ARISTOTLE FUNDS

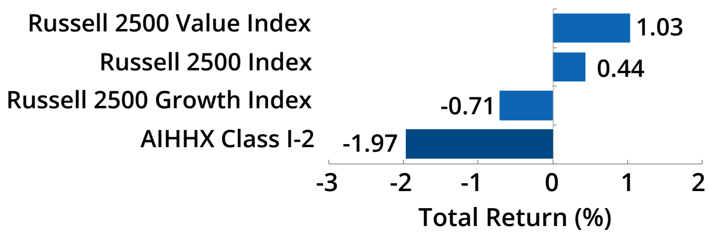
ARISTOTLE SMALL/MID CAP EQUITY FUND COMMENTARY

JUNE 30, 2025

SUB-ADVISED BY ARISTOTLE CAPITAL BOSTON, LLC

Class A	Class I-2	Class C
ARAHX	**AIHHX**	**AISHX**

2025 Year-to-Date Returns



Sources: U.S. Bank, Bloomberg as of 6/30/25.
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.

Market Review

The second quarter began with a continuation of the risk-off environment from the first quarter. Markets troughed on April 8th (Liberation Day), before staging a high beta, low quality rally for the remainder of the quarter. Elements that sustained the rally were administration delays in the tariff implementation date, hyperscale commitment to outsized AI capex plans among growth-oriented SaaS technology companies, and the resilience of broader consumer spending trends as both individuals and companies front-loaded imports ahead of tariffs. Solid labor market readings and stable-to-lower-than-expected inflation data kept the Federal Reserve (the Fed) on the more hawkish course they took in December. Chairman Powell held rates steady at the June Federal Open Market Committee meeting and is not bowing to political pressure to cut rates sooner than the Committee's analysis indicates. The Fed will continue to maintain a measured approach going forward, updating their economic projections and forecasts to two rate cuts in 2025. Deficit scrutiny increased as the One Big Beautiful Bill Act proceeded through Congress. This was highlighted by Moody's downgrading the U.S. credit rating from Aaa to Aa1—the last of the major rating agencies to downgrade the U.S. over the past 14 years.

Stylistically, growth stocks outperformed their value counterparts during the quarter as the Russell 2500 Growth Index returned 11.31% compared to the 7.29% return of the Russell 2500 Value index. This continues the 2024 trend where growth significantly outperformed value.

From a factor perspective, lower-quality companies outperformed higher-quality companies. Factors that had the highest payoff were high beta, non-earners, high sales growth, momentum, and cyclical stocks.

At the sector level, cyclical sectors outperformed defensive sectors. The best-performing sectors were information technology (+18.82%), industrials (+13.76%), and consumer discretionary (+10.39%) while the worst-performing sectors were real estate (-2.06%), energy (-1.18%), and healthcare (+2.36%).

Fund Performance

For the second quarter of 2025, the Aristotle Small/Mid Cap Equity Fund (Class I-2) posted a total return of 4.49%, underperforming the 8.59% total return of the Russell 2500 Index.

The largest detractor from relative performance was security selection in financials, information technology, and consumer discretionary. This was partially offset by strong security selection in communication services coupled with overweight allocations to information technology and an underweight allocation to real estate.

Contributors/Detractors

Relative Contributors	Relative Detractors
Dycom Industries	Chemed
MACOM Technology Solutions	ACI Worldwide
Advanced Energy Industries	Merit Medical Systems
Itron	ASGN
Encompass Health	Acadia Healthcare

Contributors

Dycom Industries

Dycom Industries, a provider of engineering and construction services to the telecommunications and cable television industries, benefitted from continued growth in its core

No bank guarantee • May lose value • Not FDIC insured

business, funding tailwinds, and expanding margins as demand for wireline services continues to grow. We maintain our position as we believe the company remains well positioned for longer-term growth alongside secular trends for expanding fiber deployments to support faster broadband connectivity speeds and opportunities to deploy fiber to rural or underserved areas across the country.

MACOM Technology Solutions

MACOM Technology Solutions, a designer and manufacturer of high-performance semiconductor products, surpassed analyst expectations and raised forward guidance bolstering the stock. We maintain our position as we believe the company's meaningful exposure to growing demand from Data Center and 5G end market applications along with the integration of recent acquisitions and domestic manufacturing footprint should drive additional shareholder value in periods to come.

Detractors

Chemed

Chemed engages in the provision of healthcare and maintenance services operating through two segments: VITAS and Roto-Rooter. The VITAS segment offers hospice and palliative care services to patients through a network of healthcare providers, social workers, clergy, and volunteers. The Roto-Rooter segment includes plumbing, drain cleaning, water restoration, and other related services to residential and commercial customers. The stock declined due to concerns surrounding the potential Medicare cap limits proposed in current legislation for its VITAS segment alongside weaker residential demand for its plumbing services segment. We continue to maintain our position as we believe the slowing demand in the Roto-Rooter segment is transitory and the secular demand for hospice care remains strong.

ACI Worldwide

ACI Worldwide is a provider of software solutions to facilitate payment transactions for financial institutions, retailers, and payment processors around the world. The company reported strong first quarter earnings and reaffirmed fiscal year 2025 guidance, yet the stock price declined due to investor sentiment around macroeconomic concerns. We maintain our investment as we believe the company has a strong market position in the payments software niche segment. New revenues with higher incremental margins and effective cost controls should allow management to delever the balance sheet while continuing to deliver value to shareholders.

Recent Fund Activity

Buys/Acquisitions	Sells/Liquidations
Alight	Berkshire Hills Bancorp
Dolby Laboratories	Columbus McKinnon
FTAI Aviation	JBG SMITH Properties
Interparfums	Monro
Perrigo	Tronox
ScottsMiracle-Gro	
Verra Mobility	

Buys/Acquisitions

Alight

Alight operates a cloud-based platform that provides human capital management and benefits administration solutions to mostly Fortune 500 companies. We believe the company has the opportunity to grow its business through the expansion of existing client relationships along with attracting new clients to their platform. Self-help initiatives implemented by the new CEO coupled with technological enhancements to the platform are expected to streamline operational costs and improve margins on a go-forward basis.

Dolby Laboratories

Dolby Laboratories designs and manufactures audio and imaging technologies for the cinema, television, automotive, broadcast, and entertainment industries. We believe the company is in the beginning stages of harvesting investments in their Atmos (spatial audio) and Vision (High Dynamic Range video) technologies in their traditional markets. They are also experiencing adoption of these technologies by automotive manufactures, providing enhanced margin potential.

Past Performance is not indicative of future results. *Returns reflect reinvestment of dividends/distribution. 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 quoted. Performance current to the most recent month end may be found at www.AristotleFunds.com/performance or by calling 1-844-274-7885. The investment advisor has contractually agreed to limit certain expenses through 7/31/25. Please see the current prospectus for detailed information.*

FTAI Aviation

FTAI Aviation owns and leases aircraft engines, and operates a maintenance, repair, and exchange (MRE) business that provides parts and services for older jet engines. Growing global demand for air travel combined with an aging fleet of aircraft and engines are driving demand for replacement engines and third-party maintenance and repair services. The company recently embarked on a strategy of partnering with private equity firms to provide capital to grow the leasing business. The business model evolution should result in a less capital-intensive leasing business for FTAI and may provide a captive source of demand for the MRE business, enhancing margins and shareholder value.

Interparfums

Interparfums is a global manufacturer, marketer, and distributor of fragrance products in the United States and Europe. The company focuses on the prestige fragrance market and has licensing deals with brands such as Jimmy Choo, Coach, Lacoste, Guess, and DKNY, to name a few. We believe the company is well positioned to capitalize on the increased demand for fragrances in the United States, China, and amongst younger consumers. This secular trend coupled with continued new product innovation and the potential for additional licensing partnerships are expected to enhance shareholder value over the next several years.

Perrigo

Perrigo is a consumer health company focused on self-care products and over-the-counter health and wellness solutions for the prevention or treatment of self-managed conditions. Following a multi-year period of poor fundamental performance, we believe the company is in the early stages of improved performance driven by self-help initiatives implemented by a new management team. These initiatives include rationalizing the product portfolio, enhanced operational execution, supply chain efficiency initiatives, and an enhanced focus on new product development. A successful execution of the strategy is expected to drive enhanced profitability and above average earnings growth.

ScottsMiracle-Gro

ScottsMiracle-Gro is a leading manufacturer of branded consumer lawn and garden products in North America. After benefiting from increased demand during the COVID lockdown years, the company experienced several years of below-normal growth. As demand has begun to normalize to pre-COVID levels and the company unwinds a poorly executed diversification strategy, shareholder value is expected to be enhanced through margin expansion, balance sheet deleveraging.

Verra Mobility

Verra Mobility is a provider of automated enforcement, tolling, and parking technologies and solutions. We believe the company is well positioned to benefit from accelerating automated enforcement tailwinds as legislative support and expanding use cases drive adoption by municipalities seeking safer more efficient roadways. We also view the combination of highly recurring long-term contracted revenues, high margins, and high renewal rates as attractive qualities of the company's business model.

Sells/Liquidations

Berkshire Hills Bancorp

Berkshire Hills Bancorp is a regional bank primarily serving the New York and New England area. The company announced a merger of equals with Brookline Bancorp. After re-underwriting the combined organization, we chose to exit our position as we were not comfortable with the new management team, nor with the significantly increased loan to deposit ratio.

Columbus McKinnon

Columbus McKinnon engages in the design, manufacture, and marketing of material handling products and systems. After carefully assessing the company's announced acquisition of Kito-Crosby, and choice of convertible preferred equity to finance the deal, we felt the dramatic shift away from a long-standing strategy of smaller technology-forward acquisitions combined in a meaningfully increased financial leverage profile justified selling the position.

JBG SMITH Properties

JBG SMITH Properties, a Washington, DC-focused real estate investment trust that develops, owns, and operates a portfolio of mixed-use properties (multifamily, commercial, development, and land assets). Concerns related to the company's capital allocation plans along with deteriorating fundamentals in their core operating market prompted our decision to exit the position.

Monro

Monro operates a chain of approximately 1,200 automotive repair and tire retail stores. Ongoing weak demand had weighed on the company's profitability for longer than anticipated and with expectations for continued economic pressures for their core low-income customers, we decided to exit the position.

Tronox

Tronox, a leading global manufacturer of titanium dioxide (TiO2) pigment, a key ingredient in paint, plastics, and a variety of other industrial applications. We believe the company is well positioned to benefit from increased production volumes and product pricing driven by improving global economic conditions. However, an increasingly uncertain economic outlook as a result of the threat of increased global tariffs pushed out the expected demand recovery combined with a cyclically driven stressed balance sheet caused us to exit the position.

Market Outlook

We remain optimistic about the long-term potential for the small/mid-cap segment of the U.S. market. Valuations remain compelling relative to large caps, with the Russell 2500 Index trading near the lower end of its historical range. Potential tailwinds, including deregulation, lower corporate tax rates, increased merger and acquisition activity, continued reshoring of U.S. manufacturing, and infrastructure-related spending, could provide additional support for small/mid-cap stocks. We have experienced some short-term volatility related to the current administration's policies and legislation. We also remain mindful of risks such as inflation reaccelerating, increased geopolitical tensions, and potential U.S. economic weakness.

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 information technology and industrials are mostly a function of our underlying company specific views rather than any top-down predictions for each sector. Conversely, we continue to be underweight in consumer discretionary, as we have been unable to identify what we consider to be compelling long-term opportunities that fit our discipline given the rising risk profiles of many retail businesses and a potential deceleration in goods spending following a period of strength. We are also underweight in financials as the sector has experienced strong returns, leading us to harvest gains and redeploy the proceeds to what we consider to be more attractive reward to risk opportunities. Given our focus on long-term business fundamentals, our patient investment approach and low 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.

Performance as of 6/30/25

	Total Returns (%)		Annualized Total Returns(%)				
	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Fund Inception (12/31/14)
Class A-NAV	4.48	-2.03	6.41	8.06	8.64	5.50	6.01
Class A-MOP	0.00	-6.23	1.82	6.50	7.70	5.04	5.57
Class I-2	4.49	-1.97	6.63	8.32	8.90	5.75	6.26
Russell 2500® Index	8.59	0.44	9.91	11.31	11.44	8.39	8.46

Top 10 Issuers	Weight (%)
Dycom Industries, Inc.	2.84
Macom Technology Solutions Holdings, Inc.	2.43
Itron, Inc.	2.34
Aercap Holdings N.V.	2.31
Alamos Gold Inc.	2.26
Huron Consulting Group Inc.	2.17
Encompass Health Corporation	2.12
World Wrestling Entertainment, Inc. Class A	2.09
Healthequity, Inc.	2.09
Belden Inc.	2.08
Total	**22.72**

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Class A shares at maximum offering price (MOP) reflect the deduction of the up-front 4.25% sales load. Performance reflects any applicable fee waivers and expense reimbursements. If a sales charge had been deducted, the results would have been lower.

Gross/Net annual operating expenses for Class A are 1.27%/1.27%, inception date 1/8/16. Gross/Net annual operating expenses for Class I-2 are 1.02%/1.02%, inception date 1/8/16.

Indexes are unmanaged and cannot be invested in directly. Further, they hold no cash and incur no expenses. All share classes may not be available at all firms and not all investors may be eligible for all share classes.

Definitions

Beta is measure of systematic risk with respect to a benchmark.

CapEx are funds companies allocate to acquire, upgrade, and maintain essential physical assets like property, technology, or equipment, crucial for expanding operational capacity and securing long-term economic benefits.

The **Russell 2500® Index** measures the performance of the small/mid cap segment of the U.S. equity universe, commonly referred as SMID cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 2500 Growth® Index** measures the performance of the small/mid cap companies located in the United States that also exhibit a growth probability. Effective March 24, 2025, FTSE Russell applies a capped methodology: all companies that have a weight greater than 4.5% in aggregate are no more than 45% of the Index, and no individual company in the Index has a weight greater than 22.5% of the Index. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true large capitalization opportunity set and that the represented companies continue to reflect growth characteristics.

The **Russell 2500 Value® Index** measures the performance of the small/mid cap companies located in the United States that also exhibit a value probability. Effective March 24, 2025, FTSE Russell applies a capped methodology: all companies that have a weight greater than 4.5% in aggregate are no more than 45% of the Index, and no individual company in the Index has a weight greater than 22.5% of the Index. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true large capitalization opportunity set and that the represented companies continue to reflect value characteristics.

SaaS is a software distribution model where a third-party provider hosts applications and makes them available to customers over the internet.

Investing involves risk. Principal loss is possible.

This commentary represents the views of those at Aristotle Capital Boston, LLC as of the publication date and are presented for informational purposes only. These views should not be construed as investment advice, an endorsement of any security, mutual fund, sector or index, or to predict performance of any investment. Any forward-looking statements are not guaranteed. All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The opinions expressed herein are subject to change without notice as market and other conditions warrant. Sector names in this commentary could be different if provided by a third party.

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/funds/small-mid-cap-equity. It should be read carefully before investing.

Foreside Financial Services, LLC, distributor.

Diversification does not assure a profit, nor does it protect against a loss in a declining market.

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