



STRATEGIC CREDIT FUND

3Q 2020 Commentary

Summary

Risk assets continued to climb in the third quarter of 2020. The U.S. stock market continued to advance in July and August but then declined in September after reaching an all-time high early in the month. Overall, the S&P 500 Index posted an 8.93% return for the third quarter.

In U.S. credit markets, high yield bonds outperformed as the Bloomberg Barclays U.S. Corporate High Yield Bond Index posted a 4.60% gain for the quarter, with most of that return coming in July. The Bloomberg Barclays U.S. Corporate Investment Grade Index and Bloomberg Barclays U.S. Intermediate Corporate Index ended the quarter with gains of 1.54% and 1.33%, respectively, with most of the returns also coming in July. Contrary to the high yield bond and investment grade corporate bond markets, the Credit Suisse Leveraged Loan Index advanced in every month of the quarter and posted a gain of 4.13% for the quarter.

Monetary and fiscal stimulus across the globe continued to be a major theme for credit markets for the period. Year-to-date, the total number of global monetary and fiscal stimulus measures approached 600 with an estimated value of over \$20T; however, the momentum of the economic recovery slowed as the third quarter came to a close as attention shifted to the upcoming U.S. elections.

Market Environment

With U.S. Treasuries ending the quarter flat, spread compression was the primary driver of credit returns in the third quarter. High yield and investment grade corporate credit spreads tightened 109 basis points and 14 basis points ending the quarter near historical average levels as measured by the Bloomberg Barclays U.S. Corporate High Yield Bond Index and the Bloomberg Barclays U.S. Corporate Investment Grade Index, respectively. In the high yield bond market, a slower pace of issuance and strong inflows were the primary drivers of spread compression in July, but a significant increase in new issuance and economic growth concerns led to spreads widening later in the quarter. In the investment grade bond market, spreads were less volatile, but the combination of record-low Treasury yields and significant new issuance caused the modified duration of the investment grade bond index to rise to nearly nine years, the highest level in more than 20 years.

In the third quarter, U.S. companies continued to issue debt at a record pace. Year-to-date issuance in the U.S. high yield bond and investment grade bond markets reached record highs during the quarter as many companies continued to add liquidity to their balance sheets.

Within the high yield universe, 'CCC's (+7.35%) outperformed 'B's (+4.53%) and 'BB's (+4.02%) with most of those gains occurring early in the quarter. In the investment grade universe, 'BBB's (+2.11%)

outperformed the higher quality tiers. Downgrades slowed during the third quarter with "Fallen Angels" totaling about \$20 billion. Almost half of the total amount took place in September.

Performance Summary

Performance (%)	3Q20	YTD
Aristotle Strategic Credit Fund, Class I (ARSSX)*	2.78	4.11
Aristotle Blended Benchmark	3.22	2.24
Bloomberg Barclays U.S. Corporate High Yield Bond Index	4.60	0.62
Credit Suisse Leveraged Loan Index	4.13	-0.83
Bloomberg Barclays U.S. Intermediate Corporate Index	1.33	5.61
Morningstar High Yield Bond Category Average	4.32	-0.99

**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.*

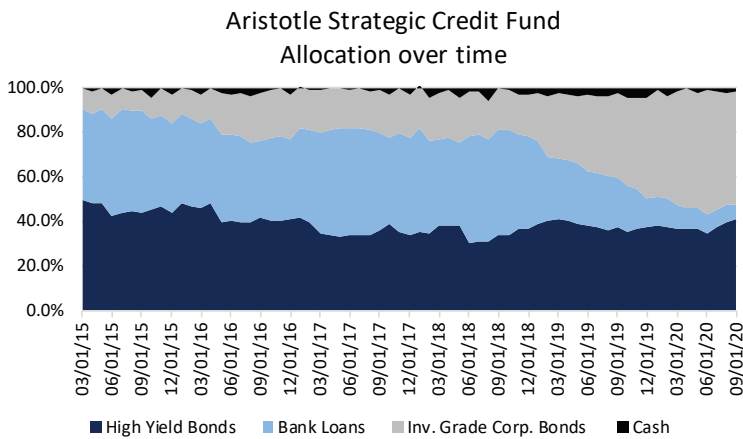
The Aristotle Strategic Credit Fund, Class I (ARSSX), which primarily invests in high yield bonds, investment grade corporate bonds and bank loans, returned 2.78% at NAV for the third quarter, underperforming the 3.22% return of its blended benchmark of one-third Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index, one-third Bloomberg Barclays U.S. Intermediate Corporate Index and one-third Credit Suisse Leveraged Loan Index.

The Fund's performance was led by the continued strong performance of high yield bonds. The similarly strong performance of the bank loan market and the capital appreciation of select longer-dated investment grade corporate bonds also contributed to the Fund's absolute performance. Third quarter underperformance (-0.44%) relative to its blended benchmark was led by the overweight to investment grade corporate bonds and the underweight to bank loans. Year-to-date the Fund is outperforming its blended benchmark, the high yield market, and its Morningstar High Yield category peer group.¹

The positive influences of better than expected earnings, a dovish Federal Reserve and expectations of further fiscal stimulus outweighed the negative effects of the global resurgence in COVID-19 towards the end of the third quarter. Despite the outperformance in high yield and bank loans during the third quarter, the investment grade market still leads year-to-date gains.

In terms of positioning, during the quarter the Fund increased the allocation to high yield bonds and took profits in some of the longer-dated investment grade corporate bonds that were purchased earlier this year; particularly reducing the Fund's allocation to Utilities.

¹The Fund may experience negative performance.



The Aristotle Strategic Credit Fund, Class I (ARSSX) has an inception date of January 1, 2015.

Year-to-date the Fund outperformed the Morningstar High Yield category average.¹ Morningstar rated the Aristotle Strategic Credit Fund, Class I (ARSSX) in the High Yield Bond category. The Fund received a 4-star rating among 620 funds for the Overall period, a 5-star rating among 620 funds for the 3-year period, and a 4-star rating among 534 funds for the 5-year period as of September 30, 2020, based on risk-adjusted returns.

Quarterly Attribution Summary

Sector rotation was the main detractor from the Fund's performance relative to the blended benchmark during the third quarter. An overweight in investment grade corporate bonds and an underweight in bank loans both contributed to underperformance. A residual allocation to cash also slightly contributed to underperformance.

Security selection and industry allocation were both modestly additive to relative performance. Positive security selection was led by holdings in Banking and Aerospace & Defense. This was partially offset by negative selection in Retailers & Restaurant and Lodging & Leisure. Positive industry allocation was led by an overweight in Finance Companies, which was partially offset by the negative effect of an underweight in Energy.

Top Five Contributors	Top Five Detractors
MetLife	Southern California Edison
Ally Financial	Murphy Oil
Springleaf Finance	PBF Logistics
Navient	Encompass Health
Dell	Freeport-McMoRan

Outlook and Strategy

We believe the outlook for U.S. credit markets into the end of the year will be increasingly volatile with valuations in U.S. credit back near historical averages, the U.S. economic recovery showing signs of slowing and expectations of the next round of fiscal stimulus being tempered.

On the fundamental side, we believe that the persistence of COVID-19 and the knock-on effects for the broader economy should result in the weakening of credit metrics and increased volatility in credit markets. The broader economic recovery in the U.S. has also begun to slow over the past several weeks and will bear watching in the coming months. In our view, employment data will be particularly important should some of the temporary layoffs from earlier in the year turn into permanent layoffs.

On the technical side, we believe that the persistence of low interest rates around the world will continue to drive the global reach for yield. In our view, one of the biggest technical drivers of credit spread tightening over the course of the quarter was the news flow on fiscal stimulus. We observed that credit spreads tightened on news of positive developments and widened on news of negative developments regarding the next fiscal stimulus package in the U.S. This is a trend that we think could continue in the coming weeks.

We will continue to watch the divergence in liquidity positions of large and small companies in the U.S. and its impact on corporate competition. Large companies with access to the financial markets have been able to refinance, adding liquidity to their balance sheets, while smaller companies that rely on bank lending have been having more difficulty accessing liquidity. The clock has been ticking for some of these small- to mid-sized companies, and we believe that we could see an increase in defaults among these companies in the coming months.

In general, we remain focused on companies that are acting to shore up their balance sheets and are becoming increasingly wary of companies that are being too shareholder-friendly. We believe that now is not the time to be increasing dividends or buying back shares. Overall, we remain skeptical of companies unable to keep debt levels near stable in the current environment.

Strategic Credit Positioning

The Fund remains overweight in investment grade corporate bonds and high yield bonds, with an underweight in bank loans. During the quarter, we reduced both investment grade corporate bond and bank loan exposure and rotated into high yield bonds. We maintain the same bearish view on bank loans that we have held all year. In our view, the persistence of a low rate environment in the U.S. is not constructive for relative value in the bank loan market. Furthermore, we believe that another reason to be cautious is the increasing share of aggressive capital structures emerging in the bank loan market in recent months.

As of September 30, the Fund was composed of 50.7% investment grade corporate bonds, 40.9% high yield bonds and 6.8% bank loans. Roughly 1.6% was held in cash. The Fund holds overweight positions in Insurance, REITs & Real Estate Related, Finance Companies and Utilities and underweights in Technology, Banking, Media & Entertainment and Energy.

¹The Fund may experience negative performance.

Aristotle Strategic Credit Fund (Class I)

Performance Update

September 30, 2020

Total Return	3Q20	YTD	1 Year	3 Years	5 Years	Since Inception (12/31/14)	Gross/Net Expense Ratio
ARSSX Class I	2.78%	4.11%	5.43%	4.90%	5.50%	4.58%	3.94%/0.62%
Blended Benchmark*	3.22%	2.24%	4.07%	4.46%	5.20%	4.58%	N/A
Bloomberg Barclays U.S. Aggregate Bond Index	0.62%	6.79%	6.98%	5.24%	4.18%	3.83%	N/A
Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index	4.20%	1.84%	4.41%	4.94%	6.81%	5.57%	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:

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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 620 funds and 5-year received 4 stars out of 534 funds as of September 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, investing in fixed income securities, high yield bonds, bank loans, foreign securities and emerging markets. **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:

- 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 Investment Grade Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers that are all U.S. dollar denominated. The Bloomberg Barclays U.S. Corporate Investment Grade Index is a component of the Bloomberg Barclays U.S. Credit Index.
- 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.
- The S&P 500 Index is the Standard & Poor's Composite Index and is widely regarded as a single gauge of large cap U.S. equities. It is market cap weighted and includes 500 leading companies, capturing approximately 80% coverage of available market capitalization.

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 September 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, 2.01%; MetLife Inc, 1.73%; Brookfield Finance Inc, 1.71%; CSC Holdings, LLC September 2019 Initial Term Loan, 1.67%; Prudential Financial Inc, 1.65%; Anheuser-Busch InBev Worldwide Inc, 1.58%; Astro AB Borrower, Inc. Tranche B Term Loan (First Lien), 1.53%; MPLX LP, 1.51%; Penn National Gaming, Inc. Term A Facility Refinancing Loan, 1.51%; and Dominion Energy Inc, 1.45%.

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 aristotlefunds.com and should be read carefully prior to investing.

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