

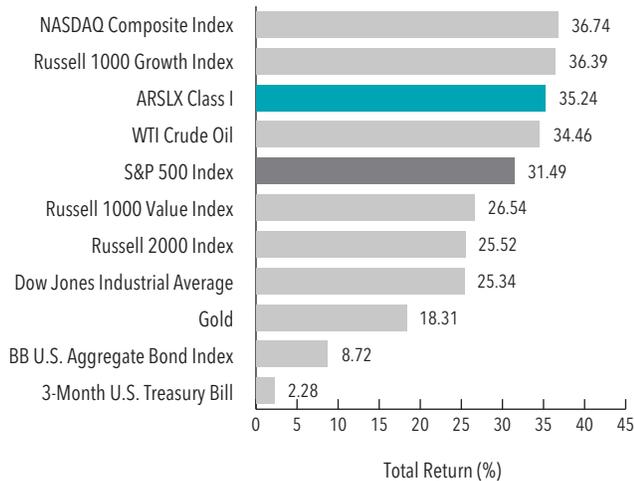
# CORE EQUITY FUND

## 4Q 2019 Commentary

### Markets Review

Markets (total return) performed as follows:

#### Year to Date Returns



Sources: UMB Fund Services, Bloomberg  
 Past performance is not indicative of future results. Please see important disclosures at the end of this document.

The U.S. equity market continued to climb during the fourth quarter as the S&P 500 Index hit record highs. Overall, the S&P 500 Index gained 9.07% in the fourth quarter, which brings its full-year return to 31.49%. Concurrently, the Bloomberg Barclays U.S. Aggregate Bond Index gained 0.18% over the quarter, which gives the Index a calendar-year return of 8.72%, a figure that appears more “equity-like.” In terms of style, the Russell 1000 Growth Index outperformed its value counterpart by 3.21% during the period, extending its calendar-year lead to 9.85%.

In line with the past few quarters, the market’s attention was centered on U.S. trade relations. Sentiment around this issue was largely positive, as the U.S. and China were able to come to an agreement on a “phase one” deal. Furthermore, the White House and the House of Representatives were able to reach a deal regarding the U.S.-Mexico-Canada Agreement (USMCA).

Additionally, the Federal Reserve (Fed) made a “midcycle adjustment” in late October by cutting interest rates 25 basis points. The Fed did not project any further cuts, commenting that the current monetary policy was “likely to remain appropriate” as long as the economy stays within the Fed’s outlook.

Lastly, U.S. political headlines were focused on the coverage of the impeachment inquiry. The House of Representatives voted to impeach President Trump in mid-December, and the Senate will

hold a trial and vote to determine if he will be removed from office. Despite the uncertainty surrounding a trade deal and politics, the economy continued to moderately expand (+2.1% year-over-year), wages increased (+3.1% year-over-year), and unemployment remained low (3.5%).

### Performance and Attribution Summary

For the fourth quarter of 2019, Aristotle Core Equity Fund (ARSLX) posted a total return of 8.64% at NAV, underperforming the S&P 500 Index, which recorded a total return of 9.07%.

*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.*

Overall, sector allocation accounted for the majority of the Fund’s underperformance relative to the S&P 500 Index for the quarter, with the drag of the cash allocation more than offsetting an overall net positive contribution from other sectors. Security selection had a slightly negative impact on relative performance. Security selection in Industrials and Materials detracted from relative performance. Within each of these sectors, Boeing and Ball were the main relative detractors, respectively. Conversely, security selection in Real Estate and Information Technology contributed to relative performance. Within each of these sectors, Prologis and NVIDIA were the main relative contributors, respectively.

Top Five Contributors*	Top Five Detractors*
Prologis	Boeing
NVIDIA	Ball
EOG Resources	Comcast
Estée Lauder	Abbott Laboratories
NextEra Energy	Home Depot

\*Securities listed had the best or worst relative performance within the best- or worst-performing sectors relative to the benchmark. Past performance is not indicative of future results. Please see important disclosures at the end of this document.

### Contributors

#### Prologis, Inc.

Prologis outperformed during the fourth quarter due to a strong earnings report that was a continuation of the strength seen throughout 2019. Similar to recent trends, reported funds from operations were slightly ahead of consensus expectations. Earnings guidance for the full-year 2019 was increased. Strong demand for lease distribution facilities by tenants was not impacted by the macro uncertainty. Although there was some modest loss of

occupancy, strong increases in rent were realized upon the renewal of expiring leases. Prologis is achieving what we view as attractive profit margin growth on the company's development projects due to better-than-expected lease trends and strong demand from property investors. The company's borrowing costs are declining due to the low interest rate environment. In our view, demand from Prologis's e-commerce businesses could be a positive contributor to the company's overall growth.

### ***NVIDIA Corporation***

NVIDIA reported better-than-expected third quarter 2019 earnings, specifically led by the company's Gaming segment (~50% of company revenues), which saw 26% quarter-over-quarter growth and a favorable 2020 outlook supported by strong uptake of NVIDIA RTX ray-tracing technology. Investors also favorably viewed quarterly revenue improvement in the Datacenter segment (~25% of company revenues), as well as positive management commentary on conversational AI being the next leg of growth for NVIDIA, as hyperscale customers are expected to increase spending on these enhanced capabilities in 2020. Third quarter gross margins were also better than consensus expectations, giving investors comfort that operating leverage will continue to flow through with top-line revenue growth. Following the third quarter results, NVIDIA announced in December that it had signed a partnership with Tencent to introduce cloud gaming into China, the world's largest gaming market. This opens a new gaming market opportunity to NVIDIA and should provide further support to the Gaming segment in 2020.

### **Detractors**

#### ***The Boeing Company***

Boeing underperformed during the fourth quarter because all 737-MAX airplanes remained grounded by the Federal Aviation Administration (FAA) and other global regulators following two plane crashes whose causes have been partially attributed to malfunctioning flight-control software. Boeing previously expected that the 737-MAX would be recertified and the company would be able to begin delivering on its backlog of the aircraft in the fourth quarter of 2019. As the quarter progressed, it became apparent that this return to service timeline was not realistic. There were multiple contentious congressional hearings in Washington D.C. regarding 737-MAX safety and FAA regulatory oversight during the quarter. Boeing announced that the CEO of the company would be replaced

in December. In addition to the ongoing 737-MAX grounding, some potentially damaging internal Boeing text messages between Boeing test pilots surfaced. These texts appeared to suggest that Boeing employees may have inadvertently misled the FAA regarding concerns on the flight-control software back in 2016.

### ***Ball Corporation***

Ball's third quarter earnings were a mixed bag, with strong revenue growth offset by inefficiencies and incremental costs related to investments required to support the higher-than-expected demand for beverage cans. We believe the company continues to benefit from the secular shift from plastic and glass to aluminum packaging, and as sustainability headlines force an acceleration in this shift, Ball has had to ramp investment in new capacity. Consequently, during the second and third quarters, the company experienced operational inefficiencies associated with these growth investments. Investors were disappointed that third quarter earnings suffered from similar issues as those experienced during the second quarter, resulting in a period of share price weakness following the earnings release. Since the quarterly results, management has been very proactive in responding to investors' concerns regarding the third quarter operational miss and how these issues will be reversed in 2020 as the new capacity comes online. We continue to view the third quarter weakness as transitory and believe that Ball's revenues and earnings in 2020 will benefit from the multi-year secular growth in aluminum beverage can volumes.

### **Recent Fund Activity**

There were no buys or sells completed during the quarter.

### **Outlook**

The 2020 outlook for U.S. large cap equity markets reflects improved clarity around major issues given a partial trade deal between the U.S. and China plus a potential resolution to Brexit. The price to earnings multiple expansion in 2019 accounted for most of the U.S. large cap equity market return. This year will most likely be driven by improved earnings growth and maybe a little more multiple expansion. The posture on the part of the Federal Reserve is to let the economy accelerate before pulling back on stimulus. This backdrop should be constructive for equity returns in 2020. Our focus will continue to be at the company level, with an emphasis on companies with secular tailwinds or strong product-driven cycles.

## Aristotle Core Equity Fund (Class I)

Performance Update

December 31, 2019

Total Return	4Q19	YTD	1 Year	Since Inception (3/31/17)	Gross/Net Expense Ratio
ARSLX Class I	8.64%	35.24%	35.24%	14.81%	2.59%/0.65%
S&P 500 Index	9.07%	31.49%	31.49%	14.28%	N/A

*Performance data quoted here represents past performance. Past performance is no guarantee of future results. Returns over one year are annualized. 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 0.65% of the Fund's average daily net assets. 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.*

## 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 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 Atlantic 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 market risk, equity risk, preferred stock risk, warrants and rights risk, REITs risk, small-cap, mid-cap and large-cap company risk, foreign investment risk and sector focus risk.

The market price of a security or instrument may decline, sometimes rapidly or unpredictably, due to general market conditions that are not specifically related to a particular company. The value of the equity securities held by the Fund may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate, or factors relating to specific companies in which the Fund invests. The market value of preferred stock is subject to company-specific and market risks applicable generally to equity securities and is also sensitive to changes in the company's creditworthiness, the ability of the company to make payments on the preferred stock, and changes in interest rates, typically declining in value if interest rates rise. Warrants and rights may lack a liquid secondary market for resale. The prices of warrants and rights may fluctuate as a result of speculation or other factors. The Fund's investment in REITs will subject the Fund to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. 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. Larger, more established companies may be unable to attain the high growth rates of successful, smaller companies during periods of economic expansion. The prices of foreign securities may be more volatile than the prices of securities of U.S. issuers because of economic and social conditions abroad, political developments, and changes in the regulatory environments of foreign countries. The Fund may invest a larger portion of its assets in one or more sectors than many other mutual funds, and thus will be more susceptible to negative events affecting those sectors.

## Definitions:

- 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. This index has been selected as the benchmark and is 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 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 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 Bond 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 of the benchmark. 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 10 largest holdings in the Fund and their weights as a percent of total net assets were: Microsoft Corp., 5.86%; Alphabet Inc., 4.22%; Apple Inc., 4.03%; Amazon.com Inc., 3.85%; JPMorgan Chase & Co., 3.81%; Visa Inc., 3.74%; Thermo Fisher Scientific, 2.66%; Abbott Laboratories, 2.43%; InterContinental Exchange Inc., 2.40%; Bank of America Corp., 2.35%.

**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](http://www.aristotlefunds.com), and should be read carefully prior to investing.**

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