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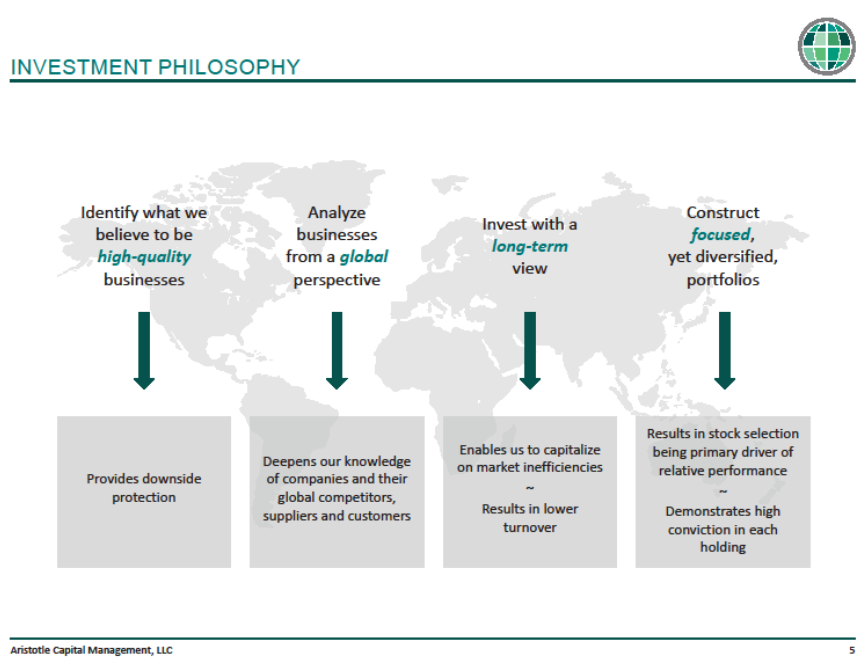
Notes on Plus Capital's meetings with the Aristotle Capital Management, LLC in Los Angeles.

Plus Capital is proud to represent Aristotle Capital Management, LLC ("Aristotle Capital") in Australia. Aristotle Capital is an employee owned global equity manager based in Los Angeles backed by an experienced management team who have worked together for over twenty years. We spent a number of days in their offices spending time with the investment management team and, as always, these Notes are intended to be the "next best thing to being there".

Greg Padilla is a co-portfolio manager of Aristotle Capital's Global Equity portfolio and we asked him what was the key differentiating feature in the way Aristotle Capital manages money for clients? He explained the importance of the philosophy which underlies their process, that they are not so much just buying stocks, rather using "a private equity approach to public markets". He expanded by saying that because they are looking to buy a "piece of the business – for the long term" it is important that the company be in control of its own destiny. It is this mindset that permeates the way they analyse investment opportunities and leads to one of the key outputs of portfolios they build for clients – "consistency".

Greg introduced us to the other "analysts", including Howard Gleicher, who also has the title of Chief Executive and Chief Investment Officer. Howard explained that, regardless of his title, he is first and foremost a research analyst and estimated that this role represented the vast majority of his time with the portfolio management function being the balance. In this way there is a collegiate atmosphere within the one investment team who focuses on global coverage of sectors. Howard referred to the slide below to describe the four pillars of the investment philosophy built by the team during the 1990s when they worked together at a predecessor firm.



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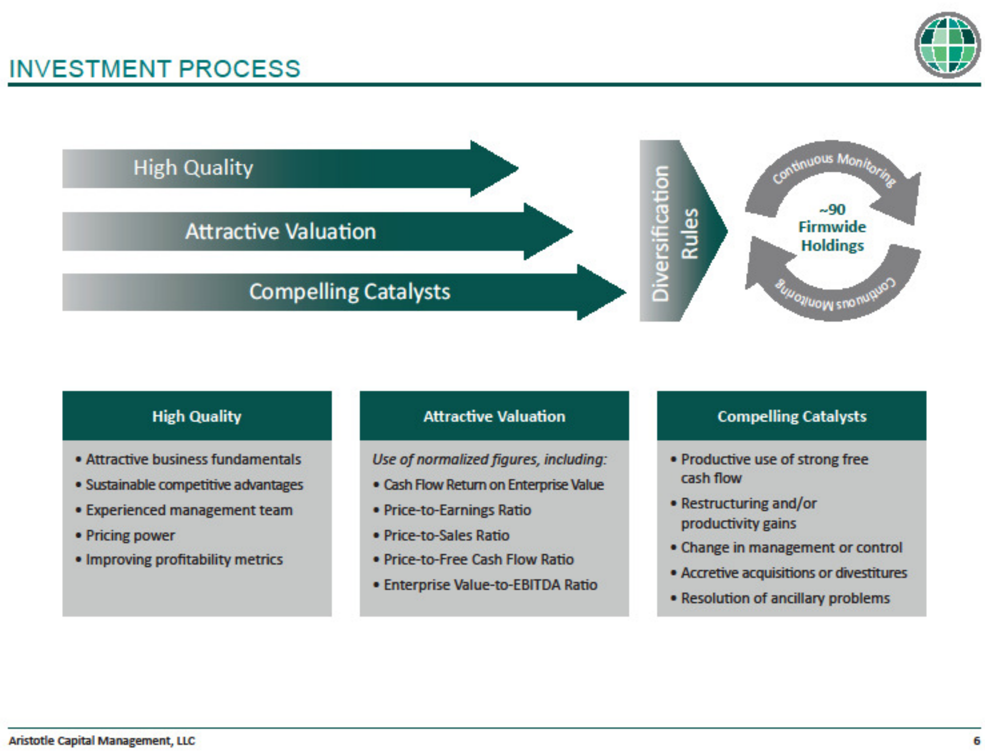
Truly "*high quality*" companies might be considered a relatively static universe, so it is important Aristotle Capital's analysts have the experience gained from a long history of being able to identify the slow changes, and invest in companies they believe have excellent long-term prospects with superior management teams while being prepared to allow the time it usually takes to realize "value" for shareholders.

Taking a "global" perspective enables Aristotle Capital to understand a company's entire value chain. Where a company gets its mail is less and less important in today's world.

Investing with a "*long term*" view results in portfolios with lower turnover and gives the potential to capitalize on the short-term thinking of others. As noted by Greg, "we have been able to achieve strong long-term results by focusing our time on what we consider to be quality companies we know intimately. In doing so we can capture inflection points rather than attempt to trade on the next event or rumor".

The "focused" Global Equity portfolio is one of 45-55 companies, each with a "high conviction" weight of around 2% at purchase. Greg described that the research efforts concentrate on "studying businesses, with a focus on the investments we own for our clients and those in their value chain". Not only must a security offer compelling prospects, "but it must be better (a lot better) than what we already own".

Greg described the investment process like being a "three-legged stool" in that each was equally important.



He pointed to the slide above and highlighted that "Valuation" was purposely in the middle and looked at after the "Quality" was first identified and understood. He stressed that there is no "screening" to source potential candidates for inclusion in the portfolio; the starting point is to understand the business, what makes it unique and why it may be considered high-quality.

One facet of the valuation process is to consider not just the equity, but the entire enterprise: it if could be owned and operated for cash, what would the "cash on cash return" be in a normal year, and does that imply an attractive valuation for the equity?

Importantly, the "Catalysts" Aristotle Capital are looking for are actions or events currently underway that management has control over. Catalysts are continuously monitored to assess the impact on a company's intrinsic value. It is the evolution of catalysts that Aristotle Capital believes will propel a company to meet its full potential within the next three to five years, closing the valuation discount they see.

RISK MANAGEMENT

Buy Discipline	• Focus on quality can provide downside protection • Attractive valuation may offer margin of safety • Catalysts seek to avoid value traps
Sell Discipline	Sale Review Occurs if: • Approaches fair value estimate • Material stock price decline (absolute) • 15% underperformance (vs. industry or market) Sale Occurs if: • Catalysts realized • Fundamentals deteriorate • Better alternatives found
Portfolio Construction and Monitoring	• Diversification by position, sector and country • Continuous review of existing holdings • Portfolio guidelines monitored through Advent Rules Manager

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The sell discipline comes out of the risk management process – with risk being defined as the probability of the permanent loss of capital. Because of the high conviction nature of the portfolio the sale of an investment is typically a complete sale with those proceeds being deployed in a new investment.

We discussed what makes Aristotle Capital different and, in addition to referring to the slide below, Howard remarked "We are trying to understand businesses. Others are trying to predict stock prices".

WHAT MAKES ARISTOTLE CAPITAL DIFFERENT?

Aristotle Capital's Approach	Some Other Firms' Approach
• Invest in businesses; think and act like owners	• Trade pieces of paper; "rent" stocks
• Seek to identify structural business changes	• Industry/"theme" focus & "play the cycle"
• Do not start or end with valuation; no screens	• "Screen" on value metrics
• Study the "how" of corporate profits	• Focus on the "if" of corporate profit growth
• Build long-term *normalized* financial models	• Focus on reported historic metrics
• Define risk as probability of permanent loss of capital	• Define risk using backward looking statistics

Plus Capital looks forward to hosting Aristotle Capital during late February 2019 to a series of meetings in Australia with institutional investors and their advisors.

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