Strategic Credit Fund

2Q 2020 Commentary

Summary

Despite capital markets experiencing the sharpest rebound in history as a result of unprecedented monetary and fiscal stimulus, both global and domestic economic data remains very weak. The U.S. recession which started in February and probably ended in April was one of the sharpest and deepest since WWII. U.S. Gross Domestic Product (GDP) fell at a 5.0% annualized rate in the first quarter of 2020, and the Congressional Budget Office (CBO) projects that it will decline by a 38% annualized rate in the second quarter. Currently, it is widely expected that GDP is not expected to reach new highs until at least 2022. The threat of a second wave remains a strong possibility in addition to other notable risks, including U.S.-China relations, the U.S. elections and Brexit developments, just to name a few. Additional stimulus is highly probable as the U.S. desperately tries to avoid widespread lockdowns again just as the current consumer stimulus is set to roll off.

Market Environment

The massive and unprecedented levels of monetary and fiscal stimulus that has been enacted globally since March dramatically improved liquidity and helped drive the strong performance in the global credit markets during the second quarter. Returns were also aided by the rebound in economic activity during the quarter, though we anticipate more of a "U" Shaped rebound as COVID-19 is likely to be problematic for longer than markets seem to anticipate.

Lower quality credits performed very well in the second quarter, but investment grade corporates also performed well and had a positive return year-to-date.

Performance Summary

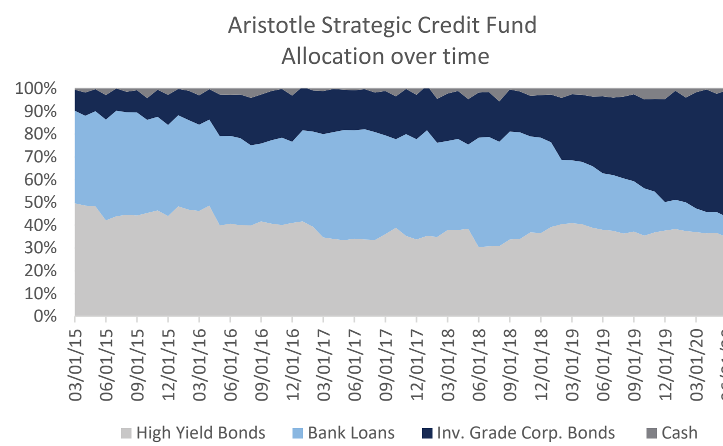
Performance (%)	1Q20	2Q20	YTD
Aristotle Strategic Credit Fund, Class I (ARSSX)*	-7.55	9.57	1.30
Aristotle Blended Benchmark	-9.32	9.24	-0.94
Bloomberg Barclays U.S. Corporate High Yield Index	-12.68	10.18	-3.80
Credit Suisse Leveraged Loan Index	-13.19	9.71	-4.76
Bloomberg Barclays U.S. Intermediate Corporate Index	-3.15	7.30	4.23
Morningstar High Yield Bond Category Average	-12.69	8.62	-5.17

**Performance data quoted here represents past performance. Past performance is no guarantee of future results. There can be no guarantee that any strategy (risk management or otherwise) will be successful. All investing involves risk, including potential loss of principal. 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 Aristotle Strategic Credit Fund, Class I (ARSSX), which primarily invests in high yield bonds, investment grade corporate bonds and bank loans, returned 9.57% at NAV for the second quarter, outperforming the 9.24% return of its blended benchmark of one-third Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index, one-third Bloomberg Barclays U.S. Intermediate Corporate Index and one-third Credit Suisse Leveraged Loan Index.

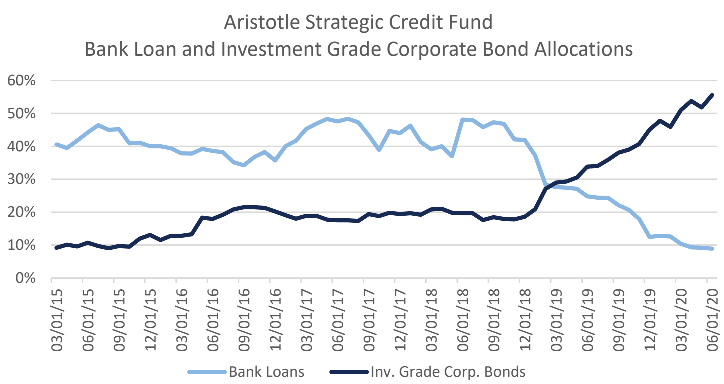
Performance was led by the strong rebound of high yield bonds, as well as more recent purchases of longer duration investment grade corporate bonds (mainly purchased in March and April taking advantage of market dislocations). This strategy shift in a volatile market environment highlighted the Fund's nimbleness to take advantage of opportunities during the period as they arose. This led to only modest underperformance relative to the strong return of the high yield market, despite the Fund having significantly less credit risk. It also led to the Fund outperforming its blended benchmark in both the "risk-off" environment of the first quarter and the "risk-on" environment of the second quarter.

Year-to-date, the Fund returned 1.30%, outperforming the Bloomberg Barclays U.S. Corporate High Yield Index's -3.80% return. The Fund has also outperformed the -0.94% return of its blended benchmark. The strong year-to-date performance is attributed mainly to the Fund's allocation shift into investment grade corporate bonds and out of floating-rate bank loans (tight credit spreads, falling risk-free rates and weak bank loan covenants).



This allocation shift was very additive to performance as investment grade corporate bonds outperformed bank loans by roughly 9% in the first half of 2020 (see performance table). It also highlights the flexible nature of the Fund considering that it has historically performed well in various environments.[1] Furthermore, performance year-to-date was aided by overall conservative positioning within both the high yield bonds and bank loan sectors.

[1]The Fund may experience negative performance.



The Fund has also outperformed the Morningstar High Yield category average in both extreme environments this year. It outperformed the category by 5.14% in the first quarter and 0.95% in the second quarter. Morningstar rated the Aristotle Strategic Credit Fund, Class I (ARSSX) in the High Yield Bond category. The Fund received a 5-star rating for the Overall, 3 year, and 5 year periods; among 639 funds for the Overall and 3 year period and among 546 funds for the 5 year period as of 6/30/20, based on risk-adjusted returns.[1]

Quarterly Attribution Summary

Overall for the quarter, relative performance was driven primarily by security selection.

Security selection contributed to relative performance during the second quarter, driven by selection within the Technology industry. This was partially offset by selection within the Pipelines & Distributors industry.

Industry allocation detracted from relative performance, driven by the underweight to the Energy industry. This was partially offset by the overweight to the Pipelines & Distributors industry.

Finally, sector rotation detracted from performance relative to the benchmark, primarily due to an overweight in investment grade corporate bonds. This was partially offset by the positive effect of the small overweight in high yield bonds.

Top Five Contributors	Top Five Detractors
Occidental Petroleum	American Airlines
Enterprise Products	Mosaic Company
Air Lease	Bristol-Myers Squibb
MetLife	Centene Escrow
Brookfield Residential	Citigroup

Outlook and Strategy

In less than a full year, more than 500 stimulus measures have been considered globally - a fact that brings us about as much relief as it does concern. On the one hand, we do believe that the economy may be able to sustain itself and fully recover with significant government assistance and support. On the other hand, we also see that there has been a significant divergence between the underlying fundamentals and the performance of corporate credit. The phrase "bad news is good news" has not been this common place since the Global Financial Crisis (GFC).

The Fed has taken unprecedented measures by extending its balance sheet to the corporate bond market and continues to support the market with facilities for both secondary and primary purchases at the ready. These programs are new territory for the Fed, which did not dive into the corporate bond market even in the worst of the GFC. Credit fundamentals have certainly deteriorated but official support has been the major driver of returns over the past quarter. That said, we believe after last quarter's extraordinary returns, high yield investors may begin to reassess some of the weaker balance sheets going forward. With greater uncertainty ahead, we believe it is likely that high yield will be more volatile going forward.

The up in quality positioning of our portfolio has done very well. As spreads on the longer part of the curve have compressed, we have been reducing our allocation to investment grade companies, partially to reduce duration. We continue to look for opportunities to increase our exposure to more traditional cyclicals while seeking to avoid companies in industries with significant risk to COVID-19 exposure.

Strategic Credit Positioning

The portfolio remains overweight investment grade corporates and high yield bonds, with an underweight in bank loans. During the quarter, we further reduced floating rate exposure as the rate outlook remains benign and the Fed's purchase programs primarily support the investment grade market. Toward the end of the quarter, we began taking profit in certain investment grade credits while rotating into high yield credits that are trading at more attractive valuations with more upside. We continue to be bearish on bank loans due to the extremely dovish outlook for interest rates. Global central banks have maintained "lower for longer" interest rate policies to continue supporting the economic backdrop as a result of the pandemic. Additionally, the Collateralized Loan Obligation (CLO) market is experiencing several idiosyncratic issues as bank loan quality continues to deteriorate. The upgrade/downgrade ratio remains heavily skewed to the downside.

As of June 30, the Fund was composed of 55.6% investment grade corporates, 34.7% high yield bonds and 8.9% bank loans. Roughly 0.8% was held in cash. The strategy's significant active exposures as of quarter-end included overweights in the Insurance, REITs and Real Estate Related, Pipelines, Telecommunications, Brokerage and Utilities industries and underweights in the Chemicals, Technology, Media Entertainment and Energy industries. We also favor longer duration securities in high quality credits that we view as having a strong likelihood of spread compression, and thus, can present attractive total return opportunities in this dislocated environment.

[1]The Fund may experience negative performance.

Aristotle Strategic Credit Fund (Class I)

Performance Update June 30, 2020

Total Return	2Q20	YTD	1 Year	3 Years	5 Years	Since Inception (12/31/14)	Gross/Net Expense Ratio
ARSSX Class I	9.57%	1.30%	4.55%	4.16%	4.31%	4.28%	3.94%/0.62%
Blended Benchmark*	9.23%	-0.93%	2.34%	3.81%	4.18%	4.19%	N/A
Bloomberg Barclays U.S. Aggregate Bond Index	2.90%	6.14%	8.74%	5.32%	4.30%	3.89%	N/A
Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index	10.35%	-2.26%	2.06%	4.16%	5.01%	5.05%	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, 2021, to the extent that the total annual operating expenses do not exceed 0.62% 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.

**The blended benchmark represents a blend of 1/3 Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index, 1/3 Bloomberg Barclays U.S. Intermediate Corporate Index and 1/3 Credit Suisse Leveraged Loan Index. The Bloomberg Barclays U.S. High Yield Loans Index was retired on September 30, 2016 and was replaced with the Credit Suisse Leveraged Loan Index effective October 1, 2016.*

Important Information:

Morningstar Rating based on risk-adjusted returns the Aristotle Strategic Credit Fund (ARSSX) in the High Yield Bond category the 3-year received 5 stars out of 639 funds and 5-year received 5 stars out of 546 funds as of June 30, 2020.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life sub-accounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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 commentary 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 Credit 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. Fund 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. 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 Credit 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 in the Fund for 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, market risk, fixed income securities risk, credit risk, high yield ("junk") bonds risk, bank loans risk, interest rate risk, liquidity risk, valuation risk, management and strategy risk, sector focus risk, foreign investment risk, extension risk, prepayment or call risk, cybersecurity risk and emerging markets 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.

The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to changes in an issuer's credit rating or market perceptions about the creditworthiness of an issuer. High yield bonds are debt securities rated below investment grade (often called "junk bonds"). Junk bonds are speculative, involve greater risks of default, downgrade, or price declines and are more volatile and tend to be less liquid than investment-grade securities. The Strategic Credit Fund's investments in assignments of bank loans may create substantial risk. Although the Strategic Credit Fund expects it will invest in senior and secured bank loans, the Fund may invest in unsecured or subordinated loans. In addition, the Fund may invest in secured and unsecured participations in bank loans. These bank loans will generally be rated below investment grade. 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. Investments in emerging markets involve even greater risks.

Credit quality ratings are sourced from Standard & Poor's (the "S&P"), Moody's and Fitch's. Ratings values are based on the higher of either S&P, Moody's or Fitch's. If none of the rating agencies have assigned a rating the Fund will assign a rating of NR (non-rated security). The ratings represent their (S&P, Moody's, Fitch's) opinions as to the quality of the securities they rate. The ratings from AAA (S&P, Fitch's) or Aaa (Moody's) (extremely strong capacity to meet its financial commitment) to D (S&P, Fitch's) or C (Moody's) (in default). Ratings are relative and subjective and are not absolute standards of quality. The ratings provided relate to the underlying securities within the fund and not the fund itself.

Definitions:

- A U-shaped rebound is a type of economic recession and recovery that resembles the shape of the letter "U" when charted. This shape occurs when the economy experiences a sharp decline in these metrics without a clearly defined trough but instead a period of stagnation followed by a relatively healthy rise back to its previous peak. A U-shaped recovery is similar to a V-shaped recovery except that the economy spends a longer time slogging along the bottom of the recession rather than immediately rebounding.
- The Fund is benchmarked to a blend of three indices: 1/3 Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index, 1/3 Bloomberg Barclays U.S. Intermediate Corporate Index and 1/3 Credit Suisse Leveraged Loan Index. The Bloomberg Barclays U.S. High Yield Loans Index was retired on September 30, 2016 and was replaced with the Credit Suisse Leveraged Loan Index effective October 1, 2016.
- The Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Capped Index is an issuer-constrained version of the U.S. Corporate High-Yield Index that measures the market of U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bonds rated Ba/B. The Index limits the maximum exposure to any one issuer to 2%.
- The Bloomberg Barclays U.S. Intermediate Corporate Index is designed to measure the performance of U.S. corporate bonds that have a maturity of greater than or equal to 1 year and less than 10 years. The Index includes investment grade, fixed-rate, taxable, U.S. dollar denominated debt with $250 million or more par amount outstanding, issued by U.S. and non-U.S. industrial, utility and financial institutions.
- The Credit Suisse Leveraged Loan Index is a market-weighted index designed to track the performance of the investable universe of the U.S. dollar-denominated institutional leveraged loan market.
- The Bloomberg Barclays U.S. Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.
- The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of domestic investment grade bonds, including corporate, government and mortgage-backed securities.

- Subsidized 30-Day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days. It is a "subsidized" yield, which means it includes contractual expense reimbursements and it would be lower without those reimbursements.
- Unsubsidized 30-Day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days. It excludes contractual expense reimbursements, resulting in a lower yield.
- Yield to Worst is the lowest potential yield expressed as a percent that can be received on a bond without the issuer actually defaulting.
- Effective Duration is an approximate measure of the strategy's sensitivity to interest rate changes taking into consideration any maturity shortening features.

The volatility (beta) of the Fund may be greater or less than the benchmarks. It is not possible to invest directly in these indices.

Fund 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 ten largest holdings in the Fund and their weight as a percent of total net assets were: Pacific Gas and Electric Co, 2.19%; Prudential Financial Inc, 1.83%; Brookfield Finance Inc, 1.83%; CSC Holdings, LLC September 2019 Initial Term Loan, 1.79%; Anheuser-Busch InBev Worldwide Inc, 1.75%; Penn National Gaming, Inc. Term A Facility Refinancing Loan, 1.64%; MPLX LP, 1.64%; Astro AB Borrower, Inc. Tranche B Term Loan (First Lien), 1.62%; Dominion Energy Inc, 1.59%; and Southern California Edison Co, 1.58%.

This material must be preceded or accompanied by a prospectus. An investor should consider the fund's investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the Funds can be found in the fund's prospectus. To obtain more information, please call (844) 274-7868 or visit www.aristotlefunds.com. Please read the prospectus carefully before investing.

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