CARILLON COUGAR TACTICAL ALLOCATION FUND

CARILLON FAMILY OF FUNDS

INSIGHT | COMMENTARY

FIRST QUARTER | 2019

Investment Team

Abdullah "Abe" Sheikh, FSA, MAAA
Chief Investment Officer
Portfolio Manager

Characteristics

Total Net Assets (millions) $19.9 million

Number of holdings: 6

The fund invests in Exchange Traded Funds (ETFs). The number of holdings represents the portfolio in its totality.

Top Holdings

ISHARES CORE U.S. AGGREGATE

ISHARES CORE S&P 500

ISHARES CORE MSCI EAFE

ISHARES CORE MSCI EMERGING

ISHARES IBOXX HIGH YLD CORP

ISHARES CORE S&P SMALL-CAP E

Please consider the investment objectives, risks, charges, and expenses of any fund carefully before investing. Call 1.800.421.4184 or your financial advisor 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

After sharp drawdowns in equity markets toward the end of last year, 2019 has started on an optimistic note for most equity investors. The rebound in stock prices in the first quarter is due to positive developments on the three key issues that led to increased volatility in the first place, namely U.S.-China trade tensions, concerns around Federal Reserve tightening of monetary policy and the risk of an economic slowdown in 2019.

Portfolio Review

Overall asset allocation remained fairly balanced between equities and fixed income throughout the quarter. The majority of our fixed income exposure was conservatively positioned via investment grade bonds within the ETF. In terms of positioning, international and emerging market equity ETFs were introduced in January, while trimming U.S. exposures, and the portfolio ended the quarter more evenly split between domestic and global equity ETFs. Within fixed income, we added a small high yield ETF position in February as spreads continued to decline. As of March 29, the Fund held 55 percent in equity ETFs and 45 percent in fixed income ETFs and cash.

Outlook

Cougar Global's outlook reflects our cautiously optimistic view of the macroeconomic environment over the next 12 months. We continue to monitor a host of leading economic indicators, which are more mixed internationally relative to the United States. Meanwhile, as growth forecasts worldwide are revised downward, the U.S. should continue to benefit from a now-patient Fed, healthy labor market, and reduced political anxiety. Despite lower global growth forecasts, most portfolios would benefit from holding international exposures as the business cycle matures and central banks eventually consider necessary stimulus measures. Our equity holdings are diversified across regions and market capitalizations, while our fixed income holdings are primarily within the investment grade universe. While fears of a U.S. recession in the immediate term may be overstated, we remain on watch for evidence that the growth cycle has turned.

As with all investing, there is the risk that an unexpected change in the market or within a holding itself may have an adverse effect on the fund. The biggest risk of investing is that returns can fluctuate and investors can lose money.

An investment in Exchange Traded Funds (ETFs) structured as a mutual fund involves the risk of losing money and should be considered as part of an overall program, not a complete investment program. An investment in ETFs involves additional risks: non-diversified, the risks of price volatility, competitive industry pressure, international political and economic developments, possible trading halts, and index tracking error. The fund is a "fund of funds." Investments are concentrated in underlying funds and fund performance is directly related to the performance of underlying funds. The ability of the fund to achieve its investment objective is directly related to the ability of the underlying funds to meet their investment objectives.

Tactical allocation investing presents specific risks, such as currency fluctuations, differences in financial accounting standards as well as potential political and economic instability. As with all equity investing, there is the risk that an unexpected change in the market or an ETF's holdings may have an adverse effect on its net asset value and total return. The biggest risk of equity investing is that returns can fluctuate and investors can lose money.

Investing in small- and mid-cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor. Stocks of smaller or newer or mid-sized companies may be more likely to realize more substantial growth as well as suffer more significant losses than larger or more established issuers. Small- and mid-cap companies generally involve greater risks than investing in larger capitalization companies. They often have narrower commercial markets, more limited managerial and financial resources, and more volatile trading than larger, more established companies.

Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.

International investing involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility.

Investing in emerging markets can be riskier than investing in well-established foreign markets. Emerging and developing markets may be less liquid and more volatile because they tend to reflect economic structures that are generally less diverse and mature and political systems that may be less stable than those in more developed countries.

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

There is an inverse relationship between interest rate movements and fixed-income prices. Generally, when interest rates rise, fixed-income prices fall and when interest rates fall, fixed-income prices generally rise. Bond and bond fund investors should carefully consider risks such as: interest rate risk, credit risk, liquidity risk and inflation risk.

High-yield (below investment grade) bonds are not suitable for all investors and may present greater credit risk than other bonds.

Commodities risk is the risk that investments in commodities, such as gold, or in commodity-linked instruments, will subject an underlying fund's portfolio to volatility that may also deviate from price movements in equity and fixed income securities. Commodities trading is generally considered speculative because of the significant potential for investment loss. Among the factors that could affect the value of the fund's investments in commodities are cyclical economic conditions, sudden political events, changes in sectors affecting a particular industry or commodity and adverse international monetary policies. Markets for precious metals and other commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

Past performance is not indicative of future results and investing involves risk, including the risk of loss. All information is current as of December 31, 2018. 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 Adviser's 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.

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