Strategic Credit Fund

2Q 2021 Commentary

Summary

U.S. corporate credit markets rallied across the board in the second quarter, supported by the strong global economic backdrop and falling U.S. Treasury yields. After sharply underperforming in the first quarter, investment grade corporate bonds benefited most from the lower, flatter yield curve as the Bloomberg Barclays U.S. Corporate Investment Grade Index gained 3.55%. High yield bonds added to the first quarter's gains with the Bloomberg Barclays U.S. Corporate High Yield Bond Index returning 2.74%. Bank loans lagged behind but still ended the quarter in positive territory as the Credit Suisse Leveraged Loan Index gained 1.44%.

Risk assets benefited from the acceleration in the global economic recovery, which was supported by continued progress of the vaccine rollout and the relaxation of quarantine restrictions. In the U.S., monetary and fiscal stimulus acted as tailwinds, as strong economic data and robust corporate earnings showed the extent of the recovery from the pandemic. Inflationary pressures surged during the quarter, as headline consumer prices increased 5.0% year-over-year in May, marking the biggest jump since August 2008. However, the reaction from fixed income markets was subdued as the Federal Reserve (Fed) continued its quantitative easing (QE) program while strongly messaging that inflationary pressures are largely transitory.

Market Environment

U.S. Treasuries partially reversed the first quarter's selloff and the yield curve flattened over the course of the second quarter. While the yield on the U.S. 5-Year Treasury Note declined 5 basis points, the yield on the 10-Year Note fell 27 basis points as longer duration bonds outperformed. Despite the second quarter retracement, the yield on the 10-Year Note ended the quarter more than 50 basis points above where it started the year.

Corporate credit spreads continued to fall, ending the quarter not far from the all-time lows. High yield bond spreads as measured by the Bloomberg Barclays U.S. Corporate High Yield Bond Index fell roughly 41 basis points, ending the quarter at the lowest level since 2007, while the overall yield on high yield bonds fell to an all-time low near 3.75%. Investment grade corporate bond spreads continued to slowly grind tighter as the spread on the Bloomberg Barclays U.S. Corporate Investment Grade Index ended the quarter near 80 basis points, the tightest level since March 2005.

Corporate issuers continued to take advantage of the attractive funding environment as high yield bond issuance capped off another record quarter and issuance in the first half of the year topped a record-breaking $282 billion. Issuers focused on refinancing existing debt as nearly two-thirds of high yield bond issuance this year has been earmarked for debt repayment and refinancing. Issuance in the investment grade corporate bond market remained robust but fell short of 2020's record-breaking first half issuance.

Institutional demand remained strong across the corporate credit universe, while retail fund flows favored investment grade corporate bonds. High yield retail fund flows turned positive towards the end of June, but remained negative for the quarter as overall retail fund outflows for the first half of the year topped $12 billion.

Within the high yield bond market, lower quality bonds outperformed but by a much narrower margin than in the first quarter as 'CCC's (+3.49%) outperformed 'B's (+2.16%) and 'BB's (+2.86%). Cyclicals also outperformed with Energy (+6.10%) leading the way on the back of the commodity rally and Utilities (+1.40%) underperforming.

Corporate credit metrics continued to improve as credit rating upgrades have outnumbered downgrades by a 4:1 ratio so far this year and "fallen angels" have been replaced by "rising stars", credits that have been upgraded from high yield to investment grade. Additionally, defaults continue to decline as the trailing 12-month high yield default rate fell below 6% and many expect it to end the year below 2%.

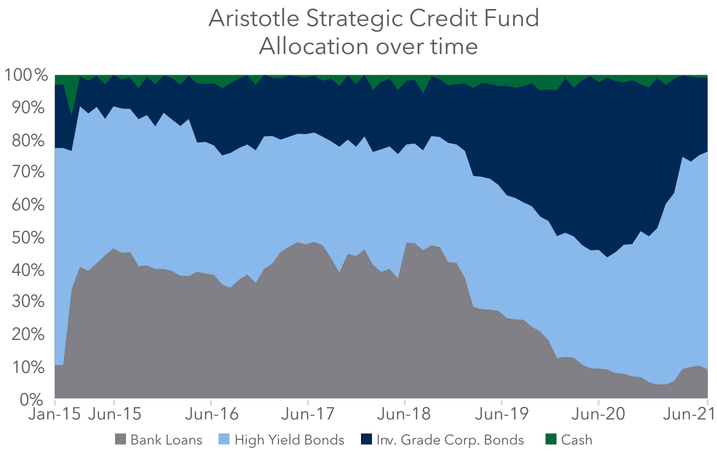
Performance Summary

Total Returns (as of June 30, 2021)	2Q 2021	YTD 2021
Aristotle Strategic Credit Fund, Class I (ARSSX)*	1.76%	1.63%
Aristotle Blended Benchmark	1.91%	1.95%
Bloomberg Barclays U.S. Corporate High Yield Bond Index	2.74%	3.62%
Credit Suisse Leveraged Loan Index	1.44%	3.48%
Bloomberg Barclays U.S. Intermediate Corporate Index	1.70%	-0.52%
Morningstar High Yield Bond Category Average	2.50%	3.62%

**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 1.76% at NAV for the second quarter, underperforming the 1.91% 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 second quarter was led by a modest increase in the overweight in high yield bonds and a resulting decrease in the allocation to investment grade bonds. The Fund is still underweight bank loans as the allocation remained roughly constant over the past quarter. The Fund's effective duration was further reduced during the quarter, but by a smaller margin than it was in the first quarter. The underweight to duration partially accounted for the Fund's underperformance relative to its blended benchmark as the yield curve flattened and longer duration bonds outperformed.



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

Morningstar rates the Aristotle Strategic Credit Fund, Class I (ARSSX) in the High Yield Bond category. The Fund received a 2-star rating among 634 funds for the Overall period, a 3-star rating among 634 funds for the 3-year period, and a 2-star rating among 556 funds for the 5-year period as of June 30, 2021, based on risk-adjusted returns.

Quarterly Attribution Summary

Security selection was the primary detractor from the Fund's performance relative to the benchmark, led by holdings in Energy and Pipelines & Distributors. This was partially offset by positive selection in Banking & Transportation. Industry allocation had an overall neutral impact as the positive effect of an overweight in Pipelines & Distributors and an underweight in Utilities was largely offset by the negative effect of underweights in Industrials and Diversified Manufacturing & Construction Machinery. Sector rotation contributed to relative performance led by an overweight in high yield bonds and an underweight in bank loans. This was partially offset by the allocation to cash, which detracted from relative performance.

Top Five Contributors	Top Five Detractors
Wells Fargo	**Sally Capital**
United Airlines	**Kennedy Wilson**
AMC Networks	**Safeway**
Dell	**Murphy Oil**
American Airlines	**AmeriGas**

***Bold securities held in the Fund**

Outlook and Strategy

Our outlook for corporate credit markets heading into the second half of 2021 remains much the same; we believe strong global economic growth should continue to be supportive of markets but several risks, led by the specter of inflation, remain on the horizon.

The U.S. led the global economic recovery in the first half of 2021 as the economy benefited from an accelerated pace of vaccinations, additional fiscal stimulus and continued easy policy from the Fed. We do not expect to see the same rate of growth in the latter part of the year and believe growth has now peaked in the U.S. While Europe has the potential to pick up some slack, the lack of coordinated monetary and fiscal policy will keep the region from seeing the same sharp increase in growth that the U.S. experienced, and we therefore believe global growth has peaked for the current cycle.

After the volatile steepening of the U.S. yield curve in the first quarter, the subsequent stabilization and reversal in yields during the second quarter caught many by surprise. We believe technical factors have played a significant role in the reversal and will continue to drive core fixed income markets. While the supply of Treasuries should pick up from the lower-than-expected pace over the past few months, there has been unrelenting institutional demand for fixed income as the Fed continues with its QE program, foreign investors turn to U.S. fixed income for yield and select fully funded corporate pensions seek to lock in gains and add duration.

With corporate credit spreads ending the quarter not far off the historic tights, overall valuations are not as attractive as they were at the beginning of the year. However, the technical backdrop should remain supportive, as we expect a slowdown in new-issue supply in the second half of the year. We believe a lot of corporate issuance was front-loaded this year as companies worried about higher interest rates. Issuance on the back of an increase in mergers and acquisitions (M&A) and leveraged buy-outs (LBOs) will be the wild card in the latter part of the year.

In our view, overall inflation risks remain elevated and will continue to be the biggest concern for fixed income markets. We have been watching inflation measures closely and positioning our portfolios for the possibility of higher inflation by adding credits of companies we believe will either not be affected by or will benefit from higher inflation. This is very much a name-by-name process; we are seeking to focus on companies that are unable to absorb higher costs.

Strategic Credit Positioning

Adjustments to the Fund over the past quarter were marginal and consisted largely of tweaking existing positions. We slightly increased the allocation to high yield bonds, while further reducing exposure to investment grade corporate bonds and holding exposure to bank loans nearly constant. As a result, we slightly decreased duration but to a much smaller extent than we did in the first quarter.

The Fund holds an underweight in bank loans as short-term interest rates in the U.S. remain pinned to near the historic lows and the Fed shows few signs of abruptly shifting its current easy monetary policy stance. Additionally, as strong growth continues in the U.S., we expect to see a pick-up in LBOs and an increase in the number of lower quality issuers in the bank loan market.

As of June 30, the Fund was composed of 22.8% investment grade corporate bonds, 67.3% high yield bonds and 9.0% bank loans. Roughly 0.9% was held in cash. At the end of the quarter, the Fund held overweights in REITs & Real Estate-Related, Retailers & Restaurants and Transportation alongside underweights in Healthcare, Technology and Food, Beverage & Tobacco.

Aristotle Strategic Credit Fund (Class I)

Performance Update June 30, 2021

Total Return	2Q21	YTD	1 Year	3 Years	5 Years	Since Inception (12/31/14)	Gross/Net Expense Ratio
ARSSX Class I	1.76%	1.63%	7.62%	6.31%	5.53%	4.78%	3.22% / 0.62%
Blended Benchmark*	1.91%	1.95%	9.11%	6.16%	5.43%	4.95%	N/A
Bloomberg Barclays U.S. Aggregate Bond Index	1.83%	-1.60%	-0.33%	5.34%	3.02%	3.22%	N/A
Bloomberg Barclays U.S. High Yield Ba/B 2% Issuer Cap Index	2.57%	2.92%	13.37%	7.96%	7.28%	6.28%	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, 2022, 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 634 funds and 5-year received 2 stars out of 556 funds as of June 30, 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 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 June 30, 2021, the ten largest holdings in the Fund and their weights as a percent of total net assets were: AMC Networks Inc, 3.14%; Starwood Property Trust Inc, 2.24%; CSC Holdings LLC, 2.24%; United Airlines 2019-2 Class B Pass Through Trust, 2.20%; United Airlines Holdings Inc, 2.14%; Vertex Aerospace Services, 2.07%; RR Donnelley & Sons Co, 2.06%; Prudential Financial Inc, 2.04%; American Airlines Inc, 2.03%; MetLife Inc, 1.98%.

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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