



Latest grading issued September 2012

**Fund owner:** Calamos Investments  
**Fund manager/adviser:** Calamos Advisors LLC  
**Named portfolio manager/adviser(s):** Team  
**Contact group:** +1 630 245 1363 or www.calamos.com

**Fund profile**

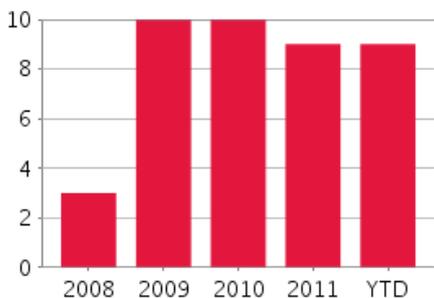
<b>Launch date</b>	November 2007
<b>Manager location</b>	Naperville, Illinois
<b>Sector</b>	Global equities
<b>Peer group</b>	Global equities
<b>Fund benchmark</b>	MSCI AC World index
<b>Fund size</b>	US\$161m (1 July 2012)

**Review period 12 months to end-June 2012**

**Susan Sworn, Analyst at S&P Capital IQ Fund Research, prepared and is responsible for this report; the Grading Committee is responsible for the grading.**

*The following report is based on information taken direct from the group either via interview or as a written document and augmented by information in the public domain. The sources of performance data are provided within the report. All opinions are our own.*

**Calendar-year decile ranks**



*Decile ranking in discrete annual periods. First decile (highest returns) shown as rank 10, second decile as rank nine with tenth decile (lowest returns) as rank one.*

**Fund Research opinion (September 2012)**

Calamos is a successful, family-run asset management house based in Naperville, Illinois, with AUM in excess of \$30bn. This global equity fund, launched in late 2007, has almost quadrupled in the last 13 months, growing from \$48m to \$161m.

Calamos recently announced an unexpected change in its senior management. For years, the company has been run by joint-CIOs John Calamos and his nephew Nick Calamos, both of whom have extensive investment experience (42 and 29 years, respectively). Nick Calamos has announced his intention to relinquish his post; he remains a shareholder and on the board, but his day-to-day role as co-CIO will pass to an outside hire, Gary Black.

Black has over 20 years' investment experience. His company, Black Capital, a small and yet to be profitable group founded in 2009, has been bought by Calamos. It has AUM of about \$10m in long/short strategies. While this may be an interesting potential add-on, size-wise it is insignificant when viewed in the context of Calamos's over \$30bn in AUM. The New York-based Black Capital team will remain distinct from the Naperville team; Black will spend most of his time in Naperville, getting to know the Calamos team and then looking at all aspects of team, portfolio and risk structure and management. This may include a reassessment of the current Calamos team structure. At present, one team looks at all aspects of a company's capital structure so as to identify opportunities and assess risk; this is a key feature distinguishing Calamos from many peers. He is also keen to encourage greater ownership of portfolios, an admirable aim, but nevertheless challenging to implement sensitively in what is a truly collegial culture. He also aims to build a global research platform with local representation. We expect to see his first conclusions in spring 2013. John Calamos remains actively involved with all aspects of the process, but, like other observers, we cannot help but see this as succession planning, with implications for the culture and corporate structure.

There is no impact on the global equity fund at this point. The underlying team is experienced, well-resourced and notably stable, with only one departure (an intermediate analyst) in the last 12 months. The sizeable inflows of the last 13 months have been handled in a disciplined manner, with stock numbers up only slightly from 74 to 82. The focus is on identifying high-quality businesses; in-depth analysis of cashflows and balance sheets determines the quality and sustainability of any perceived growth. The effectiveness of the approach is reflected in performance; aside from 2008, the fund has consistently ranked top-quartile in its S&P Capital IQ peer group, and has outperformed the median fund by over 34 full percentage points over three years cumulatively. This is not to say that there have not been detractors; Facebook is one of the more notable of late, where we sense the team feels less sure-footed than usual.

A key driver of performance has been the underweight to financials (ie, banks). At review, the sector was just 3% of the fund against the MSCI World's 19%. The team still believes that there are considerable regulatory and industry issues to be resolved, and this led them to sell their only bank, Standard Chartered, before its problems with the US regulators arose.

We will monitor events at Calamos with interest. In the meantime, the fund fully merits its continued S&P Capital IQ Gold grading.

**Cumulative returns**

	3 years
Fund share class	58.6%
S&P Capital IQ peer median	24.9%
Index**	39.3%
Fund share class rank	71/4927
Volatility-adjusted ranking	169/4927

\*\* S&P Global 1200

# Calamos Global Equity Fund

## Management style

This fund focuses on good-quality companies positioned to benefit from long-term secular growth trends. The aim is to buy companies offering a return above 20% a year at a significant discount to fair value. The benchmark, for performance reference purposes only, is the MSCI World. In the Calamos approach, the whole capital structure of a company is analysed so as to identify opportunities and assess risk.

The process begins with quantitative screening to identify high relative earnings growth and/or accelerating ROIC or revenues but is, from then on, almost wholly qualitative in nature. Highlighted companies undergo detailed fundamental analysis of their earnings expectations, balance sheet strength and cashflows to determine the quality and sustainability of this growth. Management interviews focus on business planning and corporate governance. The companies may come from across the market capitalisation spectrum and from any sector, country or region.

Fair value is calculated using cashflow measures under various risk/reward scenarios. The companies are then ranked on a relative and an absolute basis.

Portfolio construction combines global themes, macroeconomic views and the highest-conviction stock ideas. Themes may be secular in nature (ie, long-term drivers of company growth) or shorter and more cyclical in nature, providing shorter-term opportunities. Decisions are team-based and index-aware, but not driven by the MSCI World benchmark. Sell decisions may be driven by deteriorating fundamentals and/or by valuation.

Risk is managed through detailed knowledge of the 80-100 holdings, each no more than a 5% position. The fund must be exposed to at least 10 markets, have 33% to 66% US exposure and hold no more than twice index weight in emerging markets. Put options may be used to add value.

## Fund manager & team

Calamos Investments, based in Naperville, Illinois, is a Nasdaq-listed, family-controlled business founded in 1977 by John Calamos (CEO) as a specialist convertible fund manager. The firm has since diversified and now manages over \$30bn, mainly in equities.

John Calamos focuses on the business and top-down views. Co-CIO and nephew Nick Calamos used to be responsible for the process and team, but is stepping down in Q3 2012 to be replaced by Gary Black. The team includes heads of research Jeff Scudieri (17 years' experience) and Jon Vacko (20), five senior strategy/sector analysts (average 19 years), three sector analysts (13), seven intermediate analysts and 14 junior analysts. Staff turnover is very modest. Portfolio decisions are team-based, with the end result being a product of team consultation and debate.



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## Investment style

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

## Portfolio characteristics (1 July 2012)

No. of holdings	82
% in top 10	32
Turnover ratio (%)	N/A

Source: Calamos Advisors LLC

## Risk characteristics

	3 years
Worst month (%)	-12.1
Volatility	20.0
Correlation vs index	0.9
Beta vs index	1.0

## Geographical allocation

	%
Asia (ex Japan & China)	6.6
Europe (ex UK)	28.0
North America	50.8
United Kingdom	2.7
Others	8.3
Cash	3.6

## Calendar-year performance

	2008		2009		2010		2011		Year to 29/06/2012	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund share class	-47.0	2944/3941	51.0	365/4691	23.5	151/5193	-4.6	1003/5766	6.5	860/6252
Index**	-40.1		31.7		11.9		-5.1		6.3	
Median	-43.7		33.2		10.5		-10.5		3.7	

\*\* S&P Global 1200

Fund benchmark: MSCI AC World index

Share class screened: IE00B28VTX42 (A USD Acc)

Performance Data Source - © 2012 Lipper inc. All rights reserved. All statistical data on this report has been run to 29/06/2012 on NAV to NAV basis, with gross income reinvested, in USD and including the effect of fees and expenses.

## Grading Process

To qualify for an interview and potential grading, a fund must have a minimum two-year performance track record (three years for funds-of-hedge-funds). New funds, funds with less than two years' performance record and specialist funds can be analysed and included providing independent verifiable performance data is supplied.

The starting point for a grading is an initial quantitative screen based on performance data obtained from Lipper Inc or elsewhere. For long-only funds, discrete annual performance comparisons are made, as opposed to cumulative returns over a three-year period. Relative performance of funds within each sector is ranked by decile.

This quantitative screen captures approximately the top 20% of funds in each sector, depending on the size of the sector. For funds-of-hedge-funds the screen is based on the fund's risk/reward objective.

For more information on the fund grading process please visit our website at [www.funds-info.standardandpoors.com](http://www.funds-info.standardandpoors.com).

## Symbols and Definitions

### Active funds

#### Grading bands for long-only funds

**Platinum** 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.

**Gold** 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.

**Silver** 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.

#### Grading bands for Fund-of-hedge-funds / Absolute return / Specialist funds

**Platinum** The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

**Gold** The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

**Silver** The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

#### Grading bands for Ucits III flexible beta funds

**Platinum** 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.

**Gold** 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.

**Silver** 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.

### Bond gradings

**V** Bond fund volatility gradings of V1 to V6 reflect S&P Capital IQ's current opinion of a fund's sensitivity to changing market conditions. A volatility grading evaluates a fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For the V1 to V4 categories, risk is considered relative to a portfolio composed of government securities denominated in the base currency of the fund.

### Absolute return gradings

**N** The N grading is S&P Capital IQ's indication of a fund's potential capital stability in normal markets. It is a qualitative grading but is based on annualised weekly downside deviation. N1 is the most stable, and N9 the least stable grading.

Continued on next page

## Symbols and Definitions (continued)

### Passive funds

Platinum	The fund demonstrates the highest standards of quality based on its investment process, risk management and consistency of performance as compared to its benchmark index and other passive funds with a similar benchmark.
Gold	The fund demonstrates very high standards of quality based on its investment process, risk management and consistency of performance as compared to its benchmark index and other passive funds with a similar benchmark.
Silver	The fund demonstrates high standards of quality in its sector based on its investment process, risk management and consistency of performance as compared to its benchmark index and other passive funds with a similar benchmark.

### Applicable to both active and passive funds

Bronze	A previously graded fund where a newly appointed fund manager or team does not yet have the required 12 months' relevant investment management experience to achieve a Silver grading or higher.
Grading On Hold	A grading is placed On Hold when a significant change occurs at the fund manager or fund management team level and S&P Capital IQ has not yet had the opportunity to evaluate the impact on the qualitative appraisal.
Grading Removed	A previously graded fund is classified Grading Removed when a significant change occurs at the fund manager or fund management team level sufficient for the fund to no longer meet the standards to achieve a grading.
LTG recognition	A long-term grading (LTG) denotes a fund that has achieved an S&P Capital IQ fund grading at Platinum, Gold or Silver level in each of the last five or 10 consecutive years.

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