Value Equity Fund

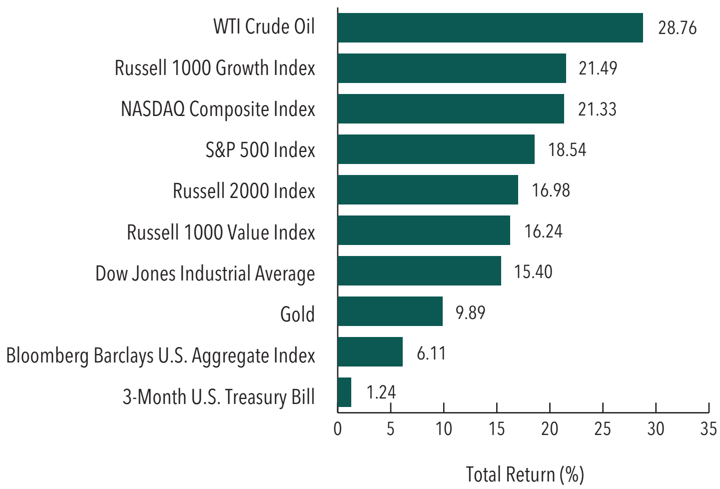
2Q 2019 Commentary

Markets Review

Markets (total return) performed as follows:

Index Returns

Year to Date 2019



Source: FactSet

Past performance is not indicative of future results. Please see important disclosures at the end of this document.

U.S. equities posted positive returns during the quarter, although gains were more "modest" as compared to those in the first quarter of 2019. Bonds also rallied, with the Bloomberg Barclays U.S. Aggregate Index increasing 3.08% as long-term interest rates fell. Investors who attempted to predict the end of the U.S. equity bull market (relying on 2018's returns as the awaited signal) were met with yet another positive quarter, with the S&P 500 Index climbing to an all-time high. Overall, the S&P 500 has gained 18.54% so far this year, which marks the best first half for the Index in 22 years.

A myriad of events garnered headlines during the quarter, including but not limited to, geopolitical tensions (i.e., Iran-U.S. following oil tanker attacks in the Persian Gulf), potential new tariffs on Mexican imports, the U.S. decision to place significant restrictions on Chinese telecom-equipment maker Huawei, U.S.-China trade relations and potential actions of the Federal Reserve (Fed). In terms of the U.S. and China, while they had seemed to be closer to a trade deal in April, talks broke down abruptly in May to then restart again in June. The Fed held rates steady during the quarter, although market expectations for rate cuts continue to increase.

Performance and Attribution Summary

For the second quarter of 2019, Aristotle Value Equity Fund (ARSQX) posted a total return of 6.01% at NAV, outperforming both the 3.84% return of the Russell 1000 Value Index and the 4.30% 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 Information Technology, Health Care and Industrials. An underweight in Energy also added to relative return. On the other hand, stock selection in Financials was the main detractor from relative return. Stock selection in Utilities and the underweights in Financials and Communication Services modestly detracted from relative performance. (Relative weights are the result of bottom-up security selection.)

Conglomerate Sony, maker of the PlayStation videogame console, reversed its previous quarter's declines to become the quarter's top performer. Investors seemed to welcome management's message during the company's yearly investor day, which highlighted progress toward the group's medium- and long-term strategic goals. In the past, Sony's segments tended to operate in silos, with little collaboration between divisions. Management has set to change this and to increase synergies between divisions. During the quarter, management provided current examples of ongoing collaboration between Games, Music and Electronics divisions as examples of the strategic purpose of all units. In addition, Sony and Microsoft announced that they would "explore a strategic partnership" to develop cloud solutions for gaming streaming services, leveraging Microsoft Azure data center solutions. The partnership would potentially also involve cooperation in semiconductors and Artificial Intelligence.

Shares of oil field services company Halliburton were a main detractor in the quarter. Shares of Halliburton declined due mainly to external, short-term cyclical events. Weakening oil prices coupled with transportation disruptions in the Permian Oil basin of West Texas caused many exploration and production companies to rethink production schedules. Halliburton is certainly affected, in the short term, by decreased production schedules in an area as important as West Texas; however, we consider the disruptions as temporary in nature, not affecting the long-term business value of the firm.

Relative Contributors	Relative Detractors
Allegion	Halliburton
Sony	Walgreens Boots Alliance
Microsoft	National Fuel Gas
Adobe	Amgen
Ameriprise Financial	BOK Financial

Recent Fund Activity

Buys	Sells
Alcon	AbbVie
Allegion	Kroger
Tyson	Mondelēz

During the quarter, we sold our investments in AbbVie, Kroger and Mondelēz International. We invested the proceeds in Alcon, Allegion and Tyson.

We had originally invested in AbbVie, the global biopharmaceutical company, in early 2013, after it spun off from Abbott Laboratories. During our investment period, we believe Humira proved to be an outstanding franchise, treating over one million patients and becoming one of the world's best-selling drugs by revenue. AbbVie has secured more than 100 patents to protect Humira's multiple indications (e.g., rheumatoid arthritis, colitis, Crohn's disease, psoriasis), while making progress with new drugs to offset its bio-similar competition. However, the company's penchant for large acquisitions, together with greater uncertainty regarding Humira's ex-U.S. franchise, leaves us wanting to learn more. As such, we decided to sell our investment in this company as we invest in what we view as a more compelling opportunity.

Our investment in Kroger dates back to the second quarter of 2017. Part of our investment thesis was related to Kroger's demonstrated ability to adapt to consumers' changing shopping patterns over the years, which allowed it to gain market share as other stores were forced out of business. While we continue to believe in management's ability to adapt to changing consumer preferences, we want to better understand all the different "strategies" the company is currently pursuing (e.g., partnerships with Ocado, Walgreens and Microsoft; expansion of click-and-collect; purchase of Home Chef; expansion of Instacart home delivery). We will continue to closely follow Kroger and its ongoing strategies, but for now, decided to sell and invest in what we believe to be a more compelling opportunity.

We first invested in Mondelēz during the second quarter of 2014, nearly two years after it spun off its North American grocery business (which kept the Kraft name). A result of several business combinations, Mondelēz was an amalgamation of businesses with too many SKUs, suppliers and an inefficient plant footprint. CEO Irene Rosenfeld transformed the company into a pureplay snack business with strong emerging market exposure. She also improved efficiency substantially since, as part of Kraft, Mondelēz had been run as a U.S.-centric company, not taking advantage of the global network and reach of its snack business. Ms. Rosenfeld retired at the end of 2017 and was replaced by Dirk Van de Put, previously the head of the frozen food maker McCain Foods. With most of our identified catalysts being realized and the changes in management, we decided to sell Mondelēz while we better understand and monitor Mr. Van de Put's new strategy.

Alcon

During the quarter, we completed the purchase of our investment in Alcon. Founded in Texas in 1945, Alcon is a global leader in the treatment of eye diseases and eye conditions. In 1977, the company was acquired by a subsidiary of Nestlé, went public in 2002 and then became part of Novartis in 2010. We first invested in Alcon from 2002 to 2005 and then continued doing research on the business as part of our investment in Novartis (a Value Equity holding since 2015). After years of under-investing in new technology and marketing, a new management team joined in 2016 aiming to turn around Alcon's operations. The company's pipeline was reinvigorated, and Alcon was returned to growth. Alcon spun off from Novartis in April of this year.

Today, Alcon serves patients in more than 140 countries through its Surgical and Vision Care divisions. Surgical (~55% of revenues) includes equipment and lenses for cataract, vitreoretinal and refractive laser surgeries. Vision Care (~45% of revenues) includes contact lenses and ocular health products (e.g., dry eye, allergies, redness relievers).

High-Quality Business

Quality characteristics we have identified for Alcon include:

- Meaningful share in the markets where it operates: surgical equipment (~50% value share of cataract and vitreoretinal equipment), surgical lenses (~30% value share), surgical consumables and contact lenses (25% value share and 50% value share of daily disposables);
- Attractive industry fundamentals: oligopoly in contact lenses; expert-driven sales process and relatively consistent demand, even in discretionary categories;
- Highest installed base of cataract surgery systems (long-tailed revenue streams from consumables with approximately five-year contracts); and
- Regarded as an innovative leader in the development of technology for eye surgery and contact lenses.

Attractive Valuation

We believe Alcon's current stock price is offered at a discount to the company's intrinsic value given our estimates for higher normalized operating margins and earnings. Using our estimates of normalized free cash flows to calculate the company's Cash Flow Return on Economic Value (CFRoEV) results in an attractive discount to intrinsic value.

Compelling Catalysts

Catalysts we have identified for Alcon, which we believe will cause its stock price to appreciate over our three- to five-year investment horizon, include:

- Benefits from being a standalone, independently owned enterprise
  - Improved speed to innovate and evolve as a company
  - More efficient allocation of capital
  - Better alignment of management incentives with performance objectives;
- Penetration of premium/more advanced intraocular lenses (e.g., PanOptix — expected to be the first trifocal intraocular lens commercialized in the U.S.);
- Increased penetration of daily disposable contact lenses (with Dailies Total1 in the ultra-premium segment and the introduction of Precision1 for the mass market); and
- Increased awareness for dry eye condition to benefit over-the-counter drops Systane.

Allegion

Allegion is a major player in entry security products, with strength in the Americas where the company commands a greater than 25% market share. With over 30 brands, its offerings include residential and commercial locks, door closer and exit devices, steel doors and frames, and access controls.

Allegion spun off from Ingersoll-Rand in late 2013 and has been an innovative leader throughout its history. The company invented the "panic release bar" exit device in the early 1900s, pioneered the first-ever electric-controlled lock, and brought electromechanical and remote entry locking systems to the residential marketplace. Allegion generates about two thirds of its business from commercial clients and about one third from residential customers. The Americas is its biggest market (and most profitable), with ~70% of sales.

High-Quality Business

- Well-recognized brands (e.g., Schlage, Von Duprin, LCN) associated with quality and durability — critical considerations, as customers are willing to pay up for a lock that will always work and protect their home or business;
- Attractive North American industry that has consolidated, with the three main players holding more than 60% market share;
- Large installed base, many of which are master key systems providing recurring revenues and high switching costs (e.g., the janitor has a key that opens all locks, but a teacher has a key that only unlocks his/her classroom); and
- Specification capability — building codes can be quite complex and differ by region. Architects rely on specifiers to tell them what door hardware is required for all the door openings in a building. By acting as the specifier on a project, Allegion can get most of the door hardware in that building. This can lead to high barriers to entry in the commercial space.

Attractive Valuation

We believe Allegion's current stock price is offered at a discount to the company's intrinsic value given our estimates for higher normalized operating margins and earnings. Using Cash Flow Return on Economic Value, with our estimates of normalized cash flows, results in an attractive valuation.

Compelling Catalysts

Catalysts we have identified that we believe will materialize over our three- to five-year time horizon include:

- Greater adoption of electromechanical locks for exterior and interior access doors should be a secular growth driver for the foreseeable future;
- Continued margin improvements; and
- Higher share in commercial retrofit and multifamily as a result of the company's efforts to build better relationships with channel partners (distributors, locksmiths, builders).

Tyson

Tyson Foods is one of the world's largest food companies and a recognized leader in protein. The company produces beef (~35% of sales), chicken (~30%), pork (~15%) and prepared foods (~20%), products generating over $40 billion in annual sales. Founded in 1935 by John W. Tyson and grown under three generations of family leadership, the company has a broad portfolio of brands, including Tyson, Jimmy Dean, Hillshire Farm, Ball Park, Wright, Aidells, ibp and State Fair.

Years of consolidation in the protein industry, which Tyson was a major participant in, have improved economics within the industry and for companies like Tyson. During this time, Arkansas-headquartered Tyson has also shifted its business from a largely commoditized meat producer to a more diversified, value-added food company. This shift has been accomplished organically, as well as through value-enhancing acquisitions and divestitures. The company has also, and we believe will continue to, benefit from share gains of protein-based (both meat and plant-based) products in global diets.

High-Quality Business

Tyson is an example of a business with quality characteristics that have improved over time. Such characteristics include:

- Number one or two market share positions in most of the categories in which it competes (led by chicken);
- Tyson has made progress increasing value-added products within its chicken segment and is striving to do the same for the beef and pork segments;
- The Prepared Foods business, which Tyson has built up primarily since 2014, has strong brands and market share in value-added protein;
- Difficult to replicate scale, manufacturing, sales and distribution prowess, act as barriers to entry and provide operating efficiency relative to smaller, less mature competitors; and
- Financial strength and history of shareholder-friendly stewardship.

Attractive Valuation

We believe Tyson's current stock price is offered at a discount to the company's intrinsic value given our estimates for higher (and more stable) normalized operating margins and earnings. Additionally, we believe there is potential for an increase in Tyson's valuation multiples given the more diversified business mix (increased share of cash flows generated from Prepared Foods segment), as well as the more efficient and stable profitability profile the company is creating. Moreover, using Cash Flow Return on Economic Value, with our estimates of normalized cash flows, results in an attractive valuation.

Compelling Catalysts

Catalysts we have identified for Tyson, which we believe will cause its stock price to appreciate over our three- to five-year investment horizon, include:

- Further success branding previously commodity categories, resulting in higher (and more stable) margins;
- Penetration of value-added pricing over the more commodity-like practices of the past;
- Continued penetration and market share gains in global foodservice businesses;
- Business mix shift toward higher margin prepared foods (both at the grocery store and other outlets), capitalizing on shifts in consumer preference and innovation initiatives currently underway; and
- Strategic benefits and operational improvements from recent acquisitions, including 2019 acquisition of BRF Thai/Europe business, 2018 acquisition of Keystone Foods, and 2017 acquisition of AdvancePierre.

Outlook

We realize the myriad and varied reports and pontifications on the troubling "news of the day." Be it "Brexit"; Iran nuclear; Korea nuclear; China trade tariffs; Mexico trade tariffs; illegal cross-border immigration; Middle East relations; environmental issues; debates on "Capitalism" vs. "Socialism;" largely ineffective and often paralyzed governments the world over; an "aging" U.S. economy (while most of the rest of the world has yet to recover); growing (or continuing) classism/racism/xenophobia; rapidly changing technology resulting in rapidly changing business models — with education systems that apparently cannot keep pace. While being cognizant of macroeconomic and geopolitical events, the goal of our investment team is to focus on studying businesses, assessing their quality and analyzing them with a long-term and global perspective. We believe such focus will best serve our clients over complete market cycles.

Aristotle Value Equity Fund (Class I)

Performance Update June 30, 2019

Total Return	2Q19	YTD	1 Year	Since Inception (8/31/16)	Gross/Net Expense Ratio
ARSQX Class I	6.01%	18.69%	7.12%	11.88%	0.96%/0.78%
Russell 1000 Value Index	3.84%	16.24%	8.46%	9.42%	N/A
S&P 500 Index	4.30%	18.54%	10.42%	13.58%	N/A

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

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 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.

- 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 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 Dow Jones Industrial Average® is a price-weighted measure of 30 U.S. blue-chip companies. The Index covers all industries except transportation and utilities.
- The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite includes over 3,000 companies, more than most other stock market indexes.
- The Bloomberg Barclays U.S. Aggregate Index is an unmanaged index of domestic investment grade bonds, including corporate, government and mortgage-backed securities.
- The WTI Crude Oil Index is a major trading classification of sweet light crude oil that serves as a major benchmark price for oil consumed in the United States.
- The 3-Month U.S. Treasury Bill is a short-term debt obligation backed by the U.S. Treasury Department with a maturity of three months.

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 June 30, 2019, the 10 largest holdings in the Fund and their weights as a percent of total net assets were: Adobe Inc., 4.80%; Microsoft Corp., 4.17%; Danaher Corp., 3.66%; Bank of America Corp., 3.16%; PayPal Holdings, Inc., 3.14%; ANSYS, Inc., 2.93%; Microchip Technology Inc., 2.81%; Oshkosh Corp., 2.64%; Amgen Inc., 2.64%; Coca-Cola Company, 2.63%.

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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