Strategic Credit Fund

4Q 2021 Commentary

Summary

U.S. corporate credit markets finished the year strong, led by high yield bonds and bank loans. High yield bonds and bank loans both gained 0.71% as measured by the Bloomberg U.S. Corporate High Yield Bond Index and the Credit Suisse Leveraged Loan Index. Investment grade bonds modestly underperformed, gaining 0.23% during the period and ending 2021 in negative territory as measured by the Bloomberg U.S. Corporate Bond Index.

The U.S. equity market finished 2021 with a strong fourth quarter as the S&P 500 Index gained 11.03%. Risk sentiment benefited from strong consumer spending, robust corporate earnings and still accommodative monetary policy. On the U.S. economic data front, the unemployment rate declined to 4.2% in November, its lowest level since February 2020, despite a smaller than expected increase in nonfarm payrolls. Meanwhile, inflation remained in focus as November Consumer Price Index (CPI) rose by 6.8% year-over-year, the fastest rate since 1982, and Core CPI rose by 4.9% year-over-year, the largest annual increase since June 1991. At its November meeting, the Federal Reserve (Fed) announced it would begin tapering asset purchases at a pace of $15 billion a month, as expected, then proceeded to double the pace at the December meeting while abandoning the term "transitory". In line with the shift in policy, new projections based on the median forecast by Fed officials signaled the possibility of three interest rate increases in the new year. On the COVID front, the emergence of the Omicron variant led to increasing case counts through year-end but initially resulted in fewer disruptions than earlier variants.

Market Environment

The U.S. Treasury yield curve flattened further in the fourth quarter. Short-term yields rose sharply with the yield on U.S. 2-Year and 5-Year notes climbing roughly 46 and 30 basis points, respectively. In contrast, longer duration treasuries outperformed with the yield on the U.S. 10-Year note inching roughly 2 basis points higher while the long-end rallied. Higher quality bonds underperformed as the Bloomberg U.S. Aggregate Bond Index was essentially flat, bringing its calendar-year return to -1.54%.

Corporate credit spreads ended the quarter nearly unchanged after a significant rally in December on the back of reduced supply and robust demand. High yield bond spreads ended the quarter roughly 4 basis points tighter as measured by the Bloomberg U.S. Corporate High Yield Bond Index. Conversely, investment grade corporate bond spreads ended the quarter roughly 8 basis points wider, as measured by the Bloomberg U.S. Corporate Bond Index.

While high yield bond issuance moderated in December, total issuance in 2021 topped $468 billion and surpassed 2020's record annual supply. Investment grade corporate bond issuance also slowed in the fourth quarter but totaled more than $1 trillion for the full year, falling short of 2020's record. Driven by robust private equity buyout activity and record collateralized loan obligation (CLO) sales, leveraged loan supply topped $600 billion in 2021, the highest since at least 2013.

On the demand side, investors continued to favor investment grade corporate bond and bank loan funds in the fourth quarter. For the year, high yield bond funds experienced more than $13 billion in outflows while bank loan funds experienced inflows of around $45 billion.

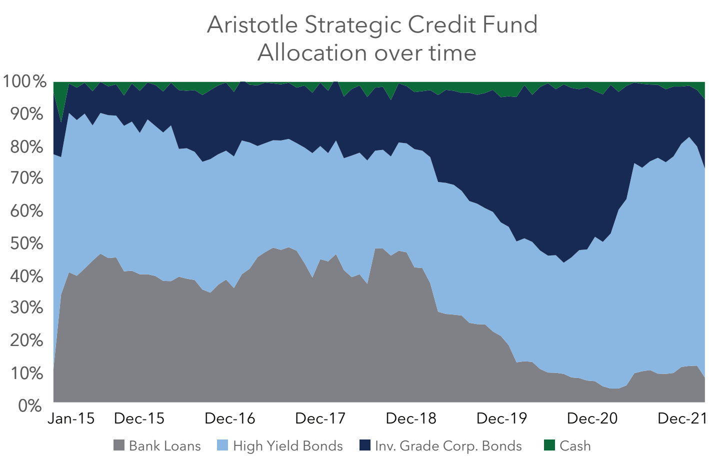
Performance across the major high yield bond rating buckets was fairly similar as 'B's (+0.84%) slightly outperformed 'BB's (+0.75%) and 'CCC's (+0.54%). From an industry perspective, Automotive (+2.20%) outperformed, while Cable & Satellite (-0.30%) trailed the broader high yield bond market. Additionally, default activity remained very benign as the U.S. high yield bond default rate declined to a record-low 0.29% at the end of the year.

Performance Summary

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 fourth quarter, underperforming the 0.31% return of its blended benchmark of one-third Bloomberg U.S. High Yield Ba/B 2% Issuer Capped Bond Index, one-third Bloomberg U.S. Intermediate Corporate Bond Index and one-third Credit Suisse Leveraged Loan Index.

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 underperformance during the fourth quarter was led by an underweight in bank loans. While the Fund remains underweight, the allocation to investment grade corporate bonds increased slightly during the quarter. The allocation to high yield bonds decreased marginally over the past quarter, but the Fund remains overweight. The Fund's effective duration was roughly unchanged over the past two quarters and remains below that of the blended benchmark.



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 3-star rating among 634 funds for the Overall period, a 3-star rating among 634 funds for the 3-year period, and a 3-star rating among 558 funds for the 5-year period as of December 31, 2021, based on risk-adjusted returns.

Quarterly Attribution Summary

Security selection was the primary detractor from the Fund's relative performance in the fourth quarter, led by holdings in Automotive & Captive Finance and Cable & Satellite. This was partially offset by security selection in Media & Entertainment and Transportation.

Industry allocation had an overall neutral effect on relative performance as overweights in Automotive & Captive Finance and Pipelines & Distributors were largely offset by overweights in REITs & Real Estate-Related and Retailers & Restaurants.

Sector rotation also had a marginally positive effect on relative performance as an overweight in high yield bonds was partially offset by an underweight in bank loans.

Top Five Contributors	Top Five Detractors
RR Donnelly & Sons	**Service Properties Trust**
Titan International	**MetLife**
United Airlines	**Lumen Technologies**
American Airlines	**DISH Network**
Quad/Graphics	**Dell**

*Bold securities held in the Fund

Outlook and Strategy

We believe corporate credit markets should remain strong in the first half of 2022, especially relative to higher quality fixed income market segments given expected interest rate pressures. In our opinion, solid fundamentals and the positive momentum in the global economy should overshadow the negative impact of a shift to tighter financial conditions.

While U.S. economic growth has moderated from the torrid pace seen in the middle of 2021, we believe 2022 should still see above-trend growth despite greater uncertainty on the monetary and fiscal policy fronts. The tides have turned as the Fed embarks on its well-telegraphed tapering process and is set to begin hiking rates soon, while additional fiscal stimulus meets resistance ahead of the mid-term elections in 2022. Despite these headwinds, we believe strong consumer spending, robust corporate earnings and solid balance sheets should be supportive of growth.

We believe U.S. Treasury yields should continue to push higher with the Fed backstop going from a tailwind to a headwind over the next several months. In our opinion, the lack of price-insensitive central bank demand in the bond market will have a significant impact on the yield curve, leading to higher rates across the curve and potential steepening. Furthermore, we expect real rates to move out of significantly negative territory, especially as global central banks begin following the Fed on the road to tighter monetary policy.

Following a record year for supply in the high yield market, we still expect above-average issuance in 2022. We believe companies will continue to take advantage of historically low rates to refinance, especially amidst the ongoing hunt for yield. Nonetheless, we expect to see a pickup in more aggressive issuance as companies fund share repurchases and mergers and acquisitions (M&A). We anticipate further growth in the loan market on the back of strong demand for floating-rate instruments ahead of the Fed hiking cycle.

With credit spreads entering 2022 within striking distance of the all-time lows, we believe the key to performance this year will come from carry. In our opinion, company balance sheets continue to improve and profitability remains strong. We acknowledge the outlook is more opaque than it has been for some time. In addition to the most apparent risks, we are monitoring additional risks including heightened geopolitical risk and broader, more persistent inflationary pressures that negatively impact consumers and corporate balance sheets.

Strategic Credit Positioning

From an overall perspective, we did not make any major changes to the Fund's asset allocation during the quarter. We maintained an overweight in high yield bonds alongside underweights in investment grade corporate bonds and bank loans. The Fund also continues to hold a duration underweight relative to the blended benchmark.

With short-term interest rates in the U.S. already beginning to price in the Fed's rate hikes this year, we are beginning to see better opportunities in the bank loan market and plan to gradually reduce the Fund's underweight during the first quarter. Nonetheless, we still favor shorter duration high yield bonds relative to bank loans in the Fund, particularly from a quality perspective.

As of December 31, the Fund was composed of 65.3% high yield bonds, 21.5% investment grade corporate bonds and 7.7% bank loans. Roughly 5.5% was held in cash. At the end of the quarter, the Fund held overweights in Energy, Transportation and Lodging & Leisure alongside underweights in Technology, Industrials and Food, Beverage & Tobacco.

Aristotle Strategic Credit Fund (Class I)

Performance Update December 31, 2021

Total Return	4Q21	YTD	1 Year	3 Years	5 Years	Since Inception (12/31/14)	Gross/Net Expense Ratio
ARSSX Class I	0.13%	2.56%	2.56%	7.11%	4.77%	4.57%	3.22% / 0.62%
Blended Benchmark*	0.31%	2.99%	2.99%	6.66%	4.90%	4.73%	N/A
Bloomberg U.S. Aggregate Bond Index	0.01%	-1.54%	-1.54%	4.79%	3.57%	3.00%	N/A
Bloomberg U.S. High Yield Ba/B 2% Issuer Capped Bond Index	0.75%	4.65%	4.65%	9.07%	6.36%	6.07%	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 U.S. High Yield Ba/B 2% Issuer Capped Bond Index, 1/3 Bloomberg U.S. Intermediate Corporate Bond 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 3 stars out of 634 funds and 5-year received 3 stars out of 558 funds as of December 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 U.S. High Yield Ba/B 2% Issuer Capped Bond Index, 1/3 Bloomberg U.S. Intermediate Corporate Bond 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 U.S. High Yield Ba/B 2% Issuer Capped Bond Index** is an issuer-constrained version of the U.S. Corporate High Yield Bond 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 U.S. Intermediate Corporate Bond Index** is designed to measure the performance of U.S. corporate bonds that have a maturity of greater than or equal to one 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 U.S. Corporate Bond 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 U.S. Corporate Bond Index is a component of the Bloomberg U.S. Credit Bond Index.
- The **Bloomberg U.S. Corporate High Yield Bond Index** measures the U.S. dollar-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 Bloomberg EM country definition, are excluded.

- The **Bloomberg U.S. Aggregate Bond Index** is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. The Index is frequently used as a stand-in for measuring the performance of the U.S. bond market. In addition to investment grade corporate debt, the Index tracks government debt, mortgage-backed securities (MBS) and asset-backed securities (ABS) to simulate the universe of investable bonds that meet certain criteria. In order to be included in the Index, bonds must be of investment grade or higher, have an outstanding par value of at least $100 million and have at least one year until maturity.
- 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.
- 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.
- Basis points, otherwise known as bps, are a unit of measure to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.
- Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

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 December 31, 2021, the 10 largest holdings in the Aristotle Strategic Credit Fund, Class I (ARSSX) and their weights as a percent of total net assets were: RR Donnelley & Sons Co, 2.63%; OneMain Finance Corp, 2.24%; United Airlines 2019-2 Class B Pass Through Trust, 2.23%; Dell Inc, 2.19%; AAdvantage Loyalty IP Ltd, 2.19%; United Airlines Holdings Inc, 2.10%; Quad/Graphics Inc, 2.07%; Murphy Oil Corp, 2.04%; CSC Holdings LLC, 1.77%; Goldman Sachs Group Inc, 1.77%.

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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