International Equity Fund

2Q 2017 Commentary

Markets Review

Driven by rising corporate earnings and optimism about the global economy, equity markets around the world generated impressive returns in the second quarter, adding to gains from earlier in the year. Global equities, as measured by the MSCI ACWI Index (net), posted a total return of 4.27% in U.S. dollar terms. International markets led the broad gains. The MSCI ACWI ex USA Index (net) climbed 5.78% in U.S. dollars, while the S&P 500 Index rose 3.09%. Among international markets, the performance of equities based in developed countries was significantly stronger in U.S. dollar terms due to a weakening of the dollar—a reversal of a long-term trend that had been a significant headwind for U.S.-based investors in foreign markets. During the quarter, the MSCI EAFE Index (net) returned 2.71% in local currency terms but an impressive 6.12% in U.S. dollar terms. In contrast, emerging market currencies were relatively stable versus the U.S. dollar on an overall basis. The MSCI Emerging Markets Index (net) returned 6.56% in local currencies and 6.27% in U.S. dollars.

The benefit of currency movements for U.S.-based investors was especially pronounced in developed Europe, as the MSCI Europe Index (net) returned 1.79% in local currencies and a whopping 7.37% in U.S. dollar terms. The euro strengthened to a one-year high against the greenback during the quarter, boosted in part by the outcome of the French elections and hawkish rhetoric from the European Central Bank (ECB). In May, French voters chose pro-European Union, business-friendly Emmanuel Macron as the country's next president and, in June, gave his centrist party a sizeable majority in parliament. Near quarter-end, positive momentum in the eurozone economy prompted ECB President Mario Draghi to remark that the central bank might need to start reducing stimulus. Despite retreating after Prime Minister Theresa May lost her parliamentary majority in a June 8 snap election, the British pound strengthened versus the U.S. dollar over the full quarter amid signs that the Bank of England was moving closer to hiking interest rates.

For U.S.-based investors, currency movements slightly hurt returns in developed Asian markets, although not to the extent they helped returns in developed Europe. The MSCI Pacific Index (net) gained 4.37% in local currencies and 3.92% in U.S. dollars. Japan was one of the best-performing markets, lifted by record corporate earnings and optimism that tight labor-market conditions might lead to higher wages and stronger domestic demand. Australia, the Index's second-largest market after Japan, was its only negative performer for the quarter and one of the few stock markets to decline globally. Australian shares were impacted by falling commodity prices, including declines in iron ore, gold and oil.

The weakness in oil and other commodities was a challenge for Brazilian and Russian equity markets, which posted significant losses and drove returns of -1.74% and -2.63% (in U.S. dollars), respectively, in the MSCI EM Latin America and MSCI EM Eastern Europe indices (net). Nonetheless, the MSCI Emerging Markets Index (net) still gained 6.27% in U.S. dollar terms, as stocks were up in nearly all other emerging markets amid robust capital flows into the asset class. Emerging Asian markets performed especially well, led by strength in China and South Korea. China reported its fastest pace of quarterly economic growth since the third quarter of 2015, and manufacturing activity expanded for an eleventh straight month. South Korea elected a new president who pledged to stimulate the economy and strengthen corporate governance.

Performance Review

For the quarter ended June 30, 2017, the Aristotle International Equity Fund (ARSFX) returned 5.02% at NAV (in U.S. dollar terms), underperforming the 6.12% total return of the MSCI EAFE Index (net) and the 5.78% of the MSCI ACWI ex USA Index (net).

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 current performance information to the most recent month-end, please call (844) 274-7868.

At the aggregate level, security selection and sector allocation both detracted from the Fund's return against the MSCI EAFE Index. Security selection in the Energy, Industrials and Information Technology were the primary detractors. Conversely, security selection in the Consumer Discretionary, Consumer Staples and Financials sectors contributed to relative performance.

From a regional perspective, country allocation detracted from and security selection contributed to the Fund's relative performance. Security selection in businesses that are headquartered in the United States and Canada detracted the most from relative performance. Security selection in European businesses contributed to the Fund's relative performance, with the three leading countries being the United Kingdom, Austria and Luxembourg. More specifically, an exposure to three companies headquartered in the United Kingdom contributed the most to relative performance.

The two worst performers during the quarter were U.S.-based Schlumberger Ltd. and Canada-based Cameco Corp. Schlumberger was negatively impacted by continued uncertainty in the Energy sector, which was the only sector in the MSCI EAFE Index that experienced a decline during the period. Within the quarter, the spot price of a barrel of Brent crude oil dropped as much as 19%, from a high of $54.75 to a low of $44.14, closing just a few pennies above $47. This volatility, combined with a lack of clarity as to where long-term prices will settle, hampered demand for the company's services and consequently put downward pressure on the price of Schlumberger's shares.

Continued uncertainty surrounding global demand for uranium impacted the share price of Cameco. Uranium ended the quarter at $20.50 per pound, after rallying 36% from its $18-per-pound low in November to $27 in January. In addition, ongoing delays surrounding the reactivation of Japanese reactors, following their shutdown after the events in Fukashima in 2011, continue to weigh on the company's share price, as does their recent legal skirmish with Tokyo Electric Power Company.

The two best performers during the quarter were Erste Group Bank AG and Samsonite International SA. Austria-based Erste Group benefited from the rally in the Financials sector, from anticipation of European central banks following the Federal Reserve's lead and raising interest rates, and from solid earnings in the first quarter of 2017. In addition, Erste Group's net impairment loss on financial assets remained close to historical lows, with a non-performing loan ratio of 4.9% and a coverage ratio of more than 67.0%. Customer deposits also grew during the quarter by 4.9%, to €145 billion.

Samsonite's organic growth was up a respectable 5.7% in the first quarter, despite some temporary timing differences with a couple of large orders in the United States and excluding the addition of Tumi. Overall, the company continued to benefit from the integration of its Tumi acquisition, which was completed in August 2016, by driving gross margin expansion and reinvesting those savings back in to the brand to enable future market share and geographic expansion.

Investment Activity

Akzo Nobel N.V.

Based in the Netherlands, Akzo Nobel N.V. is a leading global paints and performance coatings company and a major producer of specialty chemicals. The company was founded in 1887 but came into its current form when Akzo merged with Sweden's Nobel Industries in 1994 and then acquired Imperial Chemical Industries of the U.K. Our continued work on PPG Industries, Inc., a U.S.-based coatings company that we have owned in the Value Equity strategy, led us to closely monitor AkzoNobel, as it is one of PPG's principal competitors. When PPG expressed an interest in acquiring AkzoNobel, its management team responded with new strategic initiatives, which we feel will improve financial returns to the level commensurate with its peers in the coatings industry.

High-Quality Business

- Third-largest global market position in the consolidating coatings industry
- Consistent free cash flow generation due to the scale of its operations, the stickiness of its industrial coatings businesses, and the low maintenance capital expenditure requirements
- Close relationships with customers and product innovations yield pricing power
- Consistent financial results with fairly low cyclicality as industrial coatings and their application techniques are often integrated in producers' manufacturing facilities, and they represent a small portion of a product's total cost

Attractive Valuation

- AkzoNobel is currently valued just shy of 18x this year's earnings, which ranks it at the low end of its global coatings peer group.
- We believe that the company's recently announced strategic goal of increasing the operating margin in its coatings business by over 20% is not currently reflected in its valuation.
- Management recently rejected an offer from PPG of €96.75, which is approximately 20% above AkzoNobel's current share price.

Catalysts

- The announced sale or spin-off of the Specialty Chemicals unit will make AkzoNobel a pure-play coatings company with reduced cyclicality and enhanced consistency of returns.
- Increased free cash flow as efficiency improvements drive higher margins in the coatings business.
- Rising market share as preferences shift toward more environmentally friendly (and technologically sophisticated) water-based coatings from traditional solvent-based coatings.

Toward the end of the quarter, Brookfield Asset Management, Inc. spun off its international specialty insurer, Trisura Group Ltd. As market capitalization of this company was well below our $2-billion minimum, we elected to sell the position in Trisura. We remain quite enthusiastic about Brookfield, however, and shall continue to hold our shares in this global asset manager.

Outlook

The favorable global economic and earnings backdrop will likely remain supportive of equities in the near term. However, other market tailwinds are beginning to fade, including optimism about near-term U.S. fiscal stimulus and ultra-loose global monetary policy. In the United States, the implementation of President Trump's pro-growth agenda has had a rocky start, and the Fed, in addition to raising interest rates, recently announced that it would begin reducing the size of its balance sheet. The People's Bank of China has also been tightening its monetary policy, and the ECB, Bank of England and Bank of Canada have all hinted that they might start removing liquidity. Furthermore, complex "Brexit" negotiations are underway, and important elections are approaching in Germany and Italy. The manner in which these developments unfold could potentially disrupt what have been unusually strong—and unusually calm—markets. Geopolitical tensions also remain a concern, particularly rising tensions between the United States and North Korea.

As we look out over the global investment universe, we continue to see a better opportunity set outside of the United States, but not because we are bearish on the United States. After a nine-year rally, leaving the S&P 500 Index up 258%, we are cognizant of the fact that forward multiples are above (but not meaningfully so) their long-term averages. While this valuation level is nowhere near as "expensive" as it was in March 2000 (immediately prior to a 49% drop over the next three years,) it is well above the previous peak in October 2007, which preceded the global financial crisis, here prices dropped 57% in less than two years. On a more positive note, outside of the United States, equities are priced below their long-term averages and have only increased 106% during that same time frame.

While we remain cognizant of the macro and geopolitical landscape, we recognize that many of these events are unpredictable and play a very small part in what we do as stewards of your capital. At Aristotle Capital, we choose to direct the vast majority of our efforts toward activities within our control—that is, studying and identifying unique businesses that have the potential to thrive regardless of the environment. Despite the large and growing pools of capital that are being invested based on the long list of companies that happen to be in an index, we believe that investing in 30 to 40 of the best companies, run by competent capital allocators, at prices below their intrinsic value, is a strategy that will stand the test of time. We also believe that our knowledge of businesses around the globe, and a patient and methodical approach to investing provide us the greatest potential to add value for our clients over the long run.

Aristotle International Equity Fund (Class I)

Performance Update June 30, 2017

Total Return	2Q17	1 Year	Annualized 3 Years	Annualized Since Inception (3/31/14)	Gross/Net Expense Ratio
ARSFX Class I	5.02%	12.35%	-0.32%	1.01%	2.44%/0.94%
MSCI EAFE Index (Net)	6.12%	20.27%	1.15%	2.31%	N/A
MSCI ACWI ex USA Index (Net)	5.78%	20.45%	0.80%	2.27%	N/A

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 (844) 274-7868.

The Fund's advisor has contractually agreed to waive certain fees and/or absorb expenses, through April 30, 2019, 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. Holdings are available within the last 12 months.

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 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 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.
- The S&P 500® Index is the Standard & Poor's Composite Index of 500 stocks and is a widely recognized, unmanaged index of common stock prices.
- The MSCI ACWI captures large and mid cap representation across 23 developed market and 24 emerging market countries. With 2,501 constituents, the Index covers approximately 85% of the global investable equity opportunity set.
- The MSCI Europe Index captures large and mid cap representation across 15 developed market countries in Europe. With 445 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization across the European developed market equity universe.
- The MSCI Pacific Index captures large and mid cap representation across 5 developed market countries in the Pacific region. With 469 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in each country.
- The MSCI Emerging Markets (EM) Latin America Index captures large and mid cap representation across 5 emerging market countries in Latin America. With 115 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in each country.
- The MSCI Emerging Markets (EM) Eastern Europe Index captures large and mid cap representation across 4 emerging market countries in Eastern Europe. With 51 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in each country.
- The MSCI Brazil Index is designed to measure the performance of the large and mid cap segments of the Brazilian market. With 57 constituents, the Index covers about 85% of the Brazilian equity universe.
- The MSCI Russia Index is designed to measure the performance of the large and mid cap segments of the Russian market. With 22 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in Russia.

An investor cannot invest directly in these indices. The volatility (beta) of the Fund may be greater or less than that of the benchmarks.

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 June 30, 2017, the Fund's holdings and their weights as a percent of total net assets were: Accenture plc, 3.30%; AES Corp., 2.13%; Akzo Nobel N.V., 2.70%; Assa Abloy AB, 2.41%; Astellas Pharma Inc., 1.95%; Banco Bilbao Vizcaya Argentaria S.A., 2.78%; BASF SE, 2.25%; Brookfield Asset Management Inc., 3.00%; Cameco Corp., 1.06%; Compagnie Financière Richemont S.A., 2.04%; Compass Group plc, 3.22%; Dassault Systèmes S.A., 3.32%; DBS Group Holdings Ltd., 3.00%; Erste Group Bank AG, 2.78%; Experian plc, 2.98%; Givaudan S.A., 2.71%; Heineken N.V., 3.45%; KDDI Corp., 3.23%; Kimberly-Clark de México, 2.39%; Kubota Corp., 2.53%; LVMH Moët Hennessy Louis Vuitton S.A., 3.23%; Marui Group Co. Ltd., 2.04%; Medtronic plc, 2.76%; National Grid plc, 1.58%; Nidec Corp., 3.58%; Novartis AG, 2.70%; ORIX Corp., 2.20%; Reckitt Benckiser Group plc, 3.18%; Samsonite International S.A., 2.84%; Schlumberger Ltd., 1.92%; Sensata Technologies Holding, 2.46%; Shinsei Bank Ltd., 1.85%; Siemens AG, 2.87%; Toray Industries Inc., 2.55%; Total S.A., 1.94%; UBS Group AG, 3.14%; Unilever NV, 3.16%.

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

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