Value Equity Fund

1Q 2019 Commentary

Markets Review

Financial markets rallied in the first quarter of 2019, with performance for most indices resembling annual figures. A more dovish Federal Reserve and optimism over the potential for a United States-China trade deal helped offset concerns of slowing economic growth.

Overall, the S&P 500 Index gained 13.65% during the first three months of the year—its best quarter in nearly 10 years. Gains were broad-based, with all 11 sectors in the S&P 500 Index advancing at least 6%.

The latest economic data provided a mixed picture. Fourth quarter GDP grew at a slower annual rate of 2.2%. Rising consumer spending and business investment were partly offset by weaker housing data. February nonfarm payrolls came in below expectations; however, the labor market remained quite healthy overall, with the unemployment rate at just 3.8% and wage growth above 3%.

Performance and Attribution Summary

For the first quarter of 2019, Aristotle Value Equity Fund (ARSQX) posted a total return of 11.96%, outperforming the 11.93% return of the Russell 1000 Value Index, but underperforming the 13.65% return of the S&P 500 Index.

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 vast majority of the Fund's outperformance relative to the Russell 1000 Value Index for the period was the result of security selection. Stock selection was strongest in Financials, Health Care and Information Technology. An overweight in Information Technology also added to relative return. On the other hand, stock selection in Consumer Staples, Consumer Discretionary and Energy detracted from relative performance. An underweight in Energy also hurt relative returns. (Relative weights are the result of bottom-up security selection.)

ANSYS, a leader in engineering simulation software, was the primary contributor to relative return. The company reported strong results for the quarter and full fiscal year, consistent with its 2020 objective of achieving sustained, double-digit revenue growth at industry-leading margins. During the quarter, ANSYS also acquired Granta Design, a company that enables customers to explore the impact different materials will have on the behavior of their products (e.g., metals, plastics, composites and additives). This acquisition brings ANSYS into the adjacent vertical of materials simulation, an area that we believe will be increasingly important in manufacturing as products become more complex. We believe adding Granta technology to the ANSYS portfolio is a good example of a company enhancing its core technology while investing in next-generation innovation, which we view as a unique characteristic of the Pennsylvania-based company.

Diversified healthcare-oriented company Danaher was one of the main contributors during the quarter. The company announced that it plans to acquire GE Biopharma, a leading provider of instruments, consumables, and software involved in the development and manufacturing workflows of biopharmaceutical drugs. Danaher expects the transaction to close at the end of 2019 and to be accretive in the first full year post acquisition. Since spinning off Fortive in 2016, and with the anticipated spinoff of its dental unit later this year, we believe Danaher has transformed itself into a major player in the life science and diagnostic market, also with a meaningful position in water filtration. For years, we have particularly admired the firm's ability to acquire businesses, integrate them and take them to new heights. Capital allocation decisions, coupled with The Danaher Business System (DBS) which aims to improve operating performance, remain in our opinion key sources of sustainable competitive advantages for years to come.

Conglomerate Sony, maker of the PlayStation videogame console, was the primary detractor during the quarter. Shares of Sony declined after Google unveiled Stadia, a gaming service that allows players to bypass consoles and stream video games from the cloud into portable devices and smart TVs. As part of our continuous research of existing holdings, we spend time understanding competitors, customers, suppliers and industry dynamics. As such, we will be closely studying how (and if) Stadia's user base and business model have the potential to change the videogame industry over the years to come. However, we believe it is way too soon to form any type of conclusion or to quantify a potential impact on PlayStation's loyal base of more than 90 million users, as they continue their transition toward the subscription services and digital download options currently offered by Sony.

Walgreens Boots Alliance, the largest retail pharmacy destination across the United States and Europe, was one of the main detractors. Walgreens has over 9,000 stores and processes over 20% of all prescription drugs in the United States. Despite this scale, shares declined, as the pharmacy industry is encountering headwinds. While prices that pharmacies like Walgreens pay for generic drugs have been falling, the rates at which insurers reimburse at have been falling faster. These headwinds have caused profit margins to decline in the near term. Although some readers may have had a different experience, the United States has been through a weak cough, cold and flu season, which also hurt near-term results. Walgreens' strategy of cultivating strategic partnerships (e.g., AmerisourceBergen, LabCorp, FedEx and Microsoft, to name a few) rather than a vertical integration approach, we believe, uniquely positions the company to thrive over the long term in the shifting health care value chain.

Relative Contributors	Relative Detractors
ANSYS	Sony
Danaher	Amgen
PayPal Holdings	Coca-Cola
Oshkosh	Walgreens Boots Alliance
Lennar	Kroger

Recent Fund Activity

Consistent with our long-term horizon and low turnover, there were no new purchases or sales completed during the period.

Outlook

The goal of our investment team is to understand and uncover what we believe to be high-quality businesses by emphasizing detailed research on individual companies, while maintaining a long-term focus. Although broad economic factors are taken into consideration as part of our analysis, we spend the vast majority of our efforts focusing on individual companies, seeking to identify businesses that, in our opinion, possess a combination of qualities that are both sustainable and difficult to reproduce.

Aristotle Value Equity Fund (Class I)

Performance Update March 31, 2019

Total Return	1Q19	1 Year	Since Inception (8/31/16)	Gross/Net Expense Ratio
ARSQX Class I	11.96%	2.09%	10.57%	4.53%/0.78%
Russell 1000 Value Index	11.93%	5.67%	8.78%	N/A
S&P 500 Index	13.65%	9.50%	13.13%	N/A

Performance results for periods greater than one year have been annualized.

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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 0.78% 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 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 foreign securities, ETFs, small-capitalization, mid-capitalization and large-capitalization companies and value stocks.

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. The use of ETFs may cause the Fund to have higher expenses than those of other equity funds. 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. On the other hand, larger, more established companies may be unable to attain the high growth rates of successful, smaller companies during periods of economic expansion. Value stocks are those that are believed to be undervalued in comparison to their peers due to adverse business developments or other factors. Value investing is subject to the risk that the market will not recognize a security's inherent value for a long time or at all, or that a stock judged to be undervalued may actually be appropriately priced or overvalued.

Definitions:

- 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 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.

These indices have been selected as the benchmarks and are used for comparison purposes only.

- 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, 2019, the 10 largest holdings in the Fund and their weights as a percent of total net assets were: Adobe Inc., 4.78%; Microsoft Corp., 4.11%; Danaher Corp., 3.49%; PayPal Holdings, Inc., 3.14%; Bank of America Corp., 3.09%; Amgen Inc., 2.94%; Microchip Technology Inc., 2.82%; Novartis, 2.72%; ANSYS, Inc., 2.72%; Coca-Cola Company, 2.69%.

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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