



INSIGHT | COMMENTARY

THIRD QUARTER | 2022

Investment Team

James McBride, CFA
Lead Portfolio Manager

Tim Miller, CFA
Portfolio Co-Manager

Characteristics

Total Net Assets
(millions): \$249.6

Number of holdings: 75

Top 10 Holdings

Chart Industries
AMN Healthcare Services
Insperty
HealthEquity
Halozyme
Medpace Holdings
Supernus Pharmaceuticals
Applied Industrial Tech
Dycom Industries
LeMaitre Vascular

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

Elevated inflation has led to an aggressive response from the U.S. Federal Reserve (Fed), which in turn has fueled recession fears and negative sentiment among investors. In addition, the ongoing war in Ukraine continues to impact oil supply and prices. Facing this backdrop, small-cap growth stocks, represented by the Russell 2000® Growth Index, held strong and closed the quarter with a slightly positive return. Over that time, small-cap stocks with the following characteristics – non-earners, low return on equity, and a low stock price – outperformed their counterparts. Finally, investors' favor returned to growth stocks as small-cap growth outperformed small-cap value by more than 4 percentage points during the quarter.

The U.S. economy contracted again during the second quarter of 2022 with gross domestic product declining at a 0.6% annualized rate. The Federal Reserve continued its tightening campaign as it increased its target rate by another 0.75% following both the July and September meetings. Slowing global economies and higher interest rates impacted the commodities market as crude oil prices dropped by more than 24% and gold dropped by more than 8% during the quarter.

Portfolio Review

Best Securities	Average Weight (%)	Contribution to Return (%)
Impinj	1.90	0.52
Chart Industries	2.82	0.27
Coherus BioSciences	1.14	0.25
Supernus Pharmaceuticals	1.73	0.24
Fabrinet	1.56	0.22
Worst Securities		
Coherent	1.53	-0.57
Semtech	1.04	-0.55
Omniceil	1.87	-0.47
Eagle Pharmaceutical	0.90	-0.42
U.S. Physical Therapy	1.27	-0.38

As of Sept. 30, 2022. 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, Scout Investments, 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.

Impinj produces RFID (radio frequency identification) chips used in retail tags, RFID scanners, and point of sale readers. The end market demand continues to look robust, and the company is beginning to see improving wafer supply to meet this strong demand.

Chart Industries makes engineered cryogenic equipment for the energy and industrial gas industries. The company continues to report solid operating results and recorded record orders, driven by both its liquefied natural gas (LNG) and specialty products businesses. Additionally, the ongoing conflict in Ukraine has created significant industry enthusiasm for LNG projects.

Coherus BioSciences is a commercial-stage biopharmaceutical company focused on the research, development, and commercialization of immunotherapies to treat cancer. The company's stock reacted positively to the approval of its biosimilar Cimerli™ to treat retinal disease.

Supernus Pharmaceuticals is a biopharmaceutical company focused on developing and commercializing products for diseases of the central nervous system. Its new attention deficit/hyperactivity disorder (ADHD) product Qelbree is showing good growth with the label expansion approved for the adult ADHD market.

Fabrinet is a contract manufacturer producing optical communication, automotive, and industrial components and modules. The company reported good results on the back of good demand for advanced optical components and an improving supply environment.

Coherent, previously known as II-VI, designs and manufactures optical and optoelectronic devices for a variety of electronic, communication, and industrial end markets. The company completed its acquisition of Coherent in the quarter. The stock traded poorly as concerns about economic growth led investors to worry about the potential cyclical downturn in semiconductor demand.

Semtech makes mixed-signal and analog semiconductors used across end markets that include computing, communications, and the "Internet of Things" (IoT). The stock sold off significantly after Semtech announced that it plans to acquire an IoT solutions provider in a deal that is expected to add significant scale benefits to the company but also to create a meaningful drag on its margin profile.

Omniceil supplies pharmacy automation and medication management systems. It missed expectations due to implementation delays caused by a ransomware attack on the company as well as by inflationary headwinds.

Eagle Pharmaceuticals develops injectable products primarily for the critical care and oncology markets. Weak quarterly results and acquisition costs associated with its completed purchase of Acacia pressured the stock.

U.S. Physical Therapy operates in two business segments: outpatient physical therapy and industrial injury prevention services. Weak quarterly earnings and poor guidance due to aggressive hiring and interest costs hurt profitability. The company swapped floating-rate debt into fixed-rate debt, reducing interest rate volatility but increasing near-term cost.

Outlook

As we close out 2022, the ongoing war in Ukraine, geopolitical risk, political uncertainty, inflation, and supply chain issues continue to provide high levels of uncertainty for the markets. Domestically, the economy continues to contract and additional monetary tightening raises concerns about the possibility of a "hard landing." Facing this backdrop, the Fund's management team will continue to invest in companies that exhibit higher-quality characteristics and stand to benefit from long-term secular growth trends. Sector allocations remain a byproduct of the investment process as the management team primarily evaluates companies on their own merit.

During the quarter, the management team added three new holdings and eliminated four positions from the Fund's portfolio. With very little cash, the portfolio remains fully invested.

Risk considerations: Due to the limited focus, the Fund is more susceptible to market volatility because smaller companies may not have the management experience, financial resources, product diversification, and competitive strengths of larger companies. Additionally, smaller company stocks tend to be sold less often and in smaller amounts than larger company stocks.

Investments in mid-cap and small-cap companies generally involve greater risks than investing in larger capitalization companies. Mid-cap companies often have narrower commercial markets, more limited managerial and financial resources, and more volatile trading than larger, more established companies.

Real Estate Investment Trusts (REITs) may be affected by economic conditions including credit risk, interest rate risk, and other factors that affect property values, rents, or occupancies of real estate.

Foreign investments present additional risks due to currency fluctuations, economic and political factors, government regulations, differences in accounting standards, and other factors.

Investments in emerging markets involve even greater risks.

Groups of stocks, such as value and growth, go in and out of favor which may cause certain funds to underperform other equity funds.

Because the fund normally will hold a focused portfolio of stocks of fewer companies than many other diversified funds, the increase or decrease of the value of a single stock may have a greater impact on the fund's net asset value and total return.

Investments in the securities of other investment companies, including money market funds and exchange-traded funds ("ETFs") (which may, in turn, invest in equities, bonds, and other financial vehicles), may involve duplication of advisory fees and certain other expenses.

Past performance is not indicative of future results and investing involves risk, including the risk of loss. All information as of Sept. 30, 2022. 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.

Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity.

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.

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

The target interest rate, also known as the federal funds or fed funds rate, is set by the Federal Open Market Committee of the U.S. Federal Reserve and is the Fed's suggested rate for commercial banks to borrow and lend their excess reserves to each other overnight.

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.

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.

Carillon Tower Advisers is the investment adviser for the Carillon Family of Funds and Scout Investments is the subadviser to the Carillon Scout Small Cap Fund. Scout Investments is a wholly owned subsidiary of Carillon Tower Advisers. Carillon Fund Distributors is a wholly owned subsidiary of Eagle Asset Management (a sub-adviser to certain of the Carillon Family of Funds) 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. 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.

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.