

1Q 2021 Market and Portfolio Commentary

Summary

U.S. corporate credit market performance diverged in the first quarter of 2021 as the positive macro environment helped drive corporate credit spreads tighter but a sharp back-up in U.S. Treasury yields undercut the performance of longer duration bonds. Bank loans and high yield bonds outperformed as the Credit Suisse Leveraged Loan Index and the Bloomberg Barclays U.S. Corporate High Yield Bond Index returned 2.01% and 0.85%, respectively. Investment grade corporate bonds underperformed as the Bloomberg Barclays U.S. Corporate Investment Grade Index lost 4.65%, the index's worst quarter since 2008.

The pro-cyclical rotation, which started in the second half of 2020, continued unabated in the first quarter. The primary factors that boosted risk assets across markets included additional fiscal support following the passage of another sizeable stimulus package in Congress and a meaningful improvement in coronavirus trends, which was helped by positive momentum in the vaccine rollout. With monetary policy remaining supportive and reflationary policies beginning to feed into the real economy, rising rates and a steeper yield curve were the dominant drivers of fixed income returns during the first quarter.

Market Environment

U.S. Treasury yields pushed higher throughout the quarter as the yield on the U.S. 10-Year Treasury Note climbed 83 basis points. With the Federal Reserve (Fed) continuing to hold short-term rates near zero, the yield curve bear-steepened, and longer duration bonds underperformed as the Bloomberg Barclays U.S. Treasury Index suffered its worst quarter since 1980, falling 4.25%.

Corporate credit spreads remained resilient to the back-up in U.S. Treasury yields as tighter credit spreads, especially in the high yield bond market, partially offset the impact of higher yields. High yield and investment grade corporate spreads tightened roughly 51 basis points and 6 basis points as measured by the Bloomberg Barclays U.S. Corporate High Yield Bond Index and the Bloomberg Barclays U.S. Corporate Investment Grade Index.

First quarter new issuance volumes also continued at a torrid pace, with U.S. high yield bond sales topping a record-breaking \$150bn and U.S. investment grade bond sales falling just shy of last year's record first quarter total. The deluge of issuance was largely driven by refinancing activity with companies seeking to take advantage of historically low interest rates and strong investor demand.

On the demand front, retail fund flows favored investment grade corporate bonds during the first quarter. Investment grade retail inflows were positive in all three months of the quarter despite

negative total returns. On the other hand, high yield bond funds experienced retail outflows that accelerated into the end of the quarter although demand from other investors more than made up the difference as high yield bond spreads approached multi-year lows at the end of the quarter.

Within the high yield universe, lower-quality bonds and cyclicals outperformed, continuing the trend from the end of last year. 'CCC's (+3.58%) outperformed 'B's (+1.16%) and 'BB's (-0.15%) while the Transportation (+4.40%) and Energy (+3.60%) sectors outperformed Utilities (-1.80%) and Insurance (-0.40%).

While 'CCC'-rated credits outperformed during the quarter, some of the more highly levered companies in industries most affected by the pandemic continued to struggle. As a result, the number of bankruptcy filings in the first quarter remained above the historical average pace, although well below the worst levels seen in 2020.

Performance and Attribution Summary

High Yield Bond

The Aristotle High Yield Bond Composite returned 0.43% gross of fees (0.38% net of fees) in the first quarter, outperforming the 0.28% return of the ICE BofA BB-B U.S. Cash Pay High Yield Constrained Index.¹ Security selection was the primary driver of relative performance.

Positive security selection was led by holdings in Media & Entertainment and Banking. This was partially offset by negative security selection in Telecommunications and Transportation.

Sector rotation detracted from relative performance led by the allocation to investment grade corporate bonds. This was partially offset by the positive effect of the allocation to bank loans. Additionally, industry allocation detracted from relative performance led by an underweight in Energy and an overweight in Media & Entertainment. This was partially offset by the positive effect of an overweight in Transportation and an underweight in Utilities.

Top Five Contributors	Top Five Detractors
Quad Graphics	Occidental Petroleum
Cinemark	Emergent BioSolutions
RR Donnelley & Sons	Outfront Media
First Energy	T-Mobile
Sinclair Television	PulteGroup

*Bold securities held in representative account

¹The primary composite benchmark changed from the FTSE BB/B Excluding B/CCC Splits Index to the ICE BofA BB-B U.S. Cash Pay High Yield Constrained Index effective September 30, 2020

Investment Grade Corporate

The Aristotle Investment Grade Corporate Bond Composite returned -4.46% gross of fees (-4.52% net of fees) in the first quarter, outperforming the -4.65% return of the Bloomberg Barclays U.S. Corporate Investment Grade Index. Duration and yield curve positioning were the primary drivers of relative performance.

The portfolio's short duration positioning and overweights in 'A' and 'BBB'-rated credits contributed to relative performance. Additionally, sector rotation contributed slightly to relative performance led by the allocation to cash.

Industry allocation detracted from relative performance led by an underweight in Energy and an overweight in Brokerage. This was partially offset by the positive effect of overweights in Pipelines & Distributors and Insurance. Additionally, security selection detracted from performance led by holdings in Telecommunications and Utilities. This was partially offset by positive security selection in Technology and Healthcare.

Top Five Contributors	Top Five Detractors
Prudential	Fiserv
MetLife	Southern California Edison
Morgan Stanley	AbbVie
Air Lease	Discovery Communications
Marathon Petroleum	Goldman Sachs

*Bold securities held in representative account

Strategic Credit

The Aristotle Strategic Credit Composite returned 0.03% gross of fees (0.02% net of fees²) in the first quarter, slightly underperforming the 0.04% return of the blended benchmark of one-third Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index, one-third Bloomberg Barclays U.S. Intermediate Corporate Index and one-third Credit Suisse Leveraged Loan Index. Sector rotation was the primary detractor from relative performance.

Sector rotation detracted from relative performance led by an underweight to bank loans. This was partially offset by an overweight to high yield bonds. Industry allocation had an overall neutral effect on performance as the negative effect of an underweight in Energy and an overweight in Building Materials & Home Construction Diversified Manufacturing & Construction Machinery was offset by the positive effect of overweights in Finance Companies and Utilities.

Positive security selection was led by holdings in Banking and Media & Entertainment. This was partially offset by negative security selection in Gaming and Telecommunications.

Top Five Contributors	Top Five Detractors
Quad Graphics	Emergent BioSolutions
RR Donnelley & Sons	MGM Growth Properties
Brinker	PulteGroup
PBF Logistics	Lumen Technologies
Tri Pointe Homes	Sprint

*Bold securities held in representative account

Outlook and Strategy

We maintain a positive outlook for corporate credit markets heading into the second quarter and expect the fundamental tailwinds of strong economic growth and monetary policy support to outweigh the effects of higher interest rates and nascent inflationary pressures.

From a macroeconomic standpoint, unprecedented fiscal and monetary stimulus have been the major drivers of risk markets in 2021. We expect record supply to continue following the latest fiscal stimulus bill and with the possibility of an even larger infrastructure bill later this year. In our view, the volume of fiscal stimulus should lead to strong economic growth in the U.S. over the course of the next several quarters. However, the deluge of supply, which has already pushed yields significantly higher, could continue to drive yields even higher. That said, we think that the growth-driven nature of the sell-off in U.S. Treasuries should keep spreads relatively well contained.

We are paying close attention to the divergence in growth expectations between the U.S. and the rest of the world. With the U.S. recovering from the pandemic-induced slowdown more quickly than many other regions, especially Europe, we believe that offshore flows into U.S. assets could help to support corporate credit markets. For example, we believe the difference in yield between U.S. Treasuries and German Bunds (Bundesanleihe), along with a weaker dollar, should make U.S. fixed income relatively more attractive to foreign investors.

On the technical side, while supply significantly outstripped expectations in the first quarter, strong investor demand drove spreads tighter. We believe strong institutional demand is driving spread compression, especially in high yield bonds, as institutional investors reach for yield.

Additionally, while much of the issuance activity so far this year has been driven by refinancing, we acknowledge that many companies may take advantage of the current conditions to fund stock buybacks and/or acquisitions and leveraged buyouts. We think it is prudent to focus on companies that are using the current environment to shore up their balance sheets rather than buying back stock near all-time highs.

² As of March 31, 2021, 96% of the Composite consisted of a non-fee paying account.

We believe inflation remains the biggest worry for fixed income investors. We are already seeing some signs of inflation including a semiconductor chip supply shortage, rising labor and fuel prices, unionization efforts and reshoring of production. While the Federal Reserve continues to state that inflationary pressures will be transitory, we believe these pressures could continue to build. We remain cautious on duration after already actively reducing duration across portfolios in the past quarter. We are also avoiding companies that may be unable to absorb higher costs while looking for companies that will either benefit from higher costs or will have the ability to pass them on.

High Yield Bond Positioning

With credit spreads tightening further across high yield quality tiers, we continue to be selective in our high yield portfolios. The primary shifts that we made over in the first quarter were a further rotation into more cyclical trades and a reduction in duration. We shifted our focus to industries that we believe are poised to benefit from further fiscal stimulus and a steeper yield curve. In terms of duration, we still believe shorter duration credits offer an attractive opportunity within the high yield universe

Across our high yield portfolios, we significantly reduced the weight of investment grade corporate bonds that we opportunistically added over the course of the past year. We added exposure to more consumer cyclical credits in anticipation of accelerating economic growth. We maintained an overweight to Building Materials & Home Construction and believe the industry has the potential to benefit further from an infrastructure stimulus package. We also added overweights in Media & Entertainment, Retailers & Restaurants and Transportation as proxies for the reopening trade.

We maintain an underweight in Energy. We believe commodities and commodity-related companies benefited from the weakening of the U.S. dollar earlier in the year, but they may face headwinds if the trend in the U.S. dollar reverses. We also hold underweights in Cable & Satellite and Utilities due to the rate-sensitive nature of these industries.

Investment Grade Corporate Positioning

In our investment grade corporate bond portfolios, we continued to reduce interest rate risk as we actively sold down longer duration bonds. Similar to the approach in our high yield portfolios, we continued to rotate into cyclical as the macroeconomic backdrop further improves.

While we have reduced duration, we favor more of a barbell approach in our investment grade portfolios as we believe the belly of the curve could steepen further, which would negatively impact intermediate investment grade corporate credits. Additionally, we are rotating into more subordinated investment grade corporate credits to pick up extra yield.

We still favor Financials given the rate environment and hold overweights in Brokerage, Insurance and Real Estate Investment Trusts (REITs) & Real Estate. We have reduced our holdings in Cable & Satellite, Telecommunications and Healthcare as we believe spreads are quite tight in these sectors that benefitted from the shutdown in 2020. We also continue to hold underweights in Energy, Pharmaceuticals and Food, Beverage & Tobacco.

Strategic Credit Positioning

In our Strategic Credit portfolios, we significantly increased our overweight to high yield bonds and marginally increased our allocation to bank loans although we remain underweight. As a result, we reduced our exposure to investment grade corporate bonds and significantly took down the duration of the portfolios.

With the Federal Reserve keeping short-term interest rates near zero for the foreseeable future, we do not believe bank loans, which are tied to short-term rates, will necessarily benefit from a continued steepening in the yield curve. We also do not see a compelling argument to add to lower quality issuers that dominate the bank loan market and prefer adding exposure to higher quality, shorter duration high yield bonds where we see what we consider to be a better risk-reward opportunity with comparable yield.

As of March 31, the strategy was composed of 25.4% investment grade corporate bonds, 65.6% high yield bonds and 8.8% bank loans. Roughly 0.2% was held in cash. We hold overweights in Pipelines & Distributors, REITs & Real Estate-Related and Retailers & Restaurants alongside underweights in Industrials, Technology and Food, Beverage & Tobacco.

Disclosures

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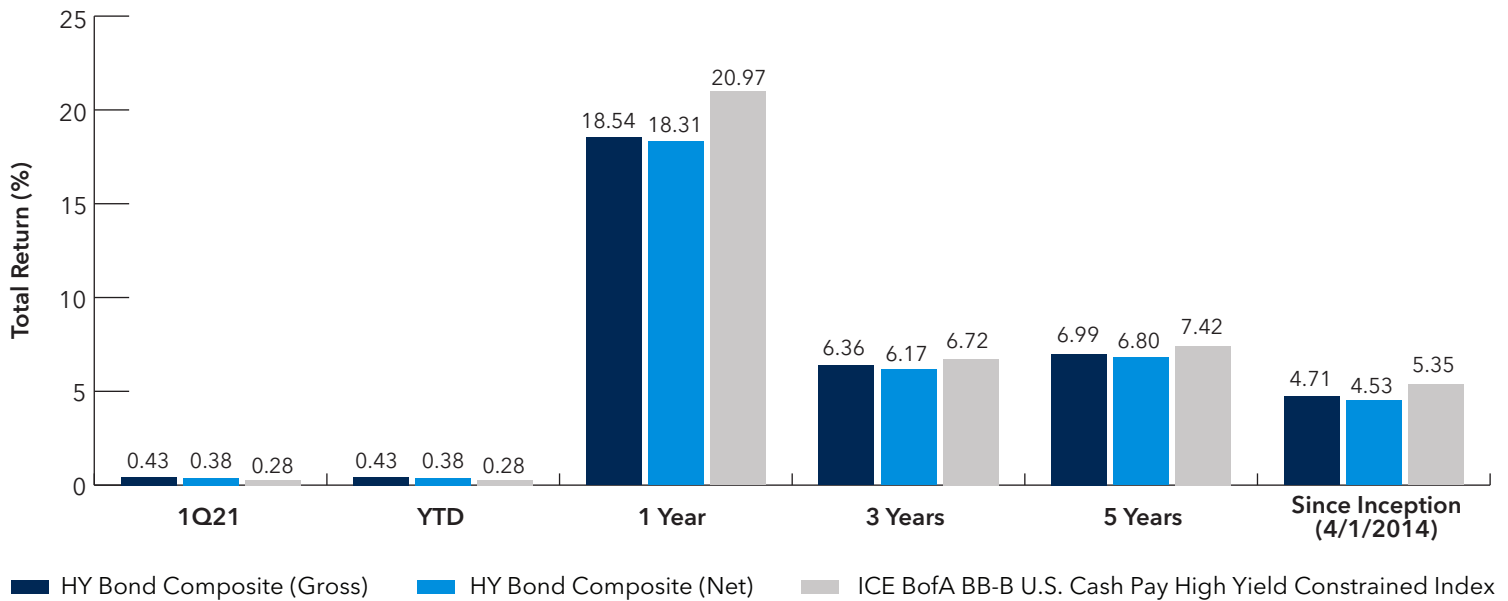
Returns are presented gross and net of investment advisory fees and include the reinvestment of all income. Gross returns will be reduced by fees and other expenses that may be incurred in the management of the account. For example, a 0.5% annual fee deducted quarterly (0.125%) from an account with a 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 Bloomberg Barclays U.S. Corporate Investment Grade Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers that are all U.S. dollar denominated. The Bloomberg Barclays U.S. Corporate Investment Grade Index is a component of the Bloomberg Barclays U.S. Credit Index. The Bloomberg Barclays U.S. Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded. The Bloomberg Barclays U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index. STRIPS are excluded from the index because their inclusion would result in double-counting. The ICE Bank of America (ICE BofA) BB-B U.S. Cash Pay High Yield Constrained Index measures the performance of the U.S. dollar-denominated BB-rated and B-rated corporate debt issued in the U.S. domestic market, a fixed coupon schedule and a minimum amount outstanding of \$100 million, issued publicly. Allocations to an individual issuer in the Index will not exceed 2%. The Credit Suisse Leveraged Loan Index is a market-weighted index designed to track the performance of the investable universe of the U.S. dollar-denominated leveraged loan market. The Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index is an issuer-constrained version of the U.S. Corporate High Yield Index that measures the market of U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bonds rated Ba/B. The Index limits the maximum exposure to any one issuer to 2%. The Bloomberg Barclays U.S. Intermediate Corporate Index is designed to measure the performance of U.S. corporate bonds that have a maturity of greater than or equal to one year and less than 10 years. The Index includes investment grade, fixed-rate, taxable, U.S. dollar-denominated debt with \$250 million or more par amount outstanding, issued by U.S. and non-U.S. industrial, utility and financial institutions. The volatility (beta) of the Composites may be greater or less than the indices. It is not possible to invest directly in these indices. Composite and index returns reflect the reinvestment of income.

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Aristotle High Yield Bond Composite Performance

All Periods Ended March 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 YTD ¹	0.43	0.38	0.28
2020 ¹	6.01	5.81	6.32
2019	13.60	13.40	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

The primary composite benchmark changed from the FTSE BB/B Excluding B/CCC Splits Index to the ICE BofA BB-B U.S. Cash Pay High Yield Constrained Index effective September 30, 2020.

¹Composite returns are preliminary pending final account reconciliation.

²2014 is a partial-year period of nine months, representing data from April 1, 2014 to December 31, 2014.

³2009 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.

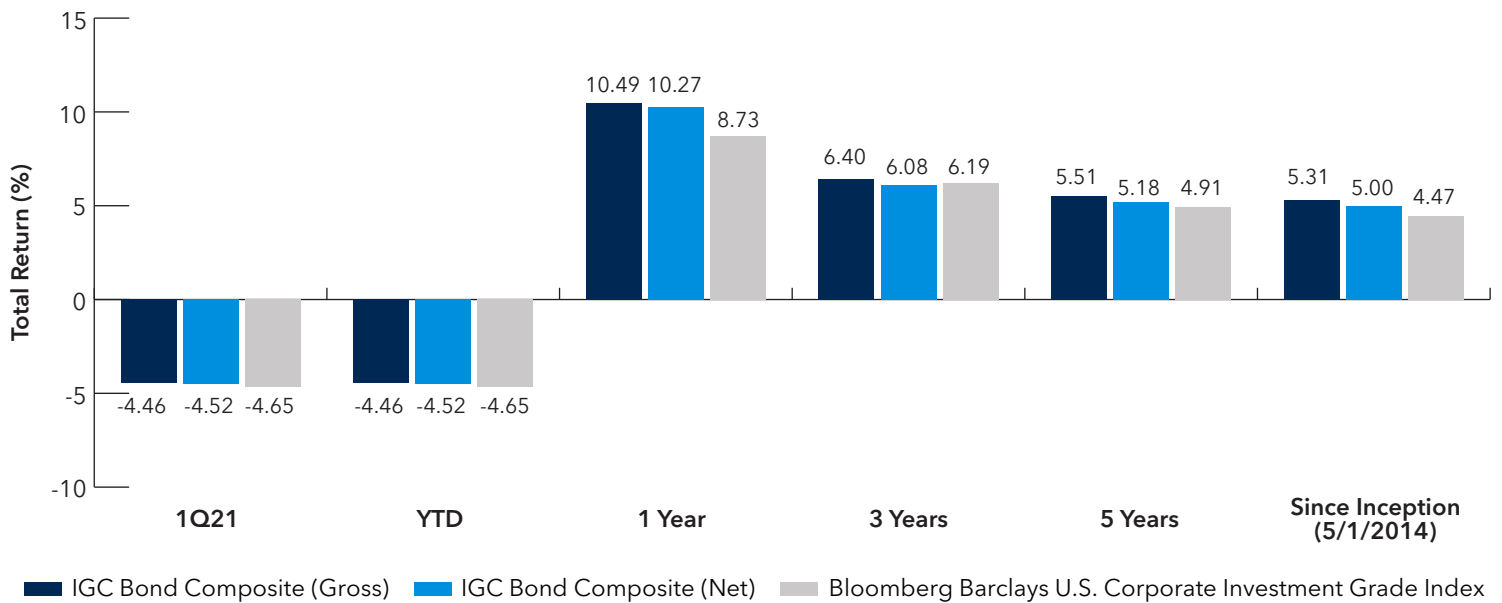
Past performance is not indicative of future results. Returns presented are gross and net of investment advisory fees and include the reinvestment of all income. Please refer to disclosures within this document.

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Aristotle Investment Grade Corporate Bond Composite Performance

All Periods Ended March 31, 2021



Year	Investment Grade Corporate Bond Composite (Gross, %)	Investment Grade Corporate Bond Composite (Net, %)	Bloomberg Barclays U.S. Corporate Investment Grade Index (%)
2021 YTD ¹	-4.46	-4.52	-4.65
2020 ¹	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

Source: SS&C Advent, Bloomberg Barclays

¹Composite returns are preliminary pending final account reconciliation.

²2014 is a partial-year period of eight months, representing data from May 1, 2014 to December 31, 2014.

³2009 is a partial-year period of four months, representing data from September 1, 2009 to December 31, 2009.

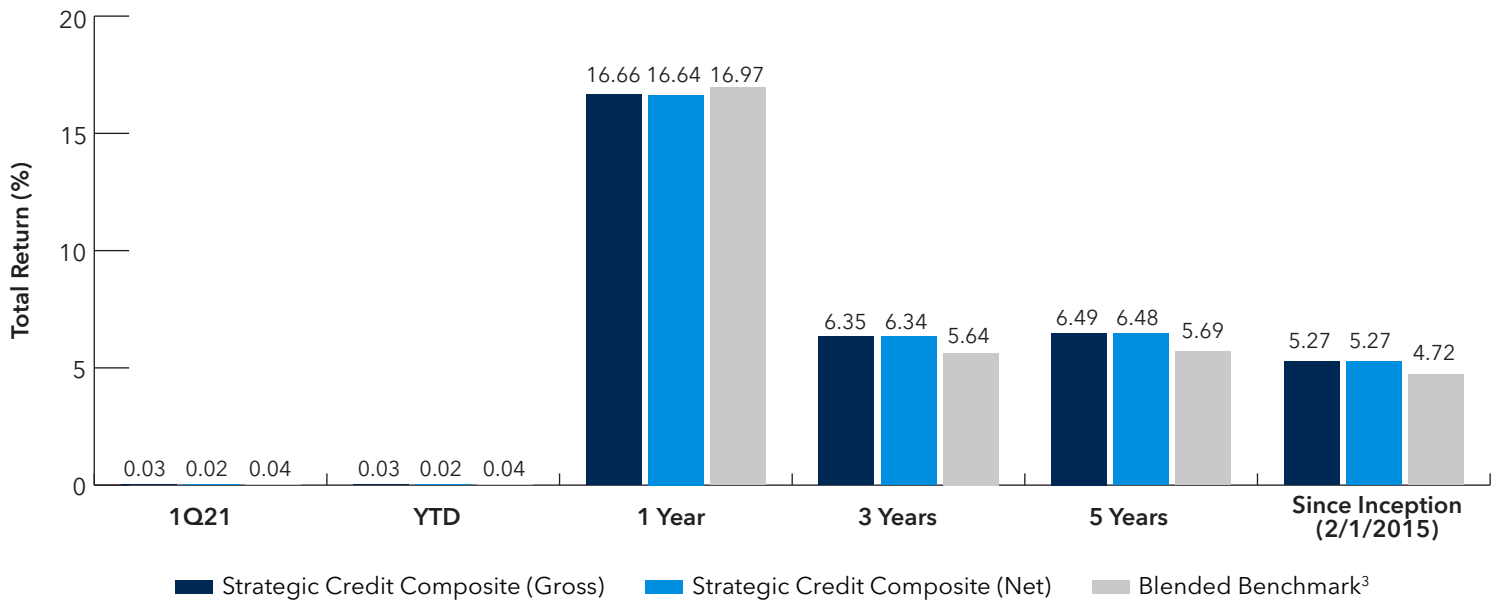
Past performance is not indicative of future results. Returns presented are gross and net of investment advisory fees and include the reinvestment of all income. The primary benchmark was retroactively changed from Bloomberg Barclays U.S. Credit Index to Bloomberg Barclays U.S. Corporate Investment Grade 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.

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Aristotle Strategic Credit Composite Performance

All Periods Ended March 31, 2021



Year	Strategic Credit Composite (Gross, %)	Strategic Credit Composite (Net, %)	Blended Benchmark ³ (%)
2021 YTD ¹	0.03	0.02	0.04
2020 ¹	7.77	7.77	6.02
2019	12.59	12.59	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 Barclays, Credit Suisse

¹Composite returns are preliminary pending final account reconciliation.

²2015 is a partial-year period of eleven months, representing data from February 1, 2015 to December 31, 2015.

³Blended benchmark represents a blend of blend of 1/3 Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index, 1/3 Bloomberg Barclays U.S. Intermediate Corporate Index and 1/3 Credit Suisse Leveraged Loan Index. The Bloomberg Barclays 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.

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