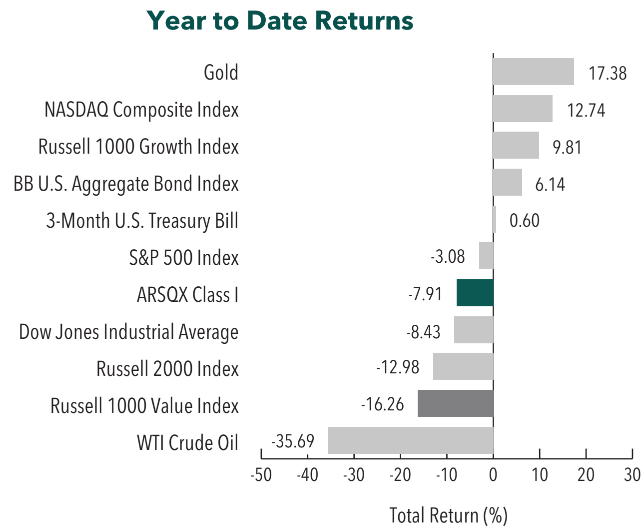
Value Equity Fund

2Q 2020 Commentary

Markets Review

Markets (total return) performed as follows:



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

After suffering its worst quarter in over a decade, the U.S. stock market rebounded with its best quarter since 1998, as the S&P 500 Index rallied 20.54% in the second quarter of 2020. The Bloomberg Barclays U.S. Aggregate Bond Index also recovered from its March low, posting a 2.90% quarterly gain. In terms of style, the Russell 3000 Growth Index outperformed its value counterpart by 13.44% over the period.

On a sector basis, all eleven sectors of the S&P 500 and Russell 1000 Value indices finished higher for the quarter, and all but two sectors posted double-digit gains. Within the Russell 1000 Value Index, Energy, Consumer Discretionary and Materials were the biggest winners, while Utilities, Consumer Staples and Financials increased the least.

The devastating global impacts of COVID-19 persisted throughout the quarter, with total cases eclipsing 10 million and more than 500,000 related deaths. Economic data for April revealed an unemployment rate of 14.7%, the highest rate in the history of the data, and a double-digit decline in consumer spending. Despite the dismal economic data, equity markets rallied as many states initiated early phases of the reopening process. Moreover, the unemployment rate improved to 13.3% and consumer spending rebounded by 8.2% in May. Additionally, continued accommodative monetary policy from the Fed and the potential for incremental fiscal stimulus contributed to the market's optimism.

Performance and Attribution Summary

For the second quarter of 2020, Aristotle Value Equity Fund (ARSQX) posted a total return of 20.96% at NAV, outperforming both the 14.29% return of the Russell 1000 Value Index and the 20.54% 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 security selection and allocation effects. Security selection was positive in all but four sectors, with Information Technology and Financials being top contributors. Additionally, an underweight in Utilities positively contributed to relative performance. Conversely, security selection in Energy, Materials and Consumer Staples detracted from relative return. (Relative weights are the result of bottom-up security selection.)

PayPal Holdings, the online and mobile e-commerce payments company, was the top contributor this quarter. Shares of the company increased sharply, as recent lockdown measures have accelerated the ongoing transition from physical to e-commerce activity. During the quarter, PayPal announced a record-breaking 7.4 million net new accounts in April, bringing the total number of active accounts to over 330 million, another record. Furthermore, the company experienced record levels of customer engagement as the daily number of transactions increased by 25%, including the largest single day of transactions in the company's history on May 1. While we are encouraged by the elevated level of new users and customer engagement, we do not get overly excited by these short-term data points. We also recognize that it is possible some "lockdown" activity may prove temporary as economies reopen. Instead, we focus on the long-term benefits the current environment may have on PayPal's business. Studies show that the increase in U.S. e-commerce penetration over the past few months rivals the gains made over the last decade. This accelerated transition could mark an inflection point in the secular shift toward e-commerce. Moreover, PayPal has demonstrated a willingness to adapt and invest in the long-term success of its business through initiatives like QR code and reward payment options, examples of monetization catalysts.

Xylem, a water equipment and services supplier, was a major detractor for the quarter. Shares declined as first quarter earnings were impacted by shutdowns of factories, supply chains and customer operations around the world. Management pulled 2020 guidance and noted an expectation for organic revenue and margins to be further negatively impacted as its customers reassess future expenses. In response, Xylem announced restructuring initiatives, such as accelerating the reduction of overhead costs and reprioritizing investments to customers' post-COVID-19 needs. Additionally, the company announced the closing of its inaugural green bond that will fund green projects aimed at improving water accessibility, affordability and resilience. Xylem raised $1 billion at a blended interest rate of 2.10%, a testament, we believe, to the company's high-quality business. While customers and Xylem's business may continue to be pressured in the near term, we believe Xylem's financial strength will allow it to weather the short-term storm and unlock value through operational improvements and technological investments as conditions normalize.

Contributors and Detractors for 2Q 2020

Relative Contributors	Relative Detractors
PayPal Holdings	Xylem
Microchip Technology	Elanco
Adobe	Cabot Oil & Gas
Lennar	Coca-Cola
Microsoft	Walgreens Boots Alliance

Recent Fund Activity

Buys	Sells
Qualcomm	Home Depot
Elanco	Unilever
RPM International	Halliburton
PNC Financial Services	

During the quarter, we sold our investments in Home Depot, Unilever and Halliburton, and we invested in Qualcomm, Elanco, RPM International and PNC Financial Services.

We first invested in Home Depot in 2007. Our investment decision at the time was driven by what we saw as a high-quality business undergoing a major transformation led by (at the time) new CEO Frank Blake. That transformation continued years later after his retirement in 2014, under the leadership of Craig Menear. During our holding period, Home Depot sold non-core businesses, improved the customer experience, deployed and implemented technology, and redesigned its supply chain (e.g. building distribution centers across the nation). In more recent years, the firm also improved the interconnectivity of its stores, invested in its online platform and gained share of the professional "pro" customers. While we continue to admire this business, we decided to sell in order to make room for a new investment opportunity.

We first invested in the European consumer staples company Unilever in 2009. Catalysts at the time of original investment included new CEO Paul Polman's ability to simultaneously improve the company's competitive positioning as well as its profit margins. Under his tenure, Unilever centralized production, eliminated redundancies, simplified the firm's corporate structure and increased profit margins. The strategy also increased focus on personal care (e.g., Axe, Dove and TRESemmé), which now represents more than half of the firm's revenues. We believe Unilever is a good example of a company that has embraced all its constituents: producing quality products for its customers, attracting and retaining employees for reasons that go beyond a paycheck, and being fair to suppliers and responsible in its communities. This set of priorities has led to attractive shareholder returns over time. We continue to admire this company but decided to sell in favor of a new investment in Elanco.

We first invested in global oilfield services provider Halliburton at the end of 2011. Early investments and a forward-thinking mentality positioned the company as a leading services provider to the U.S. shale industry. Over the years, we believe the company was also successful at closing the technological gap with competitor Schlumberger. Moreover, since becoming the firm's CEO in 2017, Jeff Miller refocused the company toward Return on Invested Capital (ROIC) rather than growth for the sake of growth. We believe this focus on returns, an improving balance sheet and a further consolidating industry provide the right combination for achieving Halliburton's goal of gaining share outside of the U.S. (without sacrificing margins). Despite the improving fundamentals and remaining catalysts, Halliburton (and the oilfield services industry) continues to face a very difficult environment. We have decided to sell our shares in favor of an investment that (in our opinion) offers a better risk/reward opportunity.

Qualcomm, Inc.

Founded in 1985 in San Diego, California, Qualcomm has successfully developed technologies that have served as the foundation for cellular communications standards for over 30 years. While many of the company's innovations are "under the hood" (of perhaps the device you are reading this on!), Qualcomm's inventions have enabled mobile communications to improve the lives of billions of people around the world.

The company essentially invented CDMA (Code Division Multiple Access), which is the channel access method for earlier wireless cellular communications standards, and has successfully expanded its technologies (e.g., OFDMA, massive MIMO and mmWave connectivity) as standards have evolved to 4G and now 5G. Since its founding, Qualcomm has invested more than $60 billion in cumulative R&D and currently has over 140,000 patents (issued and pending) in its intellectual property (IP) library. IP is licensed to, and designed into, products for its customers, mainly focused on the smartphone market.

Qualcomm has generated more than $20 billion annually in global revenue, largely via two segments: Qualcomm CDMA Technologies (QCT) and Qualcomm Technology Licensing (QTL). QCT accounts for roughly 40% of operating income and utilizes a fabless production model for most products. QCT designs and sells baseband (aka modem) and application processors (Snapdragon lineup) that, in some capacity, are in nearly every leading smartphone. QCT's leadership in baseband has expanded in recent years toward SoC (System on Chip), as increasing technological complexities lend themselves to an integrated offering. The QTL segment accounts for the balance of operating income. Through licensing agreements, QTL makes its IP available to customers in exchange for a royalty fee on each device sold.

High-Quality Business

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

- High market share, particularly for baseband and integrated solutions (often featuring Snapdragon processors) where the company commands >50% share;
- History of successfully converting innovation into lucrative IP and technological leadership act as a barrier to entry;
- Asset-light business model and "must have" nature of wireless technology have yielded high and consistent levels of profitability and FREE cash flow; and
- Design wins for 5G smartphones with nine of the top 10 OEMs (original equipment manufacturer), including the recent return of Apple as a customer after leaving for a rival's product, are, in our view, a testament to Qualcomm's quality products.

Attractive Valuation

We believe Qualcomm shares are attractively valued based on our estimates of higher normalized FREE cash flow. Our research suggests normalized operating margins, particularly in the QCT segment, are meaningfully higher than current levels. Using our estimates of normalized cash flow results in a cash flow return on economic value (CFRoEV) in the high single digits, an attractive valuation, in our opinion, for a supplier of critical technology for wireless communications.

Compelling Catalysts

Catalysts we have identified for Qualcomm, which we believe will have the potential to be realized over our three- to five-year investment horizon, include:

- Continued ability to monetize its vast library of telecommunications IP;
- Benefits from large adoption of 5G technologies on account of low latency (a game changer, in our opinion), including:
  - Higher dollar content per phone as global smartphone market shifts toward 5G devices (1.5x vs. 4G);
  - Deployment of mmWave bands (particularly in the U.S.) can disproportionately benefit Qualcomm; and
- Resolution of remaining legal issues pertaining to IP royalties (most have been resolved or are on their way to resolution).

Elanco Animal Health, Inc.

Spun off from Eli Lilly in early 2019, Elanco is the fourth-largest animal health company in the world by revenues. Its products include vaccines, antibiotics and nutritional products for "food animals" (e.g., cows, goats, swine, fish and poultry), as well as vaccines, parasiticides and therapies for "companion animals" (aka pets, mainly dogs and cats). The company sells more than 125 brands in over 90 countries, and about half of its revenue is generated in North America. We studied Elanco as part of our ownership of Eli Lilly over a decade ago. Subsequently, we continued to follow this business when it acquired Novartis's (a Value Equity holding) animal health unit in 2015 and, more recently, around the time of Elanco's spinoff.

Over the years and through a series of acquisitions, Elanco has shifted its mix away from the medicated feed additives business, which has lower growth and margins, toward the more attractive companion animal (CA) business, which now represents roughly one-third of revenues. This shift will be furthered by the pending acquisition of Bayer Animal Health (expected to close in 2020).

We believe Elanco is uniquely positioned to benefit from several sustainable trends, including increased consumption of animal protein (particularly in emerging markets), resulting in greater demand for disease reduction and productivity products from the company's Food Animal (FA) business. Another such trend is the longer lives and elevated status of companion animals, which is generating brighter prospects for the CA business.

High-Quality Business

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

- High global market share, with leading products in all its major categories;
- R&D investments have led to a robust pipeline spanning products for both FA and CA markets;
- Attractive business fundamentals and industry dynamics, including:
  - Consolidated industry, with the top four companies holding approximately 50% of the global animal health market (i.e., medicines, vaccines and functional nutritionals);
  - Relatively low threat of price competition from private label and generic alternatives; and
  - High barriers to entry due to the reliance on a large direct distribution model to educate veterinarians and livestock producers on available products.

Attractive Valuation

We believe Elanco is attractively valued based on our estimates of significantly higher operating margins, the result of a continued shift toward the CA segment, as well as the company's commitment to expense reduction and increased efficiencies.

Compelling Catalysts

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

- Margin expansion through procurement savings, manufacturing site exits and consolidation of contract manufacturing organization (which provides outsourcing of services for drug development, such as formulation, stability studies and clinical trials);
- Improved distribution model via reduced reliance on third-party distributors, lower channel inventory levels and improving commercial flexibility, as well as further consolidation of SKUs (in 2018, the company consolidated from 7,000 to 4,000);
- Ongoing mix shift toward the higher growth/margin CA business through innovative product launches. Bayer acquisition provides further revenue advantages and operating synergies and enhances Elanco's competitive advantage in CA segment; and
- Benefits from being a standalone, independently owned enterprise, including better alignment of management incentives with more appropriate performance objectives.

RPM International, Inc.

Founded in Ohio in 1947 as Republic Powdered Metals, RPM is one of the largest coatings companies in the world. It manufactures and markets paints, coatings, roofing systems, sealants and adhesives for the industrial and consumer markets. Unlike most of its peers, RPM does not compete in the architectural or automotive coatings market. Instead, the company is highly involved in the U.S. repair and maintenance side of the residential and commercial construction market. This has led to more consistent margins and less earnings cyclicality than typical of architectural and automotive coatings companies. Through what we believe is a successful history of acquisitions, RPM has grown into a company with products in 164 countries and 120 manufacturing facilities worldwide.

High-Quality Business

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

- Diversified portfolio of market-leading products, generating consistent financial results with fairly low cyclicality due to the low cost of the company's products relative to the value-added benefit they provide;
- Consistent positive free cash flow generation; focus on innovation and consistently growing its dividend for the past 46 years;
- Industry consolidator, with a successful history of acquiring niche companies and allowing them to maintain their management and culture while leveraging the parent's distribution, marketing, back-office and sourcing capabilities; and
- Lack of exposure to autos and architectural coatings leads to more consistent margins and less earnings cyclicality as compared to peers.

Attractive Valuation

We believe RPM's current stock price is offered at a discount to the company's intrinsic value given our estimates of materially higher normalized operating margins, higher cash earnings power and higher free cash flow. We believe RPM is currently under-earning relative to its normalized earnings power and, given its focus on efficiencies, will likely be able to generate increased free cash flow.

Compelling Catalysts

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

- Improved margin profile as the company increases its focus on operational efficiencies, cost controls and synergies (e.g., rationalization of manufacturing footprint, optimization of procurement, and centralizing of back offices and IT infrastructure) for the many individual businesses it has acquired over the years;
- Further consolidation of the coatings industry, with RPM playing an active role in such consolidation as it expands its market share in the U.S. and internationally;
- Continued free cash flow generation and accretive deployment of that cash flow, including dividends and further acquisitions; and
- Finalization of asbestos-related payments, allowing for increased management focus and financial flexibility.

The PNC Financial Services Group, Inc.

Headquartered in Pittsburgh, Pennsylvania and with origins dating back to 1845, PNC Financial Services (PNC) is a diversified regional bank operating primarily in the Mid-Atlantic, Midwestern and Southeastern regions of the U.S. As of March 31, 2020, the company had nearly $450 billion in assets, over $300 billion in deposits and more than $250 billion in loans, making it the seventh-largest bank in the country.

PNC offers retail banking (~45% of revenue), corporate and institutional banking (~35%), and asset management (~5%) services to a wide range of customers. The remaining balance of the company's revenue in 2019 can be attributed to PNC's former minority equity interest in BlackRock. PNC first invested in BlackRock in 1995 and, this May, exited its 22% stake in the world's largest asset manager, generating ~$14 billion in proceeds.

High-Quality Business

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

- Well-diversified revenue profile and conservative loan book;
- Economies of scale and attractive funding profile with high deposit market share (e.g., >20% share in Pennsylvania and 8% in Ohio and New Jersey);
- Long-tenured management team that has overseen a history of prudent underwriting and solid profitability; and
- Strong financial position with about $12 billion in excess cash.

Attractive Valuation

Using our estimates of normalized earnings, we believe PNC's current stock price is offered at a discount to our estimate of the company's intrinsic value. We believe PNC is well positioned to opportunistically deploy capital and improve its market positions while maintaining its attractive return profile.

Compelling Catalysts

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

- Continued strong, balanced and relatively low-risk loan growth complemented by deposit share gains;
- Improvements in cost structure and efficiencies as prior and ongoing technology investments enhance operations; and
- Deployment of significant excess capital in shareholder-friendly manners, including potential accretive acquisitions.

Conclusion

Although the current trajectory of the market may seem to indicate that the worst is behind us, we believe a great deal of uncertainty remains. With a myriad of economic, social and political issues still at hand, volatility may persist. Furthermore, questions surrounding the COVID-19 pandemic's long-term impact on new and existing trends have yet to be answered. A few examples of these trends are: the further rise of e-commerce, the digital transformation, the continued slippage of physical retailers and increasing total debt loads for most countries around the world. Nevertheless, we will not invest based solely upon these trends. Our knowledge of them is driven primarily by our studies of individual companies. We seek out companies that are largely in control of their own destinies, not those dependent on "trends" or "markets." This studious approach, we can assure you, will not change.

Aristotle Value Equity Fund (Class I)

Performance Update June 30, 2020

Total Return	2Q20	YTD	1 Year	3 Years	Since Inception (8/31/16)	Gross/Net Expense Ratio
ARSQX Class I	20.96%	-7.91%	2.56%	6.69%	9.36%	0.93%/0.69%
Russell 1000 Value Index	14.29%	-16.26%	-8.84%	1.82%	4.33%	N/A
S&P 500 Index	20.54%	-3.08%	7.51%	10.72%	11.96%	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, 2021, to the extent that the total annual operating expenses do not exceed 0.69% 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, market risk, equity risk, value-oriented investment strategies risk, small-cap, mid-cap and large-cap company risk, foreign investment risk, real estate investment trusts (REITs) risk, management and strategy risk, exchange-traded funds (ETFs) risk and cybersecurity risk. Market Turbulence Resulting from COVID-19 – The outbreak of COVID-19 has negatively affected the worldwide economy, individual countries, individual companies and the market in general. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund. To learn more about the Principal Risks of Investing in the Fund, please reference the prospectus.

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 Russell 3000® Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000® companies with higher price-to-book ratios and higher forecasted growth values.
- 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 June 30, 2020, the 10 largest holdings in the Fund and their weights as a percent of total net assets were: Microsoft Corp., 4.55%; Adobe Inc., 4.47%; Danaher Corp., 4.45%; ANSYS, Inc., 3.85%; PayPal Holdings, Inc., 3.84%; Amgen Inc., 3.37%; Microchip Technology, Inc., 3.07%; Sony Corp., 2.89%; Medtronic plc, 2.62%; Coca-Cola Company, 2.55%.

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.

The Aristotle Value Equity Fund is distributed by IMST Distributors, LLC.

ACM-2007-251

FOR MORE INFORMATION, PLEASE CONTACT
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