Summary

In the second quarter, high yield bonds, bank loans and investment-grade credit all posted positive returns as spreads tightened amid a more favorable macroeconomic and technical backdrop for credit. The Aristotle Strategic Credit Fund (ARSSX) returned 3.07%, roughly in line with the 3.16% return of its benchmark. Year to date, the Fund has returned 6.14%, outperforming the 5.83% return of its benchmark over the same time period. The benchmark represents a blend of 1/3 Barclays U.S. High Yield Ba/B 2% Issuer Cap Index, 1/3 Barclays Intermediate Corporate Index and 1/3 Barclays U.S. Bank Loan Index.

Performance data quoted here represents past performance. Past performance is no guarantee of future results. Investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain performance information current to the most recent month-end please call 1-888-661-6691.

Market Environment

A robust rally in global risk-free rates and continued recovery in commodity prices spurred strong performance across the fixed income markets during the second quarter.

Increasingly accommodative monetary policy from central banks against a backdrop of tepid economic growth and concerns over "Brexit" led to a continuation of the first quarter's trend of lower interest rates across the globe. In the United States, some believed the Federal Reserve would lay out a path toward higher rates in 2016 until a weak May employment report cast renewed doubt on the health of the domestic economy. Combined with uncertainty following the Brexit referendum, the market priced in a strong probability that the Fed will be on hold through the remainder of the year. These factors, along with strong demand for U.S. paper from foreign investors looking for positive yield, caused U.S. risk-free rates to fall in the second quarter, with the 10-year Treasury yield decreasing nearly 30 basis points to 1.49%. Lower interest rate expectations were supportive of corporate bonds, including high yield, bank loans and investment grade, as investors pushed further out on the risk curve in efforts to add more yield to their portfolios.

Also whetting appetites for corporate bonds in the second quarter was the continued recovery in commodities, crude oil in particular. The price of WTI crude oil increased 25% during the quarter and has nearly doubled since its mid-February bottom, ending June at approximately $48 a barrel. Several other commodities also experienced substantial price increases. This resulted in significant gains in commodity-related bonds, which not only boosted corporate bond indices, but also eased investor concerns about credit fundamentals. Overall, we expect U.S. economic growth to slowly improve in the second half of 2016 as the headwinds to the globally induced, mid-cycle slowdown begin to diminish. We expect economic growth to be moderate in 2016, and for the Fed to continue to err on the side of dovishness, making it unlikely that the central bank will raise the fed funds rate more than once through year-end.

High yield bonds, bank loans and investment-grade corporates posted healthy returns in the strong quarter for credit.

The Barclays U.S. High Yield Ba/B 2% Issuer Cap Index returned 4.15% for the quarter, boosted by significant returns in Energy, Metals & Mining and Pipelines & Distributors, which were positively impacted by the continued recovery in commodity prices. While bonds in commodity-related industries led the charge, gains were broad-based within the Index, as corporate credit as a whole benefited from a supportive macroeconomic backdrop. These same trends held for bank loans, as the Barclays U.S. Bank Loan Index returned 2.77% over the same time period. Loans experienced a mixed technical environment, as strong CLO growth in June was offset by meaningful retail outflows, perhaps due to the market's expectation of a Fed delay. Finally, investment-grade credit generated a total return of 2.24%, as measured by the Barclays Intermediate Corporate Index. Bond prices were boosted by tighter credit spreads and lower Treasury rates.

Performance and Attribution Summary

The Aristotle Strategic Credit Fund returned 3.07%, performing roughly in line with the 3.16% return of its blended benchmark, as favorable asset allocation and security selection offset negative industry selection.

The Fund's overweight to the higher-quality tiers of the high yield market aided absolute and relative performance, as high yield bonds outperformed both bank loans and investment-grade corporates during the quarter. Positive security selection in the Healthcare, Pipelines & Distributors and Gaming & Lodging industries also added value. These gains were offset by the Fund's underweight to commodity industries, particularly Energy and Metals & Mining.

Outlook and Strategy

We believe valuations in the corporate credit market are generally still attractive relative to history and to other sectors of the fixed income markets.

Even after additional spread tightening in the second quarter, credit spreads still trade within the range of the 2001 recessionary period and also within the range of the 2010-2012 period, when the economy was, in our opinion, on much less stable footing. Therefore, we believe the market still offers attractive opportunities in select areas given our expectation that fundamentals will be supportive of the credit cycle remaining intact as we move into 2017. Furthermore, we find that corporate leverage trends compare favorably to long-term norms, and that both liquidity trends and refinancing risk appear relatively benign. However, over the short term, headwinds related to global growth, global central bank policy actions, potentially volatile commodity prices and corporate bond supply pressures are likely to keep market volatility higher than normal and credit spreads wider than historical averages. That said, we believe corporate credit will likely outperform other fixed income sectors due to favorable carry and the opportunity for continued spread tightening as the global economic backdrop stabilizes.

While the portfolio remains overweight higher-yielding credit sectors, we have recently increased our investment-grade allocation, as we expect higher-than-normal volatility to persist. We continue to focus on U.S. credits and remain underweight commodity industries in favor of consumer-based cyclicals and select financials.

On June 30, the Fund was composed of approximately 40% high yield, 40% bank loans and 18% investment-grade corporates, with the balance in cash. As the credit markets continued to rally in the second quarter, we reduced our positioning in high yield bonds and bank loans and increased our allocation to investment-grade corporates—moves that reflect our outlook for continued uncertainty and higher-than-normal volatility. Holdings remained focused on domestic credits given the relative strength of the U.S. economy. The portfolio is overweight U.S. consumer-based cyclicals, as we believe these securities could continue to outperform due to the overall strength of the U.S. consumer, low gasoline prices and improvement in the labor market. At the industry level, we took advantage of relative value opportunities to add to our positions in select Financials, Pipelines & Distributors, Paper & Packaging and Technology issues, while reducing allocations to Chemicals, Transportation, Telecommunications and Pharmaceuticals.

Aristotle Strategic Credit Fund (Class I)

Performance Update June 30, 2016

Total Return	Q2 2016	1 Year (6/30/16)	Annualized Since Inception (12/31/14)	Gross/Net Expense Ratio
At NAV	3.07%	1.55%	2.32%	3.12%/0.63%

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The Fund's advisor has contractually agreed to waive certain fees and/or absorb expenses, through April 30, 2017, to the extent that the total annual operating expenses do not exceed 0.63% of average daily net assets of the Fund. The Fund's advisor may seek reimbursement from the Fund for waived fees and/or expenses paid for three years from the date of the waiver or payment. Without these reductions, the Fund's performance would have been lower. A redemption fee of 1.00% will be imposed on redemptions of shares within 30 days of purchase.

Returns over one year are annualized; cumulative performance may not be indicative of the Fund's long-term potential. The Fund inception date is December 31, 2014. The Fund returns will fluctuate over long and short-term periods.

Important Information:

There can be no guarantee that any strategy (risk management or otherwise) will be successful. All investing involves risk, including potential loss of principal. The views in this commentary were as of the date stated and may not necessarily reflect the same views on the date this letter is first published or any time thereafter. These views are intended to help shareholders in understanding the Fund's investment methodology and do not constitute investment advice.

Past performance is not indicative of future results. You should not assume that any of the securities transactions, sectors or holdings discussed in this report are or will be profitable, or that recommendations Aristotle Credit makes in the future will be profitable or equal the performance of the securities listed in this report. There is no assurance that any securities, sectors or industries discussed herein will be included in or excluded from an account's portfolio. Portfolio composition will change due to ongoing management of the Fund. References to specific securities or sectors should not be construed as recommendations by the Fund, its Advisor or Distributor. The opinions expressed are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Aristotle Credit reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. This is not a recommendation to buy or sell a particular security.

An investment in the Fund is subject to risks and you could lose money on your investment in the Fund. The principal risks of investing in the Fund include, but are not limited to, investing in fixed income securities, high yield bonds, bank loans, foreign securities, emerging markets, short sales, derivatives, convertible securities and ETFs. Foreign securities have additional risks including currency rate changes, political and economic instability, lack of comprehensive company information, less market liquidity, less efficient trading markets, and differing auditing controls and legal standards. Investments in emerging markets involve even greater risks. The use of short sales and ETFs may cause the Fund to have higher expenses than those of other equity funds. Short sales are speculative transactions and involve special risks, including a greater reliance on the investment team's ability to accurately anticipate the future value of a security. The Fund's losses are potentially unlimited in a short sale transaction. The Fund's use of short sales and futures contracts leverages the Fund's portfolio.

The Fund's use of leverage can make the Fund more volatile and magnify the effect of any losses. There is no assurance that a leveraging strategy will be successful. The Fund may invest in derivatives which can be highly volatile, illiquid, difficult to value, and changes in the value of a derivative may not correlate with the underlying securities or other securities held directly by the Fund. Such risks include gains or losses which, as a result of leverage, can be substantially greater than the derivatives' original cost. There is also a possibility that derivatives may not perform as intended which can reduce opportunity for gain or result in losses by offsetting positive returns in other securities the Fund owns.

As of June 30, 2016, the Fund's top 10 holdings and their weight as a percent of total net assets were: Diamond Resort Loan, 5.500%, Due 05-09-21, 2.92%; Nord Anglia Education Finance LLC Loan, 5.000%, Due 03-31-21, 2.89%; Midas Intermediate Holdco II, LLC Loan, 4.500%, Due 08-18-21, 2.87%; NVA Holdings Inc Loan, 4.750%, Due 08-14-21, 2.87%; Ineos US Finance LLC Loan, 4.250%, Due 03-31-22, 2.84%; Ortho Clinical Diagnostics Inc Loan, 4.750%, Due 06-30-21, 2.77%; Presidio Inc Loan, 5.250%, Due 02-02-22, 2.76%; Hilex Poly Co LLC Loan, 6.000%, Due 12-05-21, 2.58%; Carestream Health Inc Loan, 5.000%, Due 06-07-19, 2.56%; and USAGM Holdco LLC, Term B Loan, 4.750%, Due 07-28-22, 2.42%.

Definitions:

- You cannot invest directly into an index. The volatility (beta) of the account may be greater or less than the benchmarks.
- The Fund is benchmarked to a blend of three indices: 1/3 Barclays U.S. High Yield Ba/B 2% Issuer Cap Index, 1/3 Barclays Intermediate Corporate Index and 1/3 Barclays U.S. Bank Loan Index.
- The **Barclays U.S. High Yield Ba/B 2% Issuer Cap Index** is an issuer-constrained version of the U.S. Corporate High-Yield Index that measures the market of U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bonds rated Ba/B. The index limits the maximum exposure to any one issuer to 2%.
- The **Barclays Intermediate Corporate Index** is designed to measure the performance of U.S. corporate bonds that have a maturity of greater than or equal to 1 year and less than 10 years. The Index includes investment grade, fixed-rate, taxable, U.S. dollar-denominated debt with $250 million or more par amount outstanding, issued by U.S. and non-U.S. industrial, utility, and financial institutions.
- The **Barclays U.S. Bank Loan Index** provides broad and comprehensive total return metrics of the universe of syndicated term loans. To be included in the index, a bank loan must be dollar denominated, have at least $150 million funded loan, a minimum term of one year, and a minimum initial spread of LIBOR+125. The volatility (beta) of the Fund may be greater or less than the benchmark. It is not possible to invest in these indices.
- Treasuries are negotiable debt obligations of the U.S. government secured by its full faith and credit and issued at various schedules and maturities.
- The Federal (Fed) Funds rate is the interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is the most sensitive indicator of the direction of interest rates, since it is set daily by the market.A collateralized loan obligation (CLO) is a security backed by a pool of debt, often low-rated corporate loans.

Please consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus or summary prospectus that contains this and other information about the Fund is available by calling (844) ARISTOTLE (274-7868) or by visiting www.aristotlefunds.com and should be read carefully prior to investing.

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