International Equity Fund

4Q 2018 Commentary

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

Markets Review

After a period of "relative" calm during the first nine months of 2018, global equity markets suffered their worst performance since the financial crisis in the fourth quarter. Major markets across the world saw steep declines as a confluence of factors, including concerns over a slowdown in the global economy, lingering threats of a global trade war and higher interest rates in the U.S. combined to drive down equity prices. Non-U.S. developed equity markets, as defined by the MSCI EAFE Index, fell 12.54%, while the broader MSCI ACWI ex USA Index dropped 11.46%. Emerging market equities were the least negative market segment, with the MSCI Emerging Markets Index shedding 7.47%. Overall, as measured by the MSCI ACWI Index, global equities declined 12.75% in the quarter and 9.42% for all of 2018. To put this in perspective, the MSCI ACWI index was up 23.97% in 2017 – needless to say, swings like these are precisely why we prefer to take a long-term view and focus on investing in high quality businesses around the world.

Stock prices in **developed European markets** declined in line with other developed market equities, with the MSCI Europe Index sinking 12.72%. Data from the European Union (EU) statistics agency Eurostat revealed slowing economic growth in the euro zone. The European Commission said the fall in Gross Domestic Product (GDP) growth to a still positive 0.2% for the latest quarter, coincided with a decay in business as well as consumer confidence.

The ongoing saga known as "Brexit" remains an overhang for markets and many companies. After negotiating a withdrawal agreement with the EU in November, British Prime Minister May has urged members of parliament (MPs) to accept her Brexit deal ahead of a crucial exit vote scheduled for the third week of January. Mrs. May is looking to provide reassurances to enough MPs over the deal, particularly the arrangement for the Irish backstop, which is designed to ensure there is no return to a "hard border" between Ireland, which will remain part of the EU, and Northern Ireland. Mrs. May pulled a planned vote in December once it became clear she was likely to lose. The United Kingdom is scheduled to exit the EU at the end of March, and it is still quite unclear as to what form this exit will take.

Germany's Christian Democrats elected Annegret Kramp-Karrenbauer to replace Angela Merkel, who decided not to seek re-election as party leader when her term expires in 2021. Mrs. Kramp-Karrenbauer's election moves her into position to succeed Mrs. Merkel as chancellor. This is a fairly significant change in leadership as Mrs. Merkel has been her party's leader since 2000, the chancellor since 2005 and the de facto leader of the EU for many years. In addition to leadership transitions, third-quarter economic data showed that the German economy unexpectedly shrank by 0.2% quarter-on-quarter. Weaker exports and private consumption were the primary drivers behind the contraction, the first since the first quarter of 2015. To make matters worse, several major German companies issued profit warnings. These events helped push the MSCI Germany Index down 15.48% for the quarter and 22.17% for the year.

In France, the euro zone's second-largest economy, a pick-up in consumer spending and business investment helped the economy grow 0.4% in the third quarter, a 0.2% point increase from the prior quarter. Despite the modest recovery, however, the country's annual growth rate slipped from 1.7% to 1.4%. In November, protests that were sparked by anger over a fuel tax escalated into a month of widespread protests over the direction of the country. Citing the impact of the protests, the French central bank cut in half forecasts for economic growth for the fourth quarter, from 0.4% to 0.2%. Italy's populist government, which had originally wanted to stimulate its economy through tax cuts and spending increases, won parliamentary approval for its 2019 budget on the eve of a year-end deadline. In doing so, Italy appears to have (for now at least) avoided a breach of EU fiscal rules.

Equity markets throughout **developed Asian markets** also suffered steep declines. The MSCI Pacific Index lost 12.20%. Within the region, Japanese equities delivered the worst results, as the MSCI Japan Index fell 14.23%. In contrast with other developed market central banks, the Bank of Japan maintained its ultra-loose monetary policy at its December meeting. In perhaps related news, Japan's economy shrank by 1.2% year-over-year in the third quarter, as (hopefully) one-time natural disasters affected spending and disrupted exports.

Despite continued dollar strength and general weakness in the price of commodities during the quarter, **emerging markets** outperformed most other regions. Brazil was among the top performers in the world in the final three months as the MSCI Brazil Index gained 13.42%. Corporate earnings growth, supported by historically low interest rates and subdued inflation, and President-elect Jair Bolsonaro's market-friendly promises helped fuel the performance. Conversely, Chinese stocks were among the hardest hit in the region, with the MSCI China Index declining 10.73%. GDP data showed the economy slowing for the second straight quarter, from 6.7% in the prior quarter to

6.5% year-on-year, marking its slowest expansion since the global financial crisis. In response to the slowdown and headwinds from tariffs, China is launching a series of fiscal and monetary stimulus measures to be implemented in 2019. Trade tensions between the U.S. and China abated somewhat in December on news that the two countries brokered a 90-day tariff truce.

Brent crude prices tumbled nearly 37% during the quarter, even as OPEC, Russia and others plan to cut their collective production by 1.2 million barrels per day for the first six months of 2019. Contracts for Brent crude, the global benchmark, finished the year at $53.80 per barrel after a 2018 peak of $85.45 in October. Precious metals gained as a risk-off sentiment permeated the markets. Gold closed the year at $1,280 an ounce, near a six-month high, up 7.2% for the quarter, but finished the year down roughly 2.0%.

Performance and Attribution Summary

The Aristotle Capital International Equity Fund (ARSFX) posted a total U.S. dollar return of -14.66% at NAV for the quarter, underperforming the MSCI EAFE Index at -12.54% and the MSCI ACWI ex USA Index at -11.46%.

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.

Both security selection and sector allocation, a by-product of our bottom-up, fundamental security selection process, contributed to the Fund's underperformance relative to the MSCI EAFE Index. Security selection in the Materials and Consumer Staples sectors benefited relative returns. Conversely, security selection in the Financials and Industrials sectors detracted. Regionally, we added value through security selection in developed Europe, particularly the United Kingdom, while selection in developed Asia subtracted value.

Contributors and Detractors for 4Q 2018

(Fund Contribution to Return)

Largest Contributors	Largest Detractors
Coca-Cola European Partners	Hoshizaki
Cameco	Amundi
Novartis	Dassault Systèmes
Unilever	Nidec
Kimberly-Clark de México	Astellas Pharmaceuticals

France-based 3D design and engineering software provider Dassault Systèmes (Dassault), and Hoshizaki, a Japan-based kitchen equipment manufacturer, were leading detractors from relative return in the quarter. After a strong start to the year, shares of Dassault were punished in the fourth quarter. Despite reporting results that included broad-based demand for its suite of software products and nearly 20% revenue growth from the increasingly significant 3DEXPERIENCE platform, it appears the market was expecting more. Dassault also announced the acquisition of California-based IQMS, a leading manufacturing ERP software company, demonstrating Dassault's ability to expand into new verticals, an important catalyst in our view. In September, Hoshizaki announced record first-half revenues and profits. With a net cash balance sheet and solid operational execution, we believe the business fundamentals have never been better for the company. Unfortunately, the stock price was clobbered throughout December after the company disclosed accounting irregularities at a subsidiary that delayed submission of financial results pending an internal investigation. In addition, if financials were not submitted by December 27, the company would be in breach of listing requirements and at risk of delisting. On the second-to-last trading day of the year, Hoshizaki announced that it had submitted its financial report by the deadline (removing delisting risk and retaining its full-year profit targets), fired managers responsible for improper transactions (cumulatively represented 0.3% of 2018 profits), will be strengthening corporate governance internally (tighter controls over subsidiaries), and improving treatment of overseas investors (enhancing English language disclosure). Our investment thesis for Hoshizaki is unchanged at this time.

Switzerland-based, global healthcare company Novartis and Coca-Cola European Partners (CCEP), a Western Europe focused Coca-Cola Bottler, were leading contributors to relative return in the quarter. Under relatively new CEO Vas Narasimhan, Novartis is more focused on developing innovative new drugs, an important catalyst in our view. As part of this focus, Novartis agreed to acquire Endocyte, a biopharmaceutical company and leader in developing targeted therapies for the personalized treatment of cancer. Shares advanced following better-than-expected revenue, driven by a strong showing in drugs Cosentyx, a leading psoriasis medication, and Entresto, a heart failure therapy. In November, Novartis detailed plans for a spin-off of Alcon, its eye-care unit. The spin-off is expected to be completed in the first half of 2019. We view this as a mutually beneficial strategic transaction, allowing Novartis to narrow its focus on developing innovative new drugs, while unlocking meaningful value at Alcon. CCEP shares appreciated following quarterly results that reflected improved performance across several geographies and beverage categories. Management remains on track with its cost savings program and merger integration helping to drive increased free cash flow, some of which has been earmarked for higher returns to shareholders. We remain impressed by CCEP's ability to generate revenue growth from a combination of both volume and pricing, an achievement we find increasingly rare in the consumer staples sector, particularly in the developed Europe region.

Recent Fund Activity

Consistent with our patient and methodical approach to investing, we did not complete any purchases or sales in the Fund during the quarter. This is the fifth time that this has occurred in the eleven years the strategy has been in existence. As many of you have heard from us directly, we do not "trade stocks" but rather "invest in what we believe to be great businesses" for the long term. In our opinion, while trading frequently might seem productive and can lead to interesting quarterly discussions, we would rather invest only when it makes sense. This requires that all of the elements of our philosophy and process are satisfied. Specifically, quality must be verified, catalysts must be identified, and market valuation needs to offer sufficient upside. Most of the time, as is the case now, two of the three can be found, but the final "leg" of the stool is missing. In this environment, more often than not, it is the margin of safety that is missing. As in life, deciding what not to do often has a huge impact on what does happen. At Aristotle Capital, we spend the bulk of our time reading, analyzing, thinking, debating and understanding businesses around the world. However, the vast majority of that work leads to our decision not to invest.

Outlook

We are never happy to report negative returns to our clients. Yet down markets are a natural part of investing, one that can never be avoided entirely. And while every down period brings its own set of news, which at the time may seem like the most important piece of information, in our view these typically short-term events rarely provide relevant information that can affect the long-term fundamentals of the businesses we study. To the contrary, they are often the best time to pause, think, analyze and (potentially) act. In 2018 we witnessed a variety of global "events" both abroad and in the U.S. Continuing trade tensions, political changes and uncertainty, the never-ending complexity of "Brexit," and a wide range of central bank actions (just to mention a few) have all weighed on market sentiment. Rather than focus on "top-down" views or analysis of short-term events, we will continue to direct our time and energy toward understanding the fundamentals of businesses as this, we believe, is the best way for investors to serve their clients.

Aristotle International Equity Fund (Class I)

Performance Update December 31, 2018

Total Return	4Q18	1 Year	Annualized 3 Years	Annualized Since Inception (3/31/14)	Gross/Net Expense Ratio
ARSFX Class I	-14.66%	-9.89%	2.98%	0.23%	2.28%/0.80%
MSCI EAFE Index (Net)	-12.54%	-13.79%	2.87%	0.42%	N/A
MSCI ACWI ex USA Index (Net)	-11.46%	-14.20%	4.47%	0.60%	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 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 MSCI Germany Index is designed to measure the performance of the large and mid cap segments of the German market. With over 60 constituents, the Index covers about 85% of the equity universe in Germany.
- The MSCI China Index captures large and mid cap representation across China H shares, B shares, Red chips, P chips and foreign listings (e.g., ADRs). With over 150 constituents, the Index covers about 85% of this China equity universe.
- 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 December 31, 2018, the 10 largest holdings in the Fund and their weights as a percent of total net assets were: Accenture plc, 3.83%; LVMH Moët Hennessy Louis Vuitton SE, 3.70%; Experian plc, 3.40%; Dassault Systèmes SA, 3.27%; Compass Group plc, 3.17%; Heineken NV, 3.11%; Brookfield Asset Management, Inc., 3.08%; Unilever NV, 3.05%; Givaudan SA, 3.03%; Coca-Cola European Partners plc, 3.00%.

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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