Strategic Credit Fund

1Q 2019 Commentary

Summary

After a historically weak fourth quarter, corporate credit markets rebounded significantly in the first three months of 2019, as the diminishing of recent macro headwinds, steady credit fundamentals and positive market technicals led to strong performance across U.S. high yield bonds, investment grade corporate bonds and bank loans.

Market Environment

Corporate credit benefited from a dovish central bank pivot, easing trade tensions, better-than-anticipated corporate earnings, low default rates and strong market technicals.

In stark contrast to the end of last year, many of the macro headwinds that caused risk assets to sell off in the fourth quarter began to diminish or even reverse at the beginning of 2019, leading to a robust recovery across equity and corporate credit markets. While there were many factors contributing to the strong quarter, the key driver seemed to be the Federal Reserve (Fed) pivoting from its "auto-pilot" tightening plans to a more dovish stance. The Fed, along with the European Central Bank (ECB) and other central banks, tossed aside plans for normalization given their elevated concerns of a global slowdown. With worries of overly aggressive central bank tightening alleviated, corporate credit investors found comfort in a better-than-feared corporate earnings environment, rising equity prices, positive market technicals driven especially in high yield, continually low default rates and hopes for a trade deal between the U.S. and China.

Treasury yields fell during the quarter, following indications that the Fed and ECB would not raise rates in 2019, and will likely maintain larger balance sheets than forecast (less quantitative tightening). The 10-year yield fell from 2.69% at the end of 2018 to 2.41% at the end of the first quarter, while the 2-year yield fell from 2.48% to 2.27% and the 3-month yield fell from 2.45% to 2.40%. The yield compression in 10-year Treasuries led to a slightly inverted yield curve at the end of the period; however, this inversion had already reversed by the end of the first trading day in April.

U.S. high yield and investment grade corporate bonds fared the best as the market rebounded. While bank loans produced strong absolute returns during the quarter, falling interest rates led to underperformance relative to other corporate credit sectors. Higher quality high yield bonds, as measured by the Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index, generated a total return of 7.22% in the first quarter; investment grade corporates, as measured by the Bloomberg Barclays U.S. Corporate Investment Grade Index, returned 5.14%; and bank loans, as measured by the Credit Suisse Leveraged Loan Index, returned 3.78%. Government bonds also performed well during the quarter, driven by falling Treasury yields, as measured by the 2.94% total return of the Bloomberg Barclays U.S. Aggregate Bond Index.

Performance and Attribution Summary

The Aristotle Strategic Credit Fund (ARSSX) returned 5.10% at NAV, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index's 2.94% return and the 4.94% return of its blended benchmark.

Positive performance relative to the benchmark was driven primarily by the Fund's overweight in high yield bonds. Industry allocation marginally detracted from relative performance as negative contribution from the Fund's underweight in Media was mostly offset by the positive performance from an overweight in Building Materials. Security selection was also a marginal detractor, driven by negative selection in Energy and Media. This was mostly offset by positive contribution in the REITs and Food, Beverage & Tobacco industries.

Top Five Contributors	Top Five Detractors
Rackspace Hosting	Southern California Edison
Uniti Group	Sprint Capital
MPT Operating Partnership	Sunoco
Prudential Financial	Nextera Energy Capital
USI Inc.	Outfront Media Capital

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.

Outlook and Strategy

While the U.S. economic backdrop and corporate fundamentals remain supportive of corporate credit, we believe the magnitude of the first quarter rally makes "coupon-like" returns likely for the remainder of the year.

Following the significant rally in the corporate credit market in the first quarter, our outlook is for a "coupon-like" return over the remainder of 2019. We believe modestly positive economic and earnings growth, low inflation, easy monetary policies and an expectation of some form of trade agreement should maintain demand for the attractive relative yield offered in the U.S. corporate bond market. A light maturity schedule has the potential to also be supportive, especially within High Yield. We believe that higher quality tiers of the credit market will continue to perform relatively well, as concerns around growth should continue to govern risk appetite. Importantly, we believe that equity and bond investors will increasingly favor companies with low or declining leverage, providing positive support for valuations.

That being said, given the dearth of assets with the yield around the globe, we believe demand for corporate credit should persist. Overall, with a reasonably favorable fundamental backdrop and supportive market technicals, we believe the corporate credit market is attractive relative to other sectors in the fixed income market.

Strategic Credit Positioning

The Fund remains overweight in higher-yielding credit sectors, with an overweight to high yield bonds, an underweight to investment grade corporates and a preference for U.S.-centric credits.

As of March 31, 2019, the Fund was composed of 40.2% high yield bonds, 29.8% investment grade corporates and 27.6% bank loans, with the balance in cash. We have recently reduced our exposure to bank loans and increased our allocation to investment grade corporates, given our views on relative value and the current interest rate environment.

The Fund's significant active exposures at quarter-end included overweights in the REITs & Real Estate Related, Gaming, Telecommunications, and Insurance industries and underweights in the Banking, Media Entertainment, Industrial and Technology industries.

Aristotle Strategic Credit Fund (Class I)

Performance Update March 31, 2019

Total Return	1Q19	1 Year	3 Years	Annualized Since Inception (12/31/14)	Gross/Net Expense Ratio
ARSSX Class I	5.10%	3.56%	5.20%	3.75%	2.96%/0.62%
Blended Benchmark*	4.94%	4.97%	5.48%	4.27%	N/A
Bloomberg Barclays U.S. Aggregate Bond Index	2.94%	4.48%	2.03%	2.28%	N/A
Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index	7.22%	6.37%	7.53%	5.36%	N/A

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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 0.62% 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.

**The blended benchmark represents a blend of 1/3 Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index, 1/3 Bloomberg Barclays* U.S. *Intermediate Corporate Index and 1/3 Credit Suisse Leveraged Loan Index. The Bloomberg Barclays U.S. High Yield Loans Index was retired on September 30, 2016 and was replaced with the Credit Suisse Leveraged Loan Index effective October 1, 2016.*

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 commentary 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 Credit 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. Fund 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. 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 Credit 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 fixed income securities, high yield bonds, bank loans, foreign securities and emerging markets.

The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to changes in an issuer's credit rating or market perceptions about the creditworthiness of an issuer. High yield bonds are debt securities rated below investment grade (often called "junk bonds"). Junk bonds are speculative, involve greater risks of default, downgrade, or price declines and are more volatile and tend to be less liquid than investment-grade securities. The Strategic Credit Fund's investments in assignments of bank loans may create substantial risk. Although the Strategic Credit Fund expects it will invest in senior and secured bank loans, the Fund may invest in unsecured or subordinated loans. In addition, the Fund may invest in secured and unsecured participations in bank loans. These bank loans will generally be rated below investment grade. 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.

Credit quality ratings are sourced from Standard & Poor's (the "S&P"), Moody's and Fitch's. Ratings values are based on the higher of either S&P, Moody's or Fitch's. If none of the rating agencies have assigned a rating the Fund will assign a rating of NR (non-rated security). The ratings represent their (S&P, Moody's, Fitch's) opinions as to the quality of the securities they rate. The ratings from AAA (S&P, Fitch's) or Aaa (Moody's) (extremely strong capacity to meet its financial commitment) to D (S&P, Fitch's) or C (Moody's) (in default). Ratings are relative and subjective and are not absolute standards of quality. The ratings provided relate to the underlying securities within the fund and not the fund itself.

Definitions:

- The Fund is benchmarked to a blend of three indices: 1/3 Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index, 1/3 Bloomberg Barclays U.S. Intermediate Corporate Index and 1/3 Credit Suisse Leveraged Loan Index. The Bloomberg Barclays U.S. High Yield Loans Index was retired on September 30, 2016 and was replaced with the Credit Suisse Leveraged Loan Index effective October 1, 2016.
- The Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index is an issuer-constrained version of the U.S. Corporate High-Yield Index that measures the market of U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bonds rated Ba/B. The Index limits the maximum exposure to any one issuer to 2%.
- The Credit Suisse Leveraged Loan Index is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market.
- The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of domestic investment grade bonds, including corporate, government and mortgage-backed securities.
- The Bloomberg Barclays U.S. Corporate Investment Grade Index measures the performance of investment grade corporate bonds that are U.S. dollar-denominated and have a remaining maturity of greater than one year.
- Treasuries are negotiable debt obligations of the U.S. government secured by its full faith and credit and issued at various schedules and maturities.

The volatility (beta) of the Fund may be greater or less than the benchmarks. It is not possible to invest directly in these indices.

Fund 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 ten largest holdings in the Fund and their weight as a percent of total net assets were: Rackspace Hosting, Inc. Term B Loan (First Lien), 2.74%; CSC Holdings, LLC January 2018 Incremental Term Loan, 2.66%; Concentra Inc. Tranche B-1 Term Loan (First Lien), 2.64%; USI, Inc. (fka Compass Investors Inc.) 2017 New Term Loan, 2.62%; Penn National Gaming, Inc. Term A Facility Refinancing Loan, 2.58%; Astro AB Borrower, Inc. Tranche B Term Loan (First Lien), 2.45%; Univar USA Inc. Term B-3 Loan, 2.05%; Prudential Financial Inc, 1.87%; Eldorado Resorts, Inc. Term Loan, 1.80%; Weld North Education Initial Term Loan, 1.76.

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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