Investment Team

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Portfolio Co-Manager

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Portfolio Co-Manager

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Portfolio Co-Manager

Characteristics

Total Net Assets (millions): $602.62

Number of holdings: 154

Top 10 Holdings

Taiwan Semiconductor
iShares MSCI India ETF
SAP
Alibaba Group Holding
3i Group
KDDI Corp.
Tencent Holdings
Trip.com Group
Novartis
Roche Holding

Market Overview

Global equities, as measured by the MSCI ACWI® (All Country World) Index, declined for the second successive quarter in their first such streak since 2022. Even more notable was the complete reversal of relative performance between the U.S. and non-U.S. markets (all returns measured in U.S. dollars). In the fourth quarter of 2024, the U.S. market, as represented by the S&P 500 Index, rose in contrast to a drop in the MSCI indices for Canada, Europe, Japan, EAFE (Europe, Australasia, and the Far East), and emerging markets. In the first quarter of 2025, the S&P 500 was the only market among these six to decline. We don't know anyone who had that flip on their bingo cards.

Since the 2024 presidential election, there has been considerable debate on the relative weights to accord the market-friendly policy moves such as tax cuts and deregulation versus the not-so-market-friendly policies on tariffs and immigration. Given the dominance of the latter in the first quarter, it is not surprising that uncertainty rose, and growth expectations fell. While the U.S. Federal Reserve (Fed) kept interest rates steady, the yield on the 10-year U.S. Treasury note dropped 34 basis points (bps) to 4.32% reflecting concerns over future growth. This mirrored surveys of consumers and businesses with both groups reporting greater caution about their prospects ahead. The 5-year inflation outlook, based on a consumer inflation expectations survey by the University of Michigan for its Index of Consumer Sentiment, is now at 4.1%, the highest in the last 32 years.

Given the news during the first quarter, the 4.5% drop in the Russell 1000® Index (-4.3% for the S&P 500 Index) was surprisingly modest. This was in part due to value stocks rising while growth stocks dropped. The Russell 1000® Value Index advanced 2.1% while the Russell 1000® Growth Index declined 10.0%. This retreat was very visible in the performance of the Magnificent Seven with them, on average, down 16% for the quarter and down 25% from their 52-week highs. A significant part of the negative impact to the Magnificent Seven arose from the unveiling of the DeepSeek artificial intelligence (AI) model in January. This powerful yet relatively inexpensive AI model raised questions about the need for massive AI-related capital expenditures. Small caps underperformed large caps, irrespective of style. The Russell 2000® Index dropped 9.5%. On a sector basis, the pattern was clearly a rotation from last quarter with 9 of 11 sectors in the Russell 1000 switching signs. Cyclicals such as consumer discretionary and information technology were the worst-performing sectors, while commodities and defensives such as energy and healthcare did well.

European equities rallied, in a clear break from U.S. stocks, with the MSCI Europe Index up 10.5%. There have been both fiscal and monetary tailwinds behind markets. The German government approved a 500 billion Euro package for infrastructure. It also plans to exempt defense spending from the country's overall debt limit. This departure from the normally austere German approach to spending and debt has cheered European markets. Adding to the animal spirits was a 25-bp interest rate cut by the European Central Bank to 2.5%.

Japan continued to be supported by ongoing reforms in corporate governance. Also helping was an undemanding yen, which benefits exporters and boosts tourism-related spending, and the end of the long-lasting deflationary era in Japan, which had suppressed economic growth. It is this context that explains the positive response to a 25-bp interest rate hike by the Bank of Japan over the quarter.

China, in an about-face from 2020, opened the

Market Overview (continued)

Top Securities	Average Weight (%)	Contribution to Return (%)
Societe Generale	0.91	0.44
Banco Santander	0.89	0.33
Intesa Sanpaolo	1.18	0.29
Leonardo	0.47	0.28
HSBC Holdings	1.12	0.23

Bottom Securities	Average Weight (%)	Contribution to Return (%)
Taiwan Semiconductor	3.50	-0.54
Teva Pharmaceutical Industries	1.02	-0.38
TDK	0.98	-0.25
Air Canada	0.49	-0.22
Novo Nordisk	0.97	-0.20

As of March 31, 2025. The information provided above should not be construed as a recommendation to buy, sell, or hold any particular security. The data are shown for informational purposes only and are not indicative of future portfolio characteristics or returns. Portfolio holdings are not stagnant and may change over time without prior notice. Past performance does not guarantee future results. Please note that the holdings identified do not represent all of the securities purchased, sold, or recommended for the fund. They are provided for informational purposes only. Carillon Tower Advisers, ClariVest Asset Management, its affiliates, or their respective employees may have a position in the securities listed. Please contact Carillon at 800.421.4184 to obtain the calculation's methodology and/or a list showing every holding's contribution to the overall fund's performance during the measurement period.

door to animal spirits with an acknowledgement of the importance of the private sector. Innovation efforts in China's tech sector had already received a boost from the unveiling of DeepSeek and other highly rated AI models. In another potentially significant shift, the Chinese government announced some measures to bolster domestic demand. This would help spur the Chinese economy as its usual engines of exports and infrastructure have been under pressure.

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 consumer staples sectors, and most underweight energy and materials. By the end of the quarter, the portfolio was most overweight the information technology and utilities sectors and most underweight energy and industrials. Regarding countries, at the start of the quarter, the portfolio was most overweight Taiwan and the United Kingdom, and most underweight Switzerland and Australia. By the end of the quarter, the portfolio continued to be most overweight the United Kingdom and Taiwan and was most underweight Sweden and India. Within the benchmark index, communication services and financials performed the best while information technology lagged. In terms of countries, Colombia and Poland were the strongest while Thailand and Taiwan lagged.

Over the first quarter of 2025, sector allocation detracted the most while stock selection contributed. Stock selection was strongest within financials and materials and weakest within healthcare and information technology. An underweight to utilities and an overweight to financials contributed to performance, while an overweight to information technology and an underweight to energy detracted. With regard to countries, allocation detracted the most while stock selection was positive. An overweight to Italy and an underweight to India contributed positively, while an overweight to Taiwan and an underweight to Sweden detracted from performance. Stock selection was strongest within the United Kingdom and France and was weakest within Japan and China.

Top securities

Societe Generale, a French banking and financial services company, beat expectations driven by better results in French retail and commercial investment banking units, as well as higher than expected shareholder returns.

Banco Santander, a retail and commercial bank headquartered in Spain, gained after announcing record profits and a buyback program, with both contributing to a strong beat to consensus expectations.

Intesa Sanpaolo provides financial products and banking services and is based in Italy. The company raised guidance and posted record financial results driven by contributions from fees and insurance.

Leonardo is an aerospace and defense company based in Italy. The stock was up on robust demand for electronics, missile defense and submarine propulsion, as well as reports of a massive jump in defense spending in Europe.

HSBC Holdings, a London-based banking and financial services company, reported earnings that beat estimates, driven by strong banking and non-banking net interest income as Hong Kong flows rebounded and wealth management saw significant growth.

Bottom securities

Taiwan Semiconductor is the world's largest semiconductor chip manufacturer. Its shares fell when an AI model developed by China's DeepSeek rose to the top of a leading app store, surpassing ChatGPT and raising fears of a pullback in AI-related capital expenditures.

Teva Pharmaceutical Industries is a global pharmaceutical company based in Israel. The company reported mixed results. While quarterly results beat expectations, investors were more focused on the disappointing guidance.

TDK is a Japan-based manufacturer of electronics components. Results beat expectations thanks to the performance of its battery business, but its stock dropped after the company disappointed investors by leaving its full-year guidance unchanged, raising concerns about the impact of restructuring costs.

Air Canada provides scheduled and charter air transportation for passengers and cargo. The company posted decent results, but the stock fell on concerns about travel demand slowing as consumers become more cautious on their spending plans amid fears of higher tariffs.

Novo Nordisk is a pharmaceutical company based in Denmark. The stock was hurt by underwhelming weight loss results for its experimental next-generation obesity drug, CagriSema. News that the United States plans to slash the price it pays for the company's blockbusters Ozempic and Wegovy was another negative for the stock.

Outlook

The world took a walk down tariff lane and found the visibility to be even poorer than imagined. The news in early April has provided some clarity on the initial salvo by the United States, but much remains to be seen on the reaction from the countries targeted and the subsequent rounds thereafter. Also unknown is the effect on the consumer, on fiscal policy, and on monetary policy. It seems to be as good a time as any for investors to emphasize diversification, to see through the noise, and to stay focused on the underlying company-level fundamentals.

Definitions

Animal spirits is a phrase used to describe how human emotion, irrational thinking, and a herd mentality among market participants can drive financial decision-making and investing in uncertain environments and volatile times.

Basis points (bps) are measurements used in discussions of interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%.

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.

Capital expenditures, or capex, are monies used by a company to buy, improve, or maintain physical assets such as real estate, facilities, technology, or equipment, and may include new projects or investments.

A consensus estimate is a forecast of a public company's projected earnings based on the combined estimates of analysts and other market observers who track the stock or data in question.

Cyclical sectors include stocks with prices influenced by macroeconomic changes in the economy. Such stocks are known for following the economy as it cycles through expansion, peak, recession, and recovery.

Defensive sectors include companies that tend to have a constant demand for their products or services, making their operations more stable during different phases of the business cycle.

DeepSeek is a Chinese artificial intelligence startup that in January 2025 announced that its AI model performed as well as market-leading models and that it was developed at a significantly lower cost. This led to a selloff of well-known U.S. technology stocks on Jan. 27, 2025.

Fiscal policy refers to the tax collection and spending a government uses to influence its country's economy.

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 refers to statements from the managers of publicly traded companies that indicate their expectations for realizing near-term profits.

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.

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.

Rotation describes the movement of investments in securities from one industry, sector, factor, or asset class to another as market participants react to or try to anticipate the next stage of the economic cycle.

Tailwind is a term used to describe events or market forces that exert a positive influence on an investment's performance.

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.

The University of Michigan Index of Consumer Sentiment is based on monthly telephone surveys in which at least 500 consumers in the continental United States are asked questions about their thoughts expectations for their personal finances, business conditions, and buying conditions.

Value investing is an investment strategy that involves picking stocks that appear to be trading for less than their intrinsic or book value.

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 ACWI® (All Country World Index) measures the performance of large and mid-cap stocks across 23 developed markets (DM) and 24 emerging markets (EM) countries. 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, the United Kingdom and the United States. 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 Canada Index is designed to measure the performance of the large- and mid-cap segments of the Canada market. With 82 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Canada.

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 U.S. 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 MSCI Emerging Markets® Index measures the performance of large- and mid-cap stocks across 24 emerging markets (EM) countries: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The MSCI Europe Index captures large- and mid-cap representation across 15 Developed Markets (DM) countries in Europe: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the UK.

The MSCI Japan Index is designed to measure the performance of the large- and mid-cap segments of the Japanese market. With 183 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index, which represents approximately 93% of the total market capitalization of the Russell 3000® Index.

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 1000® Value Index measures a value-oriented subset of the Russell 1000® Index, which tracks approximately 1,000 of the large-sized capitalization companies in the U.S. equities market. Russell 2000.

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.

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

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

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