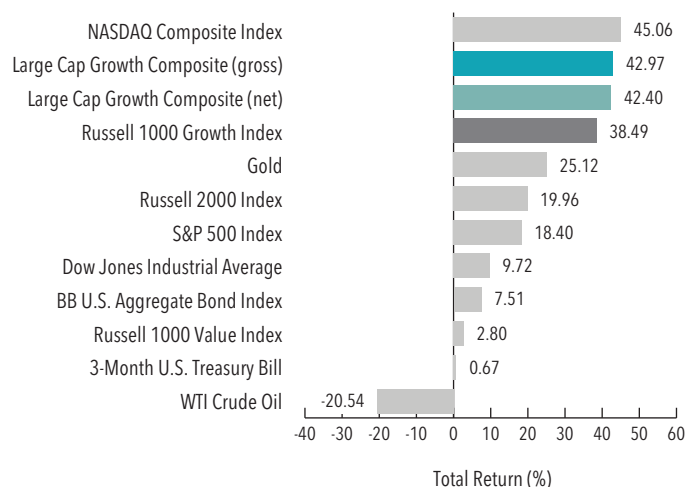


## 4Q 2020 Commentary

### Markets Review

Markets (total return) performed as follows:

#### Year to Date Returns



Sources: SS&C Advent, Bloomberg

Past performance is not indicative of future results. Aristotle Large Cap Growth Composite returns are presented gross and net of investment advisory fees and include the reinvestment of all income. Aristotle Atlantic Composite returns are preliminary pending final account reconciliation. Please see important disclosures at the end of this document.

The U.S. equity market continued its strong rebound during the fourth quarter. Overall, the S&P 500 Index gained 12.15% during the period, which brings its full-year return to 18.40%. Concurrently, the Bloomberg Barclays U.S. Aggregate Bond Index advanced 0.67%, which gives the Index a calendar-year return of 7.51%. In terms of style, the Russell 1000 Value Index outperformed its growth counterpart by 4.86% during the quarter. It was only the second time in four years that the quarterly return of the Russell 1000 Value Index exceeded that of the Russell 1000 Growth Index.

On a sector basis, ten of the eleven sectors within the Russell 1000 Growth Index finished higher for the quarter, led by Energy, Utilities and Communication Services. The worst performers were Real Estate (the sole decliner), Financials and Consumer Staples.

There were positive developments regarding the approval and distribution of vaccines to protect against COVID-19. Biopharmaceutical companies Pfizer and Moderna received FDA emergency use authorization for their vaccines, and both companies commenced initial distribution to high-risk groups across the U.S.

Additionally, Congress passed another round of stimulus. The \$900 billion legislation provides for \$600 in direct payments to millions of households and extends unemployment benefits, as well as funding for small businesses, severely impacted industries, vaccine distribution, education, healthcare and various other items.

While optimism surrounding a vaccine and additional stimulus generated positive sentiment heading into the new year, the number of new daily cases and deaths related to COVID-19 spiked going into the holiday season and have remained at record-high levels. Currently, over 20 million total cases and 345,000 deaths have been reported in the United States. In response, various local and state governments renewed stay-at-home orders and restrictive measures to combat the continued spread of COVID-19.

Lastly, on the political front, Democratic nominee and former Vice President Joe Biden was officially declared the President-elect of the United States of America. He will assume office as the 46th president on January 20, 2021 and Senator Kamala Harris will assume office as the first female vice president. Moreover, the Biden administration has begun announcing plans for senior White House and cabinet positions including nominating Janet Yellen, former Federal Reserve Chair, to serve as Secretary of the Treasury.

### Performance and Attribution Summary

For the fourth quarter of 2020, Aristotle Atlantic's Large Cap Growth Composite posted a total return of 12.17% gross of fees (12.05% net of fees), outperforming the 11.39% total return of the Russell 1000 Growth Index. Since its inception on November 1, 2016, the Large Cap Growth Composite has posted a total return of 25.83% gross of fees (25.34% net of fees), while the Russell 1000 Growth Index has reported a total return of 24.64%.

Performance (%)	4Q20	1 Year	3 Years	Since Inception*
Large Cap Growth Composite (gross)	12.17	42.97	24.79	25.83
Large Cap Growth Composite (net)	12.05	42.40	24.28	25.34
Russell 1000 Growth Index	11.39	38.49	22.96	24.64

\*The Large Cap Growth Composite has an inception date of November 1, 2016. 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 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 Russell 1000 Growth Index can be attributed to security selection, while allocation effects modestly detracted from relative results. Security selection in Health Care, Industrials and Financials contributed the most to relative performance. Conversely, security selection in Consumer Discretionary and Information Technology, along with an underweight in Communication Services, detracted the most from relative returns.

Relative Contributors	Relative Detractors
Twilio	Dexcom
Expedia	Home Depot
Sage Therapeutics	NVIDIA
Bio-Techne	O'Reilly Automotive
Honeywell	Salesforce.com

## Top Contributors

### *Twilio, Inc.*

Twilio contributed to outperformance during the fourth quarter following strong third quarter results driven by continued growth of the company's products focused on helping companies implement digital transformation strategies. Revenue growth from existing customers was above consensus forecasts. During the company's investor day presentation, Twilio's management provided long-term revenue guidance above prior investor expectations, with a projected growth rate above 30% through 2024.

### *Expedia Group, Inc.*

Expedia outperformed during the fourth quarter on expectations that demand for travel will begin to improve in 2021 following the approval and distribution of vaccines for COVID-19. Expedia and other travel companies were negatively impacted by travel bans and the public's fear of travel. The company's management responded by significantly reducing expenses, which should result in strong operating leverage when demand for travel returns. Expedia's home rental business, VRBO, is seeing strong results as leisure travelers choose home rental over hotel nights due to the perceived relative safety during the pandemic.

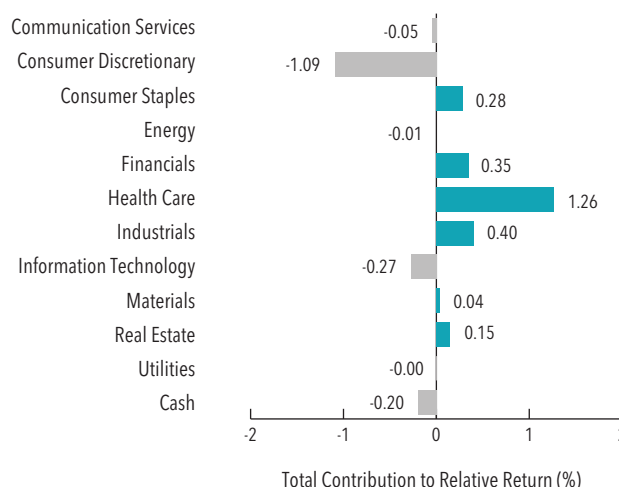
## Bottom Detractors

### *Dexcom, Inc.*

Dexcom shares declined during the fourth quarter following strong performance earlier in the year that resulted in a strong gain overall for 2020. Despite reporting record earnings and raising guidance during the fourth quarter, Dexcom shares were under pressure, as international sales were slightly below consensus expectations and investors grew concerned about a competitor's inroads in continuous glucose monitoring (CGM). Given the low penetration and expanding use indications for this emerging technology, we are confident that the market is large enough to support multiple participants, and we believe that Dexcom is a strong competitor.

## Total Contribution to Relative Return by Sector versus Russell 1000 Growth Index

Fourth Quarter 2020



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.

### *Home Depot, Inc.*

Home Depot underperformed during the fourth quarter following a mixed third quarter earnings report. Although revenue exceeded consensus expectations, operating leverage was a disappointment as the company continued to invest aggressively in the business. There also appeared to be some concern among investors that the company will face difficult earnings and revenue comparisons in 2021 due to the very strong results in 2020 when Home Depot had the benefit of strong spending on home improvement. Additionally, as vaccines for COVID-19 were approved, companies in the consumer discretionary sector that were negatively impacted by the pandemic in 2020 began to see a strong recovery in their stock prices late in the year on prospects for a recovery in fundamentals in 2021, while companies like Home Depot that had strong results in 2020 lagged.

## Recent Portfolio Activity

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

Buys	Sells
Qualcomm	None

## Buys

### *Qualcomm, Inc.*

Qualcomm is a global leader in the development and commercialization of foundational technologies for the wireless industry. The company's technologies and products are used in

mobile devices and other wireless products, including network equipment, broadband gateway equipment, consumer electronic devices and other connected devices. Qualcomm is a pioneer in 3G (third generation) and 4G (fourth generation) wireless technologies and a leader in 5G (fifth generation) wireless technologies to empower a new era of intelligent, connected devices. Its technologies and products are also used in industry segments and applications beyond mobile, including automotive, computing, IoT (Internet of Things) and networking, allowing devices and objects to connect and communicate with each other in new ways.

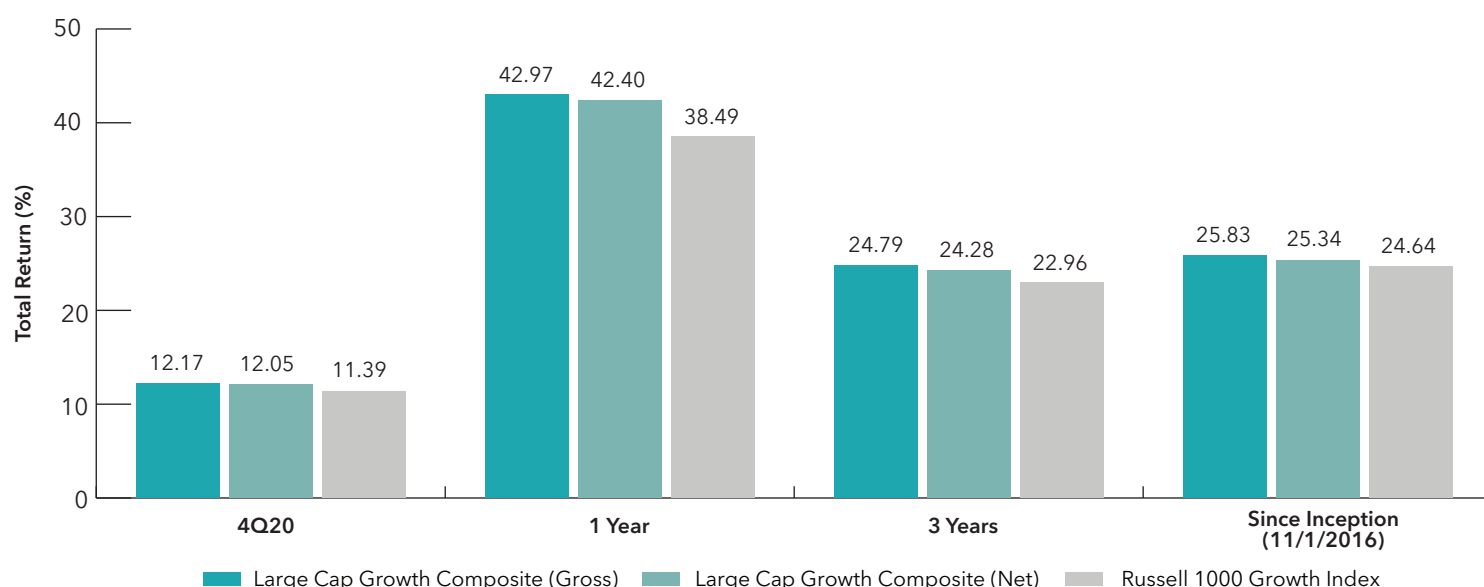
As a market leader in 5G technology, Qualcomm is well positioned to benefit from increasing 5G-capable smartphone sales, in our view, as we currently see strong sales momentum, particularly in North America, Japan, South Korea and Europe. We believe this trend will accelerate further in 2021 due to continued build-out of 5G networks and introduction of new higher-end smartphones. In addition, Apple's recent announcement to include 5G technology in all new iPhone models should support this trend over time, in our opinion. We believe Qualcomm is well positioned to gain increased market share among other smartphone manufacturers based on its leading integrated baseband and radio-frequency technology. The company is targeting 20% share of the global smartphone market by 2022.

## Outlook

The 2021 outlook for U.S. large-cap equity market will likely be driven by continued monetary policy support from the Federal Reserve, fiscal stimulus and an exit from the COVID-19 pandemic, in our view. The Federal Reserve has made many statements supporting a long period of monetary easing, which should maintain the elevated valuation levels of equity markets. The size of fiscal stimulus will likely have an impact on economic growth and could push interest rates higher, potentially putting a cap on any further valuation expansion in equities. We expect U.S. economic growth to show significant improvement as we push past the pandemic and state economies reopen. Earnings should recover as the U.S. economy starts to grow, but we believe that most of the equity market's price-to-earnings multiple expansion has already occurred, which could lead to more moderate equity returns during 2021. The cost of the pandemic in economic terms will likely be a longer-term issue that will merit watching, as the U.S. national debt is currently approaching \$28 trillion. Any large increases in interest rates will remind us of this issue, as interest expense on the national debt could begin to crowd out other fiscal priorities. The weakness in the U.S. dollar versus foreign currencies is most likely reflecting some of this concern, in our opinion. Our focus will continue to be at the company level, with an emphasis on companies with secular tailwinds or strong product-driven cycles.

## Aristotle Large Cap Growth Composite Performance

All Periods Ended December 31, 2020



Year	Large Cap Growth Composite (Gross %)	Large Cap Growth Composite (Net %)	Russell 1000 Growth Index (%)
2020	42.97	42.40	38.49
2019	37.29	36.73	36.39
2018	-0.93	-1.34	-1.51
2017	29.53	28.99	30.21
11/1/16 - 12/31/16	3.49	3.49	3.44

Composite returns for all periods ended December 31, 2020 are preliminary pending final account reconciliation.

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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.

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 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 2,000 of the smallest securities based on a combination of their market cap and current index membership. 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 indexes. The Bloomberg Barclays 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 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. 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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