Carillon Eagle Small Cap Growth Fund

CARILLON FAMILY OF FUNDS

Investment Team

Eric Mintz, CFA
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Portfolio Manager

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Characteristics

Total Net Assets (millions): $394.80

Number of holdings: 103

Top 10 Holdings

RB Global
ESAB
PJT Partners
Archrock
EastGroup Properties
Woodward
MSA Safety
Merit Medical Systems
Viper Energy
Rambus

Market Overview

Small-cap stocks experienced a broad drawdown in the first quarter with the Russell 2000® Growth Index (down 11.12%) trailing the Russell 2000® Value Index (down 7.74%) by a notable margin. In the Russell 2000 Growth Index, real estate (up 1.76%) led all sectors on an absolute basis and meaningfully outperformed the index as a whole on a relative basis. The only other sector to produce positive returns was consumer staples (up 0.67%). Utilities (down 0.05%) was flat for the quarter, underperforming its value counterpart by a notable margin. Healthcare (down 6.19%) outperformed the broader benchmark and its value counterpart on a relative basis. Financials (down 6.56%) and materials (down 7.66%) also outperformed the broader benchmark on a relative basis, although both sectors underperformed their value counterparts. Energy (down 10.19%) had a challenging quarter but to a lesser extent than industrials (down 11.26%) and communication services (down 15.16%), which lagged the broader benchmark. Consumer discretionary (down 17.14%) and information technology (down 18.93%) lagged to a notably larger degree.

Portfolio Review

Top Holdings	Average Weight (%)	Contribution to Return (%) - Gross
Intra-Cellular Therapies	0.23	0.59
Aris Water Solutions	1.25	0.36
RB Global	2.54	0.25
Protagonist Therapeutics	0.79	0.19
SpringWorks Therapeutics	0.60	0.19

Bottom Holdings	Average Weight (%)	Contribution to Return (%) - Gross
Flywire	0.92	-0.62
Vaxcyte	0.93	-0.53
Shake Shack	1.35	-0.50
AAON	1.36	-0.49
Abercrombie & Fitch	0.70	-0.44

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, Eagle Asset Management, their 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.

Top securities

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

Portfolio Review (continued)

launch. Additionally, Intracellular settled patent challenges and was acquired by a major pharmaceutical company at a favorable valuation.

Aris Water Solutions provides water infrastructure and solutions for the oil and gas industry within the Permian Basin in West Texas and southeastern New Mexico. The stock performed well. We believe the company is distinctly positioned to benefit from a number of important trends unfolding in the oil and gas industry and more specifically in the Delaware sub-basin of the Permian Basin. Well output that contains rising ratios of water to oil, as well as increased demand for recycled water to be used in new-well completion activities, combined to help drive strong quarterly results.

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

Protagonist Therapeutics is a leading biotechnology company focused on developing drugs for rare and preventable diseases. The company has two key assets: rusfertide for the treatment of polycythemia vera (a type of blood cancer) and icotrokinra for the treatment of psoriasis and ulcerative colitis. During the first quarter, a major pharmaceutical company announced that icotrokinra met its primary endpoint in a phase 2 trial in patients with ulcerative colitis, achieving a clinical remission rate that is among the highest for oral therapies addressing this condition. This positive outcome contributed to the strong performance in the stock.

SpringWorks Therapeutics is a commercial-stage biopharmaceutical company that develops treatments for various diseases and cancers. During the first quarter, a major pharmaceutical company announced that it was in talks to acquire SpringWorks. In response, SpringWorks cancelled all meetings and its earnings call, reflecting the significance of the potential deal. Although no agreement has been finalized, the stock performed well last quarter.

Bottom securities

Flywire is a global payments enablement and software company that specializes in secure, scalable and efficient cross-border payment solutions across various industries. The stock pulled back dramatically following 2025 guidance, as the outlook came in lower than investors expected. We continue to evaluate the stock as we believe its valuation has become extremely discounted for a business growing revenues in the double digits, expanding margins, and maintaining a clean balance sheet.

Vaxcyte is a leading biotechnology company focused on developing vaccines. The company is developing VAX24/VAX-31 for the prevention of pneumococcal disease in infants and adults. Phase 2 trial results for VAX-24 in infants were announced, demonstrating non-inferiority to another drug on nearly all serotypes tested. While the results were promising enough to proceed to phase 3, they were not as robust as previous VAX-24 trials. Additionally, the resignation of a key U.S. Food and Drug Administration leader, Dr. Peter Marks, shortly before the results were unveiled, raised concerns in the vaccine industry and contributed to a significant selloff in the stock. Despite these challenges, the company remains optimistic about the future of VAX-24 in phase 3 trials.

Shake Shack is a fast-casual restaurant chain offering burgers, hot dogs, crinkle-cut fries, chicken dishes, milkshakes, and other beverages. The stock lagged during the period due to slightly disappointing 3-year margin guidance and a choppy first quarter in sales for the restaurant industry overall. Although investors were disappointed in the 3-year targets outlined during January's ICR Conference, the targets seemed conservative in our view and the company highlighted potential for future growth against a challenging consumer backdrop. We remain optimistic about the company's ability to grow units, comparable sales, and margins over the next few years.

AAON provides heating, ventilation, and air-conditioning (HVAC) solutions for commercial and industrial indoor environments. Shares lagged after the company posted a disappointing quarterly update that discussed issues on both the top-line and margins that management has characterized as temporary in nature. Channel dynamics related to the national transition at the end of last year to new regulatorily required refrigerants pressured sales in the company's core roof-top unit business, while hiccups related to production capacity expansions within its data center cooling business weighed on margins.

Abercrombie & Fitch is a global multi-brand omnichannel specialty retailer that offers a broad assortment of clothes, personal care products, and accessories for men, women, and kids. The stock lagged due to concerns about the sustainability of the company's gross margins and the growth of the core Abercrombie & Fitch brand, despite solid revenue performance overall. Temporary freight costs are weighing down forward-quarter gross margins, but these are expected to reverse in the second half of 2025. Even as growth of the Abercrombie & Fitch brand slows due to difficult comparisons, we anticipate that growth at Hollister will continue to support growth of overall company revenue.

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 sought-after 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.

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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.

Channel dynamics refers to changes over time in a company's distribution channels. A distribution channel refers to the ways that the company moves its products and services to consumers. Changing channel dynamics can affect a company's operations and profitability.

Comparables, often shortened to comps, carries different meanings depending on the industry and context, but generally entails a comparison of financial metrics – often for two different time periods – or other factors to quantify performance or determine valuation.

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.

A drawdown is a decline in the returns of a security or group of securities, as measured over a period from the peak of returns to their trough.

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.

Gross margin is net sales less the cost of goods sold. It reflects profits before deducting selling, general, and administrative costs.

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 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.

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.

Indices

The Russell 2000® Growth Index, the Fund's benchmark index, measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 2000® Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

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

The views and opinions expressed are not necessarily those of the 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.

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