CARILLON CHARTWELL INCOME FUND†

INSIGHT | COMMENTARY

FIRST QUARTER | 2024

Investment Team

Thomas R. Coughlin, CFA, CMT
Portfolio Manager/Senior Analyst

Andrew S. Toburen, CFA
Senior Portfolio Manager

Christine F. Williams
Senior Portfolio Manager

John M. Hopkins, CFA
Portfolio Manager/Senior Analyst

David C. Dalrymple, CFA
Senior Portfolio Manager

T. Ryan Harkins, CFA
Senior Portfolio Manager

Jeffrey D. Bilsky
Portfolio Manager

Characteristics

Total Net Assets (millions): $291.31

Number of holdings: 137

Please consider the investment objectives, risks, charges, and expenses of any fund carefully before investing. Call 800.421.4814 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

The tight job market starts to ease

The labor market in the United States has continued to prove resilient in the face of tighter financial conditions. While some of the strong job gains seen over the last quarter were revised down, they remain robust, averaging over 230,000 a month since September. That said, the U.S. Federal Reserve (Fed) is likely pleased to see the job market loosen a bit, with the unemployment rate rising to 3.9% and average hourly earnings annualizing below 4% over the past six months. With the survey data showing small businesses are less likely to fill vacant positions or create new positions, the Fed likely has enough cover to start normalizing rates this summer from restrictive territory.

Inflation struggles to move lower

Offsetting the recent softening in the labor market is inflation, which is starting to find a floor above the Fed's target of 2%. We believe there are some structural reasons inflation should remain elevated over the long term, including demographics, waning global trade, and a housing shortage. Outside of a significantly weaker economy, we struggle to see how the Fed will achieve its inflation target for a sustained period. Ultimately, we believe the Fed will be forced to alter its inflation mandate, either by raising the target level, or more likely, by pivoting its focus solely to the jobs market.

Rates move higher

There is a battle being fought within the rates market over what the appropriate monetary policy is for the Fed going forward. With the jobs market stable and inflation remaining stubbornly high, the rates market has started to discount how much the Fed can cut the overnight lending rate in 2024. While the Fed still believes rates are in restrictive territory, the market has begun to question what the neutral rate is in a world where inflation remains closer to 3% than 2%. In such a scenario, the Fed could likely justify cutting the target rate from 5.50% to 4.50% without much pushback. However, if inflation starts to rise in the second half of the year, the Fed will have a difficult time defending a target rate much lower than current levels. It will be interesting to see how this plays out over the coming quarters and we imagine both sides will claim victory at different points in the year.

Tight spreads and record supply

Despite the record-breaking issuance from high-grade companies in the quarter, spreads remained near their historical tights. Demand from foreign and domestic buyers for U.S. high-grade paper remains elevated, as all-in yields remain well above their historical average. The yield-to-worst for the Bloomberg U.S. Corporate Bond Index ended the quarter at 5.3% while it has averaged roughly 3.5% over the last 10 years. With spreads at extremes, we still favor residential mortgages over high-grade credit, though we acknowledge there are some interesting company-specific trades within the corporate credit markets.

Gold breaks higher

For more than three years, gold has traded in a range, bumping up against its 2020 highs on multiple occasions, before finally breaking out this past quarter. We have admired gold's resiliency in the face of higher rates and a stronger dollar, which are typically headwinds for gold's price. The likely factor in its buoyancy is central bank buying, which has increased dramatically over the last two years. With the western world's decision to weaponize the dollar after the Russian invasion of Ukraine (by freezing the foreign exchange reserves of Russia), many central banks, particularly China, Russia, and other emerging markets, have reassessed the make-up of their holdings. So far, gold has been a beneficiary of this reallocation of assets, and we would expect that to continue in this climate of heightened geopolitical tension.

Fund Review

During the first quarter risk assets rallied as the U.S. economy remained resilient despite the continued tightening in monetary policy by the Federal Reserve. Major stock indices challenged or surpassed all-time highs and credit spreads approached historical tights. Inflation, which had been moving lower in the second half of 2023, started to inflect higher during the quarter. This pushed out expectations for the first cut in the Federal Reserve's overnight rate to the second half of 2024 and as a result, rates rallied across the curve, pushing U.S. Treasury and high-grade corporate bond indices lower.

Top Fixed Holdings

U.S. Treasury due 06/15/25

U.S. Treasury due 11/15/31

U.S. Treasury due 02/15/31

U.S. Treasury due 03/31/29

U.S. Treasury due 05/15/32

U.S. Treasury due 08/15/32

U.S. TIIP due 02/15/47

U.S. Treasury due 08/31/28

U.S. Tbill due 04/11/24

U.S. Tbill due 04/25/24

Top Equity Holdings

Alamos Gold

Spider Gold Shares

Ishares Silver Trust

Kinross Gold Corp

Micron Technology

EQT

Rithm Capital (Preferred)

Oceanagold

Annaly Capital Management (Preferred)

AbbVie

Fund Review (cont'd.)

Top Securities	Average Weight (%)	Contribution to Return (%)
Micron Technology	0.86	0.30
Alamos Gold	1.69	0.19
Tenet Healthcare	0.55	0.18
Diamondback Energy	0.54	0.17
Applied Materials	0.54	0.15
Bottom Securities		
Agnico Eagle Mines	0.29	-0.10
Snap-on	0.26	-0.05
T 2 ⅞ 05/15/52	1.04	-0.05
T 1 ⅜ 11/15/31	2.78	-0.04
T 1 ⅛ 02/15/31	2.40	-0.04

As of March 31, 2024. 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, Chartwell Investment Partners, their affiliates, or their respective employees may have a position in the securities listed. Please contact Carillon at 800.421.4814 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.

The equity sleeve was the leading tailwind for the Fund's performance while government bonds were the among the leading detractors. Although cash helped to dampen volatility in the quarter, we are starting to see attractive opportunities out the curve. With high-quality credit and mortgage-backed securities (MBS), offering yields north of 6% with little duration risk, we think it is prudent to start to take down cash levels and lock in rates above expected inflation levels. Given the worsening fiscal situation in the United States and our expectation that inflation remains elevated, we will continue to maintain a position in precious metals and their miners for the foreseeable future.

Top-performing securities

Equity holdings in Micron Technology, Alamos Gold, Tenet Healthcare, Diamondback Energy, and Applied Materials were the leading contributors to performance during the quarter. Micron and Applied Materials were boosted by their positive earnings relative to consensus estimates and the street's rising confidence that a turn in the cycle for memory-related semiconductors is unfolding. Alamos Gold, the Fund's largest equity holding, was aided by a rebound in gold prices mid-quarter. Tenet Healthcare, one of the largest hospital and outpatient facility operators in the United States, has continued to benefit from increased utilization, but also has sold a handful of hospitals at advantageous prices in order to right-size its balance sheet and ease investor concerns about financial leverage. Diamondback Energy entered an agreement to buy a competitor, which will make it the largest publicly traded pure-play Permian Basin exploration and production company when the deal closes. While the company will take on some additional debt to complete the transaction, it should generate enough free cash flow at current oil prices to quickly pay down the required financing. The market seemed to support management's outlook for the accretive transaction.

Bottom-performing securities

The largest detractors to performance for the quarter came from equity holdings in Agnico Eagle and Snap-on as well as from three of the Fund's longer-duration Treasury holdings: T 2⅞ 05/15/52, T 1⅜ 11/15/31, and T 1⅛ 02/15/31. Agnico Eagle was sold during the first half of the quarter as the price of gold sold off. Those proceeds were rotated into some higher-beta gold miners. Snap-on, a long-time holding for the Fund, was also sold during the quarter after a lackluster earnings report. While we appreciate the long-term outlook for the auto-repair supplier, we see reasons for growth to stagnate over the coming 12 months and therefore sold the stock. Lastly, some of the Fund's longer-duration Treasury assets were a headwind to performance as rates drifted higher during the quarter. While the Fund's overall duration is well short of the Bloomberg U.S. Aggregate Bond Index's, we do hold some longer pieces of paper as a partial hedge.

Outlook

Inflation is likely to remain at the forefront of investors' minds in the coming quarters. While we think many will find comfort in the Consumer Price Index (CPI) data resuming its downward trend in the coming months, it will likely find a floor above the Fed's inflation target. We ultimately see inflation settling in well above the 1.8% it averaged in the 10 years following the Global Financial Crisis.

Investors have some options to battle higher levels of inflation. We believe Treasury Inflation-Protected Securities (TIPS) should comprise a significant portion of any high-quality bond portfolio. TIPS adjust their principal balance monthly to reflect trailing CPI adjustments. Therefore, TIPS should outperform other high-grade bonds like Treasuries and corporates in higher inflation regimes.

TIPS are an imperfect asset class, though, as many investors realized in 2022. While their principal may adjust to higher inflation rates, they are also susceptible to rising real rates. Real rates rose significantly in 2022 as the Fed embarked on one of its fastest hiking campaigns in its history. That year the Bloomberg U.S. Treasury Inflation-Linked Bond Index returned -11.85% while the CPI was up +6.5% for all of 2022.

Not many asset classes performed well in 2022 given the tighter financial conditions, but two equity sectors that posted positive returns were energy and metals and mining. We think these sectors can again prove to be a decent hedge against any potential increase in real rates, while also capturing a component of inflation. Therefore, we plan to continue to maintain exposure to these sectors.

To hedge further against rising rates, we think investors should focus on current income and shorter durations. In today's environment, investors do not have to extend duration beyond five years to capture yields above 6%. High-quality corporate credit and mortgage-backed securities can offer above expected inflation yields without taking on the risks of long-duration assets, but investors should be active in these allocations and know what they are buying. Corporate credit exchange-traded funds (ETFs) diversify away much of the potential alpha in the asset class, especially when spreads are tight, as they are today. Most mortgage-backed securities ETFs are comprised of mortgages issued in the low-rate environment of years past. They therefore offer much lower realized yields in the current rate environment and higher durations relative to current coupon mortgages. Comparatively, we will focus on collecting current income while attempting to minimize downside risks in the fixed income portfolio.

Risk Considerations: Investing in any mutual fund involves risk, including the risk that you may lose all or part of the money you invest. The Fund invests in both fixed income and equity securities. Its investments in fixed income securities are subject to such risks as: interest rate risk; call risk; default risk; high yield (junk bond) risk; and unrated bond risk. The Fund also invests in equity securities that carry the potential for unpredictable drops in value and periods of lackluster performance.

Past performance is not indicative of future results, and investing involves risk, including the risk of loss. All information as of March 31, 2024. 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.

Definitions

Accretive, or accretion, describes the process of an investment's value or returns growing gradually or incrementally.

An all-in yield refers to a yield, whether in the form of an interest rate, margin, original issue discount (OID), upfront fees, Eurodollar Rate floor and/or Base Rate floor, or otherwise, that does not include arrangement fees, structuring fees, commitment fees and underwriting fees or other fees not paid generally to all lenders of such Indebtedness.

Alpha is a measure of the difference between a manager's actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the manager has performed better than its beta would predict. A negative alpha indicates the manager performed worse than expected based on its level of risk. Thus it is possible for a manager to outperform an index and still have a negative alpha. In general, however, the higher the alpha the better.

Annualized estimates represent short-term calculations or rates that have been converted into annual rates.

Beta is a measure of the volatility or systemic risk of a security, group of securities, or portfolio compared with the market as a whole.

The U.S. Consumer Price Index (CPI) measures the change in prices paid by consumers for goods and services. The U.S. Bureau of Labor Statistics bases the index on prices of food, clothing, shelter, fuels, transportation, doctors' and dentists' services, drugs, and other goods and services that people buy for day-to-day living. Prices are collected each month in 75 urban areas across the country from about 6,000 households and 22,000 retailers.

A coupon or coupon payment is the annual interest paid on a bond. It is expressed as a percentage of the bond's face value and is paid from the date of issue until the date of maturity.

Credit spread is the difference in yield between bonds of a similar maturity but with different credit quality. The spread is measured in basis points. A widening of credit spreads means prices of corporate bonds are declining, and the difference between their yields and those of government bonds is increasing. This often occurs when economic conditions are worsening, and investors want to receive higher compensation for taking on the risk associated with bonds that are less creditworthy than government debt. A narrowing of spreads generally suggests the opposite. Economic prospects are improving, and the yield difference decreases, as the prices of riskier bonds that offer higher interest payments than government begins to rise.

Duration incorporates a bond's yield, coupon, final maturity, and call features into one number, expressed in years, that indicates how price-sensitive a bond or portfolio is to changes in interest rates. Bonds with higher durations carry more risk and have higher price volatility than bonds with lower durations.

An exchange-traded fund (ETF) is a type of security that tracks a market index, sector, commodity, or other assets, but which can be bought or sold on a stock exchange the same way a regular stock or other security can. An ETF can be structured to track a wide variety of securities, including stocks, bonds, individual commodities, diverse aggregations of securities, and specific investment strategies.

High-grade bonds, also commonly known as investment-grade, are fixed-income securities rated BBB or better by Standard & Poor's or Baa or better by Moody's.

High-yield bonds have credit ratings below BBB- from Standard & Poor's or below Baa3 from

Moody's.

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

The neutral rate is the theoretical federal funds rate at which the stance of U.S. Federal Reserve monetary policy is neither accommodative nor restrictive. It is the short-term real interest rate consistent with the economy maintaining full employment with associated price stability. The federal funds rate, known as the fed funds rate, is the target interest rate set by the Federal Open Market Committee of the Federal Reserve. The target is the Fed's suggested rate for commercial banks to borrow and lend their excess reserves to each other overnight.

A pure play company is one that focuses its business in a single industry.

A real interest rate, or real yield, is an interest rate that has been adjusted to remove the effects of inflation. Once adjusted, it reflects the real cost of funds to a borrower and the real yield to a lender or to an investor. A real interest rate reflects the rate of time preference for current goods over future goods. For an investment, a real interest rate is calculated as the difference between the nominal interest rate, which is not adjusted for inflation, and the inflation rate.

A realized yield is the actual return that an investment earns during the period that it is held. It can include interest payments, dividends, or other cash distributions. Realized yield can refer either to a bond sold prior to its maturity date or to a dividend-paying security.

Restrictive refers to central bank monetary policy that aims to use higher interest rates to control or tamp down inflation.

Tailwind is a term used to describe events or market forces that exert a positive influence on an investment's performance.

Trailing indicators are data or measurements that reflect events, trends, results, or developments that took place in the past. Trailing indicators typically refer to a specific time period for which the data in question is aggregated, summed, or averaged. Trailing indicators help reflect trends that occur over specified periods of time.

U.S. Treasury Inflation-Protected Securities (TIPS) provide protection against inflation. The principal of a TIPS instrument increases with inflation and decreases with deflation, as measured by the Consumer Price Index. When a TIPS matures, investors are paid the adjusted principal or original principal, whichever is greater.

A yield curve is a line that plots yields (interest rates) of bonds having equal credit quality but differing maturity dates. The slope of the yield curve gives an idea of future interest rate changes and economic activity. Investors and market analysts watch certain yield curves for signs of inversion, when yields for longer-term debt instruments fall below yields on short-term debt with the same credit quality. Inversions are watched as potential signs of a weakening economy and in certain cases, a harbinger of recessions.

Yield to worst is a measure of the lowest possible yield that can be received on a bond with an early retirement provision. It is a type of yield that is referenced when a bond has provisions that would allow the issuer to close it out before it matures. The yield to worst metric is used to evaluate the worst-case scenario for yield at the earliest allowable retirement date. It is always less than yield to maturity because it represents a return for a shortened investment period.

Indices

The 25% Russell 3000V/55% Bloomberg US Agg/20% BofA HYCP Blend is a custom benchmark compromising of 25% Russell 3000 Value, 55% Bloomberg U.S. Aggregate Bond, and 20% ICE BofA U.S. Cash Pay High Yield indices. This blend best reflects the composition of the Fund.

The InterContinental Exchange (ICE) Bank of America U.S. Cash Pay High Yield Index is an index of all sectors of the non-investment grade bond market.

The Russell 3000® Value Index measures the performance of the broad value segment of the U.S. equity value universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2024. FTSE Russell is a trading name of certain of the LSE Group companies. Russell® is a trademark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

The Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

The Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market.

The Bloomberg U.S. Treasury Inflation-Linked Bond Index measures the performance of the U.S. Treasury Inflation Protected Securities (TIPS) market. U.S. Federal Reserve holdings of U.S. TIPS are not eligible for the index and are excluded from the face amount outstanding of each bond in the index.

"Bloomberg®" and the Bloomberg U.S. Aggregate Bond Index, Bloomberg U.S. Corporate Bond Index, and Bloomberg U.S. Treasury Inflation-Linked Bond Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the indices (collectively, "Bloomberg") and have been licensed for use for certain purposes by Carillon Tower Advisers and Chartwell Investment Partners. Bloomberg is not affiliated with Carillon Tower Advisers or Chartwell Investment Partners, and Bloomberg does not approve, endorse, review, or recommend the Carillon Chartwell Income Fund. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Carillon Chartwell Income Fund.

The fund is the successor to the Chartwell Income Fund pursuant to a reorganization involving the Fund and the Predecessor Fund that occurred on July 1, 2022. The Class Chartwell shares of the Fund have adopted the performance history and financial statements of the Predecessor Fund. Prior to the date of the reorganization, the Fund had no investment operations. Accordingly, the performance information, including information on fees and expenses and financial information provided in this prospectus for periods prior to the reorganization (the Fund's commencement of operations) is historical information for the Predecessor Fund. Given the above, unless specifically stated otherwise, subsequent references in this section to the Fund should be read to include the Predecessor Fund, as well as the other predecessor funds described below.

Prior to this reorganization, the Fund acquired the assets and liabilities of the Berwyn Income Fund (the "IMST Predecessor Fund"), a series of Investment Managers Series Trust, on July 17, 2017. The IMST Predecessor Fund acquired the assets and liabilities of the Berwyn Income Fund (the "Berwyn Funds Predecessor Fund," and together with the IMST Predecessor Fund and the Predecessor Fund, the "Predecessor Funds"), a series of The Berwyn Funds, on April 29, 2016. As a result of the reorganizations, the fund is the accounting successor of the Predecessor Funds. Performance results shown in the bar chart and the performance table reflect the performance of the IMST Predecessor Fund for the period from April 29, 2016 through July 17, 2017, and the performance of the Berwyn Funds Predecessor Fund for the period prior to April 29, 2016. The Predecessor Funds' past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future

Distributed by Carillon Fund Distributors Inc., Member FINRA

Prior to June 30, 2022, the wholesaling and marketing efforts were provided by, among others, Chartwell TSC Securities Corp., an affiliate broker dealer, member FINRA. Chartwell Investment Partners, LLC and Chartwell TSC Securities Corp. were both wholly owned subsidiaries of TriState Capital Holdings, Inc. Beginning July 1, 2022: the fund was re-named the Carillon Chartwell Income Fund; the underwriting, wholesaling and marketing efforts became provided by Carillon Fund Distributors, Inc., member FINRA; Chartwell Investment Partners, LLC became the sub-adviser for the fund as well as a subsidiary of Carillon Tower Advisers, Inc., which became the investment adviser. All entities named are affiliates

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.

†Effective April 26, 2024, The Carillon Chartwell Income Fund will be renamed Carillon Chartwell Real Income Fund. Please see the prospectus for the specific details.

REORGANIZATION NOTICE: The Board of Trustees of Carillon Series Trust has approved, based upon the recommendation of Carillon Tower Advisers, Inc. ("Carillon Tower"), the Funds' investment adviser: (i) the creation and registration of Class I, a new share class of the Funds; (ii) the combination of the Class Chartwell shares of the Funds into Class I shares; and (iii) the termination of the Class Chartwell shares of the Funds. The combination and termination of the Class Chartwell shares will become effective on or about the close of business on April 26, 2024 (the "Combination Date"). Each Class Chartwell shareholder will receive Class I shares in an amount equal to the value of the shareholder's Class Chartwell shares as of the Combination Date. The Class I shares will be registered with the U.S Securities and Exchange Commission prior to the Combination Date. Effective April 29, 2024, the Funds will no longer accept purchases of Class Chartwell shares. Any purchases of Class Chartwell shares received after April 26, 2024, such as those pursuant to a reinvestment of dividends or a periodic investment program, will be invested in Class I shares. Please see the December 1, 2023 prospectus supplement for additional information or contact us at 1.800.421.4184. If you purchased shares of a Fund through your financial intermediary, please contact your broker-dealer or other financial intermediary for further details.

While the Fund is no load, there are management fees and operating expenses that do apply. Such fees and expenses are described in the Fund's Prospectus.

532418 Exp. 7/31/24 CM-CFF-CCIF