International Equity Fund

3Q 2018 Commentary

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

Markets Review

While most major equity indices advanced during the quarter, there were significant regional differences, with U.S. equity markets widening their lead over indices in developed Europe, developed Asia and emerging markets. Overall, global equity markets, as represented by the MSCI All Country World Index (ACWI), advanced 4.28%, while the MSCI USA and MSCI ACWI ex USA increased 7.36% and 0.71%, respectively. For the year-to-date period, the divergence in performance between the United States and the rest of the world is even more pronounced. The MSCI USA is up 10.17%, while the MSCI ACWI ex USA is down 3.09%. Following the strong U.S. rally, the relative valuation gap is now at its widest level in over a decade, with the S&P 500 Index trading at approximately 17x forward price to earnings and the MSCI ACWI ex USA at a more modest 13x.

Stock prices in **developed European markets** advanced slightly, with the MSCI Europe Index rising 0.80%. Although eurozone Gross Domestic Product (GDP) grew 0.4% in the second quarter, exports stalled, causing increased concerns about global trade and the potential impacts of recently enacted tariffs. Italian shares were again among Europe's worst performers, with the MSCI Italy dropping 4.45% on continued fiscal concerns. Leaders of the governing coalition—the far-right League and Five Star Movement parties—unveiled their first budget, calling for higher spending and an increase in the annual deficit to 2.4% of GDP, which would come close to breaching European Union fiscal rules and potentially cause credit downgrades. U.K. equities also underperformed broader Europe with the ongoing uncertainty surrounding a Brexit deal by the March 2019 deadline. The MSCI United Kingdom Index dropped 1.66%. In addition, Turkey's currency crisis posed a threat to lenders throughout Europe, as the lira fell sharply in response to a slowing Turkish economy, an increasing current account deficit and doubts over central bank independence.

After the United States, **developed Asian markets** were the strongest performers. The MSCI Pacific Index gained 2.28%. Within the region, Japanese equities delivered the best results, as the MSCI Japan Index rose 3.68%, despite suffering weeks of deadly natural disasters, including floods, typhoons, earthquakes and heatwaves. The yen continued to decline against the U.S. dollar. The weaker yen has improved earnings prospects for Japanese exporters and provided a tailwind for Japanese equities.

A convergence of factors, including higher U.S. interest rates and worries of contagion due to currency issues in Turkey, Argentina and South Africa, all conspired to weaken performance in some **emerging markets.** Fears of economic protectionism also continue to dampen investor confidence. The MSCI EM Index dipped 1.09% and actually entered correction territory during the quarter after falling more than 20% from its January highs. However, when China is removed—China accounts for about one third of the Index and lost more than 7%—we believe the performance of emerging markets looks much better, led by strength in Latin America where stocks gained nearly 5%.

Major commodities were mixed during the quarter. Brent crude advanced 6.8% to nearly $83 a barrel, its highest level in almost four years. Gold, meanwhile, fell 3.9% to just over $1,200 an ounce.

Performance and Attribution Summary

The Aristotle Capital International Equity Fund (ARSFX) posted a total U.S. dollar return of 4.13% at NAV, outperforming the MSCI EAFE Index at 1.35% and the MSCI ACWI ex USA Index at 0.71%.

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 entirety of the Fund's outperformance relative to the MSCI EAFE Index was the result of security selection. Sector allocation detracted modestly. Security selection was particularly strong in the Consumer Discretionary, Consumer Staples and Information Technology sectors. Conversely, security selection in the Energy sector, as well as an underweight in the Health Care sector, detracted. Regionally, we added value through stock selection in all major regions, with particular strength in the United Kingdom, France and Japan.

Contributors and Detractors for 3Q 2018

Largest Contributors	Largest Detractors
Sony	BBVA
Marui Group	Heineken
Safran	Schlumberger
Astellas Pharma	Nidec
Novartis	BASF

At the individual security level, two of the largest contributors during the quarter were Sony, a recent purchase, and longer-term holding Marui Group.

Under the relatively new CEO Kenichiro Yoshida, **Sony** continues its transformation from a hardware driven to content driven company. Shares advanced as the market rewarded strong results and increased guidance led by the company's Gaming, Music and Image Sensors businesses. Gaming results were boosted by increased PlayStation Plus subscribers, a catalyst we identified at purchase, as well as success with the company's own game titles. Music benefited from increased demand in the higher margin streaming business. Management expressed its optimism in the long-term prospects for Music by continuing its investment in music publishing assets. In July, Sony acquired the remaining stake in EMI Music Publishing that it did not already own, further solidifying its global leadership position in the increasingly important music publishing industry.

Marui's shares also advanced this quarter, as the shift of the company's real estate business model from consignment to fixed-term floorspace leasing continues to progress. It is also becoming more apparent that the company's EPOS credit card is gaining market share, as its proprietary credit expertise allows it to effectively offer credit cards to a relatively younger, lower-income user base in Japan.

Two significant detractors during the quarter were **Banco Bilbao Vizcaya Argentaria (BBVA)**, a Spain-based bank with a global reach, and Heineken, an Amsterdam-based brewer with a global footprint.

Despite a well-diversified geographical presence, **BBVA** shares were pushed lower on concerns related to its Turkish subsidiary Garanti, which accounts for roughly 10% of total assets. We are closely monitoring the bank's exposure to Turkey and are encouraged by management's swift reaction to mitigate exposure, as well as the company's strong capital position. Outside of Turkey, we believe fundamentals are advancing quite well, with Mexico, Spain, South America and U.S. business areas all posting meaningfully higher first half 2018 results, contributing to nearly 15% year-over-year consolidated net profit growth.

Heineken, the world's second-largest brewer, saw its share price decline following operating margin guidance that was slightly below consensus expectations. Although volume and market share trends remain quite encouraging, temporary currency headwinds and higher contribution from lower-margin geographies disappointed some investors. Over the long term, we believe increased contribution from countries such as Brazil can be a positive development. Perhaps most important to Heineken's long-term prospects was the August announcement that Heineken is gaining access to the massive Chinese market via a 20% stake in the country's largest brewer, China Resources Beer Holdings (CRB). We view this as a mutually beneficial strategic transaction, giving Heineken the scale, infrastructure and distribution it lacked, while filling the premium brand hole in CRB's portfolio.

Recent Fund Activity

The International Equity Fund completed one purchase and one sale during the quarter. We sold our investment in diversified utility AES Corporation, and with the proceeds from this sale, we established a position in Amundi SA. During our holding period of more than six years, we believe AES executed meaningfully on the catalysts we identified at time of purchase, including a restructuring to become more consistent in its financial results. It did this by exiting countries and assets where it did not have a competitive advantage, and by improving operational execution and its balance sheet. We think further improvements in the company could now be harder to come by. Consequently, we decided to sell and invest in what we view as a more optimal investment opportunity, Amundi.

Amundi SA

Amundi is a Paris-headquartered global asset manager with a presence in 37 countries. Although the company was created in 2010 through the merger of the asset management arms of leading French banks, Credit Agricole and Société Générale, Amundi has been delivering asset management solutions to clients since 1894. Following the 2016 acquisition of Pioneer Investments from Italian bank UniCredit, Amundi is now Europe's largest asset manager by assets under management (AUM) and ranks in the top ten globally.

The company manages more than €1.4 trillion of assets across six main investment hubs. We believe Amundi offers its retail (approximately 35% of AUM) and institutional (approximately 65%) clients in Europe, Asia-Pacific, the Middle-East and the Americas a wealth of market expertise and a full range of capabilities across the active, passive and real assets investment universes.

High-Quality Business

Amundi possesses numerous characteristics we deem to be high quality, including:

- Global presence, scale and expertise across all asset classes;
- A well-diversified asset class and client base, spread across more than 30 countries with over 100 million retail clients and thousands of institutional clients;
- Leading market share in key markets including France (approximately 20%) and Italy (approximately 10%);
- Consistently above peer profitability supported by zero-based budgeting helping to drive a cost-to-income ratio in the low-50% range; and
- Diversified distribution including long-term, quasi-exclusive agreements with French retail banking networks, third-party networks, international networks and joint ventures with leading banks in Asia.

Attractive Valuation

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

Compelling Catalysts

Among the many catalysts we have identified for Amundi, 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:

- The integration of Pioneer acquisition provides increased scale, further diversifies the business mix and provides meaningful expense and revenue synergies;
- A continued expansion outside of France can drive further diversity of geographic and product revenues aided by Amundi's third-party networks and JV partnerships across the globe; and
- Further improvements in the cost-to-income ratio and operating margins.

Outlook

Despite headlines centered around short-term events, such as trade war rhetoric and political bantering, our view of the international equity markets remains positive. While the news and commentators focus on these events, we believe it is best for active managers like us to spend our time studying the drivers of long-term intrinsic value for the companies we follow and in which we invest. Instead of worrying about events that are outside of our control, we will continue to focus our energy on gaining a deeper understanding of the fundamentals of businesses in our investment universe.

Aristotle International Equity Fund (Class I)

Performance Update September 30, 2018

Total Return	3Q18	1 Year	Annualized 3 Years	Annualized Since Inception (3/31/14)	Gross/Net Expense Ratio
ARSFX Class I	4.13%	9.54%	10.08%	3.83%	2.28%/0.80%
MSCI EAFE Index (Net)	1.35%	2.74%	9.23%	3.48%	N/A
MSCI ACWI ex USA Index (Net)	0.71%	1.76%	9.96%	3.39%	N/A

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The Fund's advisor has contractually agreed to waive certain fees and/or absorb expenses, through April 30, 2020, to the extent that the total annual operating expenses do not exceed 0.80% 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 United Kingdom Index is designed to measure the performance of the large and mid cap segments of the U.K. market. With approximately 100 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in the U.K.
- The MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market. With over 300 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in Japan.
- The MSCI Brazil Index is designed to measure the performance of the large and mid cap segments of the Brazilian market. With over 50 constituents, the Index covers about 85% of the Brazilian equity universe.
- The U.S. Dollar Index (DXY) is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the United States' most significant trading partners.
- 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 September 30, 2018, the ten largest holdings in the Fund and their weights as a percent of total net assets were: LVMH Moët Hennessy Louis Vuitton SA, 3.91%; Accenture plc, 3.90%; Dassault Systemes SE, 3.64%; Nidec Corp., 3.32%; Sony Corp., 3.28%.; Experian plc, 3.22%; Compass Group plc, 3.03%; Brookfield Asset Management Inc., 3.01%; Safran SA, 2.97%; Hoshizaki Corp., 2.95%.

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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