CARILLON CHARTWELL INCOME FUND

CARILLON FAMILY OF FUNDS

INSIGHT | COMMENTARY

FIRST QUARTER | 2023

Investment Team

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Characteristics

Total Net Assets (millions): $368.88

Number of holdings: 153

Please consider the investment objectives, risks, charges, and expenses of any fund carefully before investing. Call 888-995-5505 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

Home Prices are Starting to Roll Over, Core CPI should Follow Shortly.

For over a year now, the sole focus for central banks was to reign-in inflation through tighter monetary policy. While inflation, as measured by the core Consumer Price Index (CPI), has receded from the peak seen last fall, it remains stubbornly high. The March reading for core inflation came in at 5.6% Year-over-Year (YoY). The main reason it remains elevated is due to "Shelter Costs", which comprise 43% of the core composite number, and have yet to roll over. However, we believe this is about to change. Faster moving data series like the S&P CoreLogic Case-Shiller US Home Price Index, which tracks the value of single-family homes, is down the most since 2011. On the rental side, vacancy rates and YoY price increases are now back in line with pre-COVID levels. While the shelter component of core CPI is a slower moving Index and could remain elevated over the coming months, we expect the month-over-month increases to start to subside by mid-summer, and with it, the dominant upward pressure on core inflation numbers. Ultimately, we believe core inflation can fall towards 3% before finding its floor. This level would still be elevated relative to the average core CPI number recorded over the decade leading up to the pandemic.

The Significant Rise in Interest Rates are having a Material Effect on Bank Deposits.

The dramatic increase in short-term interest rates over the last 12 months has caused an enormous shift in the capital deployed by investors. In the first three months of this year, money market funds have grown assets under management by 8.2%. One might expect that these flows have come from equity or bond holdings given the volatility in those asset classes but fund flows into bonds are up 1.6% while equities are flat. It seems the main culprit is deposit flight from banks. In the first two months of the year, deposits at commercial banks in the U.S. dropped from $17.95 trillion to $17.59 trillion. The fall picked up steam with the failures of Silicon Valley Bank and Signature Bank in March, ending the quarter at $17.35 trillion. As money leaves the banking system, credit availability is likely to continue to tighten and cause the economy to slow.

A Pause from the Fed is Coming, but be Wary of Potential Cuts.

As of this writing, the futures market is pricing in one additional 25 bps hike by the Federal Reserve (the Fed). This is in line with our thinking at the start of the year. However, the market is also pricing in multiple cuts by year-end. Given our view that inflation will retreat in the coming quarters, but stay above the Fed's 2% target, it would take a significant shock to the system to cause the Fed to cut. While many investors are cheering on the potential for the Fed to loosen monetary policy, we would warn it would likely unfold in the face of risk assets being pressured by some sort of credit tightening event.

Fund Review

Volatility was the theme for the quarter. Both interest rates and stocks saw wild daily swings, particularly during the month of March. Despite the day-to-day volatility, returns across most asset classes were positive. The Fund was able to outpace not only the Bloomberg U.S. Aggregate Index, returning 4.4% vs. 3.0%, respectively, but also the ICE Bank of America High Yield Cash Pay Index (+3.7%) and the Russell 3000 Value Index (+0.9%). The blended benchmark that we use for comparative purposes, which is comprised of these three indexes, returned 2.49%.

Key contributors to performance were our allocation to precious metals and precious metal miners as well as a holding in Nvidia, the latter of which was sold in the month of March. The largest detractors were financials, particularly regional banks, whose stocks suffered steep declines during the failure of Silicon Valley Bank and Signature Bank. While the Fund did not hold any securities issued by these banks, other financial equities and credits saw headwinds on fears of contagion. We do not plan on increasing exposure to regional banks at this moment as we see potential for more turmoil to unfold in the banking sector.

Within fixed income, Treasuries performed well as rates moved lower across the curve. Credit spreads, while volatile, ended the quarter relatively flat and around their long-term averages. Lastly, MBS spreads moved wider as rate volatility shot higher, ending the quarter near their post GFC highs. With banks stepping away from longer duration assets and the Fed no longer purchasing MBS, we think spreads will trade wide of longer-term averages for the foreseeable future. This may present some relative value opportunities against high-grade corporate credit.

For precious metals, we still believe the trend is higher and see value in gold miners. We have highlighted individual holdings in the past and our newest addition to the portfolio is OceanaGold, which ended the quarter as a 60 bps position. OceanaGold is an Australian based miner that owns mines in New Zealand and the Philippines but also owns and operates the Haile mine in South Carolina. Haile is an asset that has constantly underperformed over the last five years due to the historic amount of rainfall in the area and the lack of infrastructure to deal with this water. After a period of increased spending to build a water treatment plant, which allows them to release excess water from operations back into the local streams, the management team believes the flooding issues should start to abate. In addition, Haile should start to increase production towards the end of the year once the new underground mine is launched. With capital expenditures falling and production rising for the foreseeable future, OceanaGold could see a significant increase in cash flow at current spot gold prices. After initiating a dividend earlier this year, we would expect the company to continue to grow its payout to shareholders.

Top Fixed Holdings

U.S. TREASURY DUE 02/15/31
U.S. TREASURY DUE 11/15/31
U.S. TREASURY DUE 09/30/26
U.S. TREASURY DUE 5/15/32
U.S. TREASURY DUE 8/31/28
U.S. TREASURY DUE 5/15/52
U.S. TREASURY DUE 8/15/41
FHLB AGENCY DUE 07/07/31
U.S. TIPS DUE 02/15/47
FNMA MBS DUE 07/01/51

COVT= Conventional Bond

Top Equity Holdings

ALAMOS GOLD
SSR MINING
HECLA MINING
CIENA CORP
CONAGRA BRANDS INC.
BRISTOL-MYERS SQUIBB
SNAP ON INC
ABBVIE INC.
MORGAN STANLEY
VERIZON COMMUNICATIONS

Fund Review (cont'd.)

Best Securities	Average Weight (%)	Contribution to Return (%)
NVIDIA CORP	0.62	0.42
ALAMOS GOLD	1.97	0.41
MUELLER WATER	0.66	0.17
LAS VEGAS SANDS CORP	0.80	0.15
HECLA MINING CORP	0.97	0.15
Worst Securities		
PINNACLE FINANCIAL	0.61	-0.20
PNC FINANCIAL	0.43	-0.16
HUNTINGTON BANCSHARES	0.18	-0.12
HARLEY-DAVIDSON INC	0.39	-0.10
SSR MINING INC	1.68	-0.10

As of March 31, 2023. 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, Chartwell Investment Partners, their affiliates or their respective employees may have a position in the securities listed. Please contact Carillon at 888-995-5505 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.

Outlook

A Tale of Two Halves.

Last quarter, we indicated that we believed the economy would remain resilient in the first half of 2023, but tighter monetary policy would start to hinder the jobs market and economy in the second half of the year. We still believe this to be true today. With the overnight lending rate at 5% and core inflation trending towards 3% by year-end, we believe short-term real rates will approach levels not seen since 2007. This should be enough to slow investment and hiring in 2023 and we would expect a recession to soon follow. Eventually, the Fed will have to cut rates, but we believe they will not be proactive in getting ahead of any economic slowdown. More likely, they will be forced to cut rates when the systematic risk becomes overwhelming, or the economy enters a recession.

Investing in any mutual fund involves risk, including the risk that you may lose all or part of the money you invest. The Fund invests in both fixed income and equity securities. Its investments in fixed income securities are subject to such risks as: interest rate risk; call risk; default risk; high yield (junk bond) risk; and unrated bond risk. The Fund also invests in equity securities that carry the potential for unpredictable drops in value and periods of lackluster performance.

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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.

Basis points (bps) are units of measure often used in discussions of interest rates, equity indices, and yields of fixed-income securities. One basis point is equal to 1/100th of 1%.

Duration incorporates a bond's yield, coupon, final maturity and call features into one number, expressed in years, that indicates how price-sensitive a bond or portfolio is to changes in interest rates. Bonds with higher durations carry more risk and have higher price volatility than bonds with lower durations.

U.S. Treasury Inflation-Protected Securities (TIPS) provide protection against inflation. The principal of a TIPS instrument increases with inflation and decreases with deflation, as measured by the Consumer Price Index. When a TIPS matures, investors are paid the adjusted principal or original principal, whichever is greater.

Benchmark Index

The 25% Russell 3000V/55% Bloomberg US Agg/20% BofA HYCP Blend is a custom benchmark compromising of 25% Russell 3000 Value, 55% Bloomberg U.S. Aggregate Bond, and 20% ICE BofA U.S. Cash Pay High Yield indices. This blend best reflects the composition of the Fund.

The InterContinental Exchange (ICE) Bank of America U.S. Cash Pay High Yield Index is an index of all sectors of the non-investment grade bond market.

The Russell 3000 Value Index measures the performance of the broad valuesegment of the US equity value universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

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The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

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The fund is the successor to the Chartwell Income Fund pursuant to a reorganization involving the Fund and the Predecessor Fund that occurred on July 1, 2022. The Class Chartwell shares of the Fund have adopted the performance history and financial statements of the Predecessor Fund. Prior to the date of the reorganization, the Fund had no investment operations. Accordingly, the performance information, including information on fees and expenses and financial information provided in this prospectus for periods prior to the reorganization (the Fund's commencement of operations) is historical information for the Predecessor Fund. Given the above, unless specifically stated otherwise, subsequent references in this section to the Fund should be read to include the Predecessor Fund, as well as the other predecessor funds described below.

Prior to this reorganization, the Fund acquired the assets and liabilities of the Berwyn Income Fund (the "IMST Predecessor Fund"), a series of Investment Managers Series Trust, on July 17, 2017. The IMST Predecessor Fund acquired the assets and liabilities of the Berwyn Income Fund (the "Berwyn Funds Predecessor Fund," and together with the IMST Predecessor Fund and the Predecessor Fund, the "Predecessor Funds"), a series of The Berwyn Funds, on April 29, 2016. As a result of the reorganizations, the fund is the accounting successor of the Predecessor Funds. Performance results shown in the bar chart and the performance table reflect the performance of the IMST Predecessor Fund for the period from April 29, 2016 through July 17, 2017, and the performance of the Berwyn Funds Predecessor Fund for the period prior to April 29, 2016. The Predecessor Funds' past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future

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Prior to June 30, 2022 the wholesaling and marketing efforts were provided by, among others, Chartwell TSC Securities Corp., an affiliate broker dealer, member FINRA. Chartwell Investment Partners, LLC and Chartwell TSC Securities Corp. were both wholly owned subsidiaries of TriState Capital Holdings, Inc. Beginning July 1, 2022: the fund was re-named the Carillon Chartwell Income Fund; the underwriting, wholesaling and marketing efforts became provided by Carillon Fund Distributors, Inc., member FINRA; Chartwell Investment Partners, LLC became the sub-adviser for the fund as well as a subsidiary of Carillon Tower Advisers, Inc., which became the investment adviser. All entities named are affiliates

The views and opinions expressed are not necessarily those of any broker/dealer or any affiliates. Nothing discussed or suggested should be construed as permission to supersede or circumvent any broker/dealer policies, procedures, rules, and guidelines.

While the Fund is no load, there are management fees and operating expenses that do apply. Such fees and expenses are described in the Fund's Prospectus.

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