In a world of shifting global geopolitics, investors may benefit from the flexibility of active international investment management, rather than more rigid strategies that are tied to the performance of an index.

The international investment team at Scout Investments, an affiliate of Carillon Tower Advisers, takes a long view of the global economy. Here are just a few reasons why the team believes now may be a good time to invest internationally.

**Correlation Opportunity**

- Correlation – a measure of how different markets move relative to one another – has reset from near-historic lows. A decrease in overall market correlation between the S&P 500 Index and the MSCI EAFE® (Net) Index suggests markets are reacting to more specific internal variables than global trends.
- The potential rewards from an active manager’s strong stock selection become more apparent in a low-correlation environment.
- In times of lower correlations, the Scout International team believes the benefits of risk diversification through active management increase.

**Valuation Gap**

- A valuation gap has emerged between the MSCI EAFE® (Net) Index and the S&P 500 Index since the global financial crisis.
- Domestic U.S. equities are richly valued – in the view of Scout International portfolio managers – while international equity valuations appear to be more reasonable.
- The gap that has emerged between the forward price-to-earnings ratios (see chart) of the S&P 500 and the MSCI EAFE® (Net) Index may indicate that international equities could potentially outperform domestic equities. Scout’s team supports this view despite the fact that many international equities had a challenging run in 2018.
Why Scout International

We believe portfolios of high-quality companies purchased at attractive valuations and held for the long term have the potential to outperform over time.

- **QUALITY:** Scout International considers a wide range of quality metrics when searching for potential portfolio candidates, including: earnings growth stability, high ROE and low financial leverage. Our team uses the same high-quality bias across the board when choosing companies in developed and emerging markets.

- **VALUE:** The Scout International team compares stock valuations to historical averages, industry peers, the overall market, and growth potential.

- **CONVICTION:** Historically, Scout International's investment vehicles have had a turnover of roughly 20 percent to 25 percent or less. The team's high quality bias and rigorous fundamental analysis may help limit turnover and allow the investment idea for each holding to develop.

Contact us for more information about Scout’s active approach to international investing.

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About Carillon Tower Advisers

Carillon Tower Advisers is a global asset-management company that combines the exceptional insight and agility of individual investment teams with the strength and stability of a full-service firm. Carillon Tower believes providing a lineup of institutional-class portfolio managers – spanning a wide range of disciplines and investing vehicles – is the best way to help investors seek their long-term financial goals.

**Risk Considerations:**

Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that when redeemed, may be worth more or less than their original cost. International investing presents specific risks, such as currency fluctuations, differences in financial accounting standards, and potential political and economic instability. These risks are further accentuated in emerging market countries, where risks can also include possible economic dependency on revenues from particular commodities or on international aid or development assistance, currency transfer restrictions, and liquidity risks related to lower trading volumes.

Growth company stocks 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. 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.

Graphs or other illustrations are provided for illustrative purposes only and not intended as a recommendation to buy, sell, or hold securities displaying similar characteristics.

**Definitions:**

The MSCI EAFE® (Net) Index: The MSCI EAFE® (Net) Index measures the performance of performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The MSCI EAFE® (Net) Index subtracts any foreign taxes applicable to US citizens but not applicable to citizens in the overseas country. It is not possible to invest in an index.

S&P 500 Index: The S&P 500 measures the value of stocks of the 500 largest corporations by market capitalization listed on the New York Stock Exchange or Nasdaq Composite. It is not possible to invest in an index.

P/E Ratio: The price-earnings ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

Correlation Coefficient: The correlation coefficient is a measure that determines the degree to which two variables’ movements are associated. The range of values for the correlation coefficient is -1.0 to 1.0.

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

Leverage: An investment strategy of using borrowed money (specifically, the use of various financial instruments or borrowed capital) to increase the potential return of an investment.

Return: The return on an investment is the income or profit that is generated by an investment over a certain period of time, expressed as a percentage of the initial investment.

Turnover: Turnover is the percentage of a mutual fund or other portfolio's holdings that have been replaced in a given year.

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1STP Investment Services (STP) and Advent Portfolio Exchange (APX)

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Separately managed accounts are offered directly through Scout Investments. Please visit scoutinv.com for more information.

Please consider the investment objectives, risks, charges, and expenses of any fund carefully before investing. Call 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.

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