Carillon Eagle Mid Cap Growth Fund

CARILLON FAMILY OF FUNDS

Investment Team

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Characteristics

Total Net Assets (billions): $5.29

Number of holdings: 90

Top 10 Holdings

Cencora
RB Global
Palantir Technologies
Ares Management
Wabtec
AppLovin
Baker Hughes
Waste Connections
LPL Financial Holdings
Axon Enterprise

Market Overview

Mid-cap stocks experienced a challenging first quarter, with the Russell Midcap® Growth Index (down 7.12%) facing greater difficulties than the Russell Midcap® Value Index (down 2.11%). In the Russell Midcap Growth Index, energy (up 11.85%) finished as the only sector in the green, posting impressive gains that outperformed the broader index by a wide margin. Healthcare (down 0.16%) was basically flat, outpacing its value counterpart. Industrials (down 6.75%) was the only other sector that managed to outperform the broader index, albeit narrowly. Consumer staples (down 7.61%) and financials (down 7.97%) lagged both the broader index and their value counterparts. Although lagging the broader index, information technology (down 8.83%) outpaced related constituents in the value index. Materials (down 9.01%), real estate (down 9.42%), and consumer discretionary (down 9.94%) lagged. Utilities (down 11.78%) and communication services (down 19.42%) struggled even more, lagging both the broader benchmark and trailing the positive returns produced by their value counterparts.

Portfolio Review

Top securities

Cencora is one of the largest pharmaceutical distributors in the United States. The company's returns to shareholders have been strong as it exceeded expectations for its target growth rates. In its first fiscal quarter of 2025, Cencora reported impressive growth across revenue, operating income, and earnings per share (EPS). This solid performance highlights the company's robust growth and stability in the healthcare sector.

Intra-Cellular Therapies is a leading pharmaceutical company focused on neuroscience. The company expanded the label of its main product, Caplyta, to include bipolar disorder and major depressive disorder, significantly increasing its patient population. Sales of the drug have increased substantially since launch. Additionally, Intracellular settled patent challenges and was acquired by a major pharmaceutical company at a favorable valuation.

Waste Connections is a North American provider of non-hazardous waste collection, transfer and disposal services. The stock performed well in the quarter as investors gravitated toward its durable business model and defensive growth characteristics during a period of uncertainty in the economy and equity markets.

Celsius develops, markets, sells, and distributes functional fitness and lifestyle beverages. The stock performed well during the period, driven by Celsius' now-completed acquisition of Alani Nu, a fast-growing energy drink brand that is expected to boost the combined companies' market share. Additionally, the company's core business improved sequentially through March and started the second quarter poised to return to positive growth.

RB Global is a global marketplace and provider of value-added insights, services, and transaction solutions for buyers and sellers of primarily construction equipment and salvaged automobiles. The company has exhibited a steady cadence of execution on all fronts, and its shares have responded accordingly. Management has successfully integrated the transformational acquisition of IAA and

Top Holdings	Average Weight	Contribution to return
Cencora	2.68	0.57
Intra-Cellular Therapies	0.13	0.27
Waste Connections	1.93	0.24
Celsius	0.65	0.23
RB Global	2.37	0.22

Bottom Holdings	Average Weight	Contribution to return
AppLovin	2.44	-0.88
Marvell	1.57	-0.77
Deckers	1.30	-0.64
Trade Desk	1.11	-0.58
Datadog	1.57	-0.52

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.

Portfolio Review (continued)

delivered operational improvement initiatives that allow the organization to better compete with its closest peer after years of underperformance under prior management. The company also continues to drive enhanced customer value and steady growth in its core Ritchie Bros. business.

Bottom securities

AppLovin is a platform for mobile application developers to grow their apps through user acquisition, monetization, and analytics. The company continued to report healthy growth and provided guidance indicating robust future growth, thanks to the strong reception of its latest tools by existing customers and its expansion into new verticals. However, post-earnings, shareholders became concerned about a short seller's report questioning data collection practices. Management addressed these issues thoroughly, but lingering questions and general tariff-related news impacting the broader market have compounded concerns.

Marvell is a leading provider of semiconductor chips for data centers. The company reported a very solid quarter, but investors have become concerned about a slowing AI spending cycle and competitive noise from Asia. We believe that while the AI spending cycle may fluctuate, the long-term adoption of AI tools and the related capital expenditure cycle should remain healthy. Additionally, Marvell's strong multi-generational partnerships with hyperscale companies building mega data centers limit the threat from Asian competition. This competitive threat is further mitigated by recent tariff issues.

Deckers designs, markets and distributes shoes, clothes and accessories globally under brands like UGG, HOKA, Teva, Koolaburra, and AHNU. The stock pulled back substantially due to softer quarterly guidance and uncertainty over the impact of tariffs. Guidance suggests slower HOKA growth than expected, but we believe this is due to challenging year-over-year comparisons and the timing of two new HOKA launches, not necessarily an indication of a material slowdown in HOKA demand.

Trade Desk is one of the largest independent advertising platforms in the world and helps customers place ads on the web, connected TV, mobile devices, and podcasts. The company reported earnings below expectations due to internal reorganizations and execution issues. Management has since outlined clear strategies to address these issues, but shareholders remain concerned about competition and execution. We continue to support the stock due to Trade Desk's impressive margins and cash flow as well as its strong position in advertising as the only independent player of scale that can compete with large internet companies.

Datadog, which helps companies monitor corporate networks and applications, delivered solid results for the quarter, but issued guidance that was underwhelming relative to consensus expectations. We believe that the company is competitively well positioned and has several growth vectors, including expanding its product set to serve security and artificial intelligence use cases. We believe management's guidance was appropriately cautious in the face of increasing macroeconomic uncertainty.

Outlook

Equity markets endured a painful first quarter as uncertainty surrounding U.S. trade policy and its implications for economic growth and profits weighed heavily on investor sentiment. The first half of the quarter was strong as many of the themes from 2024 carried stocks higher, driven by investor enthusiasm for AI and optimism over the new administration's pro-business agenda. The market narrative quickly soured with the introduction of new and more efficient AI models that cast doubt on hyperscalers' capital spending plans for new data centers. Heated rhetoric surrounding future tariff policy also increased the perceived risks of a global trade war.

In response, stocks fell sharply during the final weeks of the quarter. The magnitude of the drawdown in stocks from their highs is largely consistent with stock market corrections during non-recessionary bear markets. Although painful, we view the stock market correction as healthy with valuation excesses and pockets of extreme speculation largely being expunged. Although risks have clearly increased, our base forecast does not include a recession in 2025. Credit spreads have moved higher from extremely low levels but are not indicative of significant stress in financial markets. Recent recessions have been preceded by a spike in oil prices whereas current energy prices remain in comfortable ranges. Higher interest rates have also been a catalyst for prior market corrections. In contrast, the yield on the 10-year U.S. Treasury note has declined 50 basis points from its January highs of 4.8% to 4.3%. Investor sentiment (as measured by the American Association of Individual Investors' ratio of bulls to bears) is at record lows, which has historically proven to be a contrary indicator for the future direction of stock prices. Policy uncertainty is at record high levels, which has historically marked the low in prior market corrections.

Despite the obvious headwinds facing the equity market, we are constructive on stocks at current levels. We are optimistic that clarity around tariffs will act as a positive catalyst for stocks as the overhang of uncertainty is removed. We expect that the administration will look to shift the narrative back to its pro-growth and deregulation agenda, which could be a catalyst for an improvement in investor sentiment.

Muddied by the wide range of potential outcomes from the tariffs that President Trump announced on April 2, the outlook for the cyclical areas of the portfolio appears challenged. Oil prices have fallen in response to a weakening economic outlook and the recent decision by the Organization of the Petroleum Exporting Countries (OPEC) to increase supply. We expect oil service activity in the oil patch to remain at depressed levels and operators to adjust budgets downward to remain in maintenance mode and to hold production flat. In contrast, natural gas prices have firmed on an improved outlook for power generation demand and increased liquefied natural gas (LNG) export capacity. Uncertainty over future trade flows will undoubtedly impact global supply chains as manufacturers scramble to optimize cost structures in a rapidly changing environment. With a lack of clarity on future tariff rates and the duration of any trade policies, we expect a muted environment for larger capital projects. Lower interest rates should help construction spending but likely will only partially mitigate the headwinds of economic uncertainty. Despite the market's reaction to recent developments in the field of artificial intelligence, we believe the investment cycle to support this emerging technology is still in early innings, and we remain optimistic on the prospects for the areas of the portfolio that we expect to benefit from the continued buildout of data centers and related infrastructure. On a more positive note, we believe the current market volatility will likely create opportunities to add to shares of higher-quality companies with durable growth prospects at attractive valuations.

The healthcare industry remains the largest sector in the United States, with total expenditures reaching $5 trillion and accounting for 17.7% of gross domestic product (GDP). This sector has been growing at an impressive rate of about 5% per year, driven by the aging population and the rise of chronic conditions, which are responsible for 75% of healthcare costs. Most individuals over the age of 65 have two or more chronic conditions, and Western medicine often struggles to manage these effectively. Additionally, novel therapies are extending lifespans allowing people to live well into their 80s, but these therapies are expensive and significantly contribute to rising healthcare costs. Despite the sector's size and importance, healthcare has underperformed in recent years, generating lackluster returns compared with major benchmarks. The sector has been working off the excesses brought on by the COVID-19 pandemic, which affected demand and investment returns. The massive deceleration in demand for healthcare products and services after 2021 led to a significant decline in stock prices. The surge in initial public offerings (IPOs), particularly of biotechnology companies during 2020 and 2021, reduced the overall quality of assets being developed, resulting in numerous negative clinical readouts and investor abandonment. The higher number of public biotech companies added to volatility. Healthcare is a highly regulated industry, overseen by agencies such as the U.S. Department of Health and Human Services, the Centers for Medicare & Medicaid Services, the Food and Drug Administration, and the Centers for Disease Control. Regulatory uncertainty, especially with new directors and commissioners being installed, has further deterred investors. However, there are reasons for optimism. Recent mergers and acquisitions (M&A) activity has picked up, though it remains below normal levels. This M&A activity includes significant acquisitions in the medical device and pharmaceutical industries, where companies are seeking to expand their portfolios and enhance their market positions. From a valuation perspective, healthcare currently is generally more favorably priced than most sectors. If investors can become comfortable with regulatory and policy risks, interest in healthcare could resurge. Until then, larger active bets are being placed on predictable businesses like major distributors, which have steady margins and generate substantial free cash flows. Encouragingly, despite the sector's recent struggles, the latest quarter showed signs of above-average performance driven by strategic acquisitions and a slight improvement in investor sentiment. Interest from generalist investors is expected to continue to trend positively into the second half of the year, following the release of annual reimbursement schedules and a clearer understanding of the policy stances of key healthcare agency directors and commissioners.

The year 2025 has begun with some volatility due to softer economic data points, and the prospect of tariffs has added to near-term uncertainty. However, with inflation expectations steady and interest rates declining recently, we believe technology companies with strong balance sheets and robust cash flow generation remain attractive areas for investment. The new administration is expected to create a more favorable environment for a rebound in M&A and an improvement in IPO activity. Within the technology sector, we continue to find attractive opportunities in durable, strong companies with healthy balance sheets that will benefit from secular themes such as cloud computing, artificial intelligence, mobility and telecommunications infrastructure, digital payments, the Internet of Things, smart homes, industrial automation, security software, e-gaming, and alternative energy.

The current outlook for the financials sector is mixed given the contentious macroeconomic backdrop materializing alongside fears of decelerating growth. Interest rates have become increasingly volatile on the cusp of escalating global trade tensions fueled by dramatic shifts in tariff policy. In this environment, we see the most interesting opportunities outside of the typical banking space. Some areas we are currently excited about are boutique advisory firms poised to benefit from an increase in M&A activity that will accompany the eventual decrease in interest rates. In addition, we see opportunities in the alternative asset space as those products continue to grow and become available in the wealth management and retail channels. Lastly, we see distinct opportunities within the transaction processor space.

The continued, although slowing, moderation in inflation and the thus-far steady job market continue to provide support to the consumer. The potential implications of tariffs on the consumer are changing day by day, so we believe it is of utmost importance to identify secular growth themes that demonstrate resilience amid challenging economic policies. Against this backdrop, we find a few different dynamics at play: consumers continue to prioritize travel and experiences; consumers remain interested in overall health and wellness; and consumers continue to be quite discerning about where they want to spend their discretionary funds. Some areas we are currently excited about and see attractive opportunities in include companies offering unique experiences, ranging from cruise vacations to spa treatments while on cruises to trips to amusement parks. We are excited that online sports betting continues to grow with a number of providers approaching profitability. Lastly, we are excited about individual retailers offering innovative products coupled with positively inflecting businesses.

Definitions

The American Association of Individual Investors Sentiment Survey reflects answers offered each week by AAII members to the question: What direction do they feel the stock market will take in the next six months? Answers are sorted into bullish, neutral, and bearish categories. The survey's ratio of bulls to bears is calculated by subtracting bullish responses from bearish responses.

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%.

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, the results of a particular industry, sector, geography, asset class, or other category, or the expected findings of a macroeconomic report based on the combined estimates of analysts and other market observers that track the stock or data in question.

A correction is a decline in the market price of a security or index of more than 10% from its recent highs but not more than 20%.

A credit spread is the difference in yield between a U.S. Treasury bond and another debt security with the same maturity but different credit quality. Also referred to as "bond spreads" or "default spreads," credit spreads are measured in basis points, with a 1% difference in yield equaling a spread of 100 basis points. Credit spreads reflect the risk of the debt security being compared with the Treasury bond, which is considered to be risk-free. Higher quality securities have a lower chance of the issuer defaulting. Lower quality securities have a higher chance of the issuer defaulting.

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

Defensive stocks provide consistent dividends and stable earnings regardless of whether the overall stock market is rising or falling. Companies with shares considered to be defensive tend to have a constant demand for their products or services and thus their operations are more stable during different phases of the business cycle.

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

Generalist investors typically invest in a wider range of industries, sectors, or other areas of the market than specialist investors who focus their work more narrowly.

Gross domestic product (GDP) is the total value of goods and services provided in an economy during a specified period, often one year.

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.

Growth vectors refer to strategic frameworks that help companies identify potential opportunities for growth by considering factors such as market share, development of new lines of business, and market expansion.

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

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.

Hyperscalers, the largest cloud computing providers, can provide massive computing resources and storage at enterprise scale.

Market capitalization, or market cap, refers to the total dollar market value of a company's outstanding shares of stock.

The Organization of the Petroleum Exporting Countries, also known as OPEC, was founded in 1960 and is a permanent organization of 13 oil-exporting developing nations that coordinates the petroleum policies of its member countries, which are Iran, Iraq, Kuwait, Saudi Arabia, Venezuela, Libya, the United Arab Emirates, Algeria, Nigeria, Gabon, Angola, Equatorial Guinea, and Congo.

Overhang occurs when investors wait for an expected event or set of circumstances to play out before they are willing to buy a stock.

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.

Secular stocks are characterized by having consistent earnings over the long term constant regardless of other trends in the market. Secular companies often have a primary business related to consumer staples most households consistently use whether the larger economy is good or bad.

Short sellers bet that the price of an asset will decline in value. To profit off that drop, they agree to buy shares of the asset at a predetermined price on a set expiration date. In the meantime, they borrow shares of the asset to sell at the prevailing higher price with the expectation that they will be able to buy them later at the lower price attached to the expiration date.

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.

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

Verticals refers to lines of business that are focused on specific markets or consumers that are connected around a particular niche.

Indices

The Russell Midcap® Growth Index, the Fund's benchmark index, measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth® Index.

The Russell Midcap® Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value® Index.

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

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