

# ARISTOTLE CREDIT PARTNERS, LLC

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This Brochure provides information about the qualifications and business practices of ARISTOTLE CREDIT PARTNERS, LLC (“Aristotle Credit” or “adviser”). If you have any questions about the contents of this Brochure, please contact us at (949) 681-2100 or [compliance@aristotlecap.com](mailto:compliance@aristotlecap.com). 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 Credit is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure dated 03/27/2023 replaces the 03/28/2022 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.

We have updated, amended and expanded disclosures in the particular sections noted below. We do not consider these changes to be a material change to our last annual amendment:

Item 4.E. – Assets Under Management

- Updated values as of 12/31/2022

Item 10.C. – Material Relationships or Arrangements

- Updated strategies of affiliated companies and executive titles for and added Aristotle Investment Services, LLC and Aristotle Fund Series Trust

Item 14. – Client Referrals and Other Compensation

- Updated references to promotion and required disclosures to more clearly describe the third-party promotion and disclosures used to comply with the new Marketing Rule under the Investment Advisers Act

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## **Item 4 – Advisory Business**

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

Aristotle Credit Partners, LLC (“Aristotle Credit”) was formed in 2013 and focuses primarily on the investment management of credit related fixed income securities including corporate bonds, senior secured corporate loans, unsecured loans and other credit related investment securities (collectively “corporate debt instruments”) to individuals and institutional clients. Corporate bonds can include bonds known as high yield bonds as well as investment grade bonds. Senior secured corporate loans are sometimes referred to as bank loans and unsecured loans are sometimes referred to collectively as second lien loans. These high yield bonds, bank loans and second lien loans are typically non-investment grade and are considered speculative investments and have greater credit and liquidity risk than investment grade investments. All corporate debt instruments are subject to credit, liquidity, market value, interest rate and other risks.

Richard Hollander as Chairman of the Board and Manager controls Aristotle Credit. The largest single owner of Aristotle Credit is Aristotle Capital Management, LLC (which is controlled by Richard Hollander and Howard Gleicher). Aristotle Credit has provided equity interests to other key employees of the firm.

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

Aristotle Credit provides investment advisory and management services as a discretionary investment adviser to institutional and retail separate account clients and as a discretionary adviser to a registered investment company (“mutual fund”).

In general, Aristotle Credit’s investment advice is limited to fixed income securities including corporate debt instruments in high yield, bank loan, investment grade or custom strategies, although from time-to-time Aristotle Credit’s client portfolios will include equity securities received in connection with investments in corporate debt instruments.

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

Aristotle Credit acts as an investment adviser and manages each client’s portfolio according to its investment strategy and objectives as outlined in their respective organizational document, and/or advisory agreement. While clients generally choose Aristotle Credit as an investment manager based on its fixed income and credit expertise, clients may impose reasonable investment restrictions based on their individual investment objectives.

Investments in the mutual fund will be managed in accordance with the fund’s strategy, investment objective restrictions and guidelines and are not tailored to the individualized needs of any particular investor in the fund (each an “investor”). Therefore, investors should consider whether the fund meets their investment objectives and risk tolerance prior to

investing. Information about the mutual fund is available in its prospectus and statement of additional information ("SAI").

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

Aside from separate account portfolio management services, Aristotle Credit has entered into agreements with wrap program sponsors ("managers"). These are sub-advisory relationships where the manager provides investment supervisory services to its clients, including making recommendations concerning an investment adviser to render specific investment advice with respect to a client's portfolio. The client enters into an agreement with the manager and the manager has a separate master agreement with Aristotle Credit. Aristotle Credit may effect transactions through other broker-dealers, but it is expected that most of the transactions will be executed through the manager because part of the manager's negotiated fee with the client includes brokerage commissions and transaction costs. Aristotle Credit manages the wrap program accounts on a discretionary basis. Aristotle Credit will receive a portion of the wrap fee from the sponsor as an investment adviser to these programs. Aristotle Credit attempts to manage these accounts in the same manner as our non-wrap accounts.

#### **4.E. Assets Under Management as of 12/31/2022:**

Discretionary assets under management: \$677,485,474; Number of accounts: 334

Non-Discretionary assets under management: \$0

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

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

Aristotle Credit's fees are generally described below and detailed in each client's advisory agreement or applicable account document. Fees for investment advisory services may be negotiated with each client on an individual basis. Aristotle Credit 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. Under certain circumstances, fees may be negotiated on a basis different from Aristotle Credit's stated fee schedules. Aristotle Credit reserves the right to waive or reduce the fees charged to a particular client in its sole and absolute discretion. The amount, timing, and type of fees charged, and the manner in which fees are calculated, are determined through negotiations with clients. Accordingly, there may be differences in fees paid by certain clients based on a variety of factors. Negotiations between Aristotle Credit and clients are influenced by such factors as the nature and extent of the investment advisory services to be rendered and the size of the managed account.

## **Fee Schedules**

### **SEPARATELY MANAGED ACCOUNTS**

Aristotle Credit's annual management fee for separately managed accounts ranges from 0.30% - 0.50% on assets under management. Aristotle Credit'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 (including High Yield Bond, Investment Grade Bond, Bank Loan and Custom strategies), and costs incurred by Aristotle Credit in managing such products.

### **MUTUAL FUND**

Currently, Aristotle Credit has contractually agreed to waive its fees and/or pay for operating expenses of the Aristotle Strategic Credit Fund ("Fund") to ensure that the total annual fund operating expenses (excluding certain expenses such as, but not limited to taxes, leverage interest and brokerage commissions), do not exceed 0.62% of the Fund's average daily net assets and its management fee will be 0.47% of the Fund's average daily net assets. Investors should refer to a current copy of the Fund prospectus for the most updated information about mutual fund fees. Aristotle Credit clients may receive, at no additional charge, advice from Aristotle Credit with respect to the allocation of their assets in the mutual fund. Although there is no separate or additional charge for this service, as discussed further in Item 5.C, below, Aristotle Credit clients who invest in the mutual fund bear their proportionate share of the mutual fund's fees and expenses, including their pro rata share of Aristotle Credit's advisory fees.

### **WRAP PROGRAM FEES**

For wrap program services, the client will pay the manager for its services and for the services of Aristotle Credit on a quarterly or monthly basis in advance or arrears according to a negotiated fee schedule. The agreement may be terminated at any time at the written request of either the client, manager or Aristotle Credit and according to the terms of the contract, in which case a prorated refund will be made. Generally, the fee to the manager for a wrap account ranges from 1% to 3% per annum of assets under management. From the fee paid to the manager for wrap accounts, Aristotle Credit receives 0.29% on the entire balance of the account. Most managers collect the entire fee and pay the advisory portion due to Aristotle Credit after collecting such fees. The agreement cannot be assigned without the full knowledge and consent of the other party to the agreement.

### **GENERAL INFORMATION**

***Termination of the Advisory Agreement 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**

***Limited Negotiability of Advisory Fees:*** Although Aristotle Credit has established the aforementioned fee schedule(s), we retain the sole 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, risk tolerance and reports, among other factors. The specific annual fee schedule is identified in the contract between Aristotle Credit and each client.

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

Clients may request that fees owed to Aristotle Credit be deducted directly from the client's custodial account. In instances where a client has authorized direct billing, Aristotle Credit takes steps to ensure that the client's qualified custodian sends periodic account statements, no less frequently than quarterly, showing all transactions in the account, including fees paid to Aristotle Credit, directly to the client. Generally, Aristotle Credit 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 Credit's advisory fee is exclusive of brokerage commissions, transaction fees and other related costs which may be incurred by the client. Clients may incur certain charges imposed by third party custodians, brokers, third party administrators and other third parties including legal and accounting fees pertaining to services rendered to the client as well as wire fees, taxes and other. A client's portfolio may include positions in mutual funds, such as a money market fund in which excess cash is swept into, which will also charge a management fee. Such charges, fees and commissions are exclusive of, and in addition to, Aristotle Credit's fee, and Aristotle Credit 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. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Clients' portfolio transactions may be executed without commission charges in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

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 Credit's fee with regard to the mutual funds not managed by Aristotle Credit. To avoid the duplication of fees and the potential conflicts of

interest, we do not charge separate accounts a direct advisory fee on assets invested in the Aristotle Strategic Credit Fund. Fees for client assets invested in the Aristotle Strategic Credit Fund are charged by the fund and reflected in the value of the client's investment.

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

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

Advisory fees for separately managed accounts are generally billed quarterly in advance and are payable upon receipt, commencing upon the 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 Credit, as specified in the relevant agreement and by Aristotle Credit, 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 Credit 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**

Investment adviser representatives of Aristotle Capital Management ("Aristotle Capital") may also be access persons of Aristotle Credit. (Aristotle Capital and Aristotle Credit are affiliated firms as described in Item 10.C.) Investment adviser representatives of Aristotle Capital are also registered representatives with IMST Distributors, LLC. Such registered representatives can receive a commission or remuneration for the sale of mutual funds included in the Aristotle family of mutual funds, which are mutual funds managed by Aristotle Credit and its affiliates. This may be considered a conflict as the registered representatives have an incentive to offer a mutual fund within the Aristotle fund family over mutual funds with the same investment strategy sub-advised by Aristotle Credit and/or its affiliates.

Aristotle Credit discloses to clients all like-managed mutual funds advised or sub-advised by Aristotle Credit and/or its affiliates. Aristotle Credit, nor any of its affiliates, is a distributor to any sub-advised mutual funds. Aristotle Credit will not charge advisory clients any additional management fees for any held mutual fund managed by Aristotle Credit or its affiliates in the managed account.

In addition to registered representatives receiving commission or remuneration for the sale of mutual funds, certain employees of the adviser may be compensated for bringing in new clients to the adviser or any of its affiliates. In the event an Aristotle Credit employee brings a new client to the firm or any of its affiliates, Aristotle Credit or the respective affiliate may pay the employee a percentage of the management fee charged to the client.



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

Aristotle Credit does not receive performance-based fees. Aristotle Credit is entitled to receive fees from the mutual fund pursuant to its management agreement with the Investment Managers Series Trust.

## **Item 7 – Type of Clients**

Aristotle Credit serves as a discretionary investment adviser to institutional and retail separate account clients, and as a discretionary investment adviser to a registered investment company (“mutual fund”).

### ***Separately Managed Accounts (including Wrap Accounts)***

Aristotle Credit provides investment advisory services to individuals, charitable and taxable trusts, endowments, Taft-Hartley, pensions, pooled accounts, foundations, public companies and corporations. The minimum amount required to establish and maintain a separately managed account is generally \$500,000 depending upon the investment strategy. Generally, the minimum account size for wrap programs is \$300,000, but may be higher. Aristotle Credit reserves the right, in its sole discretion, to reduce the minimum requirement for certain accounts under certain circumstances.

### ***Mutual Fund***

In advising the mutual fund, Aristotle Credit is subject to the supervision and direction of the fund’s Board of Trustees. The mutual fund’s strategy objectives, fees and investment minimums are outlined in the fund’s prospectus.

### ***Grandfathering of Account Requirements***

Pre-existing advisory clients are subject to Aristotle Credit's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements and fees will differ among clients.

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

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

Aristotle Credit actively manages credit portfolios and seeks to use a disciplined approach across all strategies. Aristotle Credit seeks to combine a top-down and bottom-up approach to portfolio management. Aristotle Credit seeks to analyze businesses from a global perspective with a long-term view. Aristotle Credit targets the non-distressed segments of the corporate debt market and utilizes a disciplined investment process that relies on rigorous fundamental research. Aristotle Credit specializes in the management of corporate debt instruments. Types of securities included in corporate debt instruments are more commonly called high yield bonds and bank loans in addition to investment grade corporate bonds.

Aristotle Credit’s investment objective is to seek to deliver investment performance that exceeds comparable market indices over an investment cycle although there can be no

assurance that Aristotle Credit will meet this objective. Aristotle Credit's portfolio construction process combines its macro-economic views with bottom-up fundamental research. Aristotle Credit's macro-economic views will help determine its overall portfolio themes such as overall credit quality and maturity. This macro-economic view will be combined with bottom-up fundamental analysis to determine rankings of specific industries and other credit attributes. The bottom-up fundamental analysis performed by Aristotle Credit's credit team will determine specific relative value assessments and individual security selection. Aristotle Credit typically employs diversified portfolio construction. The portfolios which incorporate client objectives and guidelines are typically expected to be diversified in terms of issuers and industry classifications. For the Focused ESG strategies, Aristotle Credit integrates environmental, social and governance ("ESG") criteria and socially responsible investing ("SRI") into its investment processes. These processes include positive ESG integration, negative screening and proactive engagement with the management teams of companies to more accurately assess ESG metrics and qualitative considerations. Aristotle Credit's credit staff monitors the credit quality of securities held and other securities available to Aristotle Credit's clients.

Aristotle Credit utilizes various sources of information to evaluate the investment merits of particular corporate debt instruments. These include public placement memoranda (and sometimes, private placement memoranda in connection with bank loans) prepared by commercial and investment banks, and other information, including financial information prepared by the issuer of the debt instrument, independent credit analysis, market research prepared by banks and brokers, information contained in newspapers, Internet websites, periodicals and other sources of information considered useful by Aristotle Credit. Aristotle Credit also may attend meetings with the issuers of such debt instruments from time to time.

### **Separately Managed Accounts/ Mutual Fund**

Aristotle Credit offers the following basic investment strategies:

High Yield Bond: The investment objective of the High Yield Bond strategy is to provide a high level of income by investing primarily in high yield bonds. The secondary objective is capital appreciation.

- High Yield Bond Focused ESG: A high yield strategy that seeks to integrate ESG considerations into the portfolio construction process.

Short Duration High Yield Bond: The investment objective of the Short Duration High Yield Bond strategy is to provide a high level of income by investing primarily in high yield bonds with an overall shorter duration than those bonds utilized in the High Yield Bond strategy. The secondary objective is capital appreciation.

Bank Loan: The investment objective of the Bank Loan strategy is to provide a high level of income by investing primarily in senior secured corporate loans and to a limited extent, second lien loans.

Investment Grade Corporate Bond: The investment objective of the Investment Grade Corporate Bond strategy is to provide higher amounts of income consistent with the higher corporate credit quality requirement by investing in investment grade corporate credit bonds. Preservation of principal is a secondary objective.

- Intermediate Investment Grade Corporate Bond Focused ESG: An investment grade strategy that seeks to integrate ESG considerations into the portfolio construction process.

Strategic Credit: The investment objective of the Strategic Credit strategy is to provide a high level of income by investing primarily in a portfolio consisting of a varying combination of high yield and investment grade bonds and bank loans as well as other debt instruments. The secondary objective is capital appreciation.

Custom Strategies: Aristotle Credit can tailor a fixed income strategy to the particular objectives and restrictions of a particular client.

On occasion, Aristotle Credit may provide advisory services related to equity or other debt instruments received in connection with the purchase, restructuring or liquidation of a corporate bond or bank loan (known also as “work-out securities”). In addition, from time-to-time, the portfolios managed by Aristotle Credit may contain certain other securities such as warrants or other equity like securities received in connection with investments in corporate debt instruments. It is anticipated that these equity instruments, which may contain restrictions on resale, will constitute only a small portion of Aristotle Credit’s managed portfolios.

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 Credit. All investments made by Aristotle Credit on behalf of its clients risk the loss of capital that the client should be prepared to bear. Aristotle Credit believes that its portfolio process and research techniques moderate this risk through a careful selection of corporate debt instruments. However, there can be no guarantee or representation that the Adviser’s investment program will be successful. Specifically, economic, domestic and global health conditions, or other events can reduce the demand for certain corporate debt instruments which could reduce market prices and cause the value of a client’s portfolio to fall. Certain corporate debt instruments could experience downturn in trading activity and the supply of such securities may exceed demand. Imbalances in supply and demand in the market could result in imprecise valuations, significant volatility and extremely limited liquidity.

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

### Contingent Liabilities

From time-to-time clients may incur contingent liabilities in connection with an investment. For example, Aristotle Credit may cause the client to purchase a bank loan which is a revolving credit facility that has not yet been fully drawn (commonly known as a “revolver”). If the issuer of the revolver which is not already fully drawn subsequently draws down on the facility, a client would be obligated to fund the amounts due.

### ESG/SRI Investment Risk

Investing primarily in investments that meet ESG/SRI criteria carries the risk that the account may forgo other attractive investment opportunities or increase or decrease its exposure to certain types of issuers and, therefore, may underperform compared to accounts that do not consider ESG/SRI factors in the investment process.

### Limited Diversification

Subject to compliance with any applicable client-imposed investment restrictions, Aristotle Credit may make concentrated investments in a particular asset type (i.e., high yield or investment grade bonds or bank loans) or even industries and issuers. Losses incurred in a portfolio’s more concentrated positions could have a materially adverse effect on a client’s overall portfolio performance.

### Liquidity Risk

At times, certain sectors of the fixed income market, which include corporate debt instruments in which Aristotle Credit invests, have experienced significant declines in liquidity. While these events may sometimes be attributable to changes in “macro” and local market events, interest rates or other factors, the cause is not always apparent. During such periods of market illiquidity, Aristotle Credit may be unable able to sell assets in a client’s portfolio or may only be able to do so at unfavorable prices. Such liquidity risk could adversely impact the value of the client’s portfolio.

During such periods of market illiquidity, Aristotle Credit may not be able to readily dispose of certain corporate debt instruments. Under certain market conditions, this could involve significant portions of the portfolio and such corporate debt instruments would be considered illiquid investments. In such a case, illiquid investments and other assets and liabilities for which no such market prices are readily available will generally be carried at values determined by an independent valuation party selected by the Aristotle Credit. Such valuations will form the basis for calculating the management fee and performance fee/allocation payable to Aristotle Credit. There is no guarantee that such value will represent the value that will be realized by the client upon the eventual sale of the corporate debt instrument or that would, in fact, be realized upon an immediate disposition of the investment. In addition, Aristotle Credit may not be able to liquidate certain illiquid investments in order to satisfy client redemption requests. Accordingly, to the extent that client redemptions are financed through the sale of the more liquid investments, such redemptions would result in the remaining portfolio being comparatively less liquid.

### 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 our fair value approach may fail to produce the intended results.

### Market Risk

Prices of certain corporate debt instruments in which Aristotle Credit may invest for clients can be highly volatile. Price movements of high yield bonds and bank loans and even investment grade bonds in which a client's portfolio may be invested may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs. In addition, governments may from time to time intervene, directly and by regulation, in certain markets. Such intervention may be intended to influence prices directly and may, together with other factors, cause markets to move rapidly in the same direction.

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.

### Natural & Unavoidable Events

Global markets are interconnected, and events like hurricanes, floods, earthquakes, forest fires and similar natural disturbances, war, terrorism or threats of terrorism, civil disorder, public health crises such as a pandemic, and similar "Act of God" events have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term and wide-spread effects on world economies and markets generally. Clients may have exposure to countries and markets impacted by such events, which could result in material losses.

### Non-Public Information

From time to time, Aristotle Credit or its affiliates may come into possession of material non-public information with respect to an issuer of public securities including high yield bonds and investment grade bonds. Aristotle Credit or its affiliates may come into possession of this material non-public information in connection with a client investment in a bank loan or potentially through any investment involving a restructuring in which a client has invested, or in which Aristotle Credit or its affiliates intends to invest in for its clients. Possessing such information may limit the ability of Aristotle Credit to buy or sell corporate debt instruments (including bank loans in certain instances) with respect to that issuer on behalf of its clients.

### Risks Associated with Bankruptcy Cases

Certain corporate debt instruments owned by clients may be the subject of bankruptcy and reorganizations. Many of the events within a bankruptcy case are adversarial and often beyond the control of creditors who own the corporate debt instruments. While creditors generally are afforded an opportunity to object to significant actions, a bankruptcy court may

approve actions that are contrary to the interests of the clients. Furthermore, there are instances in which creditors and equity holders in the issuer may lose their ranking and priority such as when they assume management and functional operating control of a debtor. Generally, the duration of a bankruptcy case can only be roughly estimated. Unless a client's claim in such case is secured by assets having a value in excess of such claim, no interest will be permitted to accrue. Therefore, the time necessary to negotiate the plan of reorganization of the debtor and secure approval from creditors and the bankruptcy court may adversely affect client's return on investment. The risk of delay may be particularly acute when the client holds an unsecured high yield bond, investment grade bond or second lien loan or when the collateral value underlying the secured corporate debt instrument does not equal the amount of the secured claim. Further, reorganizations outside of bankruptcy are also subject to unpredictable and potentially lengthy delays which can affect the performance returns of such investments.

Since corporate debt instruments are subject to the risk of scheduled principal and interest payments, significant changes in economic conditions could reduce the capacity of borrowers to make required payments which could significantly impair the success of the investment strategy. Investments in corporate debt instruments and related securities involve risk and potential loss of capital.

#### Risks of Litigation

Investing in corporate debt instruments can be a contentious and adversarial process, particularly if the issuer of the corporate debt instrument becomes financially distressed and becomes involved in a restructuring of the corporate debt instrument. In such cases, as these corporate debt instruments may be the subject of litigation surrounding the owners of the corporate debt instrument (which may include a client of Aristotle Credit) and the underlying issuer of the corporate debt instrument. Different investor groups of the securities issued by the issuer may have qualitatively different, and frequently conflicting, interests. Aristotle Credit's investment activities may include activities that are hostile in nature and will subject clients to the risks of becoming involved in litigation by third parties.

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

The High Yield Bond, Investment Grade Bond, and Strategic Credit strategies primarily invest in corporate debt instruments of U.S. and non-U.S. issuers, including, without limitation, corporate bonds and bank loans. Investments in corporate debt instruments 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 Credit's control.

#### Corporate Debt Instruments

Corporate bonds and bank loans generally pay fixed, variable or floating rates of interest. The value of these securities will often change in response to fluctuations in interest rates. In addition, the value of corporate bonds and bank loans can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Corporate bonds and bank loans are

subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) (particularly in the case of higher-yielding debt instruments in which Aristotle Credit invests) and are subject to price volatility due to such factors as interest rate sensitivity and general market liquidity (i.e., market risk). Further, in seeking to capture certain price appreciation opportunities and subject to appropriate investment guidelines contained in the advisory agreement, Aristotle Credit may purchase certain debt instruments for a client that are non-performing and possibly in default where the obligor or relevant guarantor may be in bankruptcy or liquidation (e.g., bankruptcy claims). Accordingly, while Aristotle Credit seeks to garner the best investment opportunities for its clients, there can be no assurance as to the amount and timing of payments, if any, with respect to the purchase of any such debt investments or that any such investments will be profitable.

#### Non-Investment Grade Corporate Debt Instruments

A significant portion of Aristotle Credit's investment strategies involve the use of below investment grade corporate debt instruments including high yield bonds, bank loans and second lien loans. These corporate debt instruments do not trade on an exchange, and accordingly, may trade in a smaller secondary market than exchange traded securities. Corporate debt instruments that are rated below investment grade or are unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated corporate debt instruments tend to reflect individual corporate developments to a greater extent than do higher rated fixed income securities, which react primarily to fluctuations in the general level of interest rates. These types of securities also tend to be more sensitive to economic conditions than are higher-rated fixed income securities. As a result, the market prices of such below investment grade corporate debt instruments may be subject to abrupt and erratic market movements and changes in liquidity and above-average price volatility, and the spread between the bid and ask prices of such below investment grade corporate debt securities may be greater than those prevailing in other securities markets. The issuers of such below investment grade corporate debt instruments may be highly leveraged and may not have access to more traditional methods of financing. The potentially concentrated nature of a client's investment strategy in these types of investments could magnify the effects of such risks.

#### Credit Risk – Corporate Debt Instruments

Credit risk is the risk that the issuer or guarantor of a corporate debt instrument or counterparty to the client portfolio's transactions will be unable or unwilling to make timely principal and/or interest payments, or otherwise will be unable or unwilling to honor its financial obligations. If the issuer, guarantor, or counterparty fails to pay interest, the client portfolio's income may be reduced. If the issuer of the corporate debt instrument, guarantor, or counterparty fails to repay principal, the value of that security and value of client account may be reduced.

### Interest Rate Risk – Corporate Debt Instruments

Interest rate risk is the possibility that high yield bonds and investment grade bonds with a fixed rate coupon, and, to a lesser extent, bank loan prices overall will decline over short or even long periods because of rising interest rates. Such declines in value as a result of declines in interest rates could be material to the client's account.

### Rating Agency Risk - Corporate Debt Instruments

Ratings assigned by Moody's and/or S&P and/or Fitch to corporate debt instruments acquired in a client's portfolio reflect only the views of those agencies. Explanations of the significance of ratings should be obtained from Moody's, S&P and Fitch. No assurance can be given that ratings assigned will not be withdrawn or revised downward if, in the view of Moody's, S&P or Fitch, circumstances so warrant.

### Call Risk – Corporate Debt Instruments

Call risk is the chance that during periods of falling interest rates, issuers of corporate debt instruments may call—or repay—the corporate debt instruments with higher coupons (interest rates) before their maturity dates. Accordingly, Aristotle Credit, on behalf of the client, may reinvest the call proceeds (i.e., repayment) into corporate debt instruments with reduced coupons which will reduce the client's portfolio performance. Additionally, in such circumstances, Aristotle Credit, on behalf of the client, may reinvest the call proceeds into more risky corporate debt instruments.

### Ethical Investment Risk

Ethical Investment Risk is the possibility that accounts with ethical values screening criteria could cause an account to underperform similar accounts that do not have such screening criteria. This could be due to ethically acceptable companies falling out of favor with investors or failing to perform as well as companies that do not meet an account's ethical screening guidelines.

### Bank Loans and Second Lien Loans

Bank loans and second lien loans are loans made by U.S. banks and other large financial institutions to large corporate customers who undertake these loans to finance leveraged buyouts, recapitalizations, mergers, acquisitions, stock repurchases, dividends and, to a lesser extent, to finance internal growth and for other corporate purposes. Typically, these bank loans (or senior secured corporate loans) are the most senior source of capital in a borrower's capital structure and have certain of the borrower's assets and/or stock pledged as collateral. Second lien loans are subordinated to senior secured corporate loans and are typically riskier investments than senior secured corporate loans. However, both bank loans and second lien loans are typically below investment grade corporate debt instruments with credit risk. Bank loans and second lien loans are typically floating rate instruments in that they pay interest at a periodic rate (i.e. quarterly) at a coupon rate that is a floating rate such as LIBOR (London Interbank Offered Rate) or SOFR (Secured Overnight Financing Rate) plus a spread. Bank loans and second lien loans are not traded on established trading exchanges and there may be other trading restrictions on particular bank loans. For example, among other restrictions, in order



to sell the bank loan to another party, it might be required to first obtain the consent of the issuer of the bank loan or second lien loan. In addition, because of the provision to holders of such bank loans and second lien loans of confidential information relating to the borrower, the unique and customized nature of a loan agreement, and the private syndication of loan investments, bank loans and second lien loans may not be as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been smaller relative to certain other markets. Furthermore, to the extent that a client holds a bank loan investment not directly but through a participation arrangement with a particular counterparty, if the counterparty becomes insolvent the client may incur a loss in regard to the underlying loan that is being held on the books and records of the counterparty itself and become an unsecured creditor to the counterparty in such a circumstance.

#### High Yield and Investment Grade Bonds

Corporate bonds, including high yield bonds are typically fixed income securities and are often subordinated to bank loans, if there are bank loans in the capital structure of the issuer. High yield bonds are typically of below investment grade quality and have below investment grade credit ratings. These speculative ratings (which typically cover all of the investments in the portfolio) are associated with securities having high risk, and speculative characteristics. As interest rates rise, the value of fixed income investments, such as high yield bonds and investment grade corporate bonds, are likely to decline. The interest rate risk for such high yield bonds and investment grade corporate bonds could be significant. All investments, including the ones described here, carry a certain amount of risk and there is no guarantee Aristotle Credit will be able to achieve its investment objectives.

### **8. D. Cybersecurity Risk**

Investment advisers, such as Aristotle Credit, and their service providers may be subject to operational and information security risks resulting from cyber attacks. Cyber attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cyber attacks affecting investment adviser, a client's custodian, or intermediaries or other third-party service providers may adversely impact a client's experience and/or investment. For instance, cyber attacks may interfere with the processing of client's transactions, cause the release of private information or confidential company information, impede trading, subject the adviser to regulatory fines or financial losses, and cause reputational damage. Aristotle Credit may also incur additional costs for cybersecurity risk management purposes. While Aristotle Credit and our service providers have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, such plans and systems have inherent limitations due in part to the ever-changing nature of technology and cybersecurity attack tactics, and there is the possibility that certain risks have not been adequately identified or prepared for. Furthermore, Aristotle Credit cannot control any cybersecurity plans or systems implemented by our service providers.

Similar types of cybersecurity risks are also present for issuers of securities in which Aristotle Credit invests, which could result in material adverse consequences for such issuers and may cause the investment in such portfolio companies to lose value.

## **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 your evaluation of them or the integrity of their management. Aristotle Credit has no information applicable to this item.

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

Aristotle Credit’s officers, directors and employees may also be asked to serve as directors, advisers or in other forms of participation in other companies or organizations. Since such commitments can involve substantial responsibilities and potential conflicts of interest or the appearance of such conflicts, executive officers of Aristotle Credit and other Aristotle Credit employees will seek prior approval of the Chief Compliance Officer (“CCO”) of Aristotle Credit before accepting such positions and must update Aristotle Credit’s CCO of any changes to such outside appointments.

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

Certain employees of affiliate Aristotle Capital are registered representatives with IMST Distributors, LLC, a registered broker-dealer. Aristotle Capital and its Sales & Marketing employees solicit persons to invest in the Aristotle Funds, which includes the mutual fund advised by Aristotle Credit.

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

Aristotle Credit’s management persons are not registered, nor do any management persons have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading adviser, or an associated person of the foregoing entities.

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

Below is a list of all affiliated companies to Aristotle Credit.

- Aristotle Atlantic Partners, LLC (Aristotle Atlantic) – Registered investment adviser with a focus on Large Cap Growth, Core Equity and Sustainable Equity strategies.
- Aristotle Capital Boston, LLC (Aristotle Boston) – Registered investment adviser with a focus on domestic Small Cap and Small/Mid Cap Equity strategies.
- Aristotle Capital Management, LLC (Aristotle Capital) – Registered investment adviser with a focus on Value, International and Global Equity strategies.
- Aristotle Investment Services, LLC (Aristotle Investment) – Registered investment adviser that serves as investment adviser to registered investment companies (mutual funds).

- Aristotle Fund Series Trust (AFST) – Mutual fund series trust for mutual funds managed by Aristotle Investment Services.
- The Saul Fund, LP Private Fund (Saul Fund) – A private fund managed by Aristotle Capital. The Saul Fund GP, LLC serves as the Managing Member to the Saul Fund. The Saul Fund GP is controlled by Howard Gleicher who is an Indirect Owner of Aristotle Capital. (The Saul Fund is currently closed to new investors.)
- RCB Acquisition Company, LLC – A holding company for the ownership interests in the pre-merger Reed, Conner & Birdwell, LLC (RCB).
- MetWest Ventures, LLC (MetWest Ventures) – A multi-strategy asset management platform that partners with management teams to help investors achieve their investment objectives; entity owned and controlled by Richard S. Hollander, Chairman of Aristotle Capital, Aristotle Credit, Aristotle Boston and Aristotle Atlantic.
- MetWest Realty Advisors, LLC (MetWest Realty), MetWest Terra Hospitality (MetWest Terra) – Provide investment management services primarily related to real estate related investments. The firms are owned by MetWest Ventures.
- MetWest Fund Manager, LLC (MetWest Fund) – A private fund manager associated with MetWest Realty and responsible for a number of real estate-related private funds. The MetWest Fund is also controlled by Richard Hollander and is a General Partner of several pooled vehicles managed by MetWest Realty Advisors, LLC.

Aristotle Credit will be referred to as “Aristotle” when referenced together with Aristotle Atlantic, Aristotle Boston, Aristotle Capital, and/or Aristotle Investment.

Richard Hollander serves as Chairman of the Board and Manager of Aristotle Credit and is an indirect owner. He is also an indirect owner and control person of Aristotle Capital, Aristotle Boston, Aristotle Atlantic, MetWest Ventures, LLC and MetWest Realty Advisors, LLC. Howard Gleicher is an indirect owner and control person for Aristotle Credit and an indirect owner of Aristotle Atlantic and Aristotle Boston. He is CEO and Chief Investment Officer of Aristotle Capital. Richard Schweitzer, a Senior Partner of Aristotle Credit, is a direct owner of Aristotle Capital and serves as Chief Financial Officer (“CFO”) and Chief Operating Officer (“COO”) of Aristotle Capital as well as Senior Partner of Aristotle Atlantic, Aristotle Boston and Aristotle Investment and President and Trustee for AFST. Mr. Schweitzer also serves as CFO and COO of MetWest Ventures, LLC, MetWest Realty Advisors, LLC and MetWest Properties, LLC. Gary Lisenbee, a Senior Partner of Aristotle Credit, is a direct owner of Aristotle Capital and serves as Vice Chairman of Aristotle Capital and is also a Senior Partner of Aristotle Boston and Aristotle Atlantic. Aristotle Credit, Aristotle Capital, Aristotle Atlantic, Aristotle Boston, and Aristotle Investment also share supervised persons.

Select employees of Aristotle Capital will be performing certain administrative and distribution functions on behalf of Aristotle Credit, Aristotle Atlantic, Aristotle Boston, and Aristotle Investment. The employees of Aristotle Capital who are performing certain administrative and distribution functions for Aristotle Credit, Aristotle Atlantic, Aristotle Boston, and Aristotle Investment will not devote their full time to the clients of Aristotle Credit. There may also be conflicts in the allocation of the time Aristotle Capital’s employees devote to Aristotle Credit, Aristotle Atlantic, Aristotle Boston, and Aristotle Investment.

It is anticipated that the investment strategies followed by Aristotle Capital, Aristotle Boston, Aristotle Atlantic and MetWest Realty Advisors will not have significant overlap with the investment strategies offered by Aristotle Credit.

Aristotle Credit may appoint and retain an affiliate to act as sub-investment manager (“sub-adviser”) with respect to such portion of an account (the “sub-advised assets”). Aristotle Credit will determine whether to delegate any or all of Aristotle Credit’s rights, power and authority to the sub-adviser for the sub-advised assets pursuant to the terms of the client’s investment advisory agreement. To the extent an affiliate is given discretionary authority over assets managed by Aristotle Credit, the client will receive a disclosure brochure for such affiliate. The names and biographical information for employees of the affiliate who provide sub-advisory services will be provided upon request.

Conversely, Aristotle Credit may act as sub-adviser with respect to certain fixed income assets in accounts being managed by an affiliate. The affiliate for which the assets are being managed will determine whether any or all of its rights, power and authority in relation to the sub-advised assets are to be granted to Aristotle Credit and will do so pursuant to the terms set forth in the client’s investment advisory agreement. To the extent that Aristotle Credit is given discretionary authority over such sub-advised assets for a client account held at an affiliate, the client will receive a brochure from Aristotle Credit and the names and biographical information for employees of Aristotle Credit who are providing sub-advisory services to the client(s) will be provided upon request.

Should Aristotle Credit act as sub-adviser over certain fixed income assets in an account being managed by an affiliate, there could be a conflict in the allocation of time that Aristotle Credit devotes to the management of those account assets versus account assets under management at Aristotle Credit. It is not anticipated that the time spent in a sub-advisory capacity will have any effect on how Aristotle Credit manages account assets at Aristotle Credit.

Clients who authorize a sub-advisory agreement between an affiliate and Aristotle Credit will not incur any additional fees as a result of the arrangement.

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

Aristotle Credit may recommend to clients affiliated investment advisers offering different investment services. Engagement with affiliates will be done via a sub-advisory amendment to the client’s investment management agreement or through a new investment management agreement executed directly with the other investment adviser.

#### **10.E. Business Continuity Plan and Cybersecurity Policy**

Aristotle Credit, recognizing its operational dependency on computer systems, has authorized the preparation, implementation and maintenance of a comprehensive Business Continuity Plan. The intent of a Business Continuity Plan is to provide a written and tested plan directing the recovery process in the event of an interruption in continuous service

resulting from an unplanned and unexpected disaster. The Chief Risk Officer and Chief Compliance Officer or designee(s) are responsible for the testing of the Business Continuity Plan not less than once every year to ensure the viability of the Plan and the recovery of computing capabilities within the critical time frame established by the business impact analysis.

Aristotle Credit has also adopted Cybersecurity Policies & Procedures to outline the policies and procedures governing technology use by the firm, individual users and vendors as well as physical security access policies. These policies and procedures are designed to protect confidential information entrusted to Aristotle Credit as well as protect Aristotle Credit's property. The intent of the Cybersecurity Policies & Procedures is to maintain systems and firm-wide awareness, to identify potential threats and prevent a cybersecurity attack. The Policies provide a written framework for a balanced approach to managing security risks while allowing users to be productive and efficient.

## **Item 11 – Code of Ethics**

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

Aristotle Credit has adopted a Code of Ethics pursuant to SEC rule 204A-1 of the Investment Advisers Act of 1940, as amended and pursuant to Rule 17j-1 of the Investment Company Act of 1940, as amended. A basic tenet of Aristotle Credit's Code of Ethics is that the interests of clients are always placed first. In addition, Aristotle Credit has identified five major responsibilities that demonstrate its commitment as a trusted fiduciary. They are (1) to put the client's interest first, (2) to act with utmost good faith, (3) to provide full and fair disclosure, (4) to not mislead clients, and (5) to expose all conflicts of interest to 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. Aristotle Credit 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 general policy, Aristotle Credit does not engage in any principal transactions, cross trading or agency cross transactions. Any exceptions to this policy must be approved in advance by the Chief Compliance Officer or designee.

Officers, directors, or employees of Aristotle Credit and its related persons may be members of the boards of directors of publicly held companies whose securities may be permitted investments for certain clients although such instances would be very rare if it occurs at all. In these cases, if any, Aristotle Credit will establish certain procedures, such as appropriate "Information Walls" or placing the securities in question on a Restricted Securities List, which may limit or preclude the purchase or sale of such securities for Aristotle Credit's clients and employees.

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

Aristotle Credit has adopted a Code of Ethics intended, among other things, to ensure personal investing activities by Aristotle Credit's employees are consistent with Aristotle Credit'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 Credit has determined that all employees are access persons.

All access persons are required to notify Aristotle Credit Compliance in order to pre-clear personal securities transactions in reportable securities and reportable funds (as defined in Aristotle Credit'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 Credit access persons, each access person 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, each access person 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. Each access person must also submit to Aristotle Credit'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 of Ethics 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 Credit and its respective officers and employees may act and continue to act as investment advisers and managers for others and may choose to act as investors on their own behalf.

Aristotle Credit is required to treat its clients fairly in relation to such conflicts of interest or material interests. Aristotle Credit 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 Credit'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**

Access persons are generally required to pre-clear all securities transactions involving stocks and corporate bonds with Compliance. No access person shall knowingly purchase or sell, directly or indirectly, any reportable security in which he or she has, or by reason of such transaction acquires, any direct or indirect beneficial ownership which at the time of such purchase or sale:

- (a) is being considered for purchase or sale by any Aristotle Credit client;

- (b) is being purchased or sold by an Aristotle Credit client; or
- (c) is issued by a company on the Restricted Securities List for which Aristotle Credit is in possession of inside information, unless such purchase or sale has pre-clearance authorization from Compliance.

### **11.E. Political Contributions and Pay-to-Play**

Aristotle Credit has adopted a political contribution policy which allows access persons to pursue legitimate political activities and to make political contributions to the extent permitted under U.S. law. However, access persons are prohibited from making contributions to U.S. state or local officials or candidates for state or local office if those contributions are intended to influence the award or retention of municipal finance business or any other business, referred to as “Pay-to-Play” activities.

### **11.F. Outside Business Activities**

Aristotle Credit personnel may engage in certain outside business activities that should not conflict with its performance of services to its clients. Aristotle Credit has implemented controls to mitigate any potential conflict of interest that may arise between Aristotle Credit, its personnel and clients.

## **Item 12 – Brokerage Practices**

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

Aristotle Credit’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. Aristotle Credit insists on a high standard of quality regarding execution services and deals only with brokers that can meet that standard. Aristotle Credit also places value on broker-dealers who can provide a market for the types of securities Aristotle Credit purchases and sells, useful research and brokerage assistance.

In selecting broker-dealers to execute securities trades for client accounts, Aristotle Credit will seek to comply with its fiduciary duty to obtain best execution and will take into account such factors as Adviser considers to be relevant, including (without limitation): (a) the price and the transaction cost, (b) the execution capabilities required by the transaction, (c) the importance to the transactions of speed and efficiency, and (d) the reputation and soundness of financial condition of the broker or dealer. In general, Aristotle Credit’s starting point for determining whether best execution is received is an evaluation of market availability for the security they plan to purchase or sell, pricing comparisons, total costs and, quoted net prices, across a range of broker-dealers and comparable securities, depending upon the nature of the product and the market. Aristotle Credit recognizes that the nature of fixed income trading will affect the execution capability of a broker-dealer. In evaluating execution capability, Aristotle Credit may consider market conditions for a particular security, the size and type of transaction, the quantity of primary markets that are checked and the broker-dealer’s reputation.

The best net price, giving effect to brokerage commissions or fees, spreads and other costs, is normally an important factor in this decision, but several of other judgmental factors are considered as they are deemed relevant. In applying these factors, Aristotle Credit recognizes that different broker-dealers may have varying execution capabilities with respect to diverse types of securities. Most of the transactions take place on over-the-counter (OTC) markets which tend to be less transparent than equity markets. Further, transactions take place among a relatively small universe of trading partners and availability can be limited. Aristotle Credit, like many fixed income investors, has applied a significant amount of time and effort to developing a reliable and knowledgeable network of contacts with fixed income dealers. These contacts assist Aristotle Credit in their effort to access the best price and availability of fixed income securities for their clients providing the basis for Aristotle Credit's ability to seek best execution in the fixed income market.

Aristotle Credit periodically evaluates and reviews its best execution practices and procedures as well as its general brokerage arrangements. During the course of this review, Aristotle Credit may determine or re-determine criteria for selecting broker-dealers and will generally review trade placement, costs, service quality factors and alternative means of execution.

#### Research and Other Soft Dollar Benefits

Aristotle Credit does not receive research from brokers in return for generating commissions for such brokers ("soft dollars") but may receive standard unsolicited materials. However, from time-to-time personnel of Aristotle Credit may attend conferences or similar functions sponsored by broker-dealers and financial institutions that are widely attended by other investment advisers.

#### Brokerage for Client Referrals

Aristotle Credit does not maintain any referral arrangements with broker-dealers.

#### Directed Brokerage

Aristotle Credit selects broker-dealers for separately managed client accounts and because of the nature of fixed income trading, does not accept client directed brokerage.

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

Aristotle Credit may aggregate purchase or sale orders among more than one client account under Aristotle Credit's trade aggregation and allocation policy. In the case of bank loans, from time to time, Aristotle Credit may aggregate purchase and sales orders of bank loans. Trades will be aggregated when Aristotle Credit believes that it is in the best interest of each client involved, typically because such aggregation will achieve overall better execution and/or better prices. Aristotle Credit will seek to: (i) aggregate client orders only when consistent with Aristotle Credit's duty of best execution and with the client's investment



objectives, account guidelines and other objective criteria, and (ii) allocate on a pro rata basis the price and per share commission, if any, and transaction costs to each client participating in the aggregated transaction. In addition, Aristotle Credit will identify the client accounts that will participate in any such aggregated transaction and will utilize a fair and equitable allocation method with respect to the aggregated order. Aristotle Credit does not receive additional compensation or remuneration solely as a result of a trade aggregation or allocation.

Aristotle Credit generally will not aggregate trades for clients that may have limited Aristotle Credit's brokerage discretion or other client accounts that it manages to the extent that those clients have directed their trading to the particular broker-dealer. Orders for such clients will generally be aggregated only with similar clients and allocated in the same manner as described above. To the extent that a client has directed Aristotle Credit to use a particular broker or dealer, either exclusively or under certain circumstances, Aristotle Credit will trade through the broker-dealer specified by the client. As a result, client-directed accounts may not receive the best execution. 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. This may be the case for wrap program accounts, where Aristotle Credit may effect transactions through other broker-dealers, but it is expected that most of the transactions in wrap accounts will be executed through the manager because part of the manager's negotiated fee with the client includes brokerage commissions and trading costs.

### Trade Allocation

Aristotle Credit acts as investment adviser to clients that have similar investment objectives and pursue similar strategies.

Aristotle Credit seeks to allocate corporate debt instruments to clients in a fair and equitable manner over time in an attempt to create a well-constructed, fully invested portfolio of corporate debt instruments as quickly as possible, in order to minimize the effects of under-investment, while adhering to a client's investment objectives and restrictions. In general, clients that participate in an aggregated order will be allocated on an average price basis, subject to allocation factors.

Aristotle Credit's clients may have varied, and potentially complex investment restrictions coupled with the constraining mechanics of the corporate debt market, particularly the bank loan market, (including, but not limited to minimum assignment size in terms of purchase and sale transactions). In addition, Aristotle Credit's clients may have related but different investment strategies where there are "dedicated" strategies and "opportunistic" or tactical strategies. In certain other cases, limited market supply and demand for security could result in a partially filled order. Accordingly, because of these reasons, allocation of trades through methods such as pro rata allocation, are not feasible. Therefore, the allocation of corporate debt instruments to various accounts is generally based on factors such as the client's investment restrictions and objectives, relative size of client, including expected liquidity and/or third-party credit ratings, the client's acceptance or rejection of prospective

investments, if applicable, and the relative percentage of invested assets of a client's portfolio to uninvested cash, among others.

In addition to those allocation factors above, dedicated investment disciplines and portfolios may receive all or a larger percentage of a partially filled transaction if the security is generally the primary investment vehicle for the portfolio account. For example, a client with a High Yield Bond strategy may receive a greater allocation of a partially executed high yield bond transaction than a client with a Bank Loan strategy. This is because the High Yield Bond strategy client account invests a greater percentage of its assets in high yield bonds, while the Bank Loan strategy client account can only place a limited percentage of its assets in high yield bonds. Also, during periods when new accounts are being initially invested in corporate debt instruments (sometimes referred to as a client account's ramp-up period), these securities may be disproportionately (and, at times, exclusively) allocated to such new account. Aristotle Credit's allocation decisions respecting the sale of corporate debt instruments for client accounts may also be made disproportionately, based upon, among other considerations, the relative amount of the securities held in an account and applicable restrictions on the minimum amount that may be assigned as well as the particular circumstances of a client's portfolio corporate loan relative to its investment policies and restrictions as well as anticipated or pending withdrawals.

## **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) seek to review the portfolio with respect to the credit's relative value. In addition, the Portfolio Manager(s) also review the portfolio to determine the existence and extent of fundamental credit concerns. They look for poor risk-return potential and overall changes in the macro-view as well as market liquidity concerns. These reviews may lead to "sell" decisions. In addition to the review process described above, all available members of the Investment Team (i.e. Portfolio Manager(s), Credit Analysts and Trader) participate in periodic meetings, which typically include an update on market conditions, a review of news impacting the credits in the portfolios, and a review of the investment pipeline and opportunities. The Investment Team also reviews monthly performance and discusses current economic performance and recent performance in the equity, bond and bank loan markets and what changes, if any, should be made to the portfolios as a result. There are in-depth discussions of certain selected individual portfolio positions.

### **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 Credit produces account statements, which show account value, positions and performance, which are furnished to each separate account client. Other written reports may include correspondence to clients which discuss Aristotle Credit's investment strategies and market commentary. The manager or client portfolio manager will meet with clients when requested or at such other times as may be mutually agreed to by Aristotle Credit and the client. Such meetings may be conducted in person or via teleconference.

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

Aristotle Credit pays referral fees to independent persons or firms ("Promoters") that solicit, refer or introduce clients to us. Whenever we pay a referral fee or otherwise compensate promotion by a Promoter, we require the Promoter to provide the prospective client with a copy of this document and a separate disclosure statement that includes the following information:

- whether the Promoter is or is not a current client of Aristotle Credit;
- that cash or non-cash compensation was provided for the testimonial or endorsement of Aristotle Credit;
- a brief statement of any material conflicts of interest on the part of the promoter resulting from the Promoter's relationship with Aristotle Credit;
- the material terms of the compensation arrangement, including a description of the compensation provided or to be provided, directly or indirectly, to the Promoter;
- a final description of any additional material conflicts of interest on the part of the Promoter resulting from the investment adviser's relationship with such person and/or the compensation arrangement.; and
- the client must acknowledge in writing this arrangement.

It is Aristotle Credit'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.

### **Item 15 – Custody**

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 Credit 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 Credit.

Aristotle Credit urges clients to carefully review and compare official custodial records to the account statements that Aristotle Credit provides. Aristotle Credit 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 Credit is retained with respect to its individual accounts 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 Credit 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**

Aristotle Credit primarily manages fixed income securities and therefore proxy voting is generally not required or requested for fixed income securities. Nonetheless, Aristotle Credit recognizes its fiduciary responsibility to vote proxies solely in the best interest of its clients (i.e. institutional and advisory separate account clients and the mutual fund) with the overall goal of maximizing the growth of its clients’ assets. Toward that end, Aristotle Credit has developed proxy voting guidelines, which its Portfolio Managers and Credit Analysts use to vote proxies for securities held in client accounts.

Aristotle Credit 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 Credit’s fiduciary duties under federal and state law to act in the best interests of its clients.

Aristotle Credit has contracted with Institutional Shareholder Services (“ISS”) and will use their proxy platform for proxy administration. Aristotle Credit will direct each custodian to forward proxy ballots to ISS for processing. Aristotle Credit has access to the ballots through the ISS website and may provide ISS with instructions on how to vote the ballots or Aristotle

Credit may vote the ballots through the website. ISS records the votes and provides proxy voting accounting and reporting. Case-by-case proxy voting decisions are generally made by a Portfolio Manager or designee. All voting records are maintained by ISS, except that Aristotle Credit will maintain copies of any document created by Aristotle Credit that was material in making a determination of how to vote case-by-case proxy or that memorializes the basis for that decision.

Aristotle Credit generally votes proxies in furtherance of maximizing the short-term value of securities in respect of which proxies are solicited. As a general rule, Aristotle Credit very rarely receives proxy solicitations since the Adviser's clients generally do not hold equity positions.

Generally speaking, Aristotle Credit only manages equity positions when received as work-out securities. Typically, the investment guidelines of the accounts under which Aristotle Credit operates do not provide for the discretionary investment in equity and equity like securities. From time to time, Aristotle Credit may receive proxy solicitations in the context of reorganizations of borrowers in which equity securities are received in exchange for defaulted loans and/or bonds from the independent custodian. Aristotle Credit considers each proxy proposal on its own merits, and it makes an independent determination as to the advisability of supporting or opposing management's position. Aristotle Credit believes that the recommendations of management should be given substantial weight, but it will not support management proposals that it believes are detrimental to maximizing the short-term value of its clients' positions.

Aristotle Credit would usually oppose proposals that dilute the economic interest of shareholders, reduce shareholders' voting rights or otherwise limit their authority. With respect to takeover offers, Aristotle Credit would vote for the merger, acquisition or leveraged buy-out if the offer approaches or exceeds the value estimate.

Clients may obtain information from Aristotle Credit about how their securities were voted and obtain a copy of Aristotle Credit's proxy voting policies and procedures upon request by contacting us at [compliance@aristotlecap.com](mailto:compliance@aristotlecap.com) or calling (949) 681-2100.

## **Item 18 – Financial Information**

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

Aristotle Credit does not require or solicit prepayment of fees from clients four 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 Credit has no financial commitments that impair its ability to meet contractual commitments and fiduciary commitments to clients.

**18.C. No Bankruptcy Proceedings**

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