Investment Team

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Portfolio Co-Manager

Alex Turner, CFA
Portfolio Co-Manager

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Portfolio Co-Manager

Characteristics

Total Net Assets (millions): $404.81

Number of holdings: 144

Top 10 Holdings

- iShares MSCI India ETF
- Novo Nordisk A/S-B
- 3i Group
- ASML Holding
- Taiwan Semiconductor
- Samsung Electronics
- Trip.com Group
- Intesa Sanpaolo
- Hyundai Motor
- Toyota Motor

Please consider the investment objectives, risks, charges, and expenses of any fund carefully before investing. Call 800.421.4184 or your financial professional for a prospectus, which contains this and other important information about the funds. Read the prospectus carefully before you invest or send money.

Market Overview

Global equity markets started 2024 on a high note, with several markets, including in the United States, up double digits. One key to this year's gains has been confidence from investors that the economy is set for a "soft landing," in which inflation moderates and we avoid a severe downturn.

A dovish U.S. Federal Reserve (Fed) meeting in March was encouraging as the U.S. central bank kept its view of three interest rate cuts this year while upgrading its economic outlook. Fed Chair Jerome Powell reiterated that recent high inflation numbers had not changed the underlying "story" of slowly easing price pressures. The Fed also released new economic projections that the economy will grow 2.1% this year, a positive shift from the 1.4% estimate from December 2023. At the same time, forecasts for the unemployment rate remain steady at around 4%. Projections showed the core Personal Consumption Expenditures (PCE) Price Index, excluding food and energy, still rising at a 2.6% rate, above the 2% target, but certainly better than the post-pandemic inflation reading that spiked to a 40-year high.

In the United States, using the S&P 500 Index as a proxy, 10 of the 11 sectors were positive during the quarter (only real estate was down slightly). Outside the United States, as measured by the MSCI EAFE® (Net) Index, the pattern was similar, with 8 of 11 sectors positive, led by information technology.

While all of the "Magnificent Seven"[1] – seven U.S. mega-cap stocks – posted huge gains in 2023, with each of them up at least 49%, this year has seen them go separate ways. The strongest performer in the group was up more than 80% during the first quarter, while two of the seven fell. The Magnificent Seven are responsible for 30% of the S&P 500 Index's year-to-date gain as of the end of the first quarter, compared to more than 60% last year. A key investment theme for this group is artificial intelligence, or AI. While enthusiasm around the potential of AI has clearly been a driver for these seven companies, the long-term productivity gains likely will be felt across the world and across most industries as the benefits play out in the coming years.

Valuations continue to be an area of divergence across asset classes, as U.S. large-cap stocks (the S&P 500 Index) trade at a premium with a 12-month trailing price/earnings (P/E) ratio of 25x, while U.S. small-cap companies (the Russell 2000® Index) appear more reasonable at 16x. Outside of the United States, companies trade at a valuation discount to U.S. indices, with the MSCI EAFE Index trading at a trailing P/E of 14x. No surprise, U.S. growth stocks (the Russell 1000® Growth Index) are the most expensive of all, trading at 34 times earnings. Of course, valuations don't exist in a vacuum, and in cases where earnings growth is high, elevated valuations can be justified. For example, the trailing-year earnings growth for the S&P 500 and Russell 1000 Growth are 18% and 23%, respectively, while outside the U.S. earnings growth has been slower at +8%, and U.S. small-cap earnings have actually contracted -7%.

China is targeting "around 5%" growth and aims to "transform" its economy in the face of several significant challenges, including a struggling property market, high youth unemployment, and low consumer confidence. Foreign direct investment into China fell to a 30-year low in 2023, an incredible 90% drop since 2021. While the economy faces significant challenges, the auto industry remains a positive. China not only remains the world's largest vehicle market and is a clear leader in the electric vehicle (EV) space, but it also became the world's top auto exporter in 2023.

European markets continue to experience a wide range of economic outcomes driven by regional geopolitical tensions, economic policies, and inconsistent productivity growth. Europe has been hard hit by the global manufacturing downturn and demand weakness from China. The U.K. economy has had a larger inflation shock than others and is still battling the fallout from Brexit, though in general this has been more benign than expected. The hope for 2024 is an ongoing gradual recovery with further price declines and increased domestic and foreign demand.

Portfolio Review

At the start of the quarter, as compared to its MSCI All Country World ex-United States benchmark, the Carillon ClariVest International Stock Fund was most overweight the information technology and industrials sectors and most underweight materials and financials. By the end of the quarter, the portfolio continued to be most overweight the information technology and industrials sectors and most underweight financials and materials. Regarding countries, at the start of the quarter, the portfolio was most overweight Japan and Taiwan and most underweight Switzerland and Canada. By the end of the quarter, the portfolio was most overweight Japan and the United Kingdom and remained most underweight Switzerland and Canada. Within the MSCI All Country World ex-United States Index, information technology and consumer discretionary performed the best while

[1] The Magnificent 7 refers to the seven largest companies by market capitalization in the S&P 500 Index, as of Dec. 29, 2023: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

Top Securities	Average Weight (%)	Contribution to Return (%)
Novo Nordisk A/S-B	3.21	0.83
Mitsubishi	1.52	0.67
ASML Holding	2.16	0.59
Taiwan Semiconductor	1.98	0.55
Toyota Motor	1.27	0.44
Bottom Securities		
Compal Electronics	1.22	-0.16
Rio Tinto	1.07	-0.15
Infineon Technologies	0.82	-0.15
ASUSTeK Computer	0.78	-0.15
Micro-Star International	0.49	-0.12

consumer staples and utilities lagged. In terms of countries, Peru and the Netherlands performed the best while Egypt and Portugal lagged.

As determined by sectors, stock selection contributed the most while allocation was also positive. Stock selection was strongest within industrials and financials and weakest within communication services and information technology. An overweight to information technology and an underweight to materials contributed to performance, while an underweight to financials and an overweight to utilities detracted. With regard to countries, stock selection contributed the most while allocation was also positive. Overweights to Japan and Taiwan contributed positively, while an overweight to the United Kingdom and an underweight to Sweden detracted from performance. Stock selection was strongest within Japan and China and was weakest within Taiwan and Sweden.

Top-performing securities

Novo Nordisk A/S-B is a pharmaceutical company based in Denmark. U.S. sales accelerated for its glucagon-like peptide 1 (GLP-1) offerings, Ozempic and Wegovy, driven by strong demand for anti-obesity treatments.

Mitsubishi, a Japanese conglomerate, reported quarterly results that highlighted strength in its automotive and mobility, mineral resources, and natural gas segments, and surprised with a large share buyback.

ASML Holding, a semiconductor company based in the Netherlands, reported a record quarterly order intake, underpinned by a significant improvement in orders for extreme ultraviolet lithography systems used to make advanced chips.

Taiwan Semiconductor, the world's largest semiconductor chip manufacturer, experienced better than expected growth, driven by strong AI application processor demand.

Toyota Motor, Japan's largest automaker, beat expectations and raised guidance, supported by price hikes, rising demand for hybrid electric vehicles, and a weak yen.

Bottom-performing securities

Compal Electronics manufactures and markets notebook computers and color monitors. The Taiwan-based company missed estimates, attributed mainly to muted general server and personal computer demand.

Rio Tinto is an international metals and mining company headquartered in the U.K. The share price declined as iron ore prices fell amid low demand from Chinese steel producers.

Infineon Technologies, a German semiconductor manufacturer, reduced its full-year earnings guidance due to currency headwinds and a slowdown of demand in its end markets.

ASUSTeK Computer, based in Taiwan, manufactures and sells computers, communication, and consumer electronics. The company reported quarterly earnings and sales that missed expectations due to muted personal computer demand.

Micro-Star International manufactures motherboards, video graphic cards, and gaming computers. The Taiwan-based company reported quarterly net income that missed expectations due to weak consumer demand, higher promotional expenses from increased competition, and currency headwinds.

Outlook

Markets expect the Fed to potentially lower U.S. borrowing costs starting in June and also for the European Central Bank (ECB) to cut its deposit rate from 4%. However, central banks could realistically ease and then pause depending on growth, labor markets, wages, and inflation. The unknowns outweigh the knowns, so don't expect a linear path for interest rates.

With the prospect of falling rates, the attractive yields on cash stand to fall. This "wall of cash" could act as a catalyst for stock markets (and other risk assets) as money moves from money markets into equities.

While the Fed has clearly made significant progress on inflation, some worry that so-called "sticky" inflation will make getting rates down to the 2% long-term target challenging. For example, shelter prices continue to rise, up 5.7% on an annual basis as of February.

The U.S. Bureau of Economic Analysis reported annualized U.S. gross domestic product (GDP) growth of 3.4% in the fourth quarter, suggesting elevated interest rates aren't hurting U.S. corporations as much as some economists had feared. In addition, elevated interest rates increase borrowing costs for consumers, typically putting pressure on the economy and the stock market.

Certainly, the upcoming U.S. presidential election will be a source of volatility (and endless debate) for the remainder of 2024. Globally, more voters than ever in history will head to the polls this year, covering at least 64 countries (plus the European Union) and representing roughly half of the people in the world!

For ages, Japan (the world's fourth-largest economy) wasn't a favorite among investors given its demographic headwinds and low growth, but it has been a very strong performer year to date. The country is shifting to an inflationary environment after years of deflation, and the Bank of Japan (BOJ) is likely to begin normalizing rates with hikes this year, having recently approved its first hike in 17 years. In addition, corporate governance reforms are taking root; for example, the Tokyo Stock Exchange's new policies encourage companies to improve their return on equity (ROE) and price to book (P/B) ratios or be demoted! In response, crossholdings, excess cash, and surplus assets are being reduced. Given deep-seated investor biases against Japan, paired with improving country fundamentals, we continue to see the opportunity to capture underappreciated growth.

The International Monetary Fund (IMF) raised its outlook for global economic growth, with increases for both the United States and China. The IMF noted inflation easing more quickly than expected, with its chief economist saying that a "soft landing" was in sight and "the global economy continues to display remarkable resilience, with inflation declining steadily and growth holding up … very far from a global recession scenario." The IMF is now forecasting global growth of 3.1% in 2024, up 2/10ths of a percentage point from its October forecast. It expects unchanged growth next year, at 3.2%. From 2000 to 2019, global growth averaged 3.8%.

The outlook for 2024, while cautiously optimistic, suggests moderate economic growth and potential easing of monetary policies. Investors and policymakers alike will obviously need to remain vigilant, keeping a close eye on geopolitical tensions and policy changes that could impact the global markets.

Risk Considerations: International investing presents specific risks, such as currency fluctuations, differences in financial accounting standards, and potential political and economic instability. These risks are further accentuated in emerging market countries, where risks can also include possible economic dependency on revenues from particular commodities or on international aid or development assistance, currency transfer restrictions, and liquidity risks related to lower trading volumes.

Growth companies are expected to increase their earnings at a certain rate. When these expectations are not met, investors may punish the stocks excessively, even if earnings showed an absolute increase. Growth company stocks also typically lack the dividend yield that can cushion stock prices in market downturns. The companies engaged in the technology industry are subject to fierce competition and their products and services may be subject to rapid obsolescence. The values of these companies tend to fluctuate sharply.

Groups of stocks, such as value and growth, go in and out of favor, which may cause certain funds to underperform other equity funds.

Investments in the securities of other investment companies, including money market funds and exchange-traded funds ("ETFs") (which may, in turn invest in equities, bonds, and other financial vehicles), may involve duplication of advisory fees and certain other expenses.

Quantitative risk involves the dependence on proprietary quantitative tools for security selection which may not be predictive of a security's value.

Securities in the Carillon ClariVest International Stock Fund are typically selected from investment universes consisting of companies economically tied to, and principally traded in, countries outside of the United States.

Past performance is not indicative of future results and investing involves risk, including the risk of loss. All information as of March 31, 2024. Opinions expressed are the current opinions as of the date appearing in this material only. This material should not be construed as research or investment advice. No part of this material may, without Carillon Tower Advisers' prior written consent, be copied, photocopied, or duplicated in any form, by any means.

The information provided should not be construed as a recommendation to buy, sell, or hold any particular security. The data is shown for informational purposes only and is not indicative of future portfolio characteristics or returns. Portfolio holdings are not stagnant and may change over time without prior notice.

Investors may not make direct investments into any index.

Definitions

A beat is when a company's reported earnings or other business results exceed or are better than the expectations of analysts and others who follow the company's stock.

Core inflation is measured by the Personal Consumption Expenditures (PCE) excluding Food and Energy, Price Index, also known as the core PCE price index, is a measure of the prices that U.S. consumers pay for goods and services, not including two categories – food and energy – where prices tend to swing up and down more dramatically and more often than other prices. The core PCE price index, released monthly by the U.S. Department of Commerce Bureau of Economic Analysis, measures inflation trends and is watched closely by the U.S. Federal Reserve as it conducts monetary policy.

Cross holding describes the practice of a publicly traded firm owning stock in another publicly traded firm. In Japan, companies have used cross holdings to protect themselves from market uncertainty and takeover attempts, but the practice has been criticized as one that slows reform and inhibits equity performance.

Dovish, hawkish, and centrist are terms used to describe the monetary policy preferences of central bankers and others. Doves tend to support maintaining lower interest rates, often in support of stimulating job growth and the economy more generally. Hawks prioritize controlling inflation and may favor raising interest rates to reduce it or keep it in check. Centrists tend to occupy the middle of the continuum between tight (hawkish) and loose (dovish) monetary policy.

The European Central Bank (ECB) deposit rate is set by the Governing Council of the ECB and is the rate on the deposit facility, which banks can use tomake overnight deposits with the Eurosystem.

GLP-1 weight-loss drugs, formally known as glucagon-like peptide 1 agonists, comprise a class of type 2 diabetes drugs that improve blood sugar control and may also lead to weight loss. The drugs mimic the action of a hormone called glucagon-like peptide 1 by stimulating the body to produce more insulin when blood sugar levels start to rise after someone eats. The additional insulin helps lower blood sugar levels, which helps in controlling type 2 diabetes. How GLP-1 agonists lead to weight loss is less clear.

Growth investing is a stock-buying strategy that focuses on companies expected to grow at an above-average rate compared to their industry or the market.

Guidance is statements from the managers of publicly traded companies that indicate whether they expect to realize near-term profits or losses.

Headwind is a term used to describe events or market forces that hinder the prospects for performance in an individual investment or group of investments.

Magnificent Seven refers to the seven largest stocks by market capitalization in the S&P 500 index, as of Dec. 29, 2023. They are Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA and Tesla.

Market capitalization, or market cap, refers to the total dollar market value of a company's outstanding shares of stock. It is calculated by multiplying a company's current stock price by its total number of outstanding shares.

Mega-cap tech stocks are the technology companies with market capitalizations that are in the trillions or hundreds of billions of U.S. dollars, levels that far exceed many of the other stocks in the S&P 500 Index.

Overweight describes a portfolio position in an industry sector or some other category that is greater than the corresponding weight level in a benchmark portfolio.

The price to book (P/B) ratio measures the market valuation of a company relative to its book value. Investors use the metric in their search for potential investments. Typically, a company's market value is higher than the book value of its stock. Value investors generally view P/B ratios under 1.0 as a potentially solid investment.

Price-to-earnings (P/E) ratios measure a company's current share price relative to its earnings per share. The ratio is used to help assess a company's value and is sometimes referred to as the price multiple or earnings multiple.

Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity.

A soft landing is a cyclical slowdown in economic growth that avoids a recession.

Sticky is a term used to describe measured data that is slow to change, in contrast to faster-changing or more variable data.

Trailing indicators are data or measurements that reflect events, trends, results, or developments that took place in the past. Trailing indicators typically refer to a specific time period for which the data in question is aggregated, summed, or averaged. Trailing indicators help reflect trends that occur over specified periods of time.

Underweight describes a portfolio position in an industry sector or some other category that is less than the corresponding weight level in a benchmark portfolio.

Indices

Prior to March 1, 2023, the fund's benchmark index was the MSCI EAFE® (Net) Index, an index that measures the performance of large- and mid-cap companies across 21 developed markets countries, excluding the United States and Canada. The fund changed its primary benchmark to the MSCI ACWI ex-US Index, a float-adjusted market capitalization index that measures the performance of large- and mid-cap companies in developed and emerging market countries excluding the United States, because it more accurately reflects the fund's investment strategy.

The MSCI All Country World Index (ACWI) ex USA, the Fund's benchmark index, captures large and mid-cap representation across 22 of 23 developed markets (DM) countries (excluding the U.S.) and 24 emerging markets (EM) countries. With 2,312 constituents, the index covers approximately 85% of the global equity opportunity set outside the United States. DM countries include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK. EM countries include Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The MSCI EAFE® (Net) Index measures the performance of performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the United States and Canada. The MSCI EAFE® (Net) Index subtracts any foreign taxes applicable to US citizens but not applicable to citizens in the overseas country.

The S&P 500 Index measures change in stock market conditions based on the average performance of 500 widely held common stocks. It is a market-weighted index calculated on a total return basis with dividends reinvested. The S&P 500 represents approximately 80% of the investable U.S. equity market.

The Russell 1000® Growth Index measures a growth-oriented subset of the Russell 1000® Index, which tracks approximately 1,000 of the large-sized capitalization companies in the United States equities market.

The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 7% of the total market capitalization of the Russell 3000® Index.

Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

Carillon Tower Advisers is the investment adviser for the Carillon Family of Funds and ClariVest Asset Management is the sub-adviser to the Carillon ClariVest International Stock Fund. Eagle Asset Management (a sub-adviser to certain of the Carillon Family of Funds) owns 100% of ClariVest Asset Management. Carillon Fund Distributors is a wholly owned subsidiary of Eagle Asset Management and Eagle Asset Management is a wholly owned subsidiary of Carillon Tower Advisers.

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