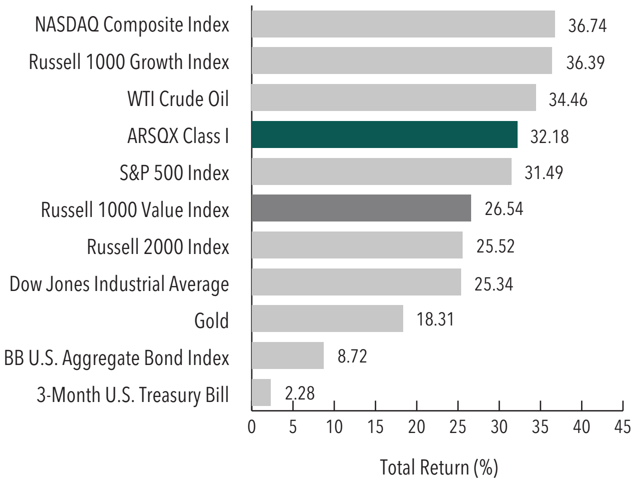
Value Equity Fund

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%).

Annual Markets Review

What a difference a year can make. After negative returns in 2018, equity markets and, indeed, nearly every asset class experienced impressive gains in 2019. The S&P 500 Index extended its historic run, climbing 31.49% and closing the year near all-time highs. Although there were concerns about economic growth early in the year, a combination of monetary policy and favorable economic signals continued to push the market upward. The Fed announced three rate cuts during the year to a target range of 1.50% to 1.75%. As the year progressed, the market became fixated on the ebbs and flows of the trade negotiations between the U.S. and China. While we are pleased to report such strong returns, we would caution that the short-term nature of these returns could lead to a temporary short-term correction. As always, we believe a long-term focus is paramount for equity investing.

Performance and Attribution Summary

For the fourth quarter of 2019, Aristotle Value Equity Fund (ARSQX) posted a total return of 8.53% at NAV, outperforming the 7.41% return of the Russell 1000 Value Index and underperforming the 9.07% 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 Fund's outperformance relative to the Russell 1000 Value Index this quarter can be attributed to both allocation effects and security selection. Security selection was positive in all but four sectors, with Financials being the top contributor. Additionally, an overweight in Information Technology and an underweight in Utilities positively contributed to relative performance. Conversely, security selection within Communication Services and Health Care and an underweight position in Financials detracted from relative performance. (Relative weights are the result of bottom-up security selection.)

Amgen, the biotechnology company, was one of the primary contributors this quarter. Shares advanced as the company delivered solid quarterly results leading to higher revenue and earnings guidance. We feel optimistic about the strength of Amgen's biosimilar portfolio, coupled with efforts to lower manufacturing costs and increase efficiencies, which we believe should lead to market share gains in the nascent biosimilar industry. In addition, we are encouraged about the resiliency of the company's base business as newer drugs, such as Repatha (cholesterol) and Aimovig (migraine), counter the decline in sales of older branded drugs. During the quarter, Amgen also completed its deal to acquire worldwide rights to Otezla, the only oral, non-biologic (small molecule) treatment for psoriasis and psoriatic arthritis. The drug fits well, in our opinion, into Amgen's inflammation/psoriasis portfolio. The company revised guidance to reflect the accretive acquisition.

Twitter, the digital news platform, was one of the largest detractors this quarter. In late October, shares of Twitter fell following revenue and earnings-per-share figures that were well below market expectations, even though the number of monetizable daily active users (mDAU) increased. Management attributed the poor results to seasonality and software issues that prevented the company from using targeted ads and sharing ad-related data. While management has stated that these issues could persist, we believe the impact will prove to be short-term in nature. Just as we did not get overly excited by positive month-to-month headlines, we also are not overly concerned with the recent negative development. We are encouraged by the company's progress in improving the health of its network, as evidenced by the sustained improvements in its user base, and look forward to an increased focus on improved product initiatives.

Contributors and Detractors for 4Q 2019

Relative Contributors	Relative Detractors
Adobe	Twitter
Amgen	Johnson Controls
Oshkosh	Unilever
Allegion	Home Depot
ANSYS	Alcon

Recent Fund Activity

Buys	Sells
Cabot Oil & Gas	National Fuel Gas
Commerce Bancshares	Acadia Healthcare
	Banco Bilbao Vizcaya Argentaria

During the quarter, we sold our investments in National Fuel Gas, Acadia Healthcare and Banco Bilbao Vizcaya Argentaria. We invested the proceeds in Cabot Oil & Gas and Commerce Bancshares.

We invested in National Fuel Gas, the integrated natural gas company, since inception of the Fund. In our view, management has executed well during our holding period, despite the challenging environment for natural gas producers. The company's integrated business model (production, processing, transportation and distribution) has insulated its business from an increasingly weak natural gas pricing environment. While some of the catalysts we identified have played out (e.g., shifting to full-scale development in the Western Development Area of the Marcellus and expanded infrastructure in the Eastern Development Area), others look less likely (e.g., Northern Access Pipeline) during our investment horizon due to the increasingly stringent regulatory (political) environment in the Northeast. Therefore, we currently see better risk-reward opportunities elsewhere.

Additionally, we completed the sale of our investment in behavioral health care facility operator, Acadia Healthcare. We first invested in Acadia during the third quarter of 2017. Our original catalysts focused on the need for behavioral facilities in the U.S. and U.K. and the company's ability to fill that need through partnerships with hospitals, expansion in existing facilities, and the acquisition and turnaround of undermanaged centers. We believe our catalysts are now less assured within our investment time horizon of three to five years. Moreover, we have grown increasingly concerned with the company's high debt levels and see increased uncertainty with regard to the potential for strategic (e.g., sale of U.K. business) and corporate culture changes under Acadia's new CEO. Consequently, we decided to sell Acadia and invest in what we view as a more optimal opportunity.

We first invested in Banco Bilbao Vizcaya Argentaria (BBVA) for the Fund since its inception. During our holding period, several of the bank's fundamentals improved, including expansion of consumer banking at BBVA USA, dramatic consolidation of the banking industry in Spain, divestment of non-core operations (e.g., Chile and Paraguay), and further development of the firm's digital channels. Despite these improvements, we decided to divest our position in the bank to fund the purchase of what we believe to be a more optimal investment for our predominantly U.S.-based portfolio. (We continue to own BBVA in our non-U.S.-oriented strategies.)

Cabot Oil & Gas Corp.

Cabot is, in our opinion, one of the most productive and cost-efficient natural gas producers in North America. Founded in 1989, Cabot focuses exclusively on dry gas production (non-liquids). Its assets are concentrated within the Marcellus Shale, which runs throughout the Appalachian Basin and is the largest natural gas field in the U.S. Cabot benefits from owning geologically and geographically (e.g., contiguous acreage) advantaged assets while having industry-leading (low) operating costs.

High-Quality Business

Some of the quality characteristics we have identified for Cabot include:

- Low-cost drilling operations, the result of advantageous assets, with over 30 years of undrilled inventory at current production rates;

- Clearly defined marketing strategy that seeks to sign long-term sales agreements with customers in diverse end-markets and regions; and
- Strong balance sheet and free cash flow generation; disciplined management team with focus on return on investment capital (ROIC) and free cash flow (FCF).

Attractive Valuation

While sensitive to changes in natural gas prices, we believe Cabot is attractively valued in the current natural gas environment with the ability to generate over 10% of its market cap in free cash flow. Moreover, we believe Cabot is uniquely advantaged at both lower and higher natural gas prices due to the company's low-cost structure and ability to increase production. Using our estimates of normalized free cash flows to calculate the company's Cash Flow Return on Economic Value (CFRoEV), we believe Cabot is currently trading at a discount to its intrinsic value.

Compelling Catalysts

Catalysts we have identified for Cabot, which we believe will cause its stock price to appreciate over our three- to five-year investment horizon, are listed below. Importantly, catalysts do not include changes in natural gas prices, as they are outside Cabot's control.

- Increasing free cash flow as Cabot's asset base matures and production decline rates normalize;
- Ongoing execution of its marketing strategy, such as the ramp-up of the Atlantic Sunrise Pipeline, providing access to "premium" markets;
- Management's commitment to return >50% of free cash flow to shareholders through buybacks and dividends; and
- Potential consolidation of the Appalachian Basin natural gas producers.

Commerce Bancshares, Inc.

Commerce Bancshares is a regional bank with operations across a portion of the midwestern United States. The company has a particularly strong presence (~10% market shares*) in Kansas and Missouri, as it was founded and remains headquartered in Kansas City. Over the course of its more than 150-year history, Commerce Bancshares has expanded into neighboring states while maintaining its community-based values. As of September 2019, it had over $25 billion in assets, approximately $20 billion in deposits and over $14 billion in total loans.

Under the Kemper family's leadership, Commerce Bancshares has benefited from what we view as a more "private company" mentality; one that emphasizes long-term sustainable value creation. We believe the bank's unique culture and conservative, long-tenured management team have enabled the company to earn above-average returns relative to peers.

High-Quality Business

Some of the quality characteristics we have identified for Commerce Bancshares include:

- Well-diversified revenues (~60% net interest income and ~40% fee income, which is also well diversified across various sources, such as credit cards and wealth management);
- Conservative and diversified loan book by both collateral/customer type and interest rates (~40% fixed and ~60% floating rate);
- Well-recognized brand and strong reputation in its communities have resulted in a funding advantage relative to peers (deposits are over 90% of total funding, with non-interest-bearing balances a strong 30%); and
- History of prudent underwriting and commitment to shareholders, as evidenced by the bank's credit quality and 51 consecutive years of dividend increases, a period that includes the Great Financial Crisis.

Attractive Valuation

Using our estimates of normalized earnings and adjusted balance sheet figures results in a discount to our estimate of the company's intrinsic value. While there may be "cheaper" banks in the marketplace, we believe Commerce Bancshares is capable of generating returns well above peers with below-average risk—all while delivering a consistent return of capital to shareholders.

Compelling Catalysts

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

- Further execution of management's long-term, conservative-oriented strategy, including continued loan growth (with emphasis in Kansas, which we believe to be an attractive banking market) coupled with prudent expense management and strong credit underwriting/risk controls;
- Increases in fee income, particularly from non-credit-sensitive areas, such as the company's now nationwide commercial payments system; and
- Value accretive deployment of excess capital, including continued increases in dividends and buybacks. Commerce Bancshares has pursued very little mergers and acquisitions (M&A), one deal since mid-2007. Aversion to M&A, combined with the aforementioned attractive returns, has allowed the company to return a total of 5% of its market cap, on average, to shareholders annually since 2004.

*As of June 30, 2019

Outlook

While we are proud of our performance for the year, we would like to highlight that we neither invest for, nor evaluate ourselves over, such a short time frame. "Not every quarter; not every year" is an expression we often use to remind ourselves of our true investment objective: to invest with a three- to five-year time horizon, in a collection of what we believe to be high-quality businesses, trading at a discount to our estimate of their intrinsic worth. The equity markets will continue to go up and to go down, as they always do, while we will continue to adhere to our investment discipline, regardless of market volatility.

Aristotle Value Equity Fund (Class I)

Performance Update December 31, 2019

Total Return	4Q19	YTD	1 Year	3 Years	Since Inception (8/31/16)	Gross/Net Expense Ratio
ARSQX Class I	8.53%	32.18%	32.18%	13.45%	13.60%	0.96%/0.78%*
Russell 1000 Value Index	7.41%	26.54%	26.54%	9.68%	10.73%	N/A
S&P 500 Index	9.07%	31.49%	31.49%	15.27%	14.93%	N/A

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

Effective March 1, 2020, the new net expense ratio is 0.69%. See details below for further expense ratio update.

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. Effective March 1, 2020, the new total annual operating expense ratio is 0.69%. 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 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 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 10 largest holdings in the Fund and their weights as a percent of total net assets were: Adobe Inc., 4.71%; Microsoft Corp., 4.49%; Danaher Corp., 3.60%; ANSYS, Inc., 3.32%; Bank of America Corp., 3.27%; Amgen Inc., 3.13%; PayPal Holdings, Inc., 2.89%; Microchip Technology Inc., 2.87%; Medtronic plc, 2.80%; Coca-Cola Company, 2.70%.

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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FOR MORE INFORMATION, PLEASE CONTACT
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