



SMALL CAP EQUITY FUND

3Q 2017 Commentary

Markets Review

The small cap segment of the equity market, as measured by the Russell 2000 Index, appreciated strongly in the third quarter, generating a total return of 5.67% on the strength of a robust corporate earnings environment and further signs of improving domestic and global economic growth. Small cap companies continued their run of positive performance, which now stands at six quarters in a row. Small caps outperformed large cap companies in the third quarter by 119 basis points (5.67% vs. 4.48% for the Russell 1000 Index). However, they continue to lag large cap companies year to date (10.94% vs. 14.17% for the Russell 1000 Index), after outperforming them by more than 9% in the 2016 calendar year. Non-U.S. companies also enjoyed a strong quarter, with developed markets, as measured by the MSCI EAFE Index (net), rising 5.40% and emerging markets, as measured by the MSCI Emerging Markets Index (net), rising 7.89%, both in U.S. dollar terms.

The quarter was characterized by a continued streak of strong corporate earnings reports in the United States, both in the small cap and large cap markets, highlighting an element of fundamental strength underpinning corporate America. Additionally, market sentiment was generally positive throughout the quarter, driven not only by the strong corporate earnings environment but also by a general wave of optimism regarding global economic growth, as stronger outlooks in the eurozone, Japan and China have provided a nice complement to the stable economic outlook for the United States. While political noise, most notably news regarding international relations with North Korea, continued to emerge, the market's focus on the aforementioned positives led to strong support for equity markets, including the U.S. small cap market.

At the sector level, all eleven economic sectors in the Russell 2000 Index posted positive returns during the quarter, with lower dispersion among the best and worst performing sectors than we saw in either of the two previous quarters in 2017. The Industrials (+8.68%) and Health Care (+7.86%) sectors were the best performing sectors and top contributors to the benchmark's overall total return. Conversely, Telecommunication Services (+1.12%) and Real Estate (+1.77%) were the worst performing sectors during the third quarter. Year to date, Health Care (+32.11%), led by strong returns in biotechnology companies (+51.04%), and Information Technology (+15.92%) are the top benchmark performers. The strong performance of these two growth-oriented sectors has led to growth outperforming value by more than 11% year to date, after lagging by more than 20% in the 2016 calendar year. Meanwhile, only two sectors, Energy (-23.94%) and Consumer Staples (-2.06%), posted negative returns over the same period.

Stylistically, growth outperformed value in the quarter, as evidenced by the Russell 2000 Growth Index's total return of 6.22% versus the 5.11% total return of the Russell 2000 Value Index. From a

fundamental standpoint, companies with higher beta, lower market cap and low or no dividend yield outperformed. Lossmaking (negative earning) companies also outperformed profitable companies during the quarter.

Performance Review

For the quarter ended September 30, 2017, the Aristotle Small Cap Equity Fund (ARSBX) generated a total return of 7.06% at NAV, outperforming the 5.67% total return of the Russell 2000 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 current performance information to the most recent month-end, please call (844) 274-7868.

On a relative basis, the Fund's holdings within the Information Technology, Industrials and Consumer Discretionary sectors added the most value. Holdings within the Health Care and Materials sectors detracted from outperformance, while the Utilities sector had a minimal contribution to relative return.

CONTRIBUTORS

- **Quidel Corporation (QDEL)**, a developer and manufacturer of medical diagnostic tests, benefited from the announced acquisition of another company's triage assets, an acquisition with several potential benefits for the firm. We maintain a position, as we believe this latest capital allocation decision has the potential to result in additional value for shareholders by broadening out the company's diagnostic testing capabilities and reducing its exposure to the more volatile influenza market.
- **Columbus McKinnon Corporation (CMCO)**, a designer and manufacturer of a variety of material handling products and industrial lifts, benefited from continued integration of a recently acquired manufacturer of hoists and crane components. We maintain a position, as we believe the company can profit from a continued uptick in demand and further penetration into emerging markets.
- **ArcBest Corporation (ARCB)**, a domestic trucking and logistics servicing company, appreciated after reporting improved operating results driven by strong shipment growth and improved pricing for its higher cost delivery services. We maintain a position, as we remain confident in the company's ongoing efforts to reduce its cost structure and focus on higher return, asset-light businesses, which has the potential to benefit shareholders over time.

- **SP Plus Corporation (SP)**, a parking management and ground transportation services company, appreciated due to strong performance in its airport division, lower healthcare claim costs and continued success in its internal cost-cutting initiatives. We maintain a position, as we believe the shares continue to have attractive upside, and strong demand for the company's services has the potential to continue to drive additional shareholder value.
- **Advanced Energy Industries, Inc. (AEIS)**, a manufacturer of power conversion, measurement and control solutions for semiconductor manufacturing, benefited from positive performance in its semiconductor business, driven by strong demand associated with the storage industry's buildout of 3D NAND technology. We maintain a position, as we believe technological advancements in semiconductor manufacturing can increase demand for the company's power conversion solutions, leading to further gains in market share.

DETRACTORS

- **Envision Healthcare Corporation (EVHC)**, an owner and operator of ambulatory surgery centers and provider of physician practice management services, declined during the quarter after management lowered guidance due to weaker-than-expected ER volumes. We maintain a position, as we believe the company could benefit from greater focus after a recent divestiture of certain non-core assets while continuing to benefit from the secular trend of minimally invasive surgical procedures shifting to less-costly outpatient settings.
- **MEDNAX, Inc. (MD)**, a provider of physician practice management services for neonatology, perinatology and anesthesiology medical practices, declined during the quarter, as continued wage inflation and weak NICU volumes weighed on the firm's operating results. We maintain a position, as we believe many of these near-term issues are industry wide and should not impact the company's ability to continue to gain market share through organic cross-selling and acquisition opportunities that can create shareholder value.
- **Team, Inc. (TISI)**, a provider of specialty industrial services for the refining, petrochemical, power and pipeline industries, declined during the quarter, as end-market weakness has negatively impacted results and limited their ability to garner operating efficiencies from a recent acquisition. We maintain a position, as we believe an upswing in demand, company-specific cost efficiency initiatives and the eventual realization of synergies from a recent acquisition could allow the company to create value for shareholders.
- **Westinghouse Air Brake Technologies Corporation (WAB)**, a provider of technology-based equipment and services for the rail industry, declined after lowering guidance as a result of delays in the timing of a consumer railroad project and the slower-than-expected recovery in the firm's freight aftermarket business. We maintain a position in the company, as our original thesis is still intact and the shares remain attractively valued.
- **Electronics for Imaging, Inc. (EFII)**, a manufacturer of digital printers, software and hardware, declined after delaying its earnings release due to uncertainty regarding revenue recognition related to product shipments. Shares have partially recovered since the initial announcement because the company determined that the financial impact was not meaningful and provided greater insight into the issue. We maintain a position because we believe the fundamental position of the company is solid and that the opportunity to harvest additional value from investments made over the past several years remains intact, as the long-term analog-to-digital printing transition continues.

BUYS

- **Community Healthcare Trust (CHCT)**, a healthcare-focused REIT that invests in medical office buildings, ambulatory surgery centers, hospitals, physician clinics and other health care facilities, was added to the Fund. We initiated a position, as we believe the company's focus on non-urban, secondary markets and a favorable demand outlook for healthcare services could allow for higher returns on invested capital and create value for shareholders.

SELLS

- None

Outlook and Positioning

Global equity markets, including the U.S. small and small/mid cap markets, have posted healthy returns thus far in 2017. While volatility has remained relatively low year to date, especially compared to 2016, the year has not been without its usual challenges, which have consisted primarily of noise related to political headlines and geopolitical tensions. Political matters continue to be sensationalized; central banks are becoming less dovish; serious geopolitical issues remain, and oil price volatility persists. While each of these factors, along with a plethora of others, may contribute to uncertainty and affect investors' risk appetites over the near term, we believe equity markets will continue to be driven by business fundamentals over the long term.

From a fundamental standpoint, we believe the economic backdrop in the United States remains supportive of corporate earnings, which are expected to continue their recent recovery, following the end of the earnings recession that lasted through 2016. Additionally, we believe small and small/mid cap companies are better positioned fundamentally than large caps, given their lower exposure to rising geopolitical risks and the greater potential benefits from future corporate tax reform, even though it now looks likely to be pushed into 2018. With a reasonably favorable backdrop for small and small/mid cap stocks, we continue to identify what we believe to be attractively valued, long-term investment opportunities.

Our current positioning is a function of our bottom-up stock selection and our ability to identify what we view as attractive investment candidates, regardless of economic sector definitions. Recent

purchases have been spread across industries and are idiosyncratic in nature, as opposed to being tied to an outlook for a particular sector. Overweights in Industrials and Information Technology are mostly a function of the performance of our holdings in these sectors over the past few years. Conversely, we continue to be underweight the Real Estate sector due to a lack of attractively valued opportunities, but we maintain exposure to certain names and have made recent investments in companies in the space that we feel offer attractive upside potential with limited downside risk. Our underweight in Consumer Discretionary is a function of an inability to identify compelling opportunities that fit our discipline. Given the longevity of the current bull market, we believe it is important to remain

patient in identifying investment opportunities to ensure they offer a compelling risk-reward trade-off and a sufficient margin of safety.

While the Fund is built from the bottom up and incorporate a long-term view of business fundamentals, we believe it is important to have an understanding of the economic influences given that they are likely to play a critical role in the equity markets over the short term. However, instead of repositioning the Fund based on these issues, we remain focused on trying to understand the risks associated with each investment position within the context of our fundamentally oriented research process and on managing these risks through a disciplined approach to the Fund's construction and management.

Aristotle Small Cap Equity Fund (Class I)

Performance Update

September 30, 2017

Total Return	3Q17	1 Year	Annualized Since Inception (10/30/15)	Gross/Net Expense Ratio
ARSBX Class I	7.06%	28.06%	16.37%	9.26%/0.98%
Russell 2000 Index	5.67%	20.74%	15.54%	N/A

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The Fund's advisor has contractually agreed to waive certain fees and/or absorb expenses, through April 30, 2027, to the extent that the total annual operating expenses do not exceed 0.90% 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. 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 Boston 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 Boston 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 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 small-capitalization companies and ETFs.

The securities of small-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. In addition, such companies typically are more likely to be adversely affected than large capitalization companies by changes in earning results, business prospects, investor expectations or poor economic or market conditions. The use of ETFs may cause the Fund to have higher expenses than those of other equity funds.

Definitions:

- The Russell 2000® Index measures the performance of the small cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that Index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.
- The Russell 2000® Value Index measures the performance of those Russell 2000 companies with lower price/book ratios and lower predicted and historical growth rates.
- The Russell 2000® Growth Index measures the performance of those Russell 2000 companies with higher price/book ratios and higher predicted and historical growth rates.

- The Russell 1000® Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership.
- 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 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, the Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

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

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 September 30, 2017, the Fund's holdings and their weights as a percent of total net assets were: 1-800-Flowers.com, Inc., 1.26%; Acadia Healthcare Co. Inc., 0.59%; ACI Worldwide Inc., 0.74%; Advanced Energy Industries, Inc., 1.51%; Aercap Holdings NV, 1.48%; Alamos Gold Inc., 0.28%; Albany International Corp., 0.74%; Allete Inc., 1.51%; Altra Industrial Motion Corp., 1.00%; American Equity Investment Life Holdings Co., 0.81%; ArcBest Corp., 1.25%; Ardmere Shipping Corp., 0.91%; Aspen Technology Inc., 0.75%; AZZ Inc., 0.36%; Banner Corporation, 0.75%; Barnes Group Inc., 1.27%; Belden Inc., 1.39%; Benchmark Electronics Inc., 0.76%; Berkshire Hills Bancorp Inc., 0.92%; Bottomline Technologies, 1.11%; Bravo Brio Restaurant Group, 0.12%; Byline Bancorp Inc., 0.49%; CAI International Inc., 1.20%; CalAmp Corp., 1.14%; Carter's Inc., 1.57%; Casella Waste Systems Inc., 1.02%; Charles River Laboratories, 0.78%; Chef's Warehouse Inc., 0.76%; Chemed Corp., 1.21%; Chemical Financial Corp., 0.85%; Columbia Banking System Inc., 0.42%; Columbus McKinnon Corp., 1.57%; Commercial Vehicle Group Inc., 0.81%; Community Healthcare Trust Inc., 0.93%; Cross Country Healthcare Inc., 1.03%; Customers Bancorp Inc., 1.34%; DigitalGlobe Inc., 0.98%; DSW Inc., 0.52%; Dycom Industries Inc., 1.22%; Electronics For Imaging, Inc., 1.34%; Envision Healthcare Corp., 1.14%; Euronet Worldwide Inc., 1.73%; First Financial Bancorp, 0.71%; Gartner Inc., 0.74%; Genesee & Wyoming Inc., 1.06%; Great Western Bancorp Inc., 0.39%; Green Bancorp Inc., 0.33%; Hannon Armstrong Sustainable Infrastructure Capital, Inc., 1.58%; Herbalife Ltd., 0.67%; Infinera Corp., 0.34%; Innerworkings Inc., 1.38%; Insight Enterprises Inc., 0.64%; Itron Inc., 1.45%; Keane Group Inc., 0.60%; Knowles Corp., 0.69%; Kraton Corp., 0.84%; Liquidity Services Inc., 0.13%; MarketAxess Holdings Inc., 0.51%; Matthews International Corp., 1.07%; MedEquities Realty Trust Inc., 0.96%; MEDNAX Inc., 0.82%; Mercury Systems Inc., 1.34%; Merit Medical Systems Inc., 1.66%; Microsemi Corp., 1.71%; Monro Muffler Brake Inc., 1.03%; National Bank Holdings, 1.83%; Novanta Inc., 1.50%; Nu Skin Enterprises Inc., 0.80%; Oceaneering International Inc., 0.45%; On Assignment Inc., 1.75%; Opus Bank, 0.86%; Orbital Atk Inc., 1.01%; PacWest Bancorp, 0.87%; PAREXEL International Corp., 1.46%; Pier 1 Imports Inc., 0.26%; Prestige Brands Holdings Inc., 0.92%; Providence Service Corp., 1.23%; QTS Realty Trust Inc., 1.56%; Quidel Corp., 1.76%; Ring Energy Inc., 1.22%; Rogers Corp., 1.46%; RPC Inc., 0.74%; Silgan Holdings Inc., 0.60%; Solar Capital Ltd., 0.90%; SP Plus Corp., 1.40%; Stag Industrial Inc., 0.91%; Team Inc., 0.40%; Texas Capital Bancshares Inc., 0.35%; Titan Machinery Inc., 0.24%; TiVo Corp., 0.49%; Umpqua Holdings Corp., 0.90%; Unitil Corp., 0.84%; Verifone Systems Inc., 0.95%; Wabash National Corp., 0.83%; Wabtec Corp., 0.82%; Wiley (John) & Sons, 0.57%; World Wrestling Entertainment Inc., 1.07%.

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 www.aristotlefunds.com, and should be read carefully prior to investing.

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