



February 2012

## CALAMOS GLOBAL FUNDS - CALAMOS EMERGING MARKETS FUND

Sub-fund of Ireland-domiciled open-ended investment company; Ucits III

Fund owner: Calamos Investments

Fund manager/adviser: Calamos Advisors LLC

Named portfolio manager/adviser(s):  
Team

Peer group: Global Emerging Markets  
Equities

Location: Naperville, Illinois

Launch date: February 2011

Fund size (January 2012): US\$95m

Contact group: +1 630 245 1363 or  
www.calamos.com

Further information on S&P's fund coverage can be found  
at [www.FundsInsights.com](http://www.FundsInsights.com)

### Investment style

	Value	Blend	Growth
Large-cap			
Mid-cap			
Small-cap			

### Standard & Poor's opinion (February 2012)

This fund differs from many others in the peer group in that it can invest in any company that generates at least 20% of its sales in emerging markets. This absence of domicile constraints is reflected in a portfolio that includes sizeable exposure to larger-caps in developed markets, such as Danone, ABB and Swatch, which benefit significantly from emerging markets exposure. The resulting regional exposures often deviate significantly from peers and benchmark.

The fund is managed in the characteristic house style by an experienced and stable investment team based in Naperville, Illinois. Having no analytical presence in emerging markets, the team's focus is on mid- and larger-caps.

Calamos analyses a company's entire capital structure. Proprietary screens reduce the stock universe to a more manageable level for detailed analysis of company cashflows, balance sheet strength, earnings etc to determine the quality and sustainability of any perceived growth. Potential holdings are then assessed to decide the most appropriate means of investing - equity, bond or convertible - and the timing of any such decision. Risk control focuses on detailed company research.

Although this Dublin-listed fund has less than 12 months' track record, it has outperformed its MSCI Emerging Markets benchmark over this period and is managed as a near clone of a US mutual fund with a solid three-year track record.

There will be times when this growth approach will not be supported by the underlying markets, but the stylistic consistency and our high regard for the team support an S&P A (New) rating.

### Fund manager & team

Calamos Investments of Naperville, Illinois, is a Nasdaq-listed, family-controlled business founded in 1977 by John Calamos Sr. (CEO) as a specialist convertible fund manager. It has since diversified and now manages \$33bn across US equity (32%), US opportunities (21%), global (15%), US convertibles (13%), high yield (8%), alternative investments (7%), non-US equity (3%) and other (1%) strategies.

John Calamos focuses on the business and top-down views. Co-CIO Nick Calamos is responsible for the process and team, comprising heads of research Jeff Scudieri (17 years experience) and John Vacko (20 years), five strategy/sector analysts (average 18 years), three sector analysts (12 years) and eight intermediate analysts (11 years). Staff turnover is very modest.

While there is no separate emerging markets team, Scudieri is designated lead manager, a result of his greater experience with non-US companies. Decisions remain team-based and a result of team consultation and debate.

Jeff Scudieri - MBA finance (DePaul University), BA finance (Northern Illinois University), CFA, joined Calamos in 1997 and is directly involved in the fundamental analysis of companies, while also investigating opportunities that meet the firm's long-term philosophy and process. Prior to joining Calamos, Scudieri worked in shareholder services at Zurich Kemper Investments.

### Management style

Although benchmarked to the MSCI Emerging Markets index, deviations at sector and country level can be significant.

The fund is managed in a team-driven fashion with the co-CIOs providing a top-down framework of macroeconomic, secular and cyclical themes. An initial investment universe is reduced through quantitative screens (focus is on credit, valuation, growth metrics and technicals) to allow for more detailed analysis.

The Calamos approach is to focus on a company's entire capital structure, where fundamental analysis is conducted on earnings expectations, balance sheet and cashflow strength, management quality and industry dynamics. Fair value is estimated using cashflow measures under various risk/reward scenarios, with stocks ranked on a relative and absolute basis. Investments are made through both equity and convertible securities.

Risk is managed through detailed knowledge of the 60-80 holdings, with single-stock exposure kept under 5%. Derivatives may be used, while cash is typically limited to 5% and currency exposures remain unhedged.

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## Portfolio & performance analysis (January 2012)

Calamos's strength is in its analysis of the entire capital structure of prospective holdings, which it uses to understand those that, regardless of their domicile, are best positioned to benefit from the anticipated rapid growth in emerging economies. Nearly 52% is currently allocated to companies domiciled in developed markets but which satisfy the criteria of demonstrating a minimum 20% of sales/assets in emerging markets. In reality, the team has advised that this is likely to be closer to 50%.

Allocations to North America (20.7%) and Europe (23.1%) represent the largest overweight regional exposure, with Asia/Pacific the greatest underweight (25.8% against 59.1% in the benchmark). This reflects concerns around corporate governance and explains the considerable underweight to China and zero-weight to Russia.

Since inception, relative performance has been strong (-11% against -15% for the benchmark to end-December 2011) - a product of a successful top-down framework, which has seen a +13.6% overweight in consumer staples (mainly within beverages) and a -22.5% underweight to financials. Within consumer staples, Coca-Cola, Diageo and Anheuser-Busch InBev were the major contributors to performance. The team continues to have a negative view on financials, but recognises that their low weighting represents a significant bet.

Sector-wise, the key detractors were IT, energy and materials. IT exposure was cut over the past year (Baidu, Tencent and MercadoLibre all divested) as focus shifted to a greater emphasis on valuation. The team continues to hold no exposure to utilities, citing a lower growth profile and high levels of regulation as barriers.

# STANDARD & POOR'S



## Portfolio characteristics (January 2012)

No. of holdings	69
% in top 10	29.6

### Top 10 holdings

	%
Bebidas das Americas	4.5
Wal-Mart de Mexico	4.1
Novo Nordisk	3.2
Billion Express Investments	2.9
AngloGold Ashanti	2.7
Danone	2.6
MTN Group	2.5
TIM Participacoes	2.4
China Petroleum & Chemical Corp.	2.4
Qualcomm	2.3

\* In top 10 holdings a year ago

### Sector allocation

	%
Consumer discretionary	4.1
Consumer staples	21.7
Energy	14.9
Financials	1.3
Healthcare	4.7
Industrials	4.5
Information technology	17.1
Materials	16.2
Telecommunications	8.6
Utilities	0.0
Cash	6.9

### Geographical allocation

	%
Asia/Pacific	25.8
Caribbean	0.6
EMEA	31.0
Latin America	15.1
North America	20.6
Cash	6.9

# STANDARD & POOR'S

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## Symbols and Definitions

### Long-only fund ratings

- AAA The fund demonstrates the highest standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.
- AA The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.
- A The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

### Fund-of-hedge-funds ratings

#### Absolute return fund ratings

#### Specialist fund ratings

- AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
- AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
- A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

### Ucits III flexible beta fund ratings

- AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.

### All fund ratings

- Not Rated (NR) Funds designated as Not Rated currently do not meet the requisite performance standards and/or the minimum qualitative criteria to achieve a fund rating.
- Under Review (UR) Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.
- (New) Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.
- Tenure Review (TR) The fund manager/team involved in the management of the fund does not currently have the minimum 12 months relevant investment management experience required to be eligible to be considered for a rating.
- Long-term fund management rating The fund has been rated in the A/AA/AAA fund rating band for five consecutive years or more, and continues to hold a rating.

### Bond fund volatility ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

- V1 Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising the highest quality fixed income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.
- V2 Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.
- V3 Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.
- V4 Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.
- V5 Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or less liquid securities.
- V6 Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

### Absolute return fund N ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.