CARILLON EAGLE SMALL CAP GROWTH FUND

CARILLON FAMILY OF FUNDS

INSIGHT | COMMENTARY

FIRST QUARTER | 2021

Investment Team

Bert Boksen, CFA
Managing Director and Portfolio Manager

Eric Mintz, CFA
Portfolio Manager

Christopher Sassouni, D.M.D.
Portfolio Manager

Characteristics

Total Net Assets (billions): $3.03

Number of holdings: 98

Top 10 Holdings

Quaker Chemical
Entegris
Chart Industries
Pegasystems
Landstar System
Universal Electronics
Ritchie Bros. Auctioneers
Summit Materials
Penn National Gaming
Woodward

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

Small-cap stocks advanced once again in the first quarter of 2021. However, there was a rather considerable disparity among the two style indexes, as the Russell 2000® Growth Index (up 4.87%) significantly lagged its Russell 2000® Value Index counterpart (up 21.16%). In a continuation of the market environment of late 2020, a combination of positive vaccine news and optimistic economic growth expectations led to a bit of a rotation in market leadership. Sector returns across the Russell 2000 Growth Index were largely positive, with energy (up 39.93%), consumer discretionary (up 18.40%), and materials (up 13.44%) leading the way. Consumer staples (up 11.86%) and industrials (up 11.72%) also outpaced the benchmark, although to a slightly lesser extent. The worst sectors this quarter, and the only two to post negative absolute returns, were healthcare (down 2.35%) and utilities (down 0.61%).

Portfolio Review

Best Securities	Average Weight (%)	Contribution to Return (%)
Summit Materials	1.67	0.52
Landstar System	2.32	0.46
MarineMax	1.53	0.43
Chart Industries	2.35	0.39
Entegris	2.84	0.38
Worst Securities		
Pegasystems	3.03	-0.42
Amicus Therapeutics	0.55	-0.40
Everbridge	1.50	-0.34
Richie Bros. Auctioneers	1.87	-0.29
Rush Street Interactive	0.85	-0.26

As of March 31, 2021. 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.

Summit Materials is a vertically integrated construction materials company that supplies aggregates, cement, ready-mix concrete, and asphalt in the United States and British Columbia. The firm saw shares rise in the quarter as investors continued to favor more cyclical areas of the market amid the outlook for improving economic conditions. Summit also benefited from recent migration trends that favor construction activity in the rural and exurban markets the company primarily serves, allowing it to outpace the broader private construction markets. The potential extensive infrastructure plan recently unveiled by the Biden administration also could prove to be a catalyst for future growth.

Landstar System is a worldwide provider of integrated transportation management solutions and services to a broad range of customers, including commissioned freight agents and truckload owner-operators. The company should do well in a strengthening economy, as it is well positioned to benefit from an expected recovery in the manufacturing sector due to both improving end demand as well as a replenishment of depleted inventories.

MarineMax is the world's largest recreational boat and yacht retailer. The firm sells both new and used boats, yachts and related marine products and services, as well as providing yacht brokerage and charter services. MarineMax posted

strong comparable store sales growth and record gross margins in the quarter, while subsequently raising its forward guidance for 2021. The company noted the pandemic has resulted in an influx of new boaters who are embracing the boating lifestyle, which should position the company nicely for future growth. It also has been able to successfully integrate a number of recent acquisitions that we believe will grow its higher-margin businesses such as storage and service.

Chart Industries manufactures highly engineered equipment used primarily in the production, storage, and transportation of industrial gases. The firm continues to be an impressive performer, reporting another quarter of record revenue growth and meaningfully raised forward guidance for 2021. Chart appears to be attractively positioned to benefit from a number or worldwide clean energy and environmental, social, and governance trends that are firmly in motion. Most notably, its substantial exposure to the potential adoption of hydrogen as an energy source has created excitement among investors. The company has also made a number of recent acquisitions and investments to further bolster its position in other sustainability initiatives such as water treatment and carbon capture.

Entegris provides specialty semiconductor materials for the microelectronics industry. Despite the volatility in the markets, semiconductor chip production continues unabated and has in fact accelerated. Entegris, as a key consumable supplier to this industry, continues to benefit. Most recently, capital spending plans from several top tech companies suggest that chip production will be up very strongly in 2021 and likely to continue into 2022, given the current shortages in the supply chain. Investors have appreciated the key position that the firm has with these major chip manufacturers.

Pegasystems develops software for organizations to use in building, deploying, and changing enterprise systems. The stock suffered a bit in the quarter, as there was a notable shift in investor sentiment away from higher growing software companies that were major contributors of the robust market returns seen throughout 2020. We remain optimistic that Pegasystems' artificial intelligence-driven recommendations for customer service agents and the need for automation will provide secular growth opportunities in the future.

Amicus Therapeutics is a biotechnology company focused on discovering, developing, and delivering novel high-quality medicines for people living with rare metabolic diseases. The firm's shares slumped after it reported disappointing results in the phase three trial for its drug to be used in the treatment of late-onset Pompe disease (LOPD). Unfortunately, the trial data did not generate statistical significance in the primary endpoint.

Everbridge provides a real-time communications platform used by state and local governments to alert constituents of important issues via alerts and text messages on their phone and/or email. The company has continued to experience healthy growth, but unfortunately some investor concerns regarding difficult year-over-year comparisons in 2021 have weighed on the firm's shares. Despite this, we believe there is a rather large addressable market of enterprises that could potentially adopt a robust alert system like the one offered by Everbridge. The firm should see a significant portion of this growth abroad, especially within Europe, where a number of mandates are requiring governments to adopt an emergency alert solution within the next one to two years.

Ritchie Bros. Auctioneers had an impressive 2020 and experienced significant market share gains after successfully shifting to an omni-channel strategy centered around online auctions. However, the firm saw shares suffer a bit in the recent quarter. This is primarily a result of slightly depressed auction volumes caused by the wait-and-see approach many customers have adopted as they hold on to equipment in the current rising price environment. Despite this, management remains focused on innovating and leveraging technology to drive long-term value, and we believe the company remains a compelling secular growth story.

Rush Street Interactive is a leading online casino (iGaming) and sports gambling company. The stock underperformed due to some profit taking following very strong performance in the prior quarter. The firm reported strong results in its quarterly report and raised its revenue guidance for 2021. We continue to be bullish on the prospects for iGaming expansion and we expect Rush Street to benefit as this unfolds.

Outlook

The bull market continued in the first quarter of 2021 and prospects remain positive entering the second quarter. Recently, the market has experienced a healthy rotation into the so-called reopening stocks with relative underperformance by the rather expensive work-from-home stocks that benefited from the pandemic and subsequently led the impressive market returns throughout the majority of last year. An additional interesting highlight in the first quarter was the particularly strong performance of small-cap stocks, which proved to be a continuation of the trend present in the latter stages of 2020. Of note during the quarter: The smallest quintiles of the Russell 2000 Growth Index dramatically outperformed the largest quintiles. For example, the smallest quintile advanced approximately 17%, trouncing the largest quintile which only rose roughly 1%. Other noteworthy market developments seen in the quarter included the resurgence of the energy sector, which made a profound and long-awaited recovery, as well as the striking rise in the 10-year Treasury yield, which stood at 1.7% at the time of this writing.

Stimulus checks began arriving in late March, and coupled with consumers already being relatively flush with cash from underspending during the previous 12 months, the consumer is ready to spend. While COVID cases remain elevated, the vaccines are clearly doing their job as the death statistics are descending at a dramatic rate. The current Democratic administration is now proposing a massive infrastructure program, which if passed would provide a boost to what figures to be an already strong economy. While corporate tax increases are likely, personal tax hikes appear to be pushed back at the moment. Additionally, year-over-year comparisons – both economic and earnings – should be very easy. While surprises are always possible, there is a strong case to be made that the bull market will persist at least for the near term.

The bright outlook for the cyclically sensitive areas of the economy remains bolstered by a potent combination of aggressive fiscal spending and extremely loose monetary policy. A synchronized, super-cycle scenario for the global economy in the coming months appears plausible. The services side of the economy should see an unlocking of pent-up demand for the hard-hit leisure and travel industries as vaccinations roll out. We also anticipate a sharp recovery on the manufacturing side of the economy due a re-stocking of depleted inventories and a re-shoring of supply chains. A clear risk to this rosy outlook continues to be a sharp rise in interest rates. The key flashpoint will undoubtedly be the bond market's continued willingness to share U.S. Federal Reserve (Fed) Chairman Jerome Powell's dovish view that any inflationary data in the near and intermediate term will prove to be transitory. As most investors are acutely aware, the housing sector would be vulnerable to higher interest rates as rising mortgage rates and surging home prices would impact a key growth driver for the economy. Thematically, we favor companies that are well positioned to benefit from an aggressive infrastructure plan that remains at the top of President Biden's agenda. Additionally,

we are closely looking for companies that will help enable corporate America's strategic shift towards clean energy and sustainability initiatives that are an increasing focus of customers, employees, and investors.

As of this writing, the global impact of COVID-19 is surreal. Since epidemiologists began tracking this pandemic, 130 million confirmed cases of COVID-19 have been recorded. Fortunately, as a result of Operation Warp Speed, we now have three approved and effective vaccines here in the United States.

We are now in a period of uncertainty in the life cycle of this pandemic. The country is reopening, but at an uneven rate based upon varying mandates in each state. We still do not know how many Americans were exposed to the virus but were asymptomatic. Add to that the number of Americans who are partially or fully vaccinated, and it is likely that perhaps as many as 50% of Americans have some level of immunity to SARS-CoV-2 at the moment. This is at least giving us some hope that life in the U.S. can return to some level of normality at some point this year.

Against this backdrop, the U.S. healthcare industry is undergoing a transformation unlike any we have seen in the previous 50 years. This has been spurred, in part, by the need for the healthcare system to develop new and innovative ways to access patients during the pandemic. Despite this, the U.S. healthcare system unfortunately remains decades behind the majority of corporate America in regards to the adoption of technology. Interestingly enough, recently there has been a wave of technology-related companies pursuing opportunities in the healthcare industry, triggering what is being referred to as the Digital Healthcare Revolution. It is our belief that new business models will emerge from this, leading to much higher overall levels of patient satisfaction as well as a plethora of attractive investment opportunities. Other compelling areas to watch are in the fields of cell and gene therapy, which hold great promise as treatments (and in some cases, perhaps cures) for both hard-to-treat cancers and genetic or rare diseases.

We are beginning to see the light at the end of the pandemic tunnel, and through it all we believe technology remains a top area of focus for both enterprises and consumers. Despite the economy reopening in the next few months, remote learning, hybrid work from home/office/anywhere, and the increased usage of internet services will be here to stay post-pandemic. Furthermore, the suppliers and enablers of these companies, such as optical and semiconductor component companies, are also benefitting from this increased demand. These structural changes are for the most part beneficial to technology related companies, and we are constantly on the lookout for investment opportunities that may arise. At the same time, we continue to look for opportunities in areas that will benefit as the world opens up, such as in social interaction, cross-border travel, and hospitality industries.

Despite the volatility, we continue to focus on high-quality companies with healthy balance sheets and secular growth themes, as well as structural advantages that will allow them to gain market share in the long term. Besides cloud computing and work from anywhere beneficiaries, we continue to find attractive opportunities in other themes such as artificial intelligence, mobility and telecommunications infrastructure, digital payments, Internet of Things/smart home, factory/industrial automation, security software, e-gaming, and alternative energy.

The current outlook for the financials sector has noticeably improved over the course of the previous quarter. Interest rates have moved up off of their extreme lows, signaling an expectation of improving economic activity. At the moment, we see appealing opportunities in certain financial advisors who are gaining market share and will also benefit from a rising rate environment. As the economy continues to heal, we anticipate an acceleration in the pace of mergers and acquisitions (M&A). We feel as though this underlying environment will continue to benefit smaller advisory boutiques who are gaining share from the larger firms. In addition, we are pursuing unique opportunities in the insurance industry, specifically in the emerging Medicare Advantage market, where brokers are bringing unique product offerings directly to consumers.

At the moment, we remain bullish on the consumer. Boosted by stimulus checks and 12+ months of reduced spending, the consumer is ready to venture out, travel, and spend money. The positive vaccine rollout has us optimistic the economy should fully reopen by the summer. Already, many of the industries hardest hit by the pandemic, such as casinos and airlines, are reporting noticeable upticks in business, and that trend only figures to further accelerate as the vaccines continue to work their way through the population. Many investors are forecasting a Roaring 20s-type recovery, and we tend to agree. At this point in time, we favor companies and industries that will materially benefit from the reopening environment, such as casinos. In addition, we remain leveraged to the expansion of at-home gaming and sports betting.

Risk Considerations: Investments in small-cap companies generally involve greater risks than investing in larger capitalization companies. Small-cap companies often have narrower commercial markets and more limited managerial and financial resources than larger, more established companies. As a result, their performance can be more volatile and they face greater risk of business failure, which could increase the volatility of a fund's portfolio. Additionally, small-cap companies may have less market liquidity than larger companies.

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.

Investing in mid-cap stocks may involve greater risks than investing in larger, more established companies. These companies often have narrow markets and more limited managerial and financial resources. 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.

Initial Public Offerings ("IPOs") include the risk that the market value of IPOs will fluctuate considerably due to the absence of a prior market, among other factors.

Past performance is not indicative of future results and investing involves risk, including the risk of loss. All information as of March 31, 2021. 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.

Carillon Tower Advisers is the investment adviser for the Carillon Family of Funds and Eagle Asset Management is the sub-adviser to the Carillon Eagle Small Cap Growth Fund. 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.

All entities named are affiliates.

Benchmark Index:

The Russell 2000® Growth 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.

The Nasdaq 100® Index is a stock market index made up of 103 equity securities issued by 100 of the largest non-financial companies listed on the Nasdaq stock market. It is a modified capitalization-weighted index.

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

Frank Russell Company (Russell) is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data, and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor, or endorse the content of this communication.

©2021 Carillon Tower Advisers, Inc. All rights reserved.

CFD21-0278, Exp. 7/30/21, CM-CFF-CESCG