Small Cap Equity Fund

4Q 2019 Commentary

Markets Review

Global equity markets rose across the board in the fourth quarter driven by signs of strength in the economy, another round of interest rate cuts by the Federal Reserve and a relatively benign political environment compared to the summer months. The U.S. small cap market, as measured by the Russell 2000 Index, rose 9.94% over the final three months of the year, capping the benchmark's best year-end period since the fourth quarter of 2011. Despite an uptick in volatility earlier in the year driven by concerns about slowing global growth and ongoing trade tensions, the Russell 2000 Index delivered a strong full-year return, appreciating 25.53% during 2019, well above the long-term average 12-month return of 12.79%.

From a factor standpoint, growth outperformed value in the fourth quarter, as measured by the Russell 2000 Growth Index's return of 11.39% compared to the 8.49% return of the Russell 2000 Value Index. For the full year, the Russell 2000 Growth continued its strong relative performance over the Russell 2000 Value, generating a total return of 28.48% compared to 22.39% and marking the ninth time in the last eleven calendar years where growth has led the market. Additionally, loss-makers outperformed profitable companies during the quarter, driven by the relative strength of the Biotechnology and Pharmaceutical industries, which together accounted for more than a quarter of the Russell 2000 Index's total return for the period despite representing a combined average weight of only 9% in the benchmark. The dominance of BioPharma highlights the narrowness of the market in the fourth quarter. Further demonstrating this is the fact that only three sectors in the Russell 2000 Index outperformed the overall Index during the quarter. This type of narrowness has historically made it difficult for diversified active managers to outperform.

At the sector level, ten of the eleven sectors generated positive returns during the quarter, led by Health Care, Information Technology and Materials. Utilities was the only sector to generate a negative return, while Real Estate and Communication Services also lagged. For the full year, Information Technology, Industrials and Real Estate led the market, while Energy (the only negative performing sector), Communication Services and Consumer Staples underperformed.

Performance Review

For the fourth quarter of 2019, the Aristotle Small Cap Equity Fund (ARSBX) generated a total return of 6.87% at NAV, underperforming the 9.94% total return of the Russell 2000 Index. Relative performance for the quarter was driven by negative security selection and sector allocation. At the sector level, the Fund's holdings within the Financials, Energy and Real Estate sectors added the most value on a relative basis. Holdings within the Health Care, Materials and Industrials sectors were the lowest contributors on a relative basis.

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.

Relative Contributors	Relative Detractors
Bottomline Technologies	Albany International
Ardmore Shipping	HMS Holdings
CAI International	Mercury Systems
Altra Industrial Motion	Kraton
Carter's	ALLETE

CONTRIBUTORS

At the sector level, holdings within the Financials, Energy and Real Estate sectors had the largest positive impact on relative performance. At the company level, **Bottomline Technologies** and **Ardmore Shipping** were two of the largest contributors during the quarter.

- **Bottomline Technologies (EPAY)**, a financial technology business that provides cloud-based settlement networks on a software-as-a-service basis, benefited from strong subscription growth, more efficient onboarding of previously signed deals and higher transaction volumes for its Paymode-X network. We maintain our investment, as we believe the company's differentiated products and services, along with management's efforts to increase subscription growth, should create additional value for shareholders.

- **Ardmore Shipping Corporation (ASC)**, an owner of medium range tankers that are used to ship refined crude oil products and chemicals around the world, benefited from better than expected revenues and an improving supply/demand outlook for the product tanker market. We maintain a position, as we believe the firm's efficient fleet management and financial profile should allow for market share gains as product tanker market conditions recover.

DETRACTORS

At the sector level, holdings within the Health Care, Materials and Industrials sectors had the largest negative impact on relative performance. At the company level, **Albany International** and **HMS Holdings** were two of the largest detractors during the quarter.

- **Albany International Corporation (AIN)**, an industrial manufacturer that supplies products to the paper and aerospace industries, declined due to expectations that growth in the firm's aerospace business will slow modestly in 2020. We maintain a position, as we believe the company is in the early stages of harvesting value from a multi-year investment in an aerospace division that has positioned the business to benefit from increasing demand for lightweight, yet durable airline structures.

- **HMS Holdings Corporation (HMSY)**, a health care technology company that provides cost-containment services to government and private health care payers and sponsors, declined due to revenue timing issues in the firm's coordination of benefits business. We maintain a position, as we believe the company's focus on cost-containment services and its ability to leverage its proprietary technology position it well to create value for shareholders over the next several years.

Recent Fund Activity

Buys/Acquisitions	Sells/Liquidations
None	Columbia Banking System
	Commercial Vehicle Group
	Genesee & Wyoming

BUYS/ACQUISITIONS

- **None**

SELLS/LIQUIDATIONS

- **Columbia Banking System, Inc. (COLB)**, a Washington-based bank holding company serving the Washington, Oregon and Idaho regions, was sold from the Fund due to our belief that shares were fully valued and that future shareholder value creation was limited.

- **Commercial Vehicle Group, Inc. (CVGI)**, a manufacturer and supplier of products and systems for the commercial vehicle markets, was sold from the Fund due to our belief that future shareholder value creation would be limited by industry pressures in the heavy duty truck market.

- **Genesee & Wyoming, Inc. (GWR)**, an owner and operator of short-line and regional railroads throughout North America, Australia and Europe, was removed from the Fund after being acquired by Brookfield Infrastructure Partners L.P., a Canadian limited partnership that invests in and manages infrastructure assets on a global basis.

Outlook and Positioning

Compared to late 2018, when the market seemed to be bracing for an economic downturn, the end of 2019 seems to indicate a more optimistic tone as we move into the new year. Recent sentiment has been boosted by optimism that the U.S. and China will resolve (or at least tone down) its ongoing trade dispute, although we acknowledge the market's optimism on this matter has been dashed before. However, as geopolitical issues of this nature fade, we believe business sentiment and investment have the potential to be positively impacted. Additionally, the accommodative stance taken by the Federal Reserve and other central banks in mid-2019 may also provide support for global growth and equity prices in 2020. From our conversations with management teams, we believe the economic environment can be characterized as "good, not great" – perhaps even more so in the U.S. – which is an improvement from this time last year, when many believed recessionary risk was rising both domestically and across the globe.

Regarding the impact on small caps, we believe macro concerns have been a drag on investor sentiment, which negatively impacted the asset class relative to large caps in 2019. Relief in this area and an improvement in global growth could have the opposite effect and provide a relative boost for small caps in 2020.

Our current positioning is a function of our bottom-up security selection process and our ability to identify what we view as attractive investment candidates, regardless of economic sector definitions. While we do not position our Fund for macroeconomic issues or events, we will attempt to incorporate these factors into our bottom-up fundamental analysis whenever possible. Overweights in Industrials and Information Technology are mostly a function of the performance of our holdings in these sectors over the past few years. Conversely, we continue to be underweight in the Health Care sector due to our lack of exposure to early-stage biotechnology companies, which generally do not fit our discipline due to their elevated levels of binary risk. The Fund also remains underweight in Consumer Discretionary, as we have been unable to identify compelling opportunities that fit our discipline given the rising risk profiles associated with many businesses due to the "Amazon effect." Given our focus on long-term business fundamentals, patient investment approach and low fund turnover, the Fund's sector positioning generally does not change significantly from quarter to quarter; however, we may take advantage of periods of volatility by adding selectively to certain companies when appropriate.

We believe it is important to remain patient in identifying investment opportunities to ensure they offer a compelling risk-reward trade-off and a sufficient margin of safety. Furthermore, we remain focused on trying to understand the risks associated with each investment position within the context of our fundamentally oriented research process and managing those risks through a disciplined approach to fund construction and management. Overall, with a reasonably favorable fundamental backdrop for small cap companies, we continue to identify what we believe to be attractively valued, long-term investment opportunities.

Aristotle Small Cap Equity Fund (Class I)

Performance Update December 31, 2019

Total Return	4Q19	YTD	1 Year	3 Years	Since Inception (10/30/15)	Gross/Net Expense Ratio
ARSBX Class I	6.87%	22.59%	22.59%	8.22%	9.28%	1.50%/0.96%
Russell 2000 Index	9.94%	25.53%	25.53%	8.59%	10.62%	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 0.90% 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. 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 Boston 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 Boston 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 made in the last 12 months 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 small-capitalization companies and ETFs.

The securities of small-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. In addition, such companies typically are more likely to be adversely affected than large capitalization companies by changes in earning results, business prospects, investor expectations or poor economic or market conditions. The use of ETFs may cause the Fund to have higher expenses than those of other equity funds.

Definitions:

- 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 2000 of the smallest securities based on a combination of their market cap and current index membership.
- The Russell 2000 Growth® Index measures the performance of the small cap companies located in the United States that also exhibit a growth probability.
- The Russell 2000 Value® Index measures the performance of the small cap companies located in the United States that also exhibit a value probability.

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, 2019, the ten largest holdings in the Fund and their weights as a percent of total net assets were: AerCap Holdings, 2.08%; Itron, 1.97%; QTS Realty Trust, 1.90%; Carter's, 1.89%; Bottomline Technologies, 1.84%; ALLETE, 1.75%; SP Plus, 1.71%; National Bank Holdings, 1.68%; Monro, 1.63%; and ASGN, 1.62%.

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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