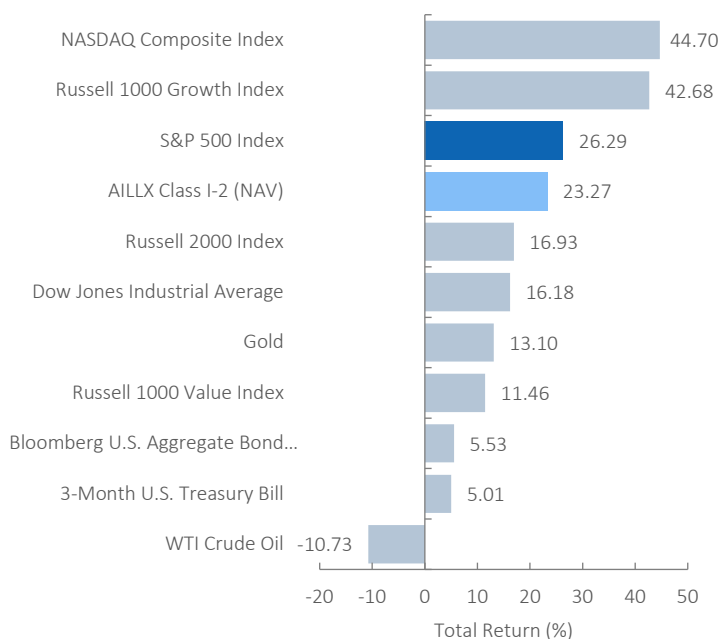


## Markets Overview

### Year-to-Date Returns



Sources: Bloomberg

Performance data quoted here represent 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 performance information current to the most recent month-end, please call (844) 274-7885.

The U.S. equity market rebounded, as the S&P 500 Index rose 11.69% during the fourth quarter. Concurrently, the Bloomberg U.S. Aggregate Bond Index rallied, increasing 6.82% for the quarter. In terms of style, the Russell 1000 Value Index underperformed its growth counterpart by 4.66%.

Gains were broad-based, as 10 out of the 11 sectors within the S&P 500 Index finished higher. Real estate, financials and information technology were the best-performing sectors. Meanwhile, energy was the only sector to finish in the red, while consumer staples and healthcare gained the least.

Data released during the period showed that the U.S. economy had accelerated in the third quarter, with real GDP rising at an annual rate of 4.9%—the fastest pace of growth in nearly two years. The robust results were driven by increases in consumer spending and inventory investment. Additionally, single-family housing starts rose 18% month-over-month in November, and the labor market remained tight with 3.7% unemployment. Meanwhile, inflation continued its downward trend, as the annual Consumer Price Index (CPI) fell from 3.7% in September to 3.1% in November. The drop was primarily driven by softening energy prices, as both WTI and Brent fell below \$80 a barrel. These developments combined to send longer-term interest rates lower, with the 10-year U.S. Treasury yield falling over 70 basis points during the quarter to finish at 3.88%.

As a result of easing inflation, combined with potentially slowing economic activity and a strong but moderating job market, the Federal Reserve (Fed) held the benchmark federal funds rate steady during the quarter. Chair Jerome Powell stated that the central bank's policy rate is likely at or near its peak for the current tightening cycle, while the Federal Open Market Committee (FOMC) members' median estimates indicate three quarter-point cuts in 2024.

On the corporate earnings front, results were strong, as 82% of S&P 500 companies exceeded earnings-per-share (EPS) estimates, leading to 4.7% growth in earnings for the Index. Looking forward, analysts expect earnings to accelerate in 2024, with growth of 11.5% year-over-year.

Lastly, in U.S. politics, after backing a bipartisan stopgap funding bill to stave off a partial government shutdown, Congressman Kevin McCarthy was removed as speaker of the U.S. House of Representatives. This marked the first time in American history that a speaker of the House was ousted through a motion to vacate. Subsequently, Congressman Mike Johnson was elected as McCarthy's replacement.

After a tumultuous year in 2022, the U.S. equity market rallied in 2023, as the S&P 500 Index posted a full-year return of 26.29%. The increase was primarily driven by the performance of the seven largest companies in the index, which were responsible for 62% of the S&P 500's gains. Additionally, after underperforming value last year by the largest amount since 2000, growth recovered, as the Russell 1000 Growth Index outperformed the Russell 1000 Value Index by 31.22% for the year. Meanwhile, the fixed income market also rebounded, as the Bloomberg U.S. Aggregate Bond Index rose 5.53% in 2023.

Macroeconomic news was dominated by inflation, central bank policies, regional bank failures and geopolitical conflicts, while other topics, such as artificial intelligence and congressional politics, made headlines as well. Economic data points were mixed throughout the year, and corporate earnings were just as unpredictable.

## Fund Performance

For the fourth quarter of 2023, the Aristotle Core Equity Fund (Class I-2) posted a total return of 12.79%, outperforming the S&P 500 Index, which recorded a total return of 11.69%.

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During the fourth quarter, the fund's outperformance relative to the S&P 500 Index was due to both security selection and allocation effects. Security selection in consumer discretionary and financials, as well as an underweight in energy, contributed the most to relative performance. Conversely, security selection and an overweight in healthcare, as well as security selection in energy, detracted from relative performance.

## Contributors and Detractors for 4Q 2023

### CONTRIBUTORS

#### ***Broadcom***

Broadcom contributed to fund outperformance during the quarter, as the company reported fourth quarter results that continued to show strength in its AI business segments. With the VMware acquisition having closed at the end of November, the company also provided positive fiscal year 2024 guidance on its earnings call that included synergy target goals ahead of schedule and a more positive revenue ramp for the combined businesses.

#### ***Spirit AeroSystems***

Spirit AeroSystems contributed to fund outperformance in the fourth quarter. The company replaced the CEO following a series of manufacturing incidents that resulted in delays in deliveries of fuselages. Additionally, Spirit also came to an agreement with Boeing regarding pricing for the troubled 787 program, which previously was unprofitable. The company also issued equity, which we believe will improve the company's balance sheet.

### DETRACTORS

#### ***Halliburton***

Halliburton detracted from fund performance, as shares were weak in the fourth quarter due to lower global commodity prices amid concerns about excess oil and natural gas supply levels resulting from slowing global economic activity.

Relative Contributors	Relative Detractors
Broadcom	Halliburton
Spirit AeroSystems	Becton, Dickinson & Company
Expedia	Chart Industries
ServiceNow	Darling Ingredients
Teleflex	Antero Resources

### ***Becton, Dickinson & Company***

Becton Dickinson & Company detracted from fund performance in the quarter, as the company announced lower-than-expected guidance for fiscal year 2024. The weaker guidance was mainly driven by adverse moves in foreign exchange markets; however, the guidance seemed to surprise investors, even though we believe the underlying business trends remain solid.

## **Portfolio Review**

The table below shows all buys and sells completed during the quarter, followed by a brief rationale.

### BUYS

#### ***Eli Lilly & Company***

Eli Lilly & Company is a leading pharmaceutical company that develops diabetes, oncology, immunology and neuroscience medicines. The company generates over half of its revenue in the U.S. from its top-selling drugs Trulicity, Verzenio and Taltz. The company operates in a single business segment, human pharmaceutical products.

Eli Lilly has a deep pipeline in treatment areas focused on oncology, immunology, metabolic and central-nervous system disorders. Currently, there are two phase-three assets: Orforglipron, an oral GLP-1, and retatrutide, a triple incretin agonist, which have the potential to expand upon the potential success of Mounjaro. We believe that Mounjaro has the potential to commercialize beyond type 2 diabetes and obesity, potentially in the areas mentioned above of heart disease, sleep apnea, fatty liver disease and chronic kidney disease. We believe the premium valuation is supported by this outsized growth profile.

#### ***Vertex Pharmaceuticals***

Vertex Pharmaceuticals develops drugs for treating cystic fibrosis, cancer, inflammatory bowel, autoimmune disease and neurological disorders. The biotechnology company has four commercial drugs used to treat cystic fibrosis. Vertex has other drugs in development, including additional cystic fibrosis treatments and medications addressing sickle-cell disease, beta thalassemia, alpha-1 antitrypsin deficiency and pain.

Vertex is the global leader in treating cystic fibrosis and has additionally built a robust pipeline in several therapeutic areas. Late-stage studies in acute and neuropathic pain are expected to be another catalyst for the company. We believe Vertex's valuation is attractive and at a discount relative to its 5-year historical average. Additionally, the company is well capitalized, with roughly \$12.5 billion in net cash on its balance sheet.

### SELLS

#### ***Bristol-Myers***

We sold our position in Bristol-Myers, following the third quarter earnings report where the company reduced the medium-term guidance on the new product portfolio and lowered its 2025 target. Given the large amount of revenue associated with drugs going off-patent, the new product portfolio was key to the company's ability to change investor perception. Certain launches are not performing as expected, and others are taking longer to scale. Additionally, Bristol-Myers reduced medium-term operating margin guidance to invest in its commercial drugs and the research and development (R&D) pipeline. We do not believe that the company exhibited the level of defensiveness in the strategy we expected given the low valuation.

#### ***PepsiCo***

We sold PepsiCo based on our belief that the inflation and interest rate cycle has peaked, and the company may have difficulty maintaining the recent organic growth trends that were driven mainly by price increases. Furthermore, the market appears to be shifting away from defensive names and into a more cyclical positioning which could cause PepsiCo to lag.

Buys	Sells
Eli Lilly	Bristol-Myers
Vertex Pharmaceuticals	PepsiCo

## Market Outlook

Major equity markets in the fourth quarter were positively impacted by a sharp decline in interest rates. The move in interest rates reflects the view that the tightening cycle implemented by the Fed to curb inflation may have run its course. Expectations for 2024 include rate reductions by the Federal Reserve and a high single-digit increase in S&P 500 earnings. Along with this positive view, we also expect a broadening of performance relative to the AI-focused returns in 2023. The sizable move in equity markets in the fourth quarter has left equity valuations at the upper end of historical levels, which could limit the upside, absent positive earnings revisions. The increased geopolitical tensions and a pending U.S. presidential election may also weigh on markets in 2024. Our focus will continue to be at the company level, with an emphasis on seeking to invest in companies with secular tailwinds or strong product-driven cycles.

## Aristotle Core Equity Fund (Class I-2)

All Periods Ended December 31, 2023

	Total Returns %			Annualized Total Returns %			Gross / Net Expense Ratio
	3-month	YTD	1-year	3-year	5-year	Since Fund inception (3/31/17)	
Aristotle Core Equity Fund	12.79	23.27	23.27	6.07	15.19	12.34	0.65% / 0.65%
S&P 500 Index	11.69	26.29	26.29	10.00	15.69	12.95	N/A

*Performance results for periods greater than one year have been annualized.*

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*The investment advisor has contractually agreed to limit certain expenses through 7/31/26. Please see the current prospectus for detailed information.*

### 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 Atlantic 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 Atlantic 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 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, market risk, equity risk, small-cap, mid-cap and large-cap company risk, sector focus risk, COVID-19 related market events risk, real estate investment trusts (REITs) risk, exchange-traded funds (ETFs) risk, ESG criteria risk, foreign investment risk, warrants and rights risk, preferred stock risk, management and strategy risk and cybersecurity risk.

The market price of a security or instrument may decline, sometimes rapidly or unpredictably, due to general market conditions that are not specifically related to a particular company. The value of the equity securities held by the Fund may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate, or factors relating to specific companies in which the Fund invests. The market value of preferred stock is subject to company-specific and market risks applicable generally to equity securities and is also sensitive to changes in the company's creditworthiness, the ability of the company to make payments on the preferred stock, and changes in interest rates, typically declining in value if interest rates rise. Warrants and rights may lack a liquid secondary market for resale. The prices of warrants and rights may fluctuate as a result of speculation or other factors. The Fund's investment in REITs will subject the Fund to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. 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. Larger, more established companies may be unable to attain the high growth rates of successful, smaller companies during periods of economic expansion. The prices of foreign securities may be more volatile than the prices of securities of U.S. issuers because of economic and social conditions abroad, political developments, and changes in the regulatory environments of foreign countries. The Fund may invest a larger portion of its assets in one or more sectors than many other mutual funds, and thus will be more susceptible to negative events affecting those sectors.

### Definitions:

- 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. This index has been selected as the benchmark and is used for comparison purposes only.
- 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 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 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 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 Brent Crude Oil Index is a major trading classification of sweet light crude oil that serves as a major benchmark price for purchases of oil worldwide.
- 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 (CPI) 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.
- Earnings per share (EPS) is calculated as a company's profit divided by outstanding shares of its common stock.

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 December 31, 2023, the 10 largest holdings in the Fund and their weights as a percent of total assets were: Microsoft, 8.73%; Apple, 6.49%; Alphabet, 4.86%; Amazon, 4.40%; Nvidia, 3.81%; Broadcom, 3.07%; JP Morgan Chase, 2.78%; Costco, 2.59%; AMETEK, 2.41%; Meta Platforms, 2.22%.

***Investors should consider a fund's investment goal, risk, charges, and expenses carefully before investing. The prospectus contains this and other information about the fund and can be obtained at [www.aristotlefunds.com](http://www.aristotlefunds.com). It should be read carefully before investing.***

Forside Financial Services, LLC, distributor.

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