



# CORE EQUITY FUND

4Q 2017 Commentary

## Markets Review

Equity markets set new records yet again in the fourth quarter, in a continuation of one of the longest bull markets on record. The S&P 500 Index, the Dow Jones Industrial Average and the NASDAQ returned 6.64%, 10.33% and 6.27% for the quarter and 21.83%, 25.08% and 28.24% for the year, respectively. According to The Wall Street Journal, the S&P 500 Index's gain for the year was the sixth highest for the first year of a newly elected or reelected administration, and four of the five higher periods were in the Roosevelt and the Obama administrations (two each).<sup>1</sup> During those post-inaugural years, the economy was rebounding from the Great Depression and the Great Recession, respectively. As we reflect not just on the quarter but also on the year, certain features of the expansion are notable. Corporate earnings were consistently strong, and the strengthening of the domestic economy has occurred during a period of synchronized global growth. The passage of the pro-business Tax Cuts and Jobs Act legislation in December, which lowered the corporate tax rate from 35% to 21%, was the proverbial icing on the cake for financial markets.

The unemployment rate was 4.1% for the quarter, falling 0.7% over the year, which, after 2013 (-1.3%), ties with 2015 for the second-largest post-crisis annual drop. As the U.S. economy improved, the Federal Reserve (Fed) has continued its "normalization" policies, such as raising the fed funds target rate 0.25% to a range of 1.25% to 1.50% in December, a decision most market participants had anticipated. Normally, rising rates, a soaring stock market and an improving economy would have pushed yields in fixed income markets higher; however, they have remained relatively range bound, reflecting an unexpected calm that has also been captured in the VIX. In addition, the dollar, instead of strengthening, declined over 1% for the quarter and almost 10% for the year against a basket of currencies, as measured by the U.S. Dollar Index (DXY).

These unexpected results might be related to the fact that the Bank of Japan has continued its policy of monetary easing, and the European Central Bank has announced a decrease in the pace of its asset purchases but an extension of the duration of the program. Therefore, both central banks are still stimulating their respective economies—efforts that appear to be working, as Japanese and eurozone Gross Domestic Product (GDP) have been gaining momentum. Other developed and emerging economies have also been improving. These factors, among others, seem to have allowed the Fed to raise interest rates without a strengthening of the dollar, which would have hurt exporters, or higher market volatility. Another factor that contributed to the quarter's and year's strong performance is that, although political risks remain prevalent and persistent, they have remained contained enough (short-lived market reactions) to not derail longer-term economic or market growth.

Within the S&P 500 Index, all sectors posted positive returns for the quarter, with the Consumer Discretionary (+9.87%), Information

Technology (+9.01%) and Financials (+8.63%) sectors having high single-digit gains, and the Utilities (+0.21%), Health Care (+1.47%) and Real Estate (+3.22%) sectors holding the last three positions.

Commodities also participated in the rally, rising 4.71% during the quarter. Oil was a driver, as West Texas Intermediate crude futures finished the year at \$60.42, the highest level since June 2015. Precious metals also rose, with gold closing the year at over \$1,309 an ounce.

## Performance Review

For the fourth quarter of 2017, the Aristotle Core Equity Fund (ARSLX) posted a total return of 5.85% at NAV, underperforming the S&P 500 Index, which returned 6.64%.

*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, which is a residual of security selection, detracted from relative performance in the fourth quarter. Security selection in the Health Care, Information Technology and Materials sectors hurt relative performance. Within each of these sectors, Celgene Corp., Qualcomm Inc. and Albemarle Corp. were the main detractors from relative return, respectively. Security selection in the Industrials, Utilities and Consumer Staples sectors helped relative performance. Within each of these sectors, The Boeing Company, American Water Works Co., Inc. and Estée Lauder Co. Inc. were the main contributors to relative return, respectively.

Top Five Securities*	Bottom Five Securities*
Boeing	Celgene
American Water Works	Qualcomm
Estée Lauder	Albemarle
Concho Resources	Digital Realty Trust
Marriott International	T-Mobile

*\*Securities listed had the best or worst relative performance within the best- or worst-performing sectors relative to the benchmark.*

## Top Securities

### The Boeing Company

Boeing, which designs and manufactures aircrafts and satellites that are sold worldwide, was one of the biggest contributors to relative performance this quarter. Boeing reported very strong earnings and

cash flow in late October; management raised guidance for the full year and provided well-received guidance for 2018. The company showed record deliveries, strong orders and a historically high backlog of new plane orders. In addition, the industry fundamentals for business and personal air travel have been quite solid. All of these factors were viewed positively by market participants and helped lift the stock's price.

### ***American Water Works Co., Inc.***

Within the Utilities sector, the main contributor to relative return was American Water Works. Most large public utilities are electric or gas, but American Water Works is one of the pure-play U.S. water utilities. The high demand for water, the expanding economy and increasing home construction have all contributed to the stock's performance. Also, since many water utilities are owned by small private companies or municipalities, which often face budget constraints, American Water Works has had opportunities for consolidation, thereby increasing its market dominance. In addition, the company presently pays a 39% effective tax rate, and tax reform should lower it.

### ***The Estée Lauder Companies, Inc.***

We view prestige beauty as a global secular theme, as consumers in emerging markets have more disposable income, move to urban areas and can afford to indulge in more luxury items. In November, the cosmetics and fragrance company Estée Lauder reported strong quarterly earnings, beating earning expectations with 9% organic growth, which was an acceleration from the prior quarter's organic growth of 7.5%. Drivers for the company's growth include increasing sales in China, a considerable travel-retail business (stores within airports) and online expansion. In addition to better top-line results, the company also had margin expansion and raised full-year guidance. Estée Lauder was one of the best-performing stocks in the Consumer Staples sector for the year.

## **Bottom Securities**

### ***Celgene Corp.***

Although biotechnology company Celgene was a favored name in the industry coming into quarter, three main events in October negatively affected the stock. In early October, the company was downgraded by Morgan Stanley on concerns that Celgene's biggest drug, Revlimid, was going generic more quickly than people had anticipated. Mid-month, trials for one of its pipeline assets, GED-0301, which was intended for irritable bowel disorder, were stopped, as the drug was found to have no beneficial effects. Finally, at the end of October, Celgene reported low quarterly earnings and reduced guidance for 2017 and long-term guidance for 2020. We remain positive about the company despite its recent challenges. Its valuation remains attractive to us; we believe its later-stage pipeline assets are promising; and we are confident in the company's ability to grow through the Revlimid patent cliff in 2020.

### ***Qualcomm Inc.***

We purchased the stock on November 6, just subsequent to Broadcom's offer to purchase Qualcomm for \$70 a share, a 28% premium to its trading value. The expectations at the time were that \$70 would not be enough and that the bid would rise. We still see upside to the offer.

### ***Albemarle Corp.***

We believe the relative performance of specialty chemical company Albemarle in the Core Equity portfolio was an issue of timing. We believe that its negative fourth quarter performance was simply due to its strong performance the prior quarter and consolidation of its previous gains. We believe the stock can continue to perform well due to the strong demand for lithium batteries, particularly for electric vehicles.

## **Recent Fund Activity**

### **Buys**

#### ***Aramark Corp.***

Aramark provides food services, facility management and uniform supplies in over 20 countries around the world, including the United States. The company reports in three segments: Food and Support Services North America (FSS North America), Food and Support Services International (FSS International) and Uniform and Career Apparel. FSS North America is the largest segment (70% of total company revenue), and it provides food and facility management services to various industries. The company is the exclusive provider of food and beverages at most locations where it has contracts, 70% of which are profit and loss contracts (dependent on performance) and 30% are "cost plus" contracts (the company makes a set margin on revenue). FSS International, which serves many of the same industries as FSS North America, is the second-largest segment, and Uniform Services is the third segment. Aramark is the second-largest provider of uniforms (rental, sales and service), work clothes and ancillary items, such as floor mats and towels.

We believe that Aramark benefits from the global trend of corporations outsourcing their non-core functions to third-party providers that can benefit from economies of scale. In a business that is undergoing consolidation, Aramark has been engaged in considerable mergers and acquisitions, which we believe should provide it with opportunities for synergy. In October 2017, the company announced the acquisition of Avendra, a procurement company that had been spun out of major hotel companies, and AmeriPride, one of the largest uniform rental and linen supply companies in North America. However, in the event that the integration of these two acquisitions, which have been financed through leverage, does not go according to plan, the expected synergy might not materialize.

***Expedia, Inc.***

We initiated a position in Expedia, which is the parent company of the travel booking website Expedia.com and has a global network of brands, such as HomeAway, Egencia, Trivago, Orbitz and Travelocity. After being spun off from Microsoft in 1999, Expedia has engaged in several mergers and acquisitions, the latest of which were Travelocity, Orbitz and HomeAway, all in 2015. Expedia estimates that it currently has only a mid-single-digit share of the travel market, so there can be significant opportunity for growth in the fast-growing global travel market. Expedia benefits from the growth of personal and corporate online travel bookings and from the rapid growth in alternative accommodations. One such alternative accommodation is HomeAway, whose bookings grew 44% in the third quarter. Expedia has a majority stake in Trivago, whose revenue grew 22% in spite of having a disappointing third quarter because of challenges in metasearch. However, Trivago's profitability was weak because of excess spending in the quarter.

With a 1% dividend yield, share repurchases, and opportunistic mergers and acquisitions, we believe Expedia has a balanced approach to capital management. Based on management's stated goal to focus on organic growth, we believe share repurchases can increase. In addition, the newly appointed CEO announced increased spending on marketing, sales and technology to accelerate growth and to lower technology spending over the long term by migrating systems to the cloud. We believe that the recent weakness in the stock was related to a disappointing third quarter earnings report, which was, in part, impacted by storms in Texas and Florida, as well as terrorism in Europe, and to the new CEO resetting the earnings bar to a level where the company can resume beating earnings expectations. Risks to Expedia can be that travel and leisure companies are typically sensitive to general economic weakness and, despite the considerable consolidation in the industry, there remains significant competition, such as from Priceline and hotel companies that drive volume to their own booking sites.

***Qualcomm Inc.***

On November 6, we initiated a position in Qualcomm, a leading supplier of digital wireless communication products, as we feel confident in the fundamental strength of its technology portfolio and believe that the worst-case scenarios for its litigation battles with Apple and the elongated timeline of its acquisition of NXP Semiconductors N.V. had been priced into the stock. However, the timing of our purchase occurred just subsequent to the announcement of an unsolicited bid by Broadcom to acquire Qualcomm for \$70 per share.

Although the deal faces several hurdles, we believe there is the potential for a successful transaction, albeit at a higher price than the one currently proposed. If the deal does not materialize, we believe that it would be unlikely for the share price to fall back to its prior mid-\$50s range, as the attempted acquisition would serve as validation of Qualcomm's strategic value. As such, we think that the risk-reward at current levels remains attractive whether or not Qualcomm agrees to be acquired by Broadcom. Risks include a prolonged proxy battle with Broadcom that could strain its management team, which is already

occupied with multiple legal and regulatory issues. Additional stress on management could impact its core business and allow competitors, such as Intel, to capture market share.

***Teleflex Inc.***

Teleflex, a global provider of medical technology products, primarily develops, manufactures and supplies surgical instruments, medical devices and disposable supplies used by hospitals and health care providers for common diagnostic and therapeutic procedures, as well as for critical care and surgical applications. It also makes custom medical instruments that it sells to original equipment manufacturers. Although the company distributes its products to hospitals and health care providers in more than 150 countries, the United States accounts for more than half of its sales. We think that Teleflex is at an inflection point in its organic growth rate, as we believe that the acquisitions of NeoTract and of Vascular Solutions will drive Teleflex's organic growth rate to approximately 6% to 8%, with margin expansion opportunities that boost operating leverage and earnings per share growth.

In addition, given the strong uptake of the FDA-approved UroLift System, a minimally invasive technology for treating lower urinary tract symptoms due to benign prostatic hyperplasia (BPH), NeoTract is expected to produce revenues of \$115 million to \$120 million in 2017, which would represent greater than 150% year-over-year growth. The company's guidance is for 40% growth in 2018, which we believe could prove conservative because BPH becomes increasingly common with age. The Vascular Solutions acquisition, which closed in early 2017, also contributed to 2017's above-average growth while diversifying Teleflex's product offerings. Although we expect further consolidation in the medical equipment space, as witnessed by Becton Dickinson's aggressive consolidation and pending Bard acquisition, one of the risks to Teleflex is an unsuccessful integration of acquired companies.

***TE Connectivity***

Headquartered in Switzerland but listed on the NYSE, TE Connectivity is a leading global provider of connector systems and sensors for harsh environments to various industries. Since its separation from Tyco International and its initial public offering in 2007, the company has proactively managed its product portfolio to align the business with the industries that present the most challenging operating environments for electrical systems. Presently, TE Connectivity provides connectors to distribute power, data and signals across a total addressable market opportunity of \$170 billion.

In its transportation segment, which contributes approximately 50% of revenues, the company expects to grow total content per car at a 6% compound annual growth rate over the next four to five years, which we believe will also allow for margin-accretive growth, as content gains help drive margins higher. The increasing adoption of electric and hybrid vehicles is also positive for TE Connectivity, as the company expects its combined production to grow at an approximately 35% compound annual growth rate from fiscal year 2017 to fiscal year 2024 (with Asia driving about 50% of the growth).

In the industrial segment, we believe that the company will see mid-single-digit top-line growth, benefiting from content growth in the medical, factory automation and commercial air areas. In the company's communications segment, it presently has low single-digit growth. However, we believe that the subsea communications business, which has been volatile in the past, is evolving into a more stable top-line contributor. Risks include a slowdown in cyclical businesses, such as subsea communications, or in the adoption of electric and hybrid vehicles.

### ***Ciena Corporation***

In addition to offering general professional services, Ciena develops and markets communications network platforms and software. The company's broadband access and global network services support worldwide telecom and cable/multiple system operators, as well as enterprise and government networks. We believe Ciena has strong fundamentals, which were obscured by its recent mixed quarterly results. The company provided 5% to 7% revenue growth and 14% to 16% earnings per share growth targets. We think these targets are sustainable and that the stock has the potential to rebound in 2018.

Capital spending by wireless providers, which generally benefits Ciena, has been muted in 2017. We believe this is related to uncertainty regarding mergers and acquisitions and policies such as net neutrality, which was repealed by the Federal Communications Commission in December. However, several states filed a lawsuit in early January to contest the controversial decision, and some states have proposed bills to preserve it within their borders. Despite these uncertainties, we think that carriers will focus on improving their networks and start laying the groundwork for 5G in the next two to three years, leading to an increase in capital expenditures.

Although we expect Ciena to experience some gross margin pressure over the next couple of quarters, we believe that this would be a short-term result of the ramping up of new products in the Asia-Pacific region and in Europe. We find that management is gaining confidence in the stability of Ciena's historically cyclical business, which is reflected in its healthy balance sheet and its \$300 million share repurchase announcement. Risks include slower capital expenditure recovery and share loss to competitors.

### ***Electronic Arts Inc.***

Electronic Arts develops, publishes and distributes branded, interactive entertainment software worldwide for video game consoles, personal computers, handheld game players and cellular handsets. The company also provides online game-related services. Some of the key gaming franchises owned by Electronic Arts are Battlefield, Star Wars, Need for Speed, Madden NFL, FIFA, SIMS and Titanfall. The company's stock has been under pressure recently because of video game players' issues related to micro-transactions in its recently launched Star Wars game. Therefore, we believe that the company has not sold as many units of the game as expected (consensus estimates approximately 13 million sold; we estimate

10 million to 11 million sold). However, we believe that the stock price already reflects these concerns and that it will recover after the company reports its fourth quarter performance in January and provides its 2018 guidance.

Longer term, we believe Electronic Arts has very strong sporting franchises in FIFA, UFC, Madden NFL, NBA Live and NHL. In addition, we believe that the next Battlefield launch in the fourth quarter of 2018 should be better received than the Star Wars launch, and there is also potential for a new Anthem release in late 2018 or early 2019. Outside of company-specific drivers, we believe that Electronic Arts will benefit nicely from industry-specific drivers, for example, a mix-shift to digital and eSports. Therefore, we see the recent underperformance and missteps as an opportunity to own what we view as an otherwise high-quality gaming company. Risks include further regulatory oversight of micro-transactions and lack of traction for key game launches through the year.

### **Sells**

#### ***First Republic Bank***

We sold our position in First Republic due to what we believe are valuation and other elevated risks. Consensus estimates forecast an efficiency ratio of 59% to 60% for 2018, compared to recent management commentary suggesting a ratio of approximately 62%. The company continues to highlight its ongoing growth investments, which indicate no sign of abating in 2018. With shares trading at an all-time high valuation (2.8x tangible book value versus 2.1x historical average), we think that they are priced well and that any negative changes in consensus forecasts could significantly hurt the stock. Although we continue to believe that First Republic is one of the best-managed and highest-quality banks in the United States, we are moving to the sidelines for now.

#### ***Newell Brands***

We sold Newell based on general weakness in brick-and-mortar retail sales, especially at regional malls. More specifically, we believe that the bankruptcies of sporting goods retailers, such as Sports Authority, and toy stores, such as Toys "R" Us, will negatively affect sales of Newell's category offerings in sporting goods and baby-related goods. Although these exposures should be well known, negative reactions to earnings reports for companies such as Hasbro and Mattel are evidence that it remains difficult to estimate what is priced into retail stocks.

#### ***Time Warner***

We sold Time Warner over concerns that the acquisition by AT&T may be delayed or challenged by the Department of Justice based on recent press reports. We estimate that there is approximately 5% upside in the acquisition price following the recent significant decline in AT&T's share price; however, there is over 10% downside in Time Warner's share price based on the compression of media company multiples this year if the deal fails to get the government's approval.

***Gilead Sciences, Inc.***

We sold Gilead, as we were incorrect in our view that the company's focus would turn toward potential opportunities in oncology following the acquisition of Kite Pharma and the early approval of Yescarta, an entrant in the CAR-T therapy space. Also, we thought that the sentiment on Gilead would move past the challenges in Hepatitis C; however, these concerns remain and have been compounded by the emerging competition in treatments for HIV. While we remain favorably inclined with respect to Gilead's future in oncology, we think there are better opportunities for return, as we move into 2018.

***Fidelity National Financial, Inc.***

We sold Fidelity National, in spite of its strong fundamentals, to fund new additions to the portfolio. We continue to believe that the company has solid financials and a capable management team. However, we believe most of the benefit from its Sungard acquisition is already reflected in estimates and that upside to the stock may be capped unless the company engages in another large deal.

***Microchip Technology Inc.***

Although we believe that Microchip has solid financials and a capable management team, we also sold it to fund new additions. The company has gained significant synergies from its roll-up strategy (mergers) and expanded its earnings and cash flow. However, asset prices are at historic highs, which can limit accretion potential.

***Facebook, Inc.***

Facebook was one of our core holdings during the past several years, and we believe the company did an incredible job of executing on the

top line while managing its cost structure. However, we see several potential headwinds over the next couple of years, such as regulatory oversight, slowing user growth, decelerating advertisement revenue growth, higher operating expenses and more competition from Snapchat for millennials. While Facebook's management is capable of navigating the company through these headwinds and continuing to grow earnings per share, we believe the multiple could stay capped at current levels.

**Outlook**

Common questions posed by investors are, "How much longer will the bull market last?" and, "What are the greatest threats to it?" In terms of political risks, the degree to which they truly materialize and negatively impact financial markets is left to be seen. Interestingly, the World Economic Forum's Global Risks Report 2018 identified climate change, not political risk, as the greatest threat to global economies in 2018. Aristotle Capital's offices on the West Coast, which provide all of Aristotle affiliates'<sup>2</sup> shared services, and Aristotle Atlantic's office on the East Coast were both indirectly affected by natural disasters, specifically, the wildfires in California and the "bomb cyclone" in the Northeast. These unpredictable risks, which are outside our (and most people's) control, exist against a countervailing consistency. The stock market continues its upward march, and the Fed progresses down its path of "normalization," which we believe is unlikely to be altered with the confirmation of Jerome Powell as the new Fed Chairman. We, at Aristotle Atlantic, thank you for the trust you have placed in us, as we continue to focus on finding what we believe are companies with strong fundamentals that are poised to benefit from the secular themes, cyclical trends and product cycles we have identified.

## Aristotle Core Equity Fund (Class I)

Performance Update

December 31, 2017

Total Return	4Q17	Since Inception (3/31/17)	Gross/Net Expense Ratio
ARSLX Class I	5.85%	14.64%	1.29%/0.65%
S&P 500 Index	6.64%	14.86%	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 current performance information 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, 2018 to the extent that the total annual operating expenses do not exceed 0.65% of the Fund's average daily net assets. 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.*

<sup>1</sup>Otani (Jan 16, 2018), The Wall Street Journal: <https://www.wsj.com/articles/stock-market-roared-during-donald-trumps-first-year-boosted-by-earnings-and-tax-cut-1516098600>

<sup>2</sup>The term Aristotle refers to Aristotle Capital and its affiliates. Aristotle Capital Management, LLC, Aristotle Capital Boston, LLC, Aristotle Atlantic Partners, LLC and Aristotle Credit Partners, LLC are affiliated organizations. Each is an independent investment adviser separately registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about each adviser, including the investment strategies, fees and objectives, can be found in their Form ADV Part 2, which is available upon request.

## 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 Atlantic 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 Atlantic 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 since the Fund's inception date 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 market risk, equity risk, preferred stock risk, warrants and rights risk, REITs risk, small-cap, mid-cap and large-cap company risk, foreign investment risk and sector focus risk.

The market price of a security or instrument may decline, sometimes rapidly or unpredictably, due to general market conditions that are not specifically related to a particular company. The value of the equity securities held by the Fund may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate, or factors relating to specific companies in which the Fund invests. The market value of preferred stock is subject to company-specific and market risks applicable generally to equity securities and is also sensitive to changes in the company's creditworthiness, the ability of the company to make payments on the preferred stock, and changes in interest rates, typically declining in value if interest rates rise. Warrants and rights may lack a liquid secondary market for resale. The prices of warrants and rights may fluctuate as a result of speculation or other factors. The Fund's investment in REITs

will subject the Fund to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. 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. Larger, more established companies may be unable to attain the high growth rates of successful, smaller companies during periods of economic expansion. The prices of foreign securities may be more volatile than the prices of securities of U.S. issuers because of economic and social conditions abroad, political developments, and changes in the regulatory environments of foreign countries. The Fund may invest a larger portion of its assets in one or more sectors than many other mutual funds, and thus will be more susceptible to negative events affecting those sectors.

Definitions:

- 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. This index has been selected as the benchmark and is used for comparison purposes only.
- The NASDAQ Index, which includes over 2,500 companies, measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market.
- The Dow Jones Industrial Average is a price-weighted average of 30 actively traded blue-chip U.S. stocks.

The volatility (beta) of the Fund may be greater or less than 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 December 31, 2017, the 10 largest holdings in the Fund and their weights as a percent of total net assets were: Apple Inc., 4.04%; JPMorgan Chase & Co., 3.74%; Microsoft Corp., 3.60%; Bank of America Corp., 3.13%; Alphabet Inc., 3.08%; Visa Inc., 2.88%; Amazon.com Inc., 2.54%; InterContinental Exchange Inc., 2.34%; Boeing Co., 2.19%; Cigna Corp., 2.15%

**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](http://www.aristotlefunds.com), and should be read carefully prior to investing.**

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