ARISTOTLE FUNDS

Small Cap Equity Fund

3Q 2020 Commentary

Market Review – Negative earners & growth has outperformed

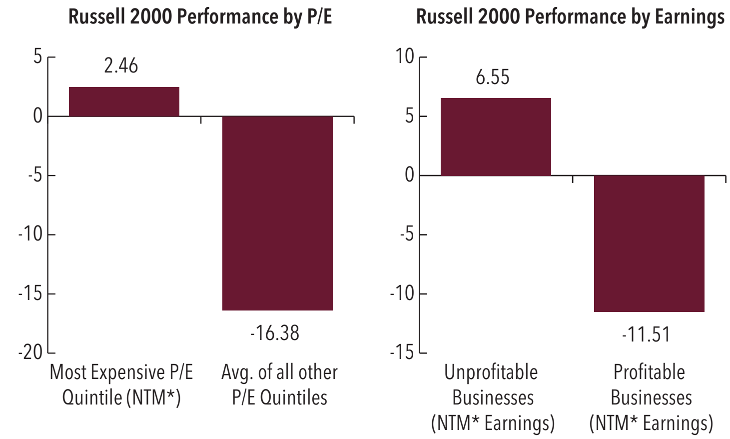
Equity markets continued their post-March recovery in the third quarter; however, a volatile September provided a contrast in tone from the strong months that preceded it, as investors balanced economic recovery with concerns about valuations, an intensifying political environment and continued uncertainty regarding the full extent of the COVID-19 pandemic. While progress has been made on COVID-19 vaccines, high (albeit declining) levels of new cases in the United States and rising new cases in Europe continue to cause concerns for national and local governments. Given this level of uncertainty and the pace of the stock market's recovery over the last several months, we strongly believe that maintaining a disciplined, long-term approach is prudent for investors going forward.

The Russell 2000 Index followed one of its best quarters on record with a positive return of 4.93% in the three-month period ending September 30. The Russell 2000 Growth Index again outperformed the Russell 2000 Value Index, with a respective total return of 7.16% versus 2.56% in the third quarter. This continued a stretch of unprecedented relative outperformance for the growth index, as its 10-year excess return is currently at the largest amount on record, exceeding the heights of the dot-com bubble. Similarly, lower quality companies continued to do well in the third quarter, as companies expected to lose money over the next twelve months outperformed their profitable counterparts.

The strong growth/low quality leadership has likely frustrated many active managers given the extreme level of outperformance from expensively valued and money-losing companies year-to-date. From the end of last year through September 30, the most expensively valued Price/Earnings (forward) quintile within the Russell 2000 Index has outperformed all other quintiles by an average of 18.8%, while companies expected to lose money over the next twelve months have outperformed those with expected profits by 18.1%. While this dispersion would be extreme in any market environment, we believe it is even more unique (and a sign of the market's infatuation with sales growth at the expense of profits and valuations) given the overall decline in stock prices thus far in 2020.

At the sector level, seven of the eleven sectors in the Russell 2000 Index generated positive returns in the third quarter. Consumer Discretionary was once again the strongest performer during the quarter and has returned an astonishing 134.6% since the market bottomed on March 18. Industrials, Consumer Staples, and Materials also outperformed in the third quarter. On the negative side, the Energy, Utilities, Financials and Communication Services sectors all declined during the period.

Year to Date



**NTM is projected earnings over the next twelve months.*
Source: FactSet
Past performance is not indicative of future results. Please see important disclosures at the end of this document.

Performance Review

For the third quarter of 2020, the Aristotle Small Cap Equity Fund (ARSBX) generated a total return of 1.11% at NAV, compared to the 4.93% total return of the Russell 2000 Index. Security selection and sector allocation detracted from relative performance. At the sector level, Financials and Real Estate added the most value on a relative basis, while Consumer Discretionary and Information Technology were the biggest detractors during the quarter. Additionally, an overweight in the Industrials sector added value, offsetting some of the impact from the Fund's underweight in Consumer Discretionary, which was the best performing sector in the benchmark.

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.

Relative Contributors	Relative Detractors
CAI International	HMS Holdings
Charles River Laboratories	Bottomline Technologies
1-800-FLOWERS.COM	Monro
Hannon Armstrong	Rogers
US Xpress Enterprises	Albany International

CONTRIBUTORS

At the sector level, the Financials and Real Estate sectors had the largest positive impact on relative performance. At the company level, **CAI International** and **Charles River Laboratories** were two of the largest contributors during the quarter.

- **CAI International (CAI)**, a freight container leasing and management company, benefited from improving demand trends and the announced sale of the company's logistics business. We maintain our investment, as we believe the company is well-positioned to capitalize on the long-term trend of shipping companies outsourcing container ownership to independent third parties.

- **Charles River Laboratories (CRL)**, a contract research organization that provides outsourced clinical trial services to pharmaceutical and biotechnology companies, benefited from improved demand in its discovery services and manufacturing support segments. We maintain a position, as we believe the company is well-positioned to benefit from the continued trend of large pharmaceutical companies outsourcing an increasing amount of their discovery, research and testing functions.

DETRACTORS

At the sector level, the Consumer Discretionary and Information Technology sectors had the largest negative impact on relative performance. Additionally, the Fund's orientation toward companies with reasonable valuations and avoidance of money-losing companies also detracted. At the company level, **HMS Holdings** and **Bottomline Technologies** were two of the largest detractors during the quarter.

- **HMS Holdings (HMSY)**, a healthcare technology company that provides cost-containment services to government and private healthcare payers and sponsors, declined as COVID-19 continued to weigh on demand for the company's audit services. We maintain a position, as we believe the company's focus on cost-containment services and its ability to leverage its existing technology position it well to create potential value for shareholders over the next several years.

- **Bottomline Technologies (EPAY)**, a provider of electronic payment technology and solutions to corporations, declined due to lower transaction volume during the quarter, despite new bookings hitting a record high. We maintain a position, as we believe the company's differentiated products and services, along with management's efforts to increase subscription growth, can create additional value for shareholders.

Recent Fund Activity

Buys/Acquisitions	Sells/Liquidations
Haemonetics	None
HealthEquity	
KBR	
WillScot Mobile Mini Holdings	

BUYS/ACQUISITIONS

- **Haemonetics Corporation – HAE (Health Care)**, a global provider of hematology and blood management products and solutions, was added to the Fund. We believe the company's strong competitive position within the plasmapheresis market, driven by the launch of its NexSys system, along with internal cost-cutting initiatives should create value for shareholders over a multi-year period.

- **HealthEquity Inc. – HQY (Health Care)**, a provider of health savings accounts and related services to individuals in the U.S., was added to the Fund. We believe the company's ability to increase its share in a growing HSA market as well as increased cross-selling opportunities from a recent acquisition should benefit shareholders going forward.

- **KBR, Inc. – KBR (Information Technology)**, a provider of differentiated, professional services and technologies to U.S. government and hydrocarbon industries, was added to the Fund. We believe the company's efforts to reshape its business model by exiting lower margin energy businesses and increasing its capabilities within space and defense should create value for shareholders going forward.

- **WillScot Mobile Mini Holdings Corp. – WSC (Industrials)**, a leading provider of modular space and portable storage solutions created through the merger of WillScot Corporation and Mobile Mini, Inc., was added to the Fund. We believe the combined entity will benefit from cost synergies, scale efficiencies and additional growth opportunities through cross-selling initiatives, which should benefit shareholders going forward.

SELLS/LIQUIDATIONS

- There were no completed sales in the third quarter.

Outlook and Positioning

We believe recent macroeconomic events and the resulting downward pressure on interest rates since the end of 2018 have benefited companies with expensive valuations and low-to-negative earnings profiles, leading to a nearly unprecedented relative return relationship between growth and value over this time. Given the outperformance of speculative growth and money-losing companies over the previous two years, we believe our focus on businesses with strong fundamentals and attractive valuations may be rewarded as these relative performance relationships return to more normalized levels.

As we have done in previous periods of heightened volatility, we are staying true to our discipline and maintaining a long-term perspective. We continue to monitor our holdings (and potential investment opportunities) to understand the fundamental impact of today's market environment and the risks associated with these positions. To better understand the risks associated with the COVID-19 pandemic, we continue to review key drivers at the company level and the potential impact to our long-term thesis. We remain focused on analyzing businesses over a three- to five-year period and believe this long-term perspective may allow us to take advantage of the current market volatility when appropriate, and more importantly, avoid the temptation to overreact in the face of near-term uncertainty.

Our current positioning is a function of our bottom-up security selection process and our ability to identify what we view as attractive investment candidates, regardless of economic sector definitions. Overweights in Industrials and Information Technology are mostly a function of the performance of our holdings in these sectors over the past several years. Conversely, we continue to be underweight in Health Care due to our lack of exposure to early-stage biotechnology companies, which generally do not fit our discipline due to their elevated levels of binary risk. The Fund also remains underweight in Consumer Discretionary, as we have been unable to identify what we view as compelling opportunities that fit our discipline given the rising risk profiles associated with many businesses due to the "Amazon effect." Given our focus on long-term business fundamentals, patient investment approach and low portfolio turnover, the Fund's sector positioning generally does not change significantly from quarter to quarter; however, we may take advantage of periods of volatility by adding selectively to certain companies when appropriate. As always, our focus remains on identifying what we view as attractive, long-term investment opportunities that can create value for shareholders over the next three to five years, which we believe gives us the best opportunity to generate alpha for our clients.

Aristotle Small Cap Equity Fund (Class I)

Performance Update September 30, 2020

Total Return	3Q20	YTD	1 Year	3 Years	Since Inception (10/30/15)	Gross/Net Expense Ratio
ARSBX Class I	1.11%	-15.66%	-9.87%	-3.00%	4.14%	1.21%/0.95%
Russell 2000 Index	4.93%	-8.69%	0.39%	1.77%	6.94%	N/A
Russell 2000 Value Index	2.56%	-21.54%	-14.88%	-5.12%	3.03%	N/A

Performance data quoted here represents past performance. Past performance is no guarantee of future results. Returns over one year are annualized. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain current performance information to the most recent month-end, please call (844) 274-7868.

The Fund's advisor has contractually agreed to waive certain fees and/or absorb expenses, through April 30, 2021, to the extent that the total annual operating expenses do not exceed 0.90% 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 Boston 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 Boston 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. Recommendations made in 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 small-capitalization companies and ETFs.

The securities of small-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. In addition, such companies typically are more likely to be adversely affected than large capitalization companies by changes in earning results, business prospects, investor expectations or poor economic or market conditions. The use of ETFs may cause the Fund to have higher expenses than those of other equity funds. **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.

Definitions:

- 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 2000 of the smallest securities based on a combination of their market cap and current index membership.
- The Russell 2000 Growth® Index measures the performance of the small cap companies located in the United States that also exhibit a growth probability.

- The Russell 2000 Value® Index measures the performance of the small cap companies located in the United States that also exhibit a value probability.
- Alpha is the excess return of an investment relative to the return of a benchmark index.

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, 2020, the ten largest holdings in the Fund and their weights as a percent of total net assets were: Quidel, 2.70%; Charles River Laboratories, 2.56%; Chemed, 2.03%; QTS Realty Trust, 1.98%; Mercury Systems, 1.93%; Merit Medical Systems, 1.91%; Carter's, 1.86%; Providence Service, 1.79%; Novanta, 1.76%; and ASGN, 1.76%.

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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