

# ARISTOTLE CAPITAL BOSTON, LLC

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This Brochure provides information about the qualifications and business practices of ARISTOTLE CAPITAL BOSTON, LLC ("Aristotle Boston" or "Adviser"). If you have any questions about the contents of this Brochure, please contact us at [compliance@aristotleboston.com](mailto:compliance@aristotleboston.com) or (617) 274-4300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Aristotle Boston is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about Aristotle Boston is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure, dated 09/21/2015 replaces the 01/14/2015 version which was our last annual amendment.

You will receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may provide other ongoing disclosure information about material changes, as necessary.

We will further provide you with a new Brochure, as needed at any time, based on changes or new information, without charge.

### **Key Updates:**

Item 4 – Advisory services and assets under management

Item 10 – Other Financial Industry Activities and Affiliations

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## **Item 4 – Advisory Business**

### **Advisory Services**

#### **4. A. Advisory Firm Description**

Aristotle Capital Boston, LLC is a registered investment adviser with its principal place of business located in Boston, Massachusetts. The majority owner of Aristotle Capital Boston, LLC is Aristotle Capital Management, LLC (which is controlled by Richard Hollander and Howard Gleicher).

#### **4. B. Types of Advisory Services**

Aristotle Capital Boston, LLC (“Aristotle Boston” or “Adviser”) generally provides investment advisory and management services as a discretionary investment adviser to institutional and separately managed accounts.

Aristotle Boston provides Small Cap Equity and Small/Mid Cap Equity portfolio management services for institutional and high net worth clients. Through discussions with clients and their advisors, we agree upon objectives that are compatible with our investment philosophy, and we manage portfolios designed to meet those objectives. Relevant factors in this data-gathering process include but are not limited to time horizons, risk tolerance, liquidity needs, and, in the case of individuals, tax issues.

#### **Sub-Advisory Accounts**

Aristotle Boston enters into sub-advisory relationships with other investment advisers who provide investment supervisory services to its clients, including making recommendations of other investment advisers to render specific investment advice with respect to a client's portfolio. Aristotle Boston will manage the sub-advisory accounts on a discretionary basis.

#### **UMA Accounts**

Aristotle Boston enters into arrangements with other investment advisers where Aristotle Boston provides a model and the investment adviser effects transactions in the client accounts.

#### **4. C. Client Investment Objectives/Restrictions**

Adviser will tailor advisory services to individual client needs. Adviser manages each account according to the investment objectives of the strategy selected by the client and any restrictions placed on the account by the client.

Investments for separately managed client accounts are managed in accordance with each client's stated investment objectives, restrictions and guidelines. Therefore, Investors

should consider whether the fund meets their investment objectives and risk tolerance prior to investing.

#### **4. D. Wrap Programs**

Aristotle Boston does not currently participate in wrap programs.

#### **4. E. Assets Under Management as of 07/31/2015**

Discretionary: \$1,273,913,133; 26 accounts

Non-Discretionary: \$3,478,061; 2 accounts

### **Item 5 – Fees and Compensation**

#### **Advisory Contracts and Fees**

##### **5. A. Adviser Compensation**

Aristotle Boston's fees are described generally below and detailed in each client's advisory agreement or applicable account documents. Fees for services may be negotiated with each client on an individual basis. Aristotle Boston may group multiple accounts of a client (or group of related clients) together for fee billing purposes.

Fees may change over time and, as discussed below, different fee schedules may apply to different types of clients, strategies and advisory arrangements. Fees may be negotiated on a basis different from Aristotle Boston's stated fee schedules, if circumstances warrant, and Aristotle Boston reserves the right to waive or reduce the fees charged to a particular client in its sole and absolute discretion. Fees are generally based on a percentage of assets under management. Aristotle Boston earns performance fees for certain client accounts.

#### **Fee Schedules**

Aristotle Boston's annual management fees for separately managed accounts are as follows:

##### **Small Cap and Small/Mid Cap Equity Schedule:**

1.00% on the first \$10 million

0.90% on assets between \$10 million and \$25 million

0.85% on assets between \$25 million and \$75 million

0.80% on assets between \$75 million and \$150 million

0.75% on assets greater than \$150 million

Aristotle Boston's advisory fees are subject to negotiated agreements with clients and are determined according to a number of factors including but not limited to, account size, investment strategy employed, and cost incurred by Aristotle Boston in managing such accounts.

***Limited Negotiability of Advisory Fees:*** Although Aristotle Boston has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. The specific annual fee schedule, along with any performance fees, is identified in the contract between Aristotle Boston and each client.

***Termination of the Advisory Relationship:*** An advisory agreement may be terminated according to the terms of the contract and written notice by either party. Upon termination, fees will be prorated to the date of termination. If any fees are prepaid, unearned fees will be promptly refunded.

### **Other Advisory Fee Arrangements**

Aristotle Boston may enter performance fee arrangements with some institutional clients. Aristotle Boston may waive all or any portion of the Performance Fee with respect to any client. Any performance-based fees charged by Aristotle Boston will be in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended ("Advisers Act"), unless that rule is inapplicable by reason of Advisers Act Section 205(b) or interpretive positions of the staff of the U.S. Securities and Exchange Commission ("SEC"). As an example, the base fee for equity accounts is negotiable and the performance fee, if earned will be calculated as follows:

The typical annual performance fee will be equal to 25-35% of the amount, if any, by which the fair market value (as described below) of the assets held in an Aristotle Boston account exceeds an assumed amount equal to the value such assets would have held had the value of the account on its inception date been invested in the appropriate index (with dividends reinvested) for the client's particular account objective, (e.g., the Russell 2000 Index for the Small Cap objective. The Russell 2000 Index consists of 2,000 U.S. companies and is a widely used measure of small capitalization stock performance.) The performance fee for a given year will be the cumulative performance fee from the account's inception date less the total amount of performance fees paid in prior years. If the cumulative performance fee is less than the total amount of performance fees paid with respect to prior years, no fee refund will be due to the client.

Accounts participating in a performance fee arrangement may pay Aristotle Boston more compensation when compared to standard fee rates. Performance fee arrangements may not

be available for all asset classes and must be approved by Aristotle Boston on a case-by-case basis.

### **Performance Fee – Account Valuation Methodology**

Fair market value for purposes of computing Aristotle Boston's compensation, if any, is determined by valuing the assets as follows:

- (1) Cash and cash equivalents shall be valued at face amount.
- (2) Notes, bonds and other debt instruments' current market value shall be determined on the basis of market quotations, or, if such quotations are not readily available, market value will be determined based on coupon, maturity, rating, liquidity, industry factors, company factors, and management.
- (3) Common stock and other equity securities shall have a value equal to their respective closing prices as quoted by the NYSE or the NASDAQ Stock Exchange system on the last business day preceding the day on which fair market value is being determined.
- (4) Interest and dividends shall be accrued to the last business day preceding the day on which fair market value is being determined.

Aristotle Boston reserves the right, in its sole discretion, to negotiate and charge different advisory fees for certain accounts based on the client's particular needs as well as overall financial condition, goals, risk tolerance, and other factors unique to the client's particular circumstances.

### **5. B. Direct Billing of Advisory Fees**

Clients may request that fees owed to Aristotle Boston be deducted directly from the client's custodial account. In instances where a client has authorized direct billing, Aristotle Boston takes steps to assure itself that the client's qualified custodian sends periodic account statements directly to the client no less frequently than quarterly, showing all transactions in the account, including fees paid to Aristotle Boston. Generally, Aristotle Boston will invoice clients for their advisory fees whether direct billing is used or not. Clients have the option to be billed by invoice to make a direct payment for fees rather than having fees deducted from their custodian account.

### **5. C. Other Non-Advisory Fees**

Aristotle Boston's advisory fee is exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. A client's portfolio may include positions in mutual funds or exchange traded funds which also charge internal management fees, which are disclosed in

the funds' prospectuses. Such charges, fees and commissions are exclusive of, and in addition to, Aristotle Boston's fee, and Aristotle Boston shall not receive any portion of these commissions, fees, and costs.

Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm.

Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus and/or financial filings. Such charges, fees and commissions are exclusive of and in addition to Aristotle Boston's fee with regard to the mutual funds not managed by Aristotle Boston.

Item 12 further describes the factors that Aristotle Boston considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

#### **5. D. Advance Payment of Fees**

Advisory fees for some separately managed accounts are billed quarterly in advance and are payable upon receipt, commencing upon opening of the account. Certain advisory clients may be billed quarterly in arrears. Fees are normally based on the level of total assets under management, including cash, securities, and accrued income, as of the last business day of the prior calendar quarter. Advisory agreements are typically terminable by the client upon prior written notice to Aristotle Boston, as specified in the relevant agreement and by Aristotle Boston, generally upon 30 days prior written notice to the client or as specified in the relevant agreement. In the event that an advisory contract is terminated prior to the conclusion of a billing period, Aristotle Boston will refund a *pro rata* portion of any pre-paid fees, or if billed arrears, bill the account *pro rata* based on the date of termination.

#### **5. E. Compensation for Sale of Securities or Other Investment Products**

Aristotle Boston's supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.



## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Aristotle Boston does receive performance-based fees. Differing fee arrangements may create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Aristotle Boston has procedures, such as blocking trades and allocating at average price, which are designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Aristotle Boston manages client accounts within their respective strategies, given account restrictions and/or constraints and implements trade rotation procedures to ensure that no accounts take preference over other accounts in the allocation of trades.

## **Item 7 – Types of Clients**

Aristotle Boston serves as a discretionary investment adviser to institutional and separate account clients such as individuals, charitable and taxable trusts, pensions, pooled accounts, foundations, Taft-Hartley, public companies and corporations. The minimum amount required to establish and maintain an institutional separately managed account is generally \$10,000,000. However, Aristotle Boston reserves the right, in its sole discretion, to reduce the minimum requirement for certain accounts under certain circumstances.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **8. A. Methods of Analysis and Investment Strategies**

Aristotle Boston offers Small Cap Equity and Small/Mid Cap Equity investment strategies. Aristotle Boston's investment programs are listed below along with a brief description of each investment objective's general investment strategies typically used in managing the assets including the methods of analysis, and the material risks associated with investing in the objective.

The goal of these strategies is to maximize long-term returns with great importance attached to capital appreciation and relatively little emphasis on current income. There is no guarantee that a particular strategy will meet its investment goals. Additionally, the investment strategies and techniques Aristotle Boston uses within a given strategy will vary over time depending on various factors. Aristotle Boston may give advice and take action for clients which differs from advice given or the timing or nature of action taken for other clients with different objectives. Aristotle Boston is not obligated to initiate transactions for clients in any security which its principals, affiliates or employees may purchase or sell for their own accounts or for other clients.

Small Cap Equity: The objective is to achieve long-term returns versus the Russell 2000 Index with a focus on mitigating market risk. Companies under consideration typically have a market capitalization between \$200 million and \$2 billion

Small/Mid Cap Equity: The objective is to achieve long-term returns versus the Russell 2500 Index with a focus on mitigating market risk. Companies under consideration typically have a market capitalization between \$200 million and \$10 billion.

In its strategies, Aristotle Boston seeks companies with a high probability of improving growth and profitability with the following characteristics:

- Industry factors such as demand drivers bottoming or improving, favorable economic dynamics, and reasonable competition
- Company management is focused on long-term value creation, disciplined business plan, and new CEO/senior management
- Financial factors such as a clean balance sheet, free-cash flow outlook, and stable/improving margins, returns and earnings

Investing in securities involves risk of loss that clients should be prepared to bear.

## **8. B. Material Risks of Investment Strategies**

There can be no guarantee of success of the strategies offered by Aristotle Boston. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, foreign currency fluctuations, availability of credit, inflation rates, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of security pricing and the liquidity of an investment. These strategies may employ limitations on particular sectors, industries, countries, regions or securities.

The value of Small Cap and Small/Mid Cap securities may be subject to wide price fluctuations and may be difficult or impossible to value or sell. Trading volume may be low and may result in Aristotle Boston liquidating holdings at a discount from quoted prices. Low trading volume may also impact the speed of selling the security and Aristotle Boston may be required to make a series of small sales over a period of time. There may be limited information available about smaller issuers on which to base investment decisions.

Trading in the portfolios may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Management Risk. Assessments about the value and potential appreciation of a particular security may not be right and there is no guarantee that individual securities will perform as

anticipated. The value of an individual security can be more volatile than the market as a whole or Aristotle Boston's fair value approach may fail to produce the intended results.

Accuracy of Public Information. Aristotle Boston selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although Aristotle Boston evaluates all such information and data and typically seeks independent corroboration when Aristotle Boston considers it is appropriate and reasonably available, Aristotle Boston is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Turnover Risk. Clients should bear in mind that these strategies may have high turnover ratios. Thus, the potential for high volatility and increased transaction costs (including increased brokerage and taxes) exists for these objectives.

Market Risk. There is the possibility that the value of equity securities may decline due to daily fluctuations in the securities markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a stock may even be affected by factors unrelated to the value or condition of its issuer, such as changes in interest rates, national and international economic and/or political conditions and general equity market conditions. In a declining stock market, prices for all companies may decline regardless of their long-term prospects. Price fluctuations that may occur at the time of investment of a client account will impact the performance of the account. Analysis of pricing history or timing of investment in securities is not guaranteed to be accurate and could result in loss due to movements in a security's price and depending upon when action is taken to buy or sell a security.

## **8. C. Material Risks of Securities Used in Investment Strategies**

The Small Cap Equity and Small/Mid Cap Equity strategies primarily invest in domestic and foreign equity securities. Investments in equity and fixed income securities may be more volatile than their respective benchmark. Security values may also fluctuate based on events such as technological developments, government regulation, competition and outbreaks of war or terrorist acts which are beyond Aristotle Boston's control.

Equity Investments. Regardless of any one company's particular prospects, a declining stock market may produce a decline in prices for all equity securities, which could also result in losses.

Smaller Company Risk. Portfolios may contain the securities of small or medium-size companies that may be more susceptible to market downturns, and the prices of which may be more volatile than those of larger companies. Because of this there

could be difficulty in valuing or selling the investments in a small or medium-sized company. Smaller companies generally have greater vulnerability to competition, limited product lines, narrower markets and more limited managerial and financial resources than larger, more established companies.

Risks related to Other Equity Securities. In addition to common stocks, the equity securities in a portfolio may include preferred stocks, convertible preferred stocks, convertible bonds, and warrants. Like common stocks, the value of these equity securities may fluctuate in response to many factors, including the activities of the issuer, general market and economic conditions, interest rates, and specific industry changes. Convertible securities entitle the holder to receive interest payments or a dividend preference until the security matures, is redeemed, or the conversion feature is exercised. As a result of the conversion feature, the interest rate or dividend preference is generally less than if the securities were non-convertible. Warrants entitle the holder to purchase equity securities at specific prices for a certain period of time. The prices do not necessarily move parallel to the prices of the underlying securities and the warrants have no voting rights, receive no dividends, and have no rights with respect to the assets of the issuer.

Exchange-Traded Funds. Portfolios may invest in exchange-traded funds ("ETFs"). An ETF is an investment company which offers shares that are listed on a national securities exchange. Shares of ETFs, because they are listed on a stock exchange, can be traded throughout the day on that stock exchange at market-determined prices. ETFs typically invest predominantly in the securities comprising any underlying index. Changes in the prices of such shares generally, but may not in all cases, track the movement in the underlying index or sector securities relatively closely. In particular, leveraged and inverse ETFs (that is, ETF's that track some multiple of the daily return of an underlying index or sector, or seek to create an inverse of the daily return compared with such underlying index or sector, or both), may perform substantially differently over longer terms than would leveraged or short positions in the underlying investments. ETFs are generally seen as a relatively inexpensive way to gain exposure to the underlying market or sector as a whole.

Foreign Securities. Investments in foreign securities may be volatile and can decline significantly in response to foreign issuer political, regulatory, market or economic developments. Foreign securities are also subject to interest rate and currency exchange rate risks. These risks may be magnified in securities originating in emerging markets. Foreign securities may also be subject to additional or complex tax issues.

Non-diversified Risk. Because the portfolios may invest a greater portion of their assets in securities of a single issuer or a limited number of issuers than a portfolio

with diversification requirements, they may be more susceptible to a single adverse economic or political occurrence affecting one or more of these issuers.

Sector Focus Risk. The portfolios may be more heavily invested in certain sectors, which may cause the value of their shares to be especially sensitive to factors and economic risks that specifically affect those sectors and may cause the value of the portfolios to fluctuate more widely than a comparative benchmark.

Competition. Equity securities selected by Aristotle Boston for its portfolios typically have significant market competitors and there is no guarantee that a portfolio security will perform better than its competitors and could be subject to risks competing with other companies with regard to product lines, technology advancements and/or management styles of the competing companies.

Currency Risk. Investments in securities or other instruments that are valued in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of comparable assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Investment in these types of securities involves risk and potential loss of capital. These strategies may not be suitable for all Investors. Past performance is not indicative of future results.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the investor's evaluation of them or the integrity of their management. Aristotle Boston has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **10. A. Registered Representatives**

Aristotle Boston's management professionals are not registered, nor do any management professionals have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### **10. B. No Other Registrations**

Aristotle Boston's management professionals are not registered, nor do any management professionals have an application pending to register, as a futures commission merchant,

commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

#### **10. C. Material Relationships or Arrangements**

Aristotle Capital Management, LLC, and Aristotle Credit Partners, LLC are registered investment advisers who are affiliates of Aristotle Boston. Richard Hollander, an indirect owner of Aristotle Boston, is a director and control person of Aristotle Capital Management, LLC, Aristotle Credit Partners, LLC, MetWest Ventures, LLC and MetWest Realty Advisors, LLC. Richard Schweitzer, CFO of Aristotle Boston, serves as a Senior Partner of Aristotle Credit Partners, LLC. Mr. Schweitzer also serves as Chief Risk Officer for Aristotle Capital Management, LLC and CFO of Aristotle Capital Management, LLC, MetWest Ventures, LLC, MetWest Realty Advisors, LLC and MetWest Properties, LLC. Michelle Gosom, Chief Compliance Officer (“CCO”) of Aristotle Boston, also serves as CCO of Aristotle Capital Management. Aristotle Boston is also an affiliate of MetWest Ventures which is a multi-strategy asset management platform that partners with management teams to help Investors achieve their investment objectives.

Saul Fund GP, LLC, an affiliate to the Aristotle Boston, serves as General Partner to the Saul Fund, L.P. The Saul Fund is closed to new investors. Aristotle Boston does not receive additional advisory fees with respect to client assets that are invested in the Saul Fund, L.P. These assets are subject only to the fund fees and charges applicable to all investors in the Saul Fund, L.P., as set forth in the Private Placement Memorandum. There could be a conflict of interest since interests in the Saul Fund, L.P. may be recommended to qualified clients or prospects. As noted in Item 6, the Saul Fund, L.P. does not charge a performance fee. Aristotle Boston attempts to mitigate potential conflict by aggregating trades and allocating at the average among client accounts, including the fund.

#### **10. D. Recommendation of Other Investment Advisers**

Aristotle Boston may recommend to clients affiliated investment advisers offering different investment services. Engagement with affiliates will be done through execution of client consent as an addendum to the client’s investment management agreement or through a new investment management agreement executed between the client and the other investment adviser.

## **Item 11 – Code of Ethics**

### **11. A. Code of Ethics Document**

Aristotle Boston has adopted a Code of Ethics pursuant to SEC rule 204A-1 of the Investment Advisers Act of 1940, as amended. A basic tenet of Aristotle Boston's Code of Ethics is that the interests of clients are always placed first. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. Aristotle Boston will provide a copy of its Code of Ethics to any client or prospective client upon request.

### **11. B. Recommendations of Securities and Material Financial Interests**

As a matter of policy, Aristotle Boston does not engage in principal transactions, cross trading or agency cross transactions. Any exceptions to this policy must be approved in advance by the Chief Compliance Officer or her designee.

### **11. C. Personal Trading**

Aristotle Boston has adopted a Code of Ethics intended, among other things, to ensure that personal investing activities by Aristotle Boston's employees are consistent with Aristotle Boston's fiduciary duty to its clients. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. For purposes of its Code of Ethics, Aristotle Boston has determined that all employees are access persons.

All access persons are required to notify Aristotle Boston's Chief Compliance Officer or the CCO's designee in order to pre-clear personal securities transactions in Reportable Securities (as defined in Aristotle Boston's Code of Ethics), IPOs and Limited Offerings.

In order to avoid potential conflicts of interests that could be created by personal trading among Aristotle Boston access persons, access persons must provide quarterly reports of their personal transactions within 30 days of the end of each calendar quarter, which may consist of monthly brokerage statements for all accounts in which they have a beneficial interest, to the CCO. Alternately, access persons may direct their brokers to send copies of all brokerage confirmations relating to all personal securities transactions in which they have a beneficial ownership interest. Access persons must also submit to Aristotle Boston's CCO statements of their personal holdings in reportable securities as well as information about any brokerage accounts in which securities may be held within 10 days after becoming subject to the Code of Ethics and on an annual basis thereafter.

The Code also requires that all access persons comply with ethical restraints relating to clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading. Aristotle Boston and its respective officers and

employees may act and continue to act as investment advisors and managers for others, and may choose to act as Investors on their own behalf.

Aristotle Boston is required to treat its clients fairly in relation to such conflicts of interest or material interests. Aristotle Boston has adequate policies and procedures to protect its clients' interests and disclosing to clients the possibility of such conflicts. Such policies and procedures include, but are not limited to, Aristotle Boston's Code of Ethics, personal trading policies, trade aggregation and allocation policies, policies governing outside business activities and gifts and entertainment.

#### **11. D. Timing of Personal Trading**

Since Aristotle Boston access persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that Aristotle Boston or a related person recommends to clients, no access person shall buy or sell a Reportable Security on the same day any trades in the security are made for Client accounts without preclearance from the Chief Compliance Officer. The price paid or received by a client account for any security should not be affected by a buying or selling interest on the part of an access person, or otherwise result in an inappropriate advantage to the access person.

### **Item 12 – Brokerage Practices**

#### **12. A. Selection of Broker/Dealers**

Aristotle Boston's objective in selecting broker-dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to its accounts' portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant. In applying these factors, Aristotle Boston recognizes that different broker-dealers may have different execution capabilities with respect to different types of securities. The factors include, but are not limited to:

- Aristotle Boston's knowledge of negotiated commission rates and spreads currently available;
- the nature of the security being traded;
- the size and type of the transaction;
- the nature and character of the markets for the security to be purchased or sold;
- the desired timing of the trade and speed of execution;
- the activity existing and expected in the market for the particular security;
- the broker-dealer's access to primary markets and quotation sources;
- the ability of the broker-dealer to effect transactions when a large block of securities is involved or where liquidity is limited;
- confidentiality;



- the execution, clearance and settlement capabilities and history as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered;
- Aristotle Boston's knowledge of actual or apparent operational problems of any broker-dealer;
- the broker-dealer's execution services rendered on a continuing basis and in other transactions;
- the broker-dealer's access to underwriting offerings and secondary markets;
- the broker-dealer's reliability in executing trades, keeping records and accounting for and correcting trade errors;
- the broker-dealer's ability to accommodate Aristotle Boston's needs with respect to one or more trades including willingness and ability to maintain quality execution in unusual or volatile market conditions and to commit capital by taking positions in order to complete trades;
- the quality of communication links between Aristotle Boston and the broker-dealer; and
- the reasonableness of spreads or commissions.

#### Research and Other Soft Dollar Benefits

Aristotle Boston may pay more than the lowest commission rate available to brokers whose proprietary research, services, execution abilities, or other legitimate and appropriate services are particularly helpful in Aristotle Boston's investment decision making process. As part of this determination, Aristotle Boston recognizes some brokerage firms are better at executing some types of orders than others. Thus, it may be in the best interest of the clients to utilize a broker whose commission rates are not the lowest, but whose executions result in lower overall transaction costs. Aristotle Boston does not maintain any formal soft dollar arrangements.

The overriding consideration in selecting brokers for executing portfolio orders is the maximization of client returns through a combination of controlling transaction and securities costs and seeking the most effective uses of brokers' research and execution capabilities.

#### Brokerage for Client Referrals

Aristotle Boston does not maintain any referral arrangement with broker-dealers.

#### Directed Brokerage

While Aristotle Boston generally selects broker-dealers for separately managed client accounts, Aristotle Boston may accept in limited instances, direction from a client as to which

broker-dealer is to be used for trades placed in that specific client account. If the client directs the use of a particular broker-dealer, Aristotle Boston asks that the client also specify in writing (i) general types of securities for which a designated firm should be used and (ii) whether the designated firm should be used for all transactions, even though Aristotle Boston might be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. Clients who, in whole or in part, direct Aristotle Boston to use a particular broker-dealer to execute transactions for their accounts should be aware that, in so doing, they may adversely affect Aristotle Boston's ability to, among other things, obtain volume discounts on blocked orders or to obtain best price and execution by, for example, executing over-the-counter stock transactions with the market makers for such securities.

Additionally, as noted above, transactions for a client that directs brokerage are generally unable to be combined or 'blocked' for execution purposes with orders for the same securities for other accounts managed by Aristotle Boston. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the blocked order. Under these circumstances, the direction by a client of a particular broker-dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if Aristotle Boston could negotiate commission rates or spreads freely, or select broker-dealers based on best execution. Consequently, best price and execution may not be achieved.

## **12. B. Aggregation of Orders**

In making investment decisions for the accounts, securities considered for investment by one account may also be appropriate for another account managed by Aristotle Boston. On occasions when the purchase or sale of a security is deemed to be in the best interest of more than one account, Aristotle Boston may, but shall not be obligated to, aggregate or block orders for the purchase or sale of securities for all such accounts to the extent consistent with best execution and the terms of the relevant investment advisory agreements. Such combined or 'blocked' trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges.

Aggregation of transactions will occur only when Aristotle Boston believes that such aggregation is consistent with Aristotle Boston's duty to seek best execution and best price for clients and is consistent with Aristotle Boston's investment advisory agreement with each client for which trades are being aggregated. Client accounts with certain restrictions and directed brokerage clients may be unable to participate in blocked transactions.

Aristotle Boston generally will not aggregate trades for clients that may have limited Aristotle Boston's brokerage discretion or other client accounts that it manages to the extent

that those clients have directed their trading to a particular broker-dealer. Orders for such clients will generally be aggregated only with similar clients and allocated in the same manner as described above. The same manual process described above will be implemented for these accounts if random allocation would result in a partial fill for the last account selected.

Aristotle Boston may include proprietary accounts in such aggregate trades subject to its duty of seeking best execution and to its Code of Ethics.

## **Item 13 – Review of Accounts**

### **13. A. Frequency and Nature of Review**

The Portfolio Manager(s) for a particular strategy is responsible and has ultimate authority for all trading and investment decisions made on behalf of client accounts. The Portfolio Manager(s) and/or Chief Compliance Officer and Director of Operations reviews client accounts at least quarterly with the objective of ensuring that client portfolios are constructed according to client objectives and restrictions.

### **13. B. Factors That May Trigger an Account Review Outside of Regular Review**

Generally, client accounts are reviewed as needed depending on factors such as cash flows in or out of the account, changes in client objectives or restrictions, and changing market conditions.

### **13. C. Content and Frequency of Reports**

At least quarterly, Aristotle Boston produces account statements, which show account value, positions and performance, which are furnished to each separate account client. Other written reports may include client letters which discuss Aristotle Boston's strategies and market commentary. The manager will meet with clients when requested or at such other times as may be mutually agreed to by Aristotle Boston and the client. Such meetings may be conducted in person or via teleconference. Aristotle Boston may provide additional reports to clients upon request.

## **Item 14 – Client Referrals and Other Compensation**

Aristotle Boston may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;

- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor;
- the client must acknowledge in writing this arrangement.

It is Aristotle Boston's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients. Aristotle Boston does not currently maintain any solicitation arrangements.

## **Item 15 – Custody**

### Account Statements

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Aristotle Boston takes steps to ensure that the client's qualified custodian sends periodic account statements to the client, no less frequently than quarterly, showing all transactions in the account, including fees paid to Aristotle Boston.

Aristotle Boston urges clients to carefully review and compare official custodial records to the account statements that Aristotle Boston provides. Aristotle Boston statements may vary slightly from custodial statements based on accounting procedures, reporting dates, and/or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

Generally, Aristotle Boston is retained with respect to its client accounts clients, on a discretionary basis and is authorized to make the following determinations in accordance with the client's specified investment objectives without client consultation or consent before a transaction is effected:

- Which securities to buy or sell.
- The total amount of securities to buy or sell.
- The broker-dealer through whom securities are bought or sold.
- The commission rates at which securities transactions for client accounts are affected.
- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

Investments for separately managed client accounts are managed in accordance with each client's stated investment objectives, strategies, restrictions, and guidelines.

Aristotle Boston assumes discretion over the account upon execution of the advisory agreement with the client and upon notification from custodian that account is ready to trade.

## **Item 17 – Voting Client Securities**

### **17. A. Voting Policies and Procedures**

Aristotle Boston's policy is to vote proxies on behalf of client accounts. Aristotle Boston has adopted Proxy Voting Policies and Procedures. Where Aristotle Boston has proxy voting authority for securities of its advisory clients, Aristotle Boston will vote such securities for the exclusive benefit, and in the best economic interest, of those clients and their beneficiaries, as determined by Aristotle Boston in good faith, subject to any restrictions or directions from the client. Aristotle Boston will not have the ability to accept direction from clients on a particular solicitation.

Aristotle Boston has written proxy voting policies and procedures ("Proxy Procedures") as required by Rule 206(4)-6 under the Advisers Act. Such voting responsibilities are exercised in accordance with the general antifraud provisions of the Advisers Act, as well as with Aristotle Boston's fiduciary duties under federal and state law to act in the best interests of its clients. Case-by-case proxy voting decisions are generally made by the Portfolio Manager or Portfolio Manager's designee. Voting records are maintained including copies of any document created by Aristotle Boston that was material in making a determination of how to vote case-by-case proxy or that memorializes the basis for that decision.

Aristotle Boston acknowledges its responsibility for identifying material conflicts of interest related to voting proxies. In order to ensure that Aristotle Boston is aware of the facts necessary to identify conflicts, senior management of Aristotle Boston must disclose to the CCO any personal conflicts such as officer or director positions held by them, their spouses or close relatives, in any portfolio company. Conflicts based on business relationships with Aristotle Boston or any affiliate of Aristotle Boston will be considered only to the extent that Aristotle Boston has actual knowledge of such relationships. If a conflict may exist which cannot be otherwise addressed by the Portfolio Manager, Aristotle Boston may choose one of several options including: (1) "echo" or "mirror" voting the proxies in the same proportion as the votes of other proxy holders that are not Aristotle Boston clients; (2) if possible, erecting information barriers around the person or persons making the voting decision sufficient to insulate the decision from the conflict; or (3) if agreed upon in writing with the client, forwarding the proxies to affected clients and allowing them to vote their own proxies.

Clients may choose to vote their own proxies for securities held in their account or designate a third party to vote proxies. If this is the case, the Client must notify Aristotle Boston and proxy solicitations will be sent directly to clients or the third party designee who will then assume responsibility for voting them. If Aristotle Boston does not have the authority to vote

proxies on behalf of the client, the client may contact Aristotle Boston with questions about a particular solicitation.

Aristotle Boston will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct Aristotle Boston to transmit copies of class action notices to the client or a third party. Upon such direction, Aristotle Boston will make commercially reasonable efforts to forward such notices in a timely manner. On an exception basis, clients can instruct Aristotle Boston to vote proxies according to particular criteria (for example, to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing and with sufficient advance notice so Aristotle Boston is able to meet the voting deadline.

Clients may obtain information from Aristotle Boston about how their securities were voted and obtain a copy of Aristotle Boston's proxy voting policies and procedures upon request by contacting us at [compliance@aristotleboston.com](mailto:compliance@aristotleboston.com) or calling (617) 274-4300.

## **Item 18 – Financial Information**

### **18. A. Advance Payment of Fees**

Aristotle Boston does not require or solicit prepayment of fees from clients, three months or more in advance.

### **18. B. Financial Condition**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Aristotle Boston has no financial commitments that impair its ability to meet contractual commitments and fiduciary commitments to clients.

### **18. C. No Bankruptcy Proceedings**

Aristotle Boston has not been the subject of a bankruptcy proceeding.