International Equity Fund

4Q 2017 Commentary

Markets Review

The global economy continued to perform well in 2017, and the equity markets responded accordingly. All 45 of the world's major economies tracked by the Organization for Economic Cooperation and Development (OECD) are now showing synchronized economic expansion for the first time in a decade. This pickup in growth, as well as increasing corporate profits, has resulted in a meaningful increase in global asset prices. The closing of 2017 marks the completion of the tenth year of Aristotle Capital managing international equity portfolios. We thought we would use this opportunity to look back at the global equity markets over this past decade, and a selection of results can be seen in the table below. While most equity markets performed well in 2017, there were numerous standouts, including the emerging markets which returned more than 37%, as measured by the MSCI Emerging Markets Index (net), with major contributions from China, South Korea and India. While impressive for 2017, it is interesting to note that over longer periods of time (e.g. the last five and ten years,) the developed markets have meaningfully outperformed the emerging markets. Looking at the MSCI All Country World index, which represents both developed and emerging markets, we see a one year return of roughly 24%, which is quite impressive, and substantially above its three, five and ten year performance. Last year was the first time in the Index's 30-year history that it was up every month of the year, which helps explain the 2017 returns.

Market(s)	MSCI Index	4Q17	1 Year	3 Years	5 Years
All Developed and Emerging	ACWI	5.73	23.97	9.30	10.80
Developed	World	5.51	22.40	9.26	11.64
Emerging	EM	7.44	37.28	9.10	4.35
Developed (ex USA)	EAFE	4.23	25.03	7.80	7.90
Developed and Emerging (ex USA)	ACWI ex USA	5.00	27.19	7.83	6.80
United States	USA	6.40	21.19	10.61	14.98
Japan	Japan	8.49	23.99	11.62	11.16
United Kingdom	UK	5.72	22.30	4.14	5.21
Germany	Germany	2.78	27.70	8.78	8.68
France	France	1.50	28.75	10.49	8.95
China	China	7.62	54.07	12.74	9.90
India	India	11.82	38.76	8.69	8.87

Source: FactSet
All numbers are net returns and percentages for periods ended December 31, 2017.
Past performance is not indicative of future results. Please see important disclosures within this document.

Pro-growth measures have accelerated European economic activity and improved the economic malaise that gripped the eurozone for a decade. During the last quarter of the year, European Commission forecasts for the euro area were updated to reflect stronger growth than previously forecasted in a majority of European Union countries. Data also showed eurozone companies creating jobs at the fastest pace in 17 years. Despite this uptick in economic activity, the equity markets in developed Europe performed only slightly better than developed markets in Asia. Political dynamics in some parts of Europe, however, overshadowed the growth story. In December, a snap general election in Catalonia's parliament, in which three separatist groups won a narrow majority of votes, gave fresh life to an independent Catalan state. The events weighed on Spanish markets towards the end of the year. In Germany, nearly four months after the September election, the country is still without a governing coalition. Talks of a return of the "grand coalition" between the Christian Democrats and the center-left Social Democrats have not yet materialized in an alliance. Meanwhile, progress was made on Brexit negotiations. The United Kingdom and European Union have agreed on the first phase of the "divorce" issues facing the two sides. While challenges remain, markets have cheered the developments.

Equity markets in developed Asia were among the strong performers for the year. Buoyed by strong corporate earnings and renewed business and consumer confidence, Japanese markets have had a very impressive five-year run, returning more than 17% on an annualized basis in local currency terms. The world's third-largest economy extended its growth streak to seven consecutive quarters, the longest streak since 2001. However, to put things in perspective, Japanese equity markets are only marginally above where they were trading 30 years ago, and have only returned 3.3% in yen terms over the last decade. Exports have been central to Japan's recovery, and exchange rates have provided a tailwind. Supportive monetary policy has injected vast amounts of liquidity into the financial system and driven the yen lower. Markets were also encouraged by political stability not witnessed in Japan in decades. Prime Minister Shinzō Abe scored a resounding victory in Japan's parliamentary elections, which he called for in September to capitalize on his recent popularity. With a renewed mandate, Mr. Abe may continue to push for more structural reform and other policies intended to spur economic growth.

Supported by earnings growth, accelerating trade and rising commodity prices, the rally in emerging markets continued. Fourth quarter gains capped a robust year for performance. For the year, U.S.

investors received an impressive 37.3%, as measured by the MSCI Emerging Markets Index (net), roughly 15% more than investors saw in the MSCI World Index (net), which returned 22.4%, and is comprised of companies based in "developed" markets. However, as mentioned earlier, from a longer-term perspective, emerging markets have underperformed developed markets (in U.S. dollars) in each of the trailing three-, five- and ten-year periods. Among the BRIC countries, China and India were the clear winners. China's 19th Party Congress laid out a plan for balancing financial risks while delivering slightly lower, but still very substantial, GDP growth. Meanwhile, a strong earnings outlook helped the MSCI India Index (net) gain 30.5% in local currency (38.8% in U.S. dollars). The Indian economy is expected to surpass the United Kingdom and France to become the world's fifth largest in 2018.

In the last quarter of the year, commodities rallied. Oil prices rose to their highest level since mid-2015, with Brent crude futures touching $67 a barrel. Oil was boosted in part by expectations of an extension in OPEC-led production cuts, political tensions between Iran and Saudi Arabia, and an outage in Libya following an attack by militants on a gas pipeline. Gold advanced in late December to finish the year over $1,300 an ounce, while copper prices rose to a four-year high, ending 2017 up approximately 30%.

Performance Review

For the quarter ended December 31, 2017, the Aristotle International Equity Fund (ARSFX) returned 3.74% at NAV (in U.S. dollar terms), underperforming the 4.23% total return of the MSCI EAFE Index (net) and the 5.00% 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.

During the fourth quarter, security selection detracted from the Fund's return against the MSCI EAFE Index (net), while sector allocation, a residual of our bottom-up security selection process and not a tactical decision, benefited performance. Stock selection in the Consumer Staples, Materials and Energy sectors detracted from relative performance. Conversely, stock selection decisions in the Financials, Real Estate and Information Technology sectors added value.

From a regional perspective, strong security selection in developed Asia and developed Europe was partially offset by our sole emerging markets investment. Companies based in Singapore were a key contributor within our developed Asia holdings. Within developed Europe, companies in Ireland and France also added value. Meanwhile, in emerging markets, our holding in Mexico detracted.

The top five and bottom five best-performing holdings during the quarter can be seen in the table below:

Top Performers	Bottom Performers
Marui Group	Kimberly-Clark de México
DBS Group Holdings	Assa Abloy
Westfield	KDDI
Accenture	Unilever
Nidec	Coca-Cola European Partners

At the individual security level, two bottom performers during the quarter were Assa Abloy, a Swedish lock manufacturer, and KDDI, a Japanese telecommunications provider.

Assa Abloy is the global leader in door opening solutions and a market leader in most of Europe, North America, South America, China and Oceania. Shares declined during the quarter following news regarding the departure of long-time CEO Johan Molin, which will occur in 2018. After 12 successful years at the helm, Mr. Molin notified the board of his desire to leave the company and pursue other interests. While he will be missed at Assa Abloy, Mr. Molin leaves behind a deep and strong bench of executive talent. His replacement, Nico Delvaux, is an accomplished CEO in the industrial sector having most recently served as CEO of Metso Oyj, a multi-billion-dollar industrial machinery company based in Finland. We remain attracted to Assa Abloy's high-quality business characteristics and see many potential catalysts available to unlock its discount to intrinsic value.

KDDI 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 following an announcement from Japanese company Rakuten that it intends to become a mobile network operator, expanding from its current mobile virtual network operator (MVNO) strategy. This news pressured all telecom operators in Japan, as the market reacted negatively to what we view as aggressive goals from Rakuten. Rakuten plans to start service in 2019 and targets 15 million subscribers over 10 years, which is quite ambitious considering Rakuten's current MVNO has just 1.4 million subscribers. We continue to have a favorable view of KDDI and are closely studying the potential changes to the industry's dynamics.

Two of the best performers during the quarter were Japan-based Marui, a company with a major credit card operation that also operates a chain of department stores in Tokyo and other major Japanese cities, and recent purchase Westfield, a global shopping mall developer and operator.

Many see **Marui** as a traditional department store business. However, we view the company as more of a financial services firm given its large, growing and profitable credit card business, which is approaching 80% of the company's operating profit. Shares advanced during the quarter after a stronger-than-expected earnings report and an increase in guidance. Marui shares continued to appreciate following the company's investor day, when management provided commentary on the shifting focus toward credit cards from retailing. We are encouraged by the progress Marui is making on one of the catalysts we identified and communicated at initial purchase in early 2016.

Australia-based **Westfield** is a global shopping mall operator with 35 locations throughout the United Kingdom and the United States. Regular readers may recall that we purchased shares of Westfield during the third quarter of 2017 and have owned the company and Scentre Group (a related entity) in the past. At the time, we noted that the market had presented us with an opportunity to purchase shares of a world-class mall developer and operator at a discount to our estimate of fair value. Paris-based Unibail-Rodamco appears to agree. On December 12, Westfield announced an agreement to be acquired by Unibail-Rodamco at an implied price of A$10.01, representing an 18% premium to the prior day's closing price. As a significant portion of the offer comes in the form of Unibail-Rodamco shares, we are closely studying the combined entity and continue to hold our shares. The acquisition will create a world-class developer with a gross market value in excess of €60 billion, with 56 flagship assets in 27 capital cities.

Investment Activity

Consistent with our patient and methodical approach to investing, we did not complete any purchases or sales in the Fund during the quarter. As many of you have heard from us directly, we do not "trade stocks" but rather "invest in what we believe to be great businesses" for the long term. In our opinion, while trading frequently might seem productive and can lead to interesting quarterly discussions, we would rather invest only when it makes sense. This requires that all of the elements of our philosophy and process are satisfied. Specifically, quality must be verified, catalysts must be identified and market valuation needs to offer sufficient upside. Most of the time, as is the case now, two of the three can be found, but the final "leg" of the stool is missing. In this environment, more often than not, it is the margin of safety that is missing. As in life, deciding what not to do often has a huge impact on what does happen. At Aristotle Capital, we spend the bulk of our time reading, analyzing, thinking, debating and understanding businesses around the world. However, the vast majority of that work leads to our decision not to invest.

Outlook

As we look forward, we continue to believe that investing in high-quality companies, run by capable individuals, trading below intrinsic values and with identifiable catalysts is a strategy that will be successful over the long run. With 2017 behind us, now as much as ever, it is important to be patient, selective, think long term and focus on the fundamentals.

Aristotle International Equity Fund (Class I)

Performance Update December 31, 2017

Total Return	4Q17	1 Year	Annualized 3 Years	Annualized Since Inception (3/31/14)	Gross/Net Expense Ratio
ARSFX Class I	3.74%	22.64%	6.71%	3.11%	2.44%/0.94%
MSCI EAFE Index (Net)	4.23%	25.03%	7.80%	4.59%	N/A
MSCI ACWI ex USA Index (Net)	5.00%	27.19%	7.83%	4.96%	N/A

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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 ACWI Index captures large and mid cap representation across 23 developed markets and 24 emerging markets countries. With 2,501 constituents, the Index covers approximately 85% of the global investable equity opportunity set.
- 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 MSCI India Index is designed to measure the performance of the large and mid cap segments of the Indian market. With 77 constituents, the Index covers approximately 85% of the Indian equity universe.
- The MSCI China Index captures large and mid cap representation across China H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 150 constituents, the Index covers about 85% of this China equity universe.
- The MSCI United Kingdom Index is designed to measure the performance of the large and mid cap segments of the U.K. market. With 109 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in the United Kingdom.
- The MSCI Germany Index is designed to measure the performance of the large and mid cap segments of the German market. With 59 constituents, the Index covers about 85% of the equity universe in Germany.

The volatility (beta) of the Fund may be greater or less than that of the benchmarks. 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 December 31, 2017, the ten largest holdings in the Fund and their weights as a percent of total net assets were: Accenture plc, 3.75%; Nidec Corp., 3.52%; LVMH Moët Hennessy Louis Vuitton S.A., 3.52%; Heineken N.V., 3.49%; DBS Group Holdings Ltd., 3.39%; Brookfield Asset Management Inc., 3.13%; UBS Group AG, 3.09%; Compass Group plc, 3.09%; Unilever NV, 3.00%; Experian plc., 2.97%.

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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