International Equity Fund

4Q 2016 Commentary

Markets Review

The fourth quarter of 2016 was largely characterized by strong performance in the U.S. equity markets following the unexpected election of Donald Trump. Investors shrugged off geopolitical concerns and focused on the President-elect's plans for deregulation and fiscal stimulus, such as infrastructure spending and lower taxes, helping to push the Dow Jones Industrial Average to new all-time highs during the quarter. Global stock indices posted similarly positive performance in local currency terms; however, the U.S. dollar strongly advanced against most major currencies and detracted from international returns for U.S.-based investors. In this environment, the MSCI EAFE Index (net) posted a total return of -0.71% (in U.S. dollar terms), while the broader MSCI ACWI ex USA Index (net) posted a total return of -1.25% (in U.S. dollar terms).

In Europe, investors remained optimistic about signs of improving economic growth, bidding up the prices of most European equities. That said; much of the confidence in Europe was dampened by various political concerns that seemed to dominate news headlines during the quarter. After the surprise election of Donald Trump in the United States and Great Britain's vote to depart from the European Union, a heightened sense of uncertainty was felt throughout the region, as investors braced themselves for several key elections that will take place in 2017. Additionally, Italian Prime Minister Matteo Renzi announced that he would resign after his proposed constitutional reform referendum was resoundingly defeated. In an attempt to reassure financial markets in Italy—the eurozone's third-largest economy—government officials approved a €20 billion rescue fund for fragile banks just before year-end. Overall, the MSCI Europe Index finished the quarter up 5.44% in local currency terms but lost 0.40% for U.S. investors due to the strong dollar appreciation.

Japanese equities, meanwhile, delivered robust returns in local terms but finished the quarter lower in U.S. dollar terms as optimism surrounding U.S. economic growth, paired with a weakening yen, provided a strong boost for the country's exporters. In Tokyo, the Nikkei 225 touched a one-year high in December after the Bank of Japan decided to leave its accommodative monetary policy unchanged following a two-day summit meeting. Bank of Japan Governor Haruhiko Kuroda stated that he will continue to keep interest rates on 10-year government bonds at zero until inflation ticks up over 2%. In the labor market, unemployment remained at decade lows in Japan, yet wage growth remained lethargic. The MSCI Japan Index finished the quarter up 14.99% in local currency terms but lost 0.16% for U.S.-based investors when translated into dollars.

The emerging markets pulled back during the fourth quarter after a strong rally at the beginning of 2016. With the decision by the U.S. Federal Reserve to raise interest rates, and the dollar surging, the MSCI Emerging Markets Index fell 4.16% during the fourth quarter in U.S. dollar terms. Several emerging market currencies plunged against the dollar, including the Mexican peso and the Indian rupee. Latin American and Mexican stocks were the most weakened during the quarter, mainly due to fears that changes in U.S. trade policy could potentially hurt exports. In India, equity markets also had a particularly difficult time after the government surprisingly moved to pull 86% of the country's currency from circulation in an attempt to stop tax evasion. Investors worried that, by doing so, consumer spending would halt and economic growth would be negatively affected.

Performance Review

For the fourth quarter of 2016, the **Aristotle International Equity Fund** returned -4.31% at NAV (in U.S. dollar terms), trailing the -0.71% total return of the MSCI EAFE Index (net) and the MSCI ACWI ex USA Index (net), which lost -1.25%. For the year, the Fund returned -1.17% at NAV (in U.S. dollar terms), underperforming the 1.00% total return of the MSCI EAFE Index (net) and underperforming the MSCI ACWI ex USA Index (net), which gained 4.50%.

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 1-844-274-7868.

The primary source of the Fund's underperformance in the fourth quarter relative to the MSCI EAFE Index was security selection. Relative sector weights, the by-product of our bottom-up stock selection decisions, also had a net negative impact. Most notably, the Fund's overweight in Consumer Staples detracted from relative return. On the positive side, stock selection and a slight overweight in the Energy sector contributed to return.

Within the Telecommunication Services sector, Japanese firm KDDI was the largest detractor from overall performance. KDDI Corporation is the second-largest telecom operator in Japan, providing services to both individuals and businesses. KDDI is the only telecom operator in Japan that owns both mobile and fixed-line broadband networks. Shares of KDDI fell during the quarter for U.S.-based investors due in large part to the weakening of the yen, which was down more than 13% for the quarter. Overall, KDDI continues to tout a strong balance sheet with low leverage and strong free cash flow based on relatively predictable subscription-based revenues. We continue to have a favorable view of KDDI based, in part, on its ability to increase smart phone penetration among its subscriber base.

Kimberly-Clark de México also detracted from overall performance. Founded in 1931, Kimberly-Clark de México SAB de C.V. is the Mexican subsidiary of Kimberly Clark. The company offers a diversified suite of household disposable products, including diapers and child care products, feminine products, napkins, face wipes, health care products and bath tissue. Additionally, the company has a robust collection of household-name brands, such as Huggies, Kotex and Kleenex. Shares of Kimberly-Clark de México were down more than 13% in local terms, a result that was exacerbated by continued weakness in the Mexican peso. We consider the long-term prospects of the company to be strong, and feel that this recent movement in the share price is driven more by politics and less by fundamentals.

Within the Financials sector, Swiss financial services firm UBS was the top contributor to overall performance during the quarter. Headquartered in Switzerland, UBS Group AG is a diversified financial firm that provides services to private, corporate and institutional clients. UBS offers investment banking, retail banking, corporate and institutional banking, wealth management and asset management services. Shares of UBS rose during the quarter as investors took a favorable view of the company's continued focus on its private banking and commercial divisions. UBS continues to shrink its less predictable investment banking department in order to focus on its "stickier" and more predictable segments. We continue to view UBS as a high-quality business that remains ahead of the curve in global banking.

Canada-based uranium miner Cameco was also a top contributor to overall performance. Saskatoon, Canada-based Cameco Corporation is the world's largest publicly traded uranium miner and also provides various services related to the processing of uranium. Shares of Cameco rose more than 20% during the quarter, as investors took a more favorable view of the company's prospects, due in part to a change in the political tone in the United States and the approval of subsidies that will keep two power plants (scheduled for closure in 2017/2018) running for an additional 13 years. We believe Cameco continues to remain strongly positioned, despite the lowest uranium prices in over a decade, by ramping up production at its new, low-cost mines and slowing production at its older, higher-cost locations. As mentioned in previous letters, we continue to believe that Cameco is very well positioned to take advantage of future increases in demand for uranium, as nuclear power continues to expand in markets like China, India and Japan.

Investment Activity

During the fourth quarter, we sold two long-term holdings and made one new investment in the International Equity Fund. We sold our position in **Nestlé SA**, the Swiss transnational food and beverage company, after we concluded that there was little room for further upside potential, as the stock reached our intrinsic value target. While this company remains a very high-quality business, given its current valuation, we have chosen to allocate capital to other investments exhibiting greater opportunity for excess returns. In addition to Nestlé, we sold out of our position in **Diageo plc** after the company became fully valued and the majority of the catalysts we had identified had been realized, in our opinion. With the proceeds from these sales, we purchased **LVMH Moët Hennessy Louis Vuitton SE** in the Fund during the quarter. A brief description of this investment is outlined below.

LVMH Moët Hennessy Louis Vuitton

Founded on January 1, 1987 from the merger of Louis Vuitton and Moët Hennessy, LVMH Moët Hennessy Louis Vuitton SE (LVMH) is one of the most recognizable manufacturers and retailers of luxury goods in the world. The company operates through its five key business segments: Wines & Spirits, Fashion & Leather Goods, Perfumes & Cosmetics, Watches & Jewelry and Selective Retailing. LVMH boasts a portfolio of brands that are differentiated and diversified by both product category and geography.

High-Quality Business

Our investment process always begins by seeking out businesses that we believe are of high or improving quality. In our view, there are several ways in which LVMH exhibits the high-quality characteristics that the Aristotle Capital investment team seeks to identify. LVMH possesses an enviable portfolio of recognizable brands with leading market share positions, including Louis Vuitton, Fendi, Dom Pérignon, Sephora, Bulgari and TAG Heuer. In addition, the company is a well-diversified business that consistently generates significant free cash flow.

Attractive Valuation

Once we have concluded that the company meets our quality criteria, we analyze the company's valuation. In our view, LVMH has tended to trade at a discount to its luxury peers due, in part, to its perceived "conglomerate" structure, which we believe is unjustified. Looking through the lens of normalized revenue, earnings and cash flow, the valuation seems compelling for a company of this quality and consistency.

Catalysts

We believe attractive investments are often found in companies continually striving to become better. We refer to these company-specific drivers as catalysts. Among the catalysts we have identified for LVMH are:

- Growing scale advantage in the various markets it serves
- Sephora continues to have meaningful expansion opportunities while gaining additional share from traditional fragrance and cosmetics distribution channels
- Bulgari stands to benefit longer term from the shift to branded jewelry, coupled with the increased investment and marketing muscle of being part of LVMH
- Strong free cash flow generation, which we believe will increase meaningfully over time as capital expenditures level off

Outlook

With 2016 behind us, it is valuable to briefly pause and reflect upon the events of the year, if for no other reason than to see what can be learned with perfect hindsight. One could make the case that the past year was most clearly characterized by a series of consecutive "unexpected outcomes." Political forecasters and market observers were forced to come forward on several occasions with hat in hand after seemingly unanimous predictions were proven incorrect. The United Kingdom's decision to withdraw from the European Union, widely known as "Brexit," sent shock waves through financial markets and political assemblies, particularly given the near-universal view that the U.K. would vote to stay. Even the betting houses in Europe had it wrong, with the odds of a vote to leave the EU at less than 10%.

Even more pronounced was the surprise victory of Donald Trump over opponent Hillary Clinton, which was perceived by some to be a political impossibility. What's more; market forecasters and many prominent investors claimed that a Clinton victory would be positive for equity markets and a Trump win would be injurious. Yet, during the week of the election, the U.S. stock market had its best showing since 2014. Even more fascinating is the fact that the market rose in the two days leading up to the election, when most predicted that Clinton would clinch the White House, and then continued to rally after Donald Trump was elected.

Within the context of these observations, we at Aristotle Capital are more aware than ever that basing our investment decisions on macroeconomic events and political outcomes would be nothing short of irresponsible. Additionally, as evidenced by the election week rally, we are cognizant of the fact that investors frequently make irrational decisions based on nothing more than human emotion and that decision-making is rarely based solely on logic. What is certain, however, is that the "consensus view" is frequently wrong—just ask a political forecaster. Because of these truths, our investment team chooses to direct the vast majority of its efforts toward activities within our control. As always, we spend the majority of our time studying and identifying unique businesses that have the potential to thrive regardless of the broader environment. Through deep and thorough fundamental research, we seek to identify differentiated businesses likely to outperform their peers on a three- to five-year time horizon. We endeavor to create a diversified, yet focused, portfolio that reflects our high level of conviction in the management teams of the companies whose stocks we own. Through this time-tested investment approach, we look forward to navigating the ever-changing market landscape in 2017. From all of us at Aristotle Capital, we wish you a Happy New Year!

Aristotle International Equity Fund (Class I)

Performance Update December 31, 2016

Total Return	4Q16	1 Year	Annualized Since Inception (3/31/14)	Gross/Net Expense Ratio
ARSFX Class I	-4.31%	-1.17%	-3.19%	4.22%/0.93%
MSCI EAFE Index (Net)	-0.71%	1.00%	-1.98%	N/A

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The Fund's advisor has contractually agreed to waive certain fees and/or absorb expenses, through April 30, 2018, to the extent that the total annual operating expenses do not exceed 0.93% 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.

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 letter 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 Capital 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 the Fund. 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 Capital 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. Recommendations made in the last 12 months are available upon request.

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 foreign securities, emerging markets, small-capitalization and mid-capitalization companies.

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 securities of small-capitalization and mid-capitalization companies may be subject to more abrupt or erratic market movements and may have lower trading volumes or more erratic trading than securities of larger, more established companies or market averages in general.

Definitions:

- The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.
- The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. The MSCI EAFE Index consists of the following 21 developed market countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.
- The MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 developed market countries (excluding the United States) and 23 emerging market countries. With over 1,800 constituents, the Index covers approximately 85% of the global equity opportunity set outside the United States.

- The MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe
- The Nikkei 225 Stock Average is a price-weighted index comprised of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the United States.
- The MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market. The index covers approximately 85% of the free float-adjusted market capitalization in Japan.
- The MSCI Emerging Markets Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 23 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.
- Brexit is an abbreviation of "British exit", which refers to the June 23, 2016 referendum by British voters to exit the European Union (EU). The referendum resulted in an overall vote to leave the EU, by 51.9%.

The volatility (beta) of the Fund may be greater or less than that of the benchmark. An investor cannot invest directly in this index.

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.

As of December 31, 2016, the Fund's holdings and their weights as a percent of total net assets were: Accenture plc, 3.62%; AES Corp., 2.62%; Assa Abloy AB, 2.39%; Astellas Pharma Inc., 2.57%; Banco Bilbao Vizcaya Argentaria SA, 2.70%; BASF SE, 2.61%; Brookfield Asset Management, Inc., 2.86%; Cameco Corp., 1.40%; Compagnie Financière Richemont SA, 1.87%; Compass Group plc, 3.59%; Dassault Systèmes SA, 3.24%; DBS Group Holdings Ltd., 2.50%; Diageo plc, 0.00%; Erste Group Bank AG, 2.42%; Experian plc, 3.16%; Heineken NV, 3.02%; KDDI Corp., 3.61%; Kimberly-Clark De México, 2.36%; Kubota Corp., 2.45%; LVMH Moet Hennessy Louis Vuitton, 2.88%; Marui Group Co. Ltd., 2.32%; Medtronic plc, 2.56%; Mondelēz International, 3.17%; National Grid plc, 1.90%; Nestlé SA, 0.00%; Nidec Corp., 3.43%; Novartis AG, 2.69%; ORIX Corp., 2.68%; Reckitt Benckiser Group plc, 3.02%; Samsonite International SA, 2.18%; Schlumberger Ltd., 2.87%; Sensata Technologies Holding, 2.59%; Shinsei Bank Ltd., 2.05%; Siemens AG, 2.96%; Toray Industries Inc., 2.77%; Total SA, 2.30%; UBS Group AG, 3.29%; Unilever NV, 2.65%.

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 1-844-274-7868, or by visiting aristotlefunds.com, and should be read carefully prior to investing.

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