s outperformance relative to the S&P 500 Index was due to a mix of security selection and allocation effects. Security selection in Information Technology and Industrials contributed the most to relative performance. Conversely, security selection in Utilities and Consumer Discretionary detracted the most from relative performance.

### Total Contribution to Relative Return by Sector Versus S&P 500 Index Fourth Quarter 2024



Source: FactSet

Past performance is not indicative of future results. Sector attribution shows how much of a portfolio’s overall return is directly attributable to stock selection and asset allocation decisions within the portfolio, highlighting which sectors contributed or detracted to the total return. Attribution includes the reinvestment of income. Please see important disclosures at the end of this document.

### Contributors and Detractors for 4Q 2024

Relative Contributors	Relative Detractors
Broadcom	Cigna
Chart Industries	Avery Dennison
ServiceNow	NextEra Energy
Expedia	Darling Ingredients
Ameriprise Financial	Zoetis

#### DETRACTORS

##### Cigna

Cigna detracted from performance in the fourth quarter following the tragic shooting of the CEO of UnitedHealthcare and increased focus on insurance industry practices. A bipartisan bill was introduced that could force companies that own pharmacy benefit managers to divest their pharmacy operations, which would impact Cigna’s Evernorth unit.

##### Avery Dennison

Avery Dennison detracted from performance in the fourth quarter following the company’s third quarter earnings results, which highlighted slower-than-expected growth of



the company’s Intelligent Label business unit. In addition, the threat of tariffs from the incoming Trump administration could affect global apparel sales, impacting Avery Dennison’s volumes and earnings growth.

### CONTRIBUTORS

#### **Broadcom**

Broadcom contributed to performance in the fourth quarter as the company’s third quarter results demonstrated continuing strength for its AI networking and custom accelerator semiconductor business. The company also gave long-term guidance for the service addressable market (SAM) opportunity for its AI-related business, indicating a market opportunity of \$60 billion to \$90 billion, which only includes contributions from its current three customers. This long-term outlook for AI semiconductor content exceeded investor expectations. Broadcom’s quarterly results also showed the company is ahead on its VMware integration timeline to achieve \$8.5 billion in EBITDA, which will support long-term gross and operating margin expansion for the company.

#### **Chart Industries**

Chart Industries contributed to performance in the fourth quarter of 2024. Although the company missed consensus estimates for both revenue and earnings when it reported third quarter earnings in early November, the preliminary guidance for 2025 was in line with consensus estimates, and it implies 39% EPS growth. In addition, the company hosted a capital markets day on November 12, where management provided strong medium-term outlooks for most of the company’s end markets. Chart Industries is making progress toward reducing its balance sheet leverage and achieving its 2026 financial targets that were first given back in 2023.

### **Recent Portfolio Activity**

The table below shows all buys and sells completed during the quarter, followed by a brief rationale.

Buys	Sells
GE Aerospace	Spirit AeroSystems Holdings
CrowdStrike Holdings	Microchip Technology

#### **Buys**

##### ***GE Aerospace***

GE Aerospace designs and produces commercial and defense aircraft engines, integrated engine components, electric power, and mechanical aircraft systems. The industry has high entry barriers and is concentrated among few players. Despite its cyclical nature, the demand for travel is driven by global middle-class growth. Boeing and Airbus have long order books, ensuring steady demand for engines and spare parts. The company also benefits from high-margin services for existing aircraft fleets, with services accounting for 70% of its commercial engine business. GE Aerospace serves customers worldwide.

We see GE Aerospace making significant strides in its commercial engine business, which is expected to boost future services revenue growth. Over the past five years, the company has undergone substantial restructuring and simplification, including divesting its healthcare and energy businesses. The company now operates in three segments: Commercial Engines & Services (CES), Defense & Propulsion Technologies (DPT) and Insurance. Long-term revenue guidance is for high single-digit growth, and management has a goal of \$10 billion in annual operating profit by 2028, with an expected 20% annual earnings growth. Following years of restructuring, we see GE Aerospace now positioned to return capital to shareholders through dividends and share repurchases.

##### ***CrowdStrike Holdings***

CrowdStrike provides cybersecurity products and services that offer endpoint protection and threat intelligence solutions, enabling customers to prevent damage from targeted attacks, detect advanced malware and search all endpoints. The



company's open cloud architecture enables it and third-party partners to rapidly innovate, build and deploy new cloud modules that can provide customers with enhanced functionality across a myriad of use cases.

We see the cloud cybersecurity market as positioned to experience strong growth over the next few years, driven by continued migration from on-premises to cloud-based architecture. We believe CrowdStrike can benefit from this trend due to its early-mover advantage, multiple product offerings and native integrations with leading cloud platforms. The increasing threats from state-sanctioned cybercriminals using high-performance computing and AI necessitate higher spending on advanced cybersecurity products. The total addressable market (TAM) is projected to grow significantly over the next four calendar years. Additionally, CrowdStrike's cloud-native architecture and unified platform approach provide competitive advantages, resulting in high customer retention and widespread adoption of multiple modules.

## **Sells**

### ***Spirit AeroSystems Holdings***

We sold Spirit AeroSystems following the disclosure that the company reported in its 10-Q that there is a “growing concern risk” that has been driven by the disruption from the Boeing machinists’ strike. Although the strike has been settled, it will be several months before production returns to normal. We are also concerned that Boeing’s agreement to acquire Spirit could be renegotiated at a lower price. Finally, in the unlikely event of a disapproval of the Spirit acquisition by regulators, the shares may be subject to a significant decline.

### ***Microchip Technology***

We sold Microchip and see the recovery in industrial and automotive microcontroller and analog semiconductors taking longer to materialize than we expected. The slower recovery has seen multiple cuts in earnings estimates. While the whole semiconductor space is seeing an impact from lower end-market demand for products, we are concerned by the magnitude of revenue and earnings cuts relative to peers. We thus believe there may be market share and pricing headwinds in the longer term and view Microchip’s lack of exposure to high-growth AI datacenter as a competitive disadvantage.

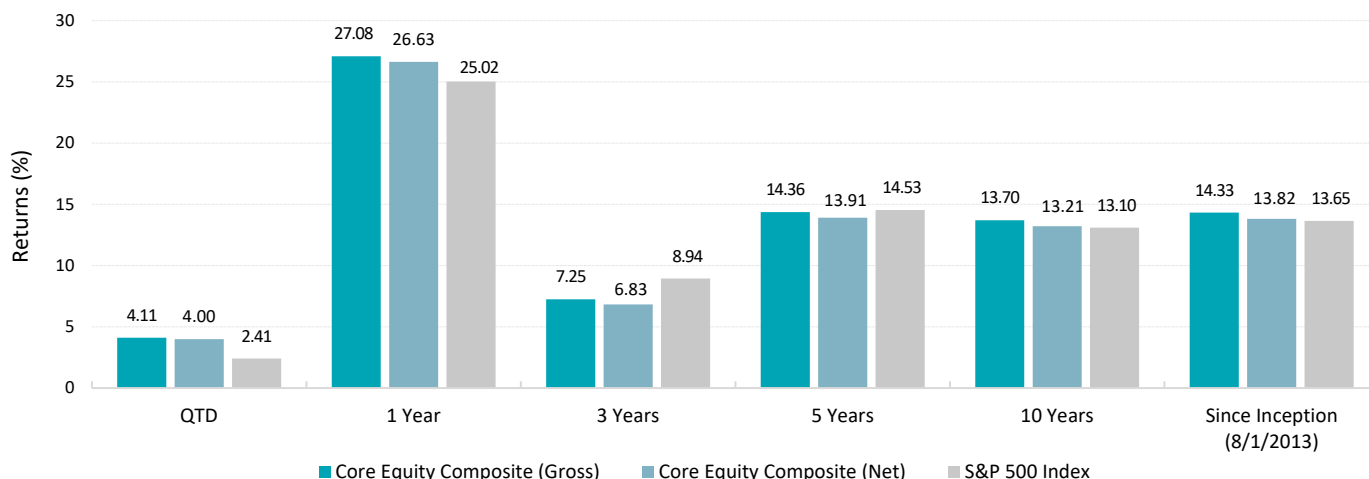
## **Outlook**

The equity markets in the fourth quarter moved higher as investors anticipated a market benefit from a full sweep by Republicans in the November election. Interest rates for the quarter were little changed but did move sharply intraquarter due to a shift in the Fed away from a more accommodative policy. Expectations for 2025 include a couple of further rate reductions by the Fed and earnings increasing over 10% for the year. The markets will track closely the new administration’s stance on certain policies, along with the pace and level of reductions in regulations. Tariffs will be a focal point, as any action could add to concerns for higher inflation. Valuation levels remain elevated, and equity price appreciation will largely be dependent on earnings growth for the year. Our focus will continue to be at the company level, with an emphasis on seeking to invest in companies with secular tailwinds or strong product-driven cycles.



### Aristotle Core Equity Composite Performance

All Periods Ended December 31, 2024



Year	Core Equity Composite (Gross %)	Core Equity Composite (Net %)	S&P 500 Index (%)
2024	27.08	26.63	25.02
2023	23.85	23.34	26.29
2022	-21.61	-21.94	-18.11
2021	25.07	24.55	28.71
2020	26.80	26.30	18.40
2019	35.85	35.30	31.49
2018	-4.96	-5.36	-4.38
2017	22.30	21.85	21.83
2016	10.51	9.97	11.96
2015	5.75	5.13	1.38
2014	12.30	11.61	13.69
8/1/13 – 12/31/13	13.81	13.51	10.68

Sources: CAPS Composite Hub

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

The Aristotle Core Equity Composite has an inception date of August 1, 2013 at a predecessor firm. During this time, Mr. Fitzpatrick had primary responsibility for managing the strategy. Performance starting November 1, 2016 was achieved at Aristotle Atlantic.

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.

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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. Information and data presented has been developed internally and/or obtained from sources believed to be reliable. Aristotle Atlantic does not guarantee the accuracy, adequacy or completeness of such information.

The Russell 1000® Growth Index measures the performance of the large cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. This index has been selected as the benchmark and is used for comparison purposes only. The Russell 1000® Value Index measures the performance of the large cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The S&P 500® Index is the Standard & Poor's Composite Index of 500 stocks and is a widely recognized, unmanaged index of common stock prices. The Dow Jones Industrial Average® is a price-weighted measure of 30 U.S. blue-chip companies. The Index covers all industries except transportation and utilities. The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite includes over 3,000 companies, more than most other stock market indices. The Bloomberg U.S. Aggregate Bond Index is an unmanaged index of domestic investment grade bonds, including corporate, government and mortgage-backed securities. The WTI Crude Oil Index is a major trading classification of sweet light crude oil that serves as a major benchmark price for oil consumed in the United States. 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 3-Month U.S. Treasury Bill is a short-term debt obligation backed by the U.S. Treasury Department with a maturity of three months. The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. While stock selection is not governed by quantitative rules, a stock typically is added only if the company has an excellent reputation, demonstrates sustained growth and is of interest to a large number of investors. The volatility (beta) of the Composite may be greater or less than its respective benchmarks. It is not possible to invest directly in these indices.

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**FOR MORE INFORMATION, PLEASE CONTACT:**

Phone: 212.652.4150 | Email: [info@aristotlecap.com](mailto:info@aristotlecap.com) | Web: [www.aristotleatlantic.com](http://www.aristotleatlantic.com)