

Markets Review

The U.S. equity market, supported by strong economic data and corporate earnings growth, continued its rally, with the S&P 500 Index rising 7.71%, its best quarter since 2013. Gross Domestic Product data released over the summer showed that the U.S. economy accelerated 4.2% on an annualized basis during the second quarter, its fastest pace in nearly four years. Consumer spending, buoyed by lower taxes, job growth and rising wages, was the key driver behind the pickup in growth. A jump in exports ahead of the scheduled implementation of new tariffs also helped. Meanwhile, according to FactSet, approximately 80% of S&P 500 companies reported earnings per share above mean estimates, the highest percentage since it began tracking the data. Perhaps the main uncertainty facing the economy remains just how much impact the Trump administration's trade policies will have as further tariffs begin to take effect.

Citing continued economic and labor market strength and relatively stable inflation, the Federal Reserve (Fed) announced a quarter-point rate hike in September. The benchmark federal funds rate now stands at between 2.00% and 2.25%, the highest it has been since 2008. This was the eighth hike since the Fed began raising rates in December 2015 and the third of this year. The Fed signaled that another rate hike in December, three more next year and one increase in 2020 are likely. The U.S. Bureau of Labor Statistics reported that employers added 201,000 new jobs in August, slightly above the average monthly gain for the last 12 months, and the unemployment rate was unchanged at 3.9%. Average hourly earnings, which had lagged behind job growth and stymied inflation, are now up 2.9% year over year, the fastest pace since 2009.

The S&P 500 Index reached several all-time highs during the quarter, and performance in many sectors was robust, with all 11 sectors posting positive returns. The Health Care sector was the best performer, rising more than 14%, its strongest quarter in more than five years. For the year, Health Care trails only the Information Technology and Consumer Discretionary sectors. With respect to style, growth stocks continued to outperform their value counterparts. The Russell 1000 Growth Index gained 9.17%, while the Russell 1000 Value Index added 5.70%. The Russell 1000 Value Index has not outperformed its growth counterpart since the fourth quarter of 2016. In terms of capitalization, large cap stocks outgained small caps. The Russell 1000 outpaced the Russell 2000 by 384 basis points. For the year, however, the Russell 2000 Index has a 102 basis point edge (11.51% versus 10.49%).

Treasury yields moved higher after the Fed increased rates. The yield on the benchmark 10-year U.S. Treasury ended the quarter at 3.05%, not far from a seven-year high. At the same time, the two-year note rose more sharply, closing at 2.81%. The spread between 2- and 10-year U.S. yields fell to only 18 basis points in August, its narrowest level since before the 2008 financial crisis. Year to

date, the investment-grade bond market has been one of the worst-performing asset classes. The U.S. Dollar Index (DXY) was little changed, gaining 0.5% after increasing 5.8% last quarter. The Index is still up over 3% for the year. Major commodities fell. Gold prices have declined since April on the renewed strength of the U.S. dollar and the prospect of further rate hikes from the Fed. Despite fears that U.S. sanctions on Iran will create a major hit to global oil supplies, WTI crude oil fell slightly during the quarter to \$73.25.

Performance Review

For the third quarter of 2018, the Aristotle Core Equity Fund (ARSLX) posted a total return of 8.98% at NAV, outperforming the S&P 500 Index, which recorded a total return of 7.71%.

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.

Security selection accounted for the entirety of the Fund's outperformance relative to the S&P 500 Index for the quarter. Security selection in Health Care and Consumer Discretionary added the most to relative performance. Within each of these sectors, Bio-Techne and O'Reilly Automotive were the main contributors to relative return, respectively. Security selection in Consumer Staples and Energy detracted from relative performance. Within these sectors, Conagra Brands and Halliburton were the main detractors from relative return, respectively.

Top Five Contributors*	Bottom Five Detractors*
Bio-Techne	Conagra Brands
O'Reilly Automotive	Halliburton
Norfolk Southern	NextEra Energy
Walt Disney	DowDuPont
Worldpay	Zions Bancorp

**Securities listed had the best or worst relative performance within the best- or worst-performing sectors relative to the benchmark. Past performance is not indicative of future results. Please see important disclosures at the end of this document.*

Top Contributors

Bio-Techne Corporation

Bio-Techne develops, manufactures and sells biotechnology products and clinical diagnostic controls. In August, the company released financial results for its fiscal fourth quarter that showed sales grew 15% to \$180.3 million and organic revenues increased 9% year over year. Earnings growth was also strong, with adjusted earnings per share rising to \$1.34 versus \$1.09 in the same quarter last year.

O'Reilly Automotive, Inc.

Over the last several years, growth in the auto parts industry has been slowed by abnormally mild weather (cold weather tends to raise the need for maintenance) and a shortage of automobiles needing new parts. As the environment for auto parts has improved, with an increasing number of aging cars, O'Reilly has benefited. During the quarter, the company reported strong operating performance and increased its full-year earnings per share guidance. O'Reilly has also embarked on an ambitious share repurchase program. In the first half of 2018, the company repurchased 3.8 million shares of its common stock.

Norfolk Southern Corporation

Norfolk Southern, one of the nation's premier transportation companies and a major transporter of coal, automotive and industrial products, reported records for second quarter operating income, net income and earnings per share, as volumes grew 6% amid a robust U.S. economy. The railway operating ratio, a closely watched metric that shows operating expenses as a percentage of revenues, improved to 64.6% from 66.9% in the same quarter a year earlier.

Bottom Detractors***Conagra Brands, Inc.***

Conagra Brands, the packaged foods company, reported sales in its Refrigerated & Frozen segment rose 3.2% year over year, in its fiscal first quarter, but this was slower than the 5.2% pace achieved in the prior quarter. And while total sales increased 1.7% to \$1.83 billion from the same period a year earlier, guidance the company provided in June called for 2.0% to 2.5% growth.

Halliburton Company

Halliburton, which we sold during the quarter, was a main detractor. Results have been affected by reduced drilling activity in Latin America and the Permian Basin, as well as short-term issues in the North American Completion and Production segment associated with weather-related interruptions that caused delays in sand deliveries.

Zions Bancorp

Strong second quarter financial results were tempered by tepid loan growth. The bank did announce a quarterly dividend that was 25% higher than the dividend paid in the second quarter of 2018. Additionally, the board approved a plan to repurchase \$185 million of common shares during the third quarter of 2018.

Recent Fund Activity**Buys*****Pioneer Natural Resources Company***

Pioneer is a petroleum, natural gas and natural gas liquids exploration and production company. We believe that recent pressure on its share price is due to investors focusing on Pioneer's

Permian exposure and ignoring the company's takeaway strategy, which negates the impact of Midland pricing differentials on cash flow. We also believe Pioneer is attractively valued based on the company's long-term 20%-plus growth strategy and free cash flow generation, all with one of the best balance sheets in the industry. The company recently divested its non-Permian assets to become a Permian "pure play" with 600,000 contiguous acres in the Midland Basin, an area that produces 3.2 million barrels a day, more than OPEC member Kuwait. Pioneer's new oil well design, Version 3.0+, is showing significantly better results and will drive, we believe, better well economics going forward. Finally, we believe expected free cash flow of approximately \$1 billion over the next two years should support an increased buyback on top of the \$100 million program previously authorized.

Qualcomm, Inc.

We initiated a position in Qualcomm, the semiconductor and telecommunications equipment company, as we believe it has multiple potential catalysts ahead, and that the stock can provide upside in coming years. Qualcomm has put the failed NXP Semiconductors acquisition and takeover attempt of Broadcom behind it and is now focused on organic growth opportunities. Other catalysts we have identified include negotiations to settle disputes with major suppliers Apple and Huawei over royalty issues, expansion of its board from 12 to 14 directors that could result in operational changes that we believe would benefit shareholders and gradually increasing momentum around 5G trials and deployments. Qualcomm, with its incumbent leadership technology position, is poised to benefit as 5G technology becomes more widely adopted.

Sells***Broadcom, Inc.***

After several years of owning Broadcom as a core holding and participating in its stock price appreciation, we sold our position in the chip maker. During the quarter, Broadcom announced its intent to acquire software provider CA Technologies for roughly \$18.9 billion. We believe this acquisition represents a dramatic shift in Broadcom's mergers and acquisitions (M&A) strategy. The company also did not hold a customary conference call to discuss the strategic rationale behind this acquisition. From a purely financial perspective, we believe this transaction can be justified given it can be immediately accretive and the company expects cost synergies to generate 15% to 20% earnings per share accretion. However, CA Technologies is Broadcom's first software acquisition, is much larger than what the company has indicated its M&A appetite is (approximately \$10 billion), has weaker cash flow characteristics than prior acquisitions and shows a shift in strategy of moving away from complementary semiconductor/hardware acquisitions. It is also surprising, in our view, that Broadcom would not vote in favor of a large buyback to drive a similar amount of accretion, but instead take on potentially significant operational risk in an effort to get the same benefit.

Pinnacle Foods, Inc.

Following the announcement of Conagra Brand's planned acquisition of Pinnacle, a deal which is expected to close in the fourth quarter, we sold our investment in the packaged foods company.

Concho Resources, Inc.

We sold Concho and used the proceeds to buy what we believe is a more optimal opportunity: Pioneer Natural Resources. Both companies are among the largest players in the Permian Basin, an area rich in petroleum, natural gas and potassium deposits, and both possess what we believe to be high-quality acreage and strong management teams. We are concerned, however, about the impact of oil takeaway constraints because of limited pipeline capacity in the rest of 2018 and 2019, and the impact on cash flow margins from Midland-Cushing differentials widening on Concho. The company has not provided a guaranteed takeaway strategy to mitigate the impact from differentials, and we remain concerned that the stock could be negatively impacted over the next year if spreads widen.

Aramark Corporation

Based on concerns that expectations for the fourth quarter and longer term are too optimistic, we sold our position in Aramark, the food, facilities management and uniforms provider. In the fourth quarter, management is expecting 31% earnings per share growth on 8% revenue growth. We believe achievement of this goal would require a significant increase in margin in an environment where labor is tight and food costs have been volatile.

Microchip Technology, Inc.

We exited our position in Microchip to invest the proceeds in Qualcomm. We believe Microchip's management has executed well on its strategy of acquiring low-performing assets, improving operations and generating strong earnings growth. The company's latest acquisition of Microsemi was supposed to be an extension of that strategy. However, recently disclosed irregularities in Microsemi's books require Microchip to drastically realign inventory. This comes

at a time when the automotive and industrial end markets appear to be peaking, and when trade war-related component shortages have also caused distributors to increase inventory levels. While management is confident it will be able to achieve its previously laid out synergy targets, we feel there could be more headwinds over the next two to three quarters as inventory issues are resolved.

Outlook

As we look ahead to the end of 2018, we believe that we are likely to see a strong fourth quarter for year-over-year earnings growth, but that we may be nearing an inflection point in which tighter monetary policy begins to weigh on equity prices, exacerbates equity market volatility and curtails earnings growth in 2019. We saw a little of this trepidation in the third quarter, as technology shares faltered and investors rotated into health care stocks. We also continue to take notice of the persistent outperformance of the U.S. equity market relative to markets in the rest of the world. Non-U.S. stocks, particularly emerging market equities, are reflecting the impact of trade pressures and the stronger U.S. dollar. Due to the rally in U.S. equities, the relative valuation premium is now at its widest level in over a decade, with the S&P 500 Index trading at approximately 18x forward price to earnings, while the MSCI World ex USA Index is at a more modest 14x. Taken together, we believe the environment for U.S. equities to continue to outperform in the months ahead will be much more challenging.

While we at Aristotle Atlantic are aware of these challenges and the vacillations of the markets, we believe that the Fund is positioned to profit from secular themes (i.e., longer-term shifts in spending across various industries and geographies) and cyclical trends over the medium to long term. Our investment style is also less dependent on cyclical/macro events. Instead, we believe that the Fund takes a more balanced approach with respect to endogenous and exogenous changes. We believe, the result of our approach is an all-weather, actively managed portfolio that is well positioned to capture upside potential and minimize downside risk over a medium- to long-term holding period.

Aristotle Core Equity Fund (Class I)

Performance Update

September 30, 2018

Total Return	3Q18	1 Year	Since Inception (3/31/17)	Gross/Net Expense Ratio
ARSLX Class I	8.98%	19.20%	18.54%	5.85%/0.65%
S&P 500 Index	7.71%	17.91%	17.26%	N/A

Performance data quoted here represents past performance. Past performance is no guarantee of future results. Returns over one year are annualized. 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, 2019 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.

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 Russell 1000® Index measures the performance of the large cap segment of the U.S. equity universe.
- The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.
- The Russell 1000 Value® Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.
- The Russell 2000® Index measures the performance of the small cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.
- The MSCI World ex USA Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World ex USA Index consists of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.
- The U.S. Dollar Index® is a measurement of the dollar's value according to a basket of six exchange rates.

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 September 30, 2018, the ten largest holdings in the Fund and their weights as a percent of total net assets were: Microsoft Corp., 4.84%; Apple Inc., 4.80%; Amazon.com Inc., 4.75%; Alphabet Inc., 4.33%; JPMorgan Chase & Co., 3.52%; Visa Inc., 3.40%; Bank of America Corp., 2.78%; Cigna Corp., 2.63%; Bio-Techne Corp., 2.56%, Abbott Laboratories, 2.34%.

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, and should be read carefully prior to investing.

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