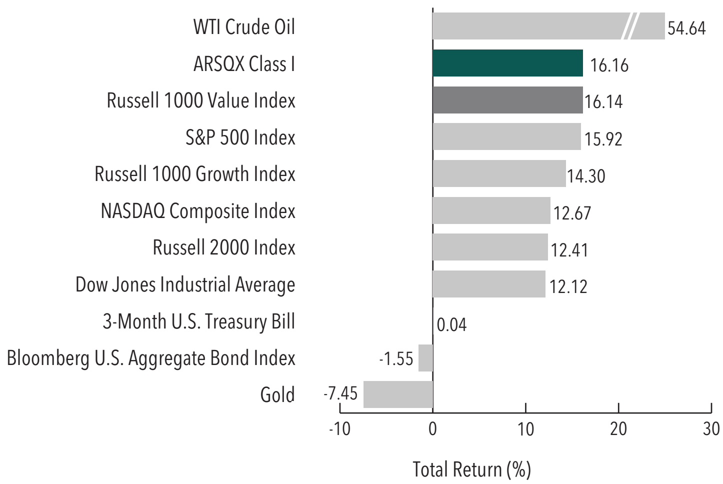
Value Equity Fund

3Q 2021 Commentary

Markets Review

Markets (total return) performed as follows:

Year to Date Returns



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

While most U.S. equity indices declined during the quarter, the S&P 500 continued its ascent, posting its sixth consecutive quarter of positive performance. Overall, the S&P 500 Index gained 0.58% during the period. Concurrently, the Bloomberg U.S. Aggregate Bond Index finished flat for the quarter. In terms of style, the Russell 1000 Value Index underperformed its growth counterpart by 1.94%.

On a sector basis, four out of eleven sectors within the Russell 1000 Value Index finished higher for the period, led by Financials, Real Estate and Utilities. The worst performers were Materials, Industrials and Communication Services.

After making significant progress against the spread of COVID-19 in the first half of the year, Delta, a more contagious variant of the virus, spread throughout the country (and the world) during the quarter. According to the CDC, only ~64% of the total U.S. population (compared to ~54% at the end of June) has received at least one dose of the vaccine. The deceleration in vaccination uptake rates since the spring, coupled with the surge in the Delta variant, resulted in the number of new daily cases rising to as high as ~190,000.

Nevertheless, instead of imposing new restrictions, strategies to encourage vaccination, such as employer vaccine mandates, were utilized. Furthermore, the U.S. Food and Drug Administration amended the emergency use authorization for Pfizer's vaccine to allow for the use of single booster doses in individuals 65 years of age and older and high-risk individuals between the ages of 18 and 64.

In line with the uncertain backdrop caused by the Delta variant, economic data was mixed. The unemployment rate continued to decline, falling to 5.2%, which was the lowest level since the pandemic began. However, nonfarm payroll figures in August fell well below expectations after strong numbers in July. While inflation remains elevated, with core consumer price index (CPI) up 4.0% on a 12-month basis, it rose just 0.1% in August, the softest monthly increase since February. Correspondingly, the Federal Reserve kept monetary policy intact but indicated that a tapering of its $120 billion per month asset-purchase plan may soon be warranted.

On the fiscal policy front, conversations surrounding a $3.5 trillion reconciliation bill that would fund social policy and climate initiatives dominated headlines. Corporate, individual and capital gains tax increases are likely required to fund the large spending package. However, disagreements within the Democratic Party have stalled discussions, which could also further delay the passage of a $1 trillion bipartisan infrastructure bill.

Despite the uncertainty regarding the COVID environment, corporate earnings posted an impressive rebound, with year-over-year earnings per share (EPS) growth for S&P 500 constituents eclipsing 90%, the highest figure since the fourth quarter of 2009, with 87% of S&P 500 companies beating EPS estimates. Companies across various industries highlighted strong demand, while topics such as supply constraints, labor shortages and rising input costs were also commonly cited.

Lastly, in geopolitical news, the U.S. completed its withdrawal from Afghanistan, ending its 20-year presence in the country. This has created uncertainty for world governments regarding the future of the country and stability of the region.

Performance and Attribution Summary

For the third quarter of 2021, Aristotle Value Equity Fund (ARSQX) posted a total return of -0.41% at NAV, outperforming the -0.78% return of the Russell 1000 Value Index and underperforming the 0.58% 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 entirely attributed to security selection, while allocation effects had a negative impact. Security selection in the Consumer Discretionary, Industrials and Financials sectors contributed the most to relative performance. Conversely, security selection in Real Estate and Communication Services and an overweight in Materials detracted. (Relative weights are the result of bottom-up security selection.)

Conglomerate Sony, maker of the PlayStation videogame console, was a primary contributor for the quarter. Sony reported strong results, particularly in electronics and music, leading to an increase in management's full-year guidance for operating income. Strength in electronics was driven by TV and camera sales, while success in music was attributed to the continued shift to streaming, a catalyst we previously identified. The company also hosted its annual PlayStation Showcase, where Sony further demonstrated its robust content pipeline with incoming titles such as Call of Duty: Vanguard, Grand Theft Auto V and Marvel's Spider-Man 2. Additionally, Sony completed its acquisition of Crunchyroll, AT&T's anime business that boasts over three million paying subscribers across 200 countries. The company also announced that Sony Pictures Networks India had entered merger discussions with India-based Zee Entertainment, a deal that would bring together two leading Indian media network platforms. Lastly, Sony continued to expand its gaming division by acquiring U.K. game developer Firesprite Games, an addition that is expected to bolster the company's virtual reality (VR) software titles. We believe these actions will continue to enhance the company's ability to monetize its vast intellectual property library across multiple segments, including entertainment, gaming, music and motion pictures.

Alcon, a provider of eye care products, devices, equipment and consumables, was a leading contributor for the period. Shares of the company rose as Alcon reported robust results that demonstrated a healthy recovery from the impacts of the COVID-19 pandemic, with sales advancing 11% versus the second quarter of 2019 (pre-pandemic). Moreover, management raised full-year guidance for sales, core operating margin and EPS. While we are pleased to see the business normalize after navigating a difficult environment, we prefer to focus on the improving long-term prospects. After the launch of Vivity earlier this year, the first and only non-diffractive extended depth of focus intraocular lens in the U.S., the company now estimates it holds 80% of the U.S. posterior chamber intraocular lens market and a more than 55% share worldwide. Furthermore, with the launch of Precision1 contacts and Pataday extra strength eye drops, Alcon experienced strong growth in its Vision Care segment. Additionally, the company announced the release of Total30, the first and only monthly replacement, water gradient contact lens. We believe these successful initiatives reaffirm Alcon's position as an innovative leader, which should allow the company to continue to win market share and improve profitability over time.

Twitter, the digital news platform, was the quarter's largest detractor. Shares declined during the quarter despite an improving advertising market and a largely positive earnings report, an improvement from its disappointing first quarter results. Twitter shared positive results, with double-digit revenue growth and 206 million average monetizable daily active users (mDAU) in the second quarter. More importantly, Twitter reported strong growth in advertising revenue, total ad engagements and cost per engagement (CPE), a testament to Twitter's focus on optimizing its interface for user-friendly experiences and providing relevant content. Furthermore, the company remained proactive in expanding and enhancing the platform's functionalities through the addition of products such as Communities, Super Follows and Twitter Blue, as well as improvements in Tip Jar, direct messaging and Twitter Spaces audio chat platform. We believe these efforts demonstrate Twitter's continued product improvements and will further enhance its monetization efforts over the long term.

PayPal Holdings, the online and mobile e-commerce payments company, was one of the largest detractors for the period. Shares declined despite continued fundamental advancements. The company reported strong double-digit growth in revenue and total payment volume, and ended the second quarter with more than 400 million active accounts. PayPal also announced an earlier-than-expected roll-off in its processing of eBay-related transactions, which is now slated to be fully completed by the end of this year. Additionally, the continued emergence of "buy now, pay later" (BNPL) companies resulted in several announced acquisitions within the e-commerce industry (e.g., Square announced plans to acquire Australia-based Afterpay for ~ $29 billion). In fact, PayPal announced the $2.7 billion acquisition of Paidy, a leading BNPL platform in Japan, enhancing PayPal's presence in the world's third-largest e-commerce market.

Contributors and Detractors for 3Q 2021

Relative Contributors	Relative Detractors
Danaher	Twitter
Cabot Oil & Gas	Crown Castle
Sony	PayPal Holdings
Alcon	Amgen
Microsoft	Qualcomm

Recent Fund Activity

Buys	Sells
Honeywell	Allegion
Ecolab	JPMorgan Chase

During the quarter, we sold our investments in Allegion and JPMorgan Chase. We invested the proceeds in two new positions: Honeywell and Ecolab.

We first invested in Allegion during the second quarter of 2019. We believed that the company's market leadership and history of innovation positioned it well to benefit from various catalysts, such as the penetration of different sales channels and the adoption of electromechanical locks. Furthermore, we felt that Allegion's ability to develop recognizable and trusted brands would result in strong relationships with distributors and significant pricing power. While we continue to believe that Allegion is a high-quality company, we exited our position in favor of Honeywell, which we view as a more attractive opportunity at this time.

Our investment in JPMorgan Chase dates back to the inception of our strategy at Aristotle Capital. Led by what we believe to be a best-in-class management team, JPMorgan Chase was one of the few financial services companies to emerge from the global financial crisis as a stronger franchise. During our more than 10-year holding period, the company has leveraged its premier brands, fortress balance sheet and scale to solidify its position as one of the largest financial institutions in the world. Although we continue to admire JPMorgan Chase as a high-quality business, we exited our position for what we believe to be a more optimal investment in Ecolab, as many of the catalysts we previously identified for JPMorgan Chase have been realized.

Honeywell International, Inc.

With origins dating back to 1885 as a heating company, Charlotte, North Carolina-based Honeywell has evolved into a multinational industrial conglomerate with over $30 billion in annual revenue. The company provides aerospace (~35% of revenue), performance materials and technologies (~30%), safety and productivity (~20%), and building technologies (~15%) solutions to a wide range of customers, such as airlines, building owners and the U.S. government.

Over the past 100+ years, Honeywell has accumulated more than 35,000 patents and is responsible for leading-edge technological breakthroughs, such as automatic heating, autopilot and biodegradable detergents.

Honeywell has a long history of mergers and acquisitions; perhaps most impactful was the merger with AlliedSignal in 1999. Following the merger of two companies with distinctively different cultures, the business was beset by a myriad of issues. In 2002, David Cote took over as CEO and began a long and what we consider to be a successful turnaround from an over-leveraged, old-line industrial company to a modern-day business focused on energy efficiency, productivity and connectivity (aka Industrial Internet of Things) paired with high-margin software businesses. In 2017, Mr. Cote retired and the current CEO, Darius Adamczyk, took over. In our view, the prior operational and reputational improvements have provided Mr. Adamczyk and team the ability to accelerate Honeywell's transformation.

High-Quality Business

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

- Extensive history of innovation and market-leading positions in attractive industries;
- Diverse product offering across various geographies, end markets and customer types;
- High barriers to entry due to needed scale, resources and technical expertise; and
- Disciplined management team that has maintained a strong balance sheet and developed, what we consider to be, an enviable capital allocation track record.

Attractive Valuation

Given our estimates of normalized earnings, we believe Honeywell's current stock price is offered at a discount to our estimate of the company's intrinsic value. We feel the current valuation does not reflect the improved organic revenue profile and FREE cash flow generation power.

Compelling Catalysts

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

- Heightened organic growth from new product launches, integration of acquired higher-growth businesses and the divesture of declining business units;
- Further improvements to profitability from product portfolio shift to software, supply chain optimization and digital transformation; and
- Continued shareholder-friendly capital deployment, particularly opportunistic and accretive acquisitions and share repurchases.

Ecolab, Inc.

Founded in 1923 as Economics Laboratory, Ecolab is a global leader in cleaning and sanitation. The company's products and services help its food service, hospitality, manufacturing and health care customers clean spaces, do dishes, wash laundry and treat water.

Headquartered in St. Paul, Minnesota, Ecolab has annual sales of ~$12 billion, operates in 170+ countries and employs over 44,000 people. Ecolab services industrial clients ranging from soft drink bottlers to automakers (~50% of revenue), institutional and specialty clients such as hotels and restaurants (~30%), health care and life sciences clients (~10%), and others (~10%).

The company is the largest player (with just 9% market share) in the highly fragmented cleaning and sanitation industry. Ecolab employs a razor-and-blade approach, providing cleaning equipment designed specifically for use with Ecolab's proprietary consumables. Its substantial installed base (nearly three million customer locations worldwide) and consumables model create high customer loyalty, as clients are reluctant to switch equipment and retrain staff. Having recently divested its (upstream) energy chemicals business (ChampionX), we believe Ecolab is better able to focus on executing on its strategy of gaining (largely organic) share of the global institutional and industrial water, hygiene and sanitation management markets.

High-Quality Business

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

- Pricing power due to high customer switching costs, well-known brands, expansive product mix and the critical nature of Ecolab's services while remaining a small percentage of its customers' total operational costs;
- High degree of recurring revenue (>90% of total) due to its consumable-based products;
- "Asset-light" operations allow for significant FREE cash flow generation and expansion without material fixed capital costs; and
- Financial strength and stability as evidenced by 84 consecutive years of dividend payments and 29 consecutive years of dividend increases.

Attractive Valuation

Given our estimates of normalized earnings, we believe Ecolab's shares are selling at a discount to our estimate of the company's intrinsic value. More specifically, given Ecolab's stable recurring revenues and the low fixed costs required for expansion, we believe normalized operating margins are higher than current levels.

Compelling Catalysts

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

- Continued margin improvement through increased scale and operational efficiencies;
- Further expansion through research and development of new ancillary products and services – e.g., the development of its health care and life sciences business;
- Shifting consumer preference toward prepared food consumption from grocery stores uniquely benefits Ecolab's expertise supplying the food service industry; and
- Embedded digital technologies in service offerings further driving revenue opportunities and deeper relationships with customers.

Conclusion

At Aristotle Capital, our work is focused on individual companies. Where broader issues such as inflation, policy decisions and the pandemic are relevant, we take a long-term approach, attempting to minimize the distractions of what may be on others' minds. While the headlines focus on short-term news, in our view, the fundamentals of a business are the most important determinants of its long-term stock price performance. Consequently, we believe the best way for an investment manager to consistently add value is to maintain a long-term perspective and focus on understanding a company's key attributes and value drivers.

Aristotle Value Equity Fund (Class I)

Performance Update September 30, 2021

Total Return	3Q21	YTD	1 Year	3 Years	5 Years	Annualized Since Inception (8/31/16)	Gross/Net Expense Ratio
ARSQX Class I	-0.41%	16.16%	33.86%	15.27%	15.36%	14.98%	0.79%/0.69%
Russell 1000 Value Index	-0.78%	16.14%	35.01%	10.06%	10.93%	10.71%	N/A
S&P 500 Index	0.58%	15.92%	30.00%	15.98%	16.89%	16.60%	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, 2022, 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, investing in foreign securities, ETFs, small-capitalization, mid-capitalization and large-capitalization companies and value stocks. **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.

These indices have been selected as the benchmarks and are used for comparison purposes only.

- 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.

Definitions:

- 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 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.
- Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.
- FREE cash flow is generally calculated as cash flow from operations less capital expenditures.
- Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock.
- Capital costs are fixed, one-time expenses incurred on the purchase of land, buildings, construction, and equipment used in the production of goods or in the rendering of services.

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 September 30, 2021, the 10 largest holdings in the Fund and their weights as a percent of total net assets were: Danaher Corp., 4.46%; Microsoft Corp., 4.34%; Adobe Inc., 4.04%; Capital One Financial Corp., 3.57%; Sony Corp., 3.21%; ANSYS, Inc., 3.18%; Microchip Technology, Inc., 2.84%; Lennar, Corp., 2.80%; Corteva, Inc., 2.74%; Johnson Controls Intl, plc, 2.64%.

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.

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