International Equity Fund

1Q 2018 Commentary

(All index returns are shown net and in U.S. dollars.)

Markets Review

A prolonged period of historically low volatility came to an abrupt end, as major **global equity markets** whipsawed during a quarter in which markets eclipsed record highs in January, entered correction territory and recovered much of those losses in February, and then switched between gains and losses in March. Overall, global stocks, as represented by the MSCI All Country World Index, finished the quarter down 0.96%. However, from a slightly longer perspective, that same index was up 14.85% over the last 12 months, well above what we would consider normal equity returns. Concern over the possibility of faster-than-anticipated central bank tightening, the imposition of import tariffs on steel and aluminum, and a technology-driven decline in the quarter's final week outweighed optimism about an improving global economy. By region, returns were led by emerging markets, followed by developed Asia, the United States and developed Europe. By sector, Information Technology and Consumer Discretionary outperformed, while Telecommunication Services and Consumer Staples trailed. Weakness in the dollar helped U.S. investors partially offset any losses in investments abroad. Political uncertainty and the specter of a trade war outweighed rising yields and a healthy macroeconomic backdrop, contributing to the U.S. dollar's performance—its fifth straight quarterly decline. Results were mixed for major commodities. Brent crude prices rallied over 5% on expectations that OPEC, Russia and other oil-producing countries would continue with their production cuts. Gold prices advanced on elevated geopolitical tensions and stock market volatility, while steel and aluminum fell.

After a strong start to the year, stocks across many developed **European markets** declined for the full period. The MSCI Europe Index lost 1.98%. Economic growth in the United Kingdom slowed during the fourth quarter to 0.4%, as consumers reined in spending. The U.K. economy grew 1.7% in 2017—its weakest output in five years—leaving the country lagging behind all of Europe's other major economies. Despite this, citing concern over rising earnings and wage growth and low unemployment, the Bank of England's monetary policy committee suggested that interest rates would need to be increased "somewhat earlier" and "to a greater extent" than previously anticipated. In Brexit-related news, Brexit Secretary David Davis suggested that Britain will accept the European Union's demand that any transition must end by December 2020. With the transition period now agreed to, businesses will be able to operate with greater certainty for the next two years. Politics played a role in other key European markets. Voters in Italy, Europe's fourth-largest economy, delivered wins to two populist parties. The Five Star Movement, an anti-establishment party, and the League, a far-right party, received about half of the votes. Italian shares were among the world's best performers, as the MSCI Italy Index gained 5.35%. Germany announced a new grand coalition between the Social Democrats and Angela Merkel's Christian Democrats. The coalition agreement emphasizes the importance of working closely with France to reform the eurozone and also the importance of European Union reform. In spite of progress on a new government, German equities were hit particularly hard during the quarter, with the MSCI Germany Index falling 3.58%.

Developed Asian equity markets sold off broadly in February and were dragged lower by fears of a trade war between China and the United States in March. However, many of the region's equity markets avoided deeper losses, thanks in part to Asia's solid fundamentals—more than half of the stocks in the MSCI Pacific Index beat analysts' estimates during the quarter. The MSCI Pacific Index finished down 0.68%. While only modestly positive for the quarter, up 0.83%, the Japanese market outperformed most other markets in the region. Although Japan's Gross Domestic Product (GDP) growth decelerated slightly in the fourth quarter, it remains positive, marking eight consecutive quarters of growth—the longest streak since the mid-1980s. The government reappointed Haruhiko Kuroda as the Bank of Japan's Governor for another five years, a sign that the country could continue its massive stimulus program.

Emerging markets were not immune to the spike in market volatility but managed to hold up better than their developed counterparts, with a 1.42% return in the MSCI Emerging Markets Index. Latin America was the best-performing region. By country, Brazil and Russia recorded some of the strongest gains. Interest rates were cut again in Brazil, as the central bank reduced the benchmark rate by 0.25% to 6.50%—an historic low—and left open the possibility of further reductions. After two years of recession, the Brazilian economy expanded by 1.0% in 2017. Bucking a trend of slower growth, economic output in China grew 6.9% last year on the strength of exports, retail sales and an improving property market.

Performance and Attribution Summary

For the first quarter of 2018, the Aristotle International Equity Fund (ARSFX) posted a return of 2.05% at NAV, outperforming the MSCI EAFE Index at -1.53% and the MSCI ACWI ex USA Index at -1.18%.

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 quarter, all but one sector contributed to relative return, with the majority of the Fund's outperformance relative to the MSCI EAFE Index the result of security selection in the Information Technology, Financials and Consumer Staples sectors. Conversely, the Real Estate sector was the lone detractor from relative results. From a geographic perspective, security selection was also strong. We added value in developed Europe, developed Asia and emerging markets, while investments in Canada detracted from performance.

Contributors and Detractors for 1Q 2018

Largest Contributors	Largest Detractors
Dassault Systèmes	Brookfield Asset Management
DBS Group	Kubota
Erste Group	Westfield
Nidec	Reckitt Benckiser
Astellas Pharma	Shinsei Bank

At the individual security level, two of the best performers during the quarter were France-based Dassault Systèmes (Dassault), a leader in global 3D virtual creation software and product lifecycle management, and DBS Group (DBS), a Singapore-based bank.

Shares of **Dassault** advanced during the quarter, following a strong earnings report and 2018 guidance that was ahead of expectations. Dassault saw broad-based strength on a regional, industry and product line basis. One of the many catalysts we identified for Dassault is taking place, as customers are adopting the company's platforms to innovate and create experiences beyond digitization across multiple industry verticals.

DBS is the largest bank in Singapore and Southeast Asia with nearly six million customers and 280 branches in 18 markets across the region. The company saw its shares advance during the quarter, following a strong earnings report, an enhanced capital return policy and the finalization of its previously announced purchase of ANZ's retail and wealth management businesses in Indonesia, China, Hong Kong, Taiwan and Singapore. DBS continues to execute on its catalysts, while maintaining a leadership position in its core market, helping fuel what we believe to be a virtuous cycle of intrinsic value creation for shareholders.

Two bottom performers during the quarter were Kubota, a Japanese agricultural and construction equipment manufacturer, and Reckitt Benckiser, a U.K.-based global provider of health, hygiene and home products.

Kubota is the third-largest agricultural machinery company in the world, with a focus on smaller horsepower tractors and wet-field equipment. The company's presence in non-Japanese markets continues to strengthen; however, shares declined during the quarter as the market for small tractors decelerated, and as peers in North America have responded to Kubota's market share gains with more generous financing incentives. Although Kubota may see fluctuation in its market share in the short term, we remain attracted to Kubota's sustainable product development and dealer network advantages.

Shares of **Reckitt Benckiser** came under pressure as the market became concerned the company might overpay for Pfizer's consumer health care business. In late March, CEO Rakesh Kapoor announced Reckitt Benckiser ended discussions with Pfizer and reemphasized the company's commitment to integrating the Mead Johnson Nutrition unit and the recently announced Health and Hygiene Home reorganization. Mr. Kapoor's transparency and discipline in evaluating the Pfizer opportunity are two of the many high-quality attributes we are excited about at Reckitt Benckiser.

Recent Fund Activity

The International Equity Fund completed three purchases and two sales during the quarter. We sold our investments in Compagnie Financière Richemont and Westfield and invested in Close Brothers Group, Hoshizaki and Safran. We initially invested in Richemont during the third quarter of 2015. With its strong portfolio of high-end brands, the Swiss-based company has benefited from market share gains in branded jewelry and a rebound in demand for watches. We continue to like the company's strong free cash flow generation, as well as its shareholder friendly approach to capital allocation. However, we decided to sell Richemont in favor of what we view as a more optimal investment. We continue to have exposure to some of the characteristics we admire in Richemont via our investment in LVMH Moët Hennessy Louis Vuitton. To make room for our other new investments, Hoshizaki and Safran, we decided to exit our position in Westfield, following the takeover offer from Unibail-Rodamco, which we discussed in our fourth quarter 2017 commentary.

Close Brothers Group plc

Close Brothers, with over £9 billion in assets, is a "challenger bank" in the United Kingdom, providing banking and asset management services to retail customers and small businesses. While the vast majority of profits are earned in the Banking segment, the Asset Management and Securities segments are meaningful contributors as well.

The company was founded in 1878 by three brothers as a London-based partnership. Over the years, Close Brothers has grown into a modern merchant bank built on a foundation of service, expertise and strong relationships—in contrast to many larger volume-based lenders. By specializing in niche banking areas such as Motor Finance, Premium Finance and Property Finance, exercising prudent lending and seeking new opportunities, we believe Close Brothers has created a unique and sustainable long-term business model.

High-Quality Business

Close Brothers possesses several characteristics we deem to be high quality, including:

- Leading market positions in specialist lending markets;
- High levels of repeat business cultivated through long-term relationships built over years of high-touch service and a local presence;
- Strong history of profitability above peer group via prudent lending and credit underwriting while remaining conservatively financed;
- Demonstrated ability to opportunistically enter new business lines and gain market share; and
- Experienced management team with an enviable track record of value creation through multiple cycles.

Attractive Valuation

We believe Close Brothers' current stock price is offered at a material discount to the company's intrinsic value given our estimates of higher normalized earnings.

Compelling Catalysts

Among the numerous catalysts we have identified for Close Brothers, which we believe will cause its stock price to appreciate toward our estimate of intrinsic value within our three- to five-year investment horizon, are:

- Market share gains, particularly in the Premium Finance and Commercial business lines of the Banking segment;
- Opportunistic deployment of capital, driving increased business in adjacent markets; and
- Improvements to an already robust profitability profile from modest revenue growth and efficiency gains.

Hoshizaki Corporation

Hoshizaki is the largest manufacturer of commercial kitchen equipment in Japan and the leader in market share (by volume) of ice machines, refrigerators and draft beer dispensers. The company has also entered the "hot" space in Japan with steam convection ovens and sous vide cookers. Much of Hoshizaki's expansion outside of Japan has initially focused on ice machines, where it is estimated to have a 30% global market share.

Hoshizaki differentiates itself by offering a full support network in Japan. Direct sales account for 70% of total sales and include over 3,000 sales staff at approximately 450 offices in the country. In addition, 2,500 maintenance engineers allow for same-day service repairs and extensive product knowledge.

High-Quality Business

Quality characteristics we identified for Hoshizaki include:

- Wide recognition as a manufacturer of innovative products and technological leadership allows the company to have pricing power;
- The company's network of sales staff, offices and engineers translates into customer satisfaction and provides a high barrier to entry;
- Diversified end markets and diversified product lines with relatively short replacement cycles result in stable and recurring demand for the company's products. Its maintenance division generates high margins and provides additional stability;
- Consolidated industry with relatively few players; and
- Strong and increasing free cash flow has been put to productive use, primarily through a thoughtful acquisition strategy that focuses on well-established companies with room for improvement.

Attractive Valuation

Hoshizaki is a highly cash-generative business that has been continuously expanding margins over the last five years through efficiency gains in SG&A operating leverage. Using normalized earnings and Cash Flow Return on Economic Value (CFRoEV) analysis results in an attractive discount to the company's intrinsic value.

Compelling Catalysts

Catalysts we have identified that we believe will materialize in the next three to five years, and that may close the company's valuation gap, include:

- Expanding lineup of new and innovative products, while steadily increasing its market share gains in refrigerators;
- Expanding market share in mid-price-point equipment in Europe and Asia;
- Increasing health-conscious food preparation standards globally plus the need to further automate can benefit sales of the company's products;
- Geographic expansion into China, India and Brazil provides a foundation for further long-term share gains; and
- While still very early, the company's plan to increase offerings of "hot" devices should improve margins, since "hot" appliances have operating margins in the mid-20s, versus mid-teens for cold devices.

Safran S.A.

Safran is an international aerospace supplier operating in the aircraft propulsion and equipment, space, and defense markets. As a tier-1 supplier, Safran's products are trusted by the world's leading airlines, powering a takeoff every two seconds and over 54,000 landings per day.

Headquartered in Paris, Safran was formed via the 2005 merger of Snecma and Sagem, two French companies with decades of experience in the aerospace and defense markets. Today, Safran enjoys attractive market share positions in many product categories, most notably narrow body engines and large aircraft wheels and brakes. Safran's Aerospace Propulsion segment manufactures aircraft engines and is the largest earnings driver. The company's Aircraft Equipment segment, and recently acquired Zodiac unit, manufactures landing gear and brakes, nacelles, electrical systems, seats, galleys and safety systems.

High-Quality Business

Some of the characteristics we deem to be high quality that Safran possesses include:

- Dominant (70%+) market share in the narrow body aircraft engine market as the supplier to industry leaders Airbus, Boeing and others;
- Significant barriers to entry including regulation and certification requirements, reputation and intellectual property advantages;
- Large and growing installed base and backlog providing reliable revenue sources at higher after-market margins;
- Most product categories benefit from lengthy after-market business with pricing power;
- Leading market share positions in core products including wheels and brakes, landing gear, nacelles, aircraft seats and galleys, as well as aerosafety systems; and
- Globally diversified business and footprint allowing the company to compete successfully while providing responsive local service.

Attractive Valuation

We believe Safran's current share price underestimates the company's normalized earnings and free cash flow potential resulting from the integration of Zodiac and the transition to the new LEAP engine.

Compelling Catalysts

Among the catalysts we have identified for Safran, which we believe will cause its share price to appreciate toward our estimate of intrinsic value within our three- to five-year investment horizon, are:

- Profitable execution of the transition to the more efficient LEAP engine from the legacy CFM56;
- Increased propulsion after-market business, aided by the steadily growing fleet of narrow body aircraft, many of which have yet to have their initial service visit;
- Improved margins and market share at the recently acquired Zodiac unit, with notable improvement in aircraft seats;
- Margin expansion in the Equipment and Defense segments as operational improvements progress; and
- Higher free cash flow conversion as capital expenditures and research and development costs normalize at lower levels.

Outlook

While there was plenty of headline risk to worry investors during the quarter, we at Aristotle Capital look beyond the short-term news of the day. Instead, as disciplined, long-term investors, we view equity market volatility as an opportunity to benefit as stock prices become dislocated from fundamentals. During the quarter, we witnessed increased volatility and were able to clearly see the benefits of investing in high-quality companies trading below our estimate of intrinsic value. While cognizant of macro factors over which we have no control, we choose to direct the vast majority of our efforts toward activities within our control—i.e., identifying unique, fundamentally strong businesses that have the potential to thrive regardless of the macroeconomic environment.

Aristotle International Equity Fund (Class I)

Performance Update March 31, 2018

Total Return	1Q18	1 Year	Annualized 3 Years	Annualized Since Inception (3/31/14)	Gross/Net Expense Ratio
ARSFX Class I	2.05%	16.38%	6.29%	3.44%	2.44%/0.94%
MSCI EAFE Index (Net)	-1.53%	14.80%	5.55%	3.89%	N/A
MSCI ACWI ex USA Index (Net)	-1.18%	16.53%	6.18%	4.34%	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 Europe Index captures large and mid cap representation across 15 developed markets countries in Europe. With over 440 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization across the European developed markets equity universe.
- The MSCI Pacific Index captures large and mid cap representation across five developed markets countries in the Pacific region. With over 470 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in each country.
- 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 Italy Index is designed to measure the performance of the large and mid cap segments of the Italian market. With nearly 25 constituents, the index covers about 85% of the equity universe in Italy.
- 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.
- Gross Domestic Product is the total value of goods produced and services provided in a country during one year.

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 March 31, 2018, the ten largest holdings in the Fund and their weights as a percent of total net assets were: Nidec Corp., 3.82%; DBS Group Holdings Ltd., 3.79%; Accenture plc, 3.74%; LVMH Moët Hennessy Louis Vuitton S.A., 3.64%; Dassault Systemes SE, 3.51%; Heineken N.V., 3.48%; Erste Group Bank AG, 3.32%; Unilever NV, 2.95%; UBS Group AG, 2.92%; Compass Group plc, 2.85%.

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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