International Equity Fund

1Q 2017 Commentary

Markets Review

Major equity markets around the world delivered a strong start to the year with the developed world as measured by the MSCI World Index (net) returning 5.43%, and the emerging markets as measured by the MSCI EM Index (net) returning 7.76% for the quarter, in local currency terms. For U.S.-based investors, these returns were even better—with the developed world up 6.38% (net), and the emerging markets returning an impressive 11.44% (net). The 2% weakening of the dollar during the period provided a slight tailwind for U.S. investors who have been on the wrong end of the currency trade for the last decade. In the United States, the stock market slipped after the Republican replacement health care bill failed to pass the House, despite the party holding a majority, but then rebounded, with the S&P 500 Index ending up 6.07%. Regardless of the uncertainty and the political risk that can be seen in certain parts of Europe, European stock markets generally benefited from the bullishness in the United States and some positive economic news out of Europe. In developed foreign equity markets, the MSCI EAFE Index (net) reported a total return of 4.71% in local currency terms (7.25% in U.S. dollar terms). Overall, emerging equity markets also had solid performance for the quarter, with Russia being the only major country to post a negative total return in both local and U.S. dollar terms.

The European Central Bank (ECB), tasked with structuring monetary policy to address various imbalances within the eurozone, announced on March 9 that it would keep its interest rate and quantitative easing program unchanged despite pressure from Germany to withdraw stimulus. However, expectations of future rate increases led to record debt issuance from various eurozone governments and organizations.[1] The Federal Reserve's (the Fed) increase of the "fed funds rate" (to between 0.75% and 1.00%) on March 15 only added to this tension, increasing the spread between the U.S. rate and the ECB's deposit rate, currently at negative 0.40%. As the quarter came to a close, the United Kingdom invoked Article 50 of the Lisbon Treaty, marking the official start of its exit from the European Union. While this action respects the outcome of the Brexit vote held in June 2016, the regional variations among the electorate, in particular England, which voted to leave, versus Scotland, which voted to remain, could lead to another referendum for Scottish independence. Leaders on both sides are battling over the timing of this referendum, and whether it will precede or follow the two-year-long process.[2]

Considered a bellwether for upcoming European elections, the election in the Netherlands on March 15 was yet another example of the divided political landscape across western countries. Of the 13 parties that won parliamentary seats, the ruling party received only 22% of the vote, but it was still enough to defeat the Party for Freedom, which also wants to leave the European Union.[3] Although the euro still enjoys support in Italy, Eurosceptics seem to be gaining ground. In France, "Frexit" is being promoted by the right-wing, populist candidate Marine Le Pen, who is running neck-and-neck against her main competitor in the first round of voting in France.[4] Additionally, Germany has come under criticism by the Trump administration for what it perceives as the country's exploitation of the single currency to further the nation's export competitiveness. Needless to say, we clearly live in interesting times.

In the emerging markets, government officials also reacted to the Fed's continuing contractionary policy. Several countries rushed to borrow at relatively low rates before the anticipated future actions of the U.S. central bank pushes up its interest rates.[5] In India, despite its noble intent to reduce corruption, demonetization has had the side-effect of accelerating a transition to digital payments for those with Internet or mobile access and leaving those without it behind. As China's government tries to facilitate a transition from state capitalism to a more standard version of capitalism, the economy seems caught between slower growth and stimulus-fueled credit excesses, and the combination has led to a high debt-to-GDP ratio. As new credit hit a record high in January, China again tried to crack down on its shadow banking industry to curb lending.[6]

Performance Review

For the quarter ended March 31, 2017, the **Aristotle International Equity Fund (ARSFX)** returned 7.54% at NAV (in U.S. dollar terms), outperforming the 7.25% total return of the MSCI EAFE Index (net) and underperforming the 7.86% 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 contributed to the Fund's outperformance against the MSCI EAFE Index. Sector allocation, which is not based on tactical allocation decisions but rather is a side-effect of stock selection, detracted from relative performance. Strong security selection in the Consumer Discretionary and Consumer Staples sectors contributed the most to outperformance. Conversely, security selection detracted from relative performance in the Health Care and Utilities sectors.

From a regional perspective, strong security selection contributed to the Fund's overall outperformance against the MSCI EAFE Index. Security selection in European stocks contributed to the Fund's outperformance, with the three leading countries being the Netherlands, Luxembourg and France. An exposure to three international companies that are technically headquartered in the United States detracted the most from relative performance.

At the individual security level, the top two contributors for the quarter were Samsonite International S.A. and Unilever NV. Samsonite was the top performer for the quarter, with an impressive 27% return (in U.S. dollar terms). Samsonite's shares benefited not only from recently announced strong sales and solid earnings for 2016 but also from the successful, and ongoing, integration of its $1.8 billion acquisition of rival luggage maker Tumi. Shares in Unilever, one of the world's largest consumer goods companies, increased 22%, driven in part by a takeover bid by Kraft Heinz, which was backed by Berkshire Hathaway and 3G Capital. Unilever immediately rejected the offer, and Paulus "Paul" Polman, the company's CEO, announced a strategic review to evaluate options to further enhance shareholder value.

The two main detractors during the quarter were Schlumberger Ltd. and Marui Group Co., Ltd. Shares of Schlumberger, the world's leading oil field services company, fell almost 6% amid ongoing commodity price volatility and overall difficulties in the Energy sector. Of note, Energy was the only sector in the MSCI EAFE Index that had negative returns during the quarter. We continue to believe that the company's focus on cost-management measures, on technology-driven growth and on positioning itself for the long term will ultimately benefit shareholders. Japanese-based retailer Marui Group's stock was down for the quarter, as the company continues the process of transitioning its department stores from primarily apparel and consignment sales to more fixed-rent services and sundries in order to drive higher traffic and profitability.

Investment Activity

During the quarter, we initiated a position in Switzerland-based Givaudan S.A., the global leader in flavors and fragrances. To make room for Givaudan, we sold our position in Mondelēz International, Inc. While we still view Mondelēz as a very good company with a bright future ahead, we deemed Givaudan to be a more optimal investment for the International Equity Fund.

Givaudan, which has origins dating back to 1796, develops, manufactures and distributes flavors and fragrances to global, regional and local food, beverage, consumer goods and fragrance companies. With operations in more than 40 countries around the world, Givaudan has a market share of roughly 25% in a consolidated industry where scale is essential to profitability. We believe the company has an attractive footprint, with nearly half of sales coming from high growth markets.

Givaudan has several characteristics that confirm our view that it is a high-quality company. One example is that the duration of contracts in the food industry, which tend to last the life of the product, can give the business a meaningful moat as well as revenue stability and predictability. Also, the high value, critical nature and relatively low cost of Givaudan's flavors and fragrances relative to the price of the final product leads to price inelasticity of demand for Givaudan's products, resulting in pricing power. With an attractive free cash flow yield and with meaningful opportunities ahead, we believe valuation is attractive. Catalysts for Givaudan are numerous and can include continued market share gains, the benefits of ongoing industry consolidation, improved efficiency and profitability as a result of the completion of the implementation of SAP and benefits from working capital efficiency.

Outlook

While global stock markets started the year strong, uncertainty abounds, driven by numerous risks of various types. While there is considerable market optimism in the United States, as can be seen in current valuation levels, none of the market-friendly agenda of the new administration has been put in place. The inability to pass a health care bill to replace "Obamacare" was indicative of the difficulties in governing a divided nation. Overseas, fissures in Europe and the election of an anti-EU leader in any of its member countries would introduce further uncertainty, potentially destabilizing financial markets.

The U.S. central bank's interest rate policy is continuing down its projected path, but questions remain outstanding regarding the pace of future rate increases and, particularly, the scale and pace of the reduction of its considerable assets. Similarly, although several key central banks held their respective policies steady at their meetings in the first quarter, current market expectations are that they will follow the Fed's lead. This outcome, however, is not assured.

Regardless of how the political winds blow or what central bank policy-makers decide, we at Aristotle Capital stay focused on what we do best, investing in what we believe to be great businesses. With the international markets trading below their long-term averages, we continue to identify what we believe to be great companies that we can invest in, at prices below what we believe they are worth. As always, our research is strictly based on fundamental, bottom-up analysis and is rarely impacted by political events or the "news of the day." By maintaining a long-term focus and only investing in what we deem to be high-quality companies, we believe we will succeed regardless of how various international developments unfold.

[1]Hale (Mar 26, 2017), Financial Times: https://www.ft.com/content/8a63a31a-107e-11e7-b030-768954394623
[2]Parker, Allen and Mance (Mar 14, 2017), Financial Times: https://www.ft.com/content/07961d30-088d-11e7-97d1-5e720a26771b
[3]Kiesraad (Mar 21, 2017): https://english.kiesraad.nl/latest-news/news/2017/03/20/official-results-of-the-elections-to-the-house-of-representatives-on-15-march-2017
[4]Coman (Mar 26, 2017), The Guardian: https://www.theguardian.com/world/2017/mar/26/marine-le-pen-emmanuel-macron-french-elections
[5]Kynge (Mar 23, 2017), Financial Times: https://www.ft.com/content/0f624d92-0fed-11e7-b030-768954394623
[6]Wildau (Feb 22, 2017), Financial Times: https://www.ft.com/content/a7341efe-f8e4-11e6-9516-2d969e0d3b65

Aristotle International Equity Fund (Class I)

Performance Update March 31, 2017

Total Return	1Q17	1 Year	Annualized 3 Years	Annualized Since Inception (3/31/14)	Gross/Net Expense Ratio
ARSFX Class I	7.54%	8.29%	-0.55%	-0.55%	4.22%/0.93%
MSCI EAFE Index (Net)	7.25%	11.67%	0.50%	0.50%	N/A
MSCI ACWI ex USA Index (Net)	7.86%	13.13%	0.56%	0.56%	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 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 World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and 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 European Central Bank (ECB) is the central bank for the euro and administers monetary policy of the eurozone, which consists of 19 EU member states and is one of the largest currency areas in the world.
- The Treaty of Lisbon (initially known as the Reform Treaty) is an international agreement which amends the two treaties, which form the constitutional basis of the European Union (EU). The Treaty of Lisbon was signed by the EU member states on December 13, 2007, and entered into force on December 1, 2009.
- 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%.
- Frexit is an abbreviation of "French exit", which is a French spinoff of the term Brexit, which emerged when the United Kingdom voted to leave the European Union in June 2016.
- The gross domestic product (GDP) is a monetary measure of the market value of all final goods and services produced in a period (quarterly or yearly)

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 March 31, 2017, the Fund's holdings and their weights as a percent of total net assets were: Accenture plc, 3.35%; AES Corp., 2.26%; Assa Abloy AB, 2.42%; Astellas Pharma Inc., 2.24%; Banco Bilbao Vizcaya Argentaria S.A., 2.74%; BASF SE, 2.58%; Brookfield Asset Management Inc., 2.97%; Cameco Corp., 1.37%; Compagnie Financière Richemont S.A., 2.08%; Compass Group plc, 3.19%; Dassault Systèmes S.A., 3.39%; DBS Group Holdings Ltd., 2.90%; Erste Group Bank AG, 2.50%; Experian plc, 3.11%; Givaudan S.A., 2.56%; Heineken NV, 3.19%; KDDI Corp., 3.35%; Kimberly-Clark de México, 2.55%; Kubota Corp., 2.32%; LVMH Moët Hennessy Louis Vuitton S.A., 3.01%; Marui Group Co. Ltd., 1.94%; Medtronic plc, 2.64%; Mondelēz International, Inc., 0.00%; National Grid plc, 1.88%; Nidec Corp., 3.47%; Novartis AG, 2.53%; ORIX Corp., 2.24%; Reckitt Benckiser Group plc, 3.01%; Samsonite International S.A., 2.60%; Schlumberger Ltd., 2.42%; Sensata Technologies Holding NV, 2.64%; Shinsei Bank Ltd., 2.03%; Siemens AG, 3.02%; Toray Industries Inc., 2.83%; Total S.A., 2.12%; UBS Group AG, 3.07%; Unilever NV, 2.99%.

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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