Strategic Credit Fund

Aristotle Credit Partners

1Q 2021 Commentary

Summary

U.S. corporate credit market performance diverged in the first quarter of 2021 as the positive macro environment helped drive corporate credit spreads tighter but a sharp back-up in U.S. Treasury yields undercut the performance of longer duration bonds. Bank loans and high yield bonds outperformed as the Credit Suisse Leveraged Loan Index and the Bloomberg Barclays U.S. Corporate High Yield Bond Index returned 2.01% and 0.85%, respectively. Investment grade corporate bonds underperformed as the Bloomberg Barclays U.S. Corporate Investment Grade Index lost 4.65%, the index's worst quarter since 2008.

The pro-cyclical rotation, which started in the second half of 2020, continued unabated in the first quarter. The primary factors that boosted risk assets across markets included additional fiscal support following the passage of another sizeable stimulus package in Congress and a meaningful improvement in coronavirus trends, which was helped by positive momentum in the vaccine rollout. With monetary policy remaining supportive and reflationary policies beginning to feed into the real economy, rising rates and a steeper yield curve were the dominant drivers of fixed income returns during the first quarter.

Market Environment

U.S. Treasury yields pushed higher throughout the quarter as the yield on the U.S. 10-Year Treasury Note climbed 83 basis points. With the Federal Reserve (Fed) continuing to hold short-term rates near zero, the yield curve bear-steepened, and longer duration bonds underperformed as the Bloomberg Barclays U.S. Treasury Index suffered its worst quarter since 1980, falling 4.25%.

Corporate credit spreads remained resilient to the back-up in U.S. Treasury yields as tighter credit spreads, especially in the high yield bond market, partially offset the impact of higher yields. High yield and investment grade corporate spreads tightened roughly 51 basis points and 6 basis points as measured by the Bloomberg Barclays U.S. Corporate High Yield Bond Index and the Bloomberg Barclays U.S. Corporate Investment Grade Index.

First quarter new issuance volumes also continued at a torrid pace, with U.S. high yield bond sales topping a record-breaking $150bn and U.S. investment grade bond sales falling just shy of last year's record first quarter total. The deluge of issuance was largely driven by refinancing activity with companies seeking to take advantage of historically low interest rates and strong investor demand.

On the demand front, retail fund flows favored investment grade corporate bonds during the first quarter. Investment grade retail inflows were positive in all three months of the quarter despite negative total returns. On the other hand, high yield bond funds experienced retail outflows that accelerated into the end of the quarter although demand from other investors more than made up the difference as high yield bond spreads approached multi-year lows at the end of the quarter.

Within the high yield universe, lower-quality bonds and cyclicals outperformed, continuing the trend from the end of last year. 'CCC's (+3.58%) outperformed 'B's (+1.16%) and 'BB's (-0.15%) while the Transportation (+4.40%) and Energy (+3.60%) sectors outperformed Utilities (-1.80%) and Insurance (-0.40%).

While 'CCC'-rated credits outperformed during the quarter, some of the more highly levered companies in industries most affected by the pandemic continued to struggle. As a result, the number of bankruptcy filings in the first quarter remained above the historical average pace, although well below the worst levels seen in 2020.

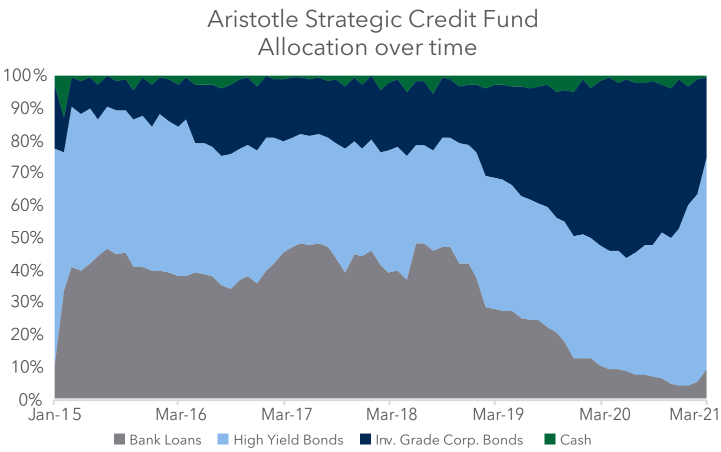
Performance Summary

Performance (%)	1Q21
Aristotle Strategic Credit Fund, Class I (ARSSX)*	-0.13%
Aristotle Blended Benchmark	0.04%
Bloomberg Barclays U.S. Corporate High Yield Bond Index	0.85%
Credit Suisse Leveraged Loan Index	2.01%
Bloomberg Barclays U.S. Intermediate Corporate Index	-2.19%
Morningstar High Yield Bond Category Average	1.10%

**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 -0.13% at NAV for the first quarter, underperforming the 0.04% 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 during the quarter was led by an increasing overweight position in high yield bonds and a resulting decrease in the Fund's allocation to investment grade bonds. As a result of these shifts, the Fund's effective duration was taken down by over one year. While the allocation to bank loans increased during the quarter, the Fund remains underweight, which accounts for the Fund's modest underperformance relative to the blended benchmark. The strategy shift during the quarter highlighted the Fund's flexibility to adapt to market conditions.



The Aristotle Strategic Credit Fund, Class I (ARSSX) has an inception date of December 31, 2014.

Morningstar rated the Aristotle Strategic Credit Fund, Class I (ARSSX) in the High Yield Bond category. The Fund received a 2-star rating among 630 funds for the Overall period, a 3-star rating among 630 funds for the 3-year period, and a 2-star rating among 556 funds for the 5-year period as of March 31, 2021, based on risk-adjusted returns.

Quarterly Attribution Summary

Sector rotation was the primary detractor from the Fund's performance relative to the benchmark, led by an underweight to bank loans. This was partially offset by an overweight to high yield bonds. Industry allocation had an overall neutral effect on performance as the negative effect of an underweight in Energy and an overweight in Building Materials & Home Construction Diversified Manufacturing & Construction Machinery was offset by the positive effect of overweights in Finance Companies and Utilities.Positive security selection was led by holdings in Banking and Media & Entertainment. This was partially offset by negative security selection in Gaming and Telecommunications.

Top Five Contributors	Top Five Detractors
Quad Graphics	**Emergent BioSolutions**
RR Donnelley & Sons	**MGM Growth Properties**
Brinker	**PulteGroup**
PBF Logistics	**Lumen Technologies**
Tri Pointe Homes	**Sprint**

***Bold securities held in the Fund**

Outlook and Strategy

We maintain a positive outlook for corporate credit markets heading into the second quarter and expect the fundamental tailwinds of strong economic growth and monetary policy support to outweigh the effects of higher interest rates and nascent inflationary pressures.

From a macroeconomic standpoint, unprecedented fiscal and monetary stimulus have been the major drivers of risk markets in 2021. We expect record supply to continue following the latest fiscal stimulus bill and with the possibility of an even larger infrastructure bill later this year. In our view, the volume of fiscal stimulus should lead to strong economic growth in the U.S. over the course of the next several quarters. However, the deluge of supply, which has already pushed yields significantly higher, could continue to drive yields even higher. That said, we think that the growth-driven nature of the sell-off in U.S. Treasuries should keep spreads relatively well contained.

We are paying close attention to the divergence in growth expectations between the U.S. and the rest of the world. With the U.S. recovering from the pandemic-induced slowdown more quickly than many other regions, especially Europe, we believe that offshore flows into U.S. assets could help to support corporate credit markets. For example, we believe the difference in yield between U.S. Treasuries and German Bunds (Bundesanleihe), along with a weaker dollar, should make U.S. fixed income relatively more attractive to foreign investors.

On the technical side, while supply significantly outstripped expectations in the first quarter, strong investor demand drove spreads tighter. We believe strong institutional demand is driving spread compression, especially in high yield bonds, as institutional investors reach for yield.

Additionally, while much of the issuance activity so far this year has been driven by refinancing, we acknowledge that many companies may take advantage of the current conditions to fund stock buybacks and/or acquisitions and leveraged buyouts. We think it is prudent to focus on companies that are using the current environment to shore up their balance sheets rather than buying back stock near all-time highs.

We believe inflation remains the biggest worry for fixed income investors. We are already seeing some signs of inflation including a semiconductor chip supply shortage, rising labor and fuel prices, unionization efforts and reshoring of production. While the Federal Reserve continues to state that inflationary pressures will be transitory, we believe these pressures could continue to build. We remain cautious on duration after already actively reducing duration across portfolios in the past quarter. We are also avoiding companies that may be unable to absorb higher costs while looking for companies that will either benefit from higher costs or will have the ability to pass them on.

Strategic Credit Positioning

In the Fund, we significantly increased our overweight to high yield bonds and marginally increased our allocation to bank loans although we remain underweight. As a result, we reduced our exposure to investment grade corporate bonds and significantly took down the duration of the Fund.

With the Federal Reserve keeping short-term interest rates near zero for the foreseeable future, we do not believe bank loans, which are tied to short-term rates, will necessarily benefit from a continued steepening in the yield curve. We also do not see a compelling argument to add to lower quality issuers that dominate the bank loan market and prefer adding exposure to higher quality, shorter duration high yield bonds where we see what we consider to be a better risk-reward opportunity with comparable yield.

As of March 31, the Fund was composed of 25.1% investment grade corporate bonds, 65.6% high yield bonds and 9.1% bank loans. Roughly 0.2% was held in cash. We hold overweights in Pipelines & Distributors, REITs & Real Estate-Related and Retailers & Restaurants alongside underweights in Industrials, Technology and Food, Beverage & Tobacco.

Aristotle Strategic Credit Fund (Class I)

Performance Update — March 31, 2021

Total Return	1Q21	1 Year	3 Years	5 Years	Since Inception (12/31/14)	Gross/Net Expense Ratio
ARSSX Class I	-0.13%	15.87%	5.65%	5.80%	4.69%	3.94% / 0.62%
Blended Benchmark*	0.04%	16.97%	5.64%	5.69%	4.82%	N/A
Bloomberg Barclays U.S. Aggregate Bond Index	-3.37%	0.71%	4.65%	3.10%	3.06%	N/A
Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index	0.34%	21.97%	7.27%	7.61%	6.12%	N/A

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 Fund's advisor has contractually agreed to waive its fees and/or pay 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 3 stars out of 630 funds and 5-year received 2 stars out of 556 funds as of March 31, 2021.

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 **Bloomberg Barclays U.S. Treasury Index** measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index. STRIPS are excluded from the index because their inclusion would result in double-counting.

The volatility (beta) of the Fund may be greater or less than the benchmarks. An investor cannot 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 March 31, 2021, the ten largest holdings in the Fund and their weight as a percent of total net assets were: AMC Networks Inc, 3.00%; Cinemark USA Inc, 2.2.9%; Starwood Property Trust Inc, 2.19%; CSC Holdings LLC, 2.17%; United Airlines Holdings Inc, 2.05%; RR Donnelley & Sons Co, 2.02%; Vertex Aerospace Services Corp, 2.02%; Prudential Financial Inc, 1.99%; American Airlines Inc, 1.94%; and Pacific Gas and Electric Co, 1.90%.

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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