

THINK INTERNATIONALLY:

Long-term investing, not short-term trading



In a world of shifting global geopolitics, investors can 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

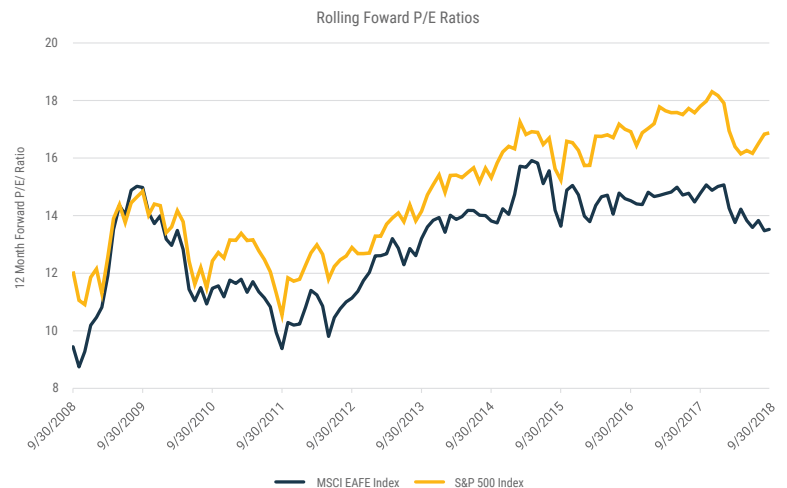
- Correlation – a measure of how different markets move relative to one another – has fallen to near-historic lows. A sharp decrease in overall market correlation between the S&P 500 Index and the MSCI EAFE Index suggests markets are reacting to more specific internal variables than global trends.
-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



As of September 30, 2018 – Source: Bloomberg

Valuation Gap

- A valuation gap has emerged between the MSCI EAFE Index and the S&P 500 Index since the global financial crisis.
- Domestic U.S. equities are now richly valued – some may say over-valued – 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 may indicate that international equities are poised to outperform domestic equities. Scout’s team supports this view despite the fact that many international equities had a challenging run in 2018.



As of September 30, 2018 – Source: Bloomberg

Why Scout International

We believe portfolios of high-quality companies purchased at attractive valuations and held for the long term will 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 less¹. The team's high quality bias and rigorous fundamental analysis may help limit turnover and allow the investment idea for each holding to develop.

Scout Investments
AN AFFILIATE OF CARILLON TOWER ADVISERS

ABOUT SCOUT

Scout's investment teams employ distinct investment philosophies and processes to pursue long-term capital appreciation objectives that are consistent with client goals. Our thoughtful long-term approach to international investing seeks quality companies with strong fundamentals, growth tailwinds and proven management teams.

Contact us at **800.521.1195** or visit **carillontower.com**

Learn more about Scout's active approach to international investing.

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.

Disclosures:

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

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 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. 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 or sell securities displaying similar characteristics.

Definitions:

MSCI EAFE Index: The MSCI EAFE® Index measures large- and mid-cap equity performance across 22 of 24 developed countries, excluding the U.S. and Canada. 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.

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