

# Steadyhand

## Aristotle Capital Management

*Aristotle Capital Management is the portfolio sub-adviser for the Steadyhand Global Equity Fund.*

### About

Aristotle is an investment manager based in Los Angeles, California. The firm was founded in 2010 and is an independent, employee-owned organization backed by an experienced leadership team that has worked together for over 25 years.

### Howard Gleicher & Gregory Padilla

Howard and Greg are the firm's two lead Portfolio Managers responsible for the Steadyhand Global Equity Fund. Howard is also Aristotle's Chief Investment



Officer. He holds an MBA from Harvard University and has over 35 years of industry experience, including time at PIMCO and Metropolitan West Capital Management. Greg holds an MBA from

USC and previously served as Managing Director of Tradewinds Global Investors. Both Howard and Greg are CFA charterholders.

### The Four Tenets

Aristotle's investment philosophy consists of four tenets:

1. Identify what it believes to be high-quality businesses.
2. Analyze businesses from a global perspective.
3. Invest with a long-term view.
4. Construct concentrated portfolios.

### Investment Approach

In order to be included in the fund, a company must meet the following equally important criteria:

**High Quality.** While this term can be vague, Aristotle's definition is succinct: it seeks companies in great and/or improving lines of business with characteristics that

include sustainable competitive advantages, attractive business fundamentals, leading products or services, pricing power, and experienced management teams.

**Attractive Valuation.** Aristotle then assesses the value of the company utilizing a private equity approach to public markets, as if it were buying the entire business. The firm develops its own financial models, estimating normalized revenues, margins and cash flows. Using multiple valuation metrics, it determines a conservative intrinsic value for the business.

**Compelling Catalysts.** Catalysts are actions/events currently underway that Aristotle believes will propel a company to meet its full potential over the next 3-5 years. It seeks to identify catalysts that fall outside the short-term focus of the market, such as changes in leadership, divestitures/acquisitions, margin improvements, and/or productivity gains.

### Portfolio Composition

The firm diversifies its investments across countries and industries and holds 45-55 stocks. Companies of all sizes are held, yet typically exceed \$2 billion in market capitalization at time of purchase. Portfolio turnover is low, often ranging from 10-20% in a given year.

### Competitive Advantages

Aristotle has a set of key advantages that help set it apart.

- **Independence:** The firm is controlled by its working partners and is not beholden to external shareholders and potentially competing interests.
- **Owner's mindset:** Similar to private equity investors, it takes a long-term view, valuing the entire business and focusing on operating fundamentals rather than macroeconomic factors beyond management's control.
- **High conviction:** It builds focused portfolios of businesses that it knows well and doesn't "rent" stocks or trade pieces of paper based on a hunch.



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