# Global Opportunities Strategy

CALAMOS®

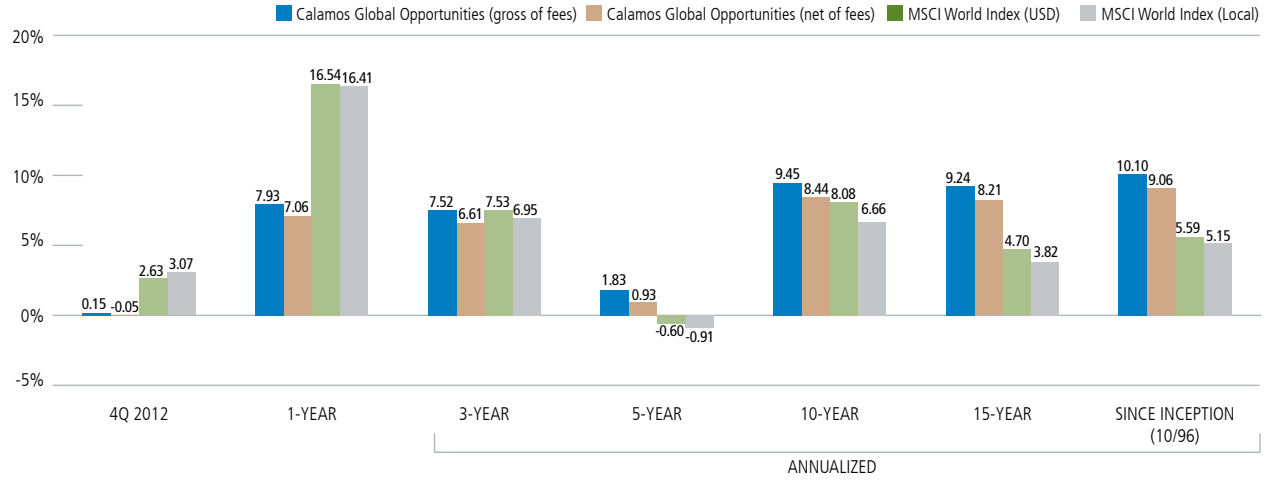
## Market Overview

Global equities and global convertibles advanced during the fourth quarter amidst promising developments from Europe. Those developments include a successful buyback of Greek debt and an additional bond purchase program announced by the European Central Bank, a change of leadership within Japan, and strong economic data from some of the larger emerging economies, most notably from China. The U.S. turned in slightly negative performance during the quarter as the U.S. market fluctuated greatly throughout the period. Investors were challenged to cope with presidential and congressional elections, the ramifications of a destructive hurricane, and uncertainty concerning the looming fiscal cliff negotiations. The MSCI World Index returned 2.63% (3.07% in local currency terms) and the BofA Merrill Lynch Global 300 Convertible Index (G300) returned 2.40%.

Geographically, the advance in the equity markets was broad based, with the exception of the U.S. The S&P 500 Index decreased slightly during the quarter with a loss of 0.38%. Europe outperformed the developed equity market, returning 7.06% as measured by the MSCI Europe Index. Markets reacted favorably to the recent election within Japan resulting in strong relative performance. Japanese equities returned 5.79% during the period, as measured by the MSCI Japan Index. Some of the concern surrounding China and the rest of the BRIC economies dissipated during the quarter due to strong economic data that was released. Emerging markets outperformed developed market regions, with the MSCI Emerging Markets Index returning 5.61% (5.36% in local currency terms).

Of the major regions within the G300 Index, Europe performed the strongest during the quarter, returning 6.61% versus a gain of 7.06% for the MSCI Europe Index. Japanese convertibles performed the worst with a 6.65% loss. Convertibles greatly underperformed relatively strong Japanese equities in the quarter. Speculative grade convertibles (4.28% return) outperformed investment grade issues (0.63% return) in the quarter.

**FIGURE 1. CALAMOS GLOBAL OPPORTUNITIES STRATEGY RETURNS**

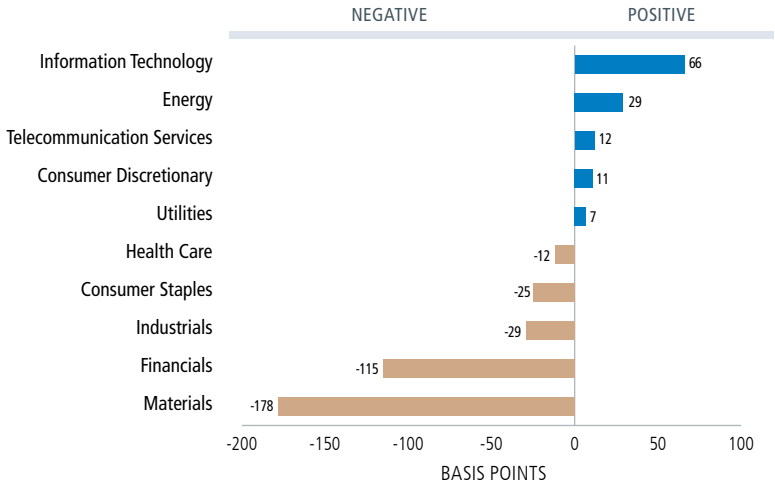



Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC.
**Past performance is no guarantee of future results.**
Data as of 12/31/12.

All portfolio positioning and sector information is for a representative portfolio. Please see page four for additional information.

# Calamos Global Opportunities Strategy

**FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE MSCI WORLD INDEX**
FOURTH QUARTER 2012




Attribution based on gross of fee performance with dividends reinvested. Performance attribution excludes any government/sovereign bonds or options on broad market indexes the portfolio may hold.
**Past performance is no guarantee of future results.**
Source: Calamos Advisors LLC
Data as of 12/31/12.

The U.S. Dollar Index, a measure of the performance of the U.S. dollar against a basket of six major world currencies, decreased 0.21%, to 79.77 from 79.94 during the quarter. The U.S. dollar depreciated against the Swiss franc, the euro and the British pound by 2.60%, 2.52% and 0.54%, respectively. The dollar appreciated against the yen by 11.28% during the fourth quarter.

## Performance Review

The portfolio trailed the global equity market during the period. Most of the underperformance stemmed from our defensive posturing that included an allocation to gold and an underweight position to financials.

During the quarter, the areas that had the most significant impact on performance were:

**Materials.** Security selection within the materials sector detracted value during the period, particularly the portfolio's allocation to gold. Gold mining companies in particular have recently been challenged by higher costs of extraction and production, as well as the rising prices of mining infrastructure. While valuations and fundamentals of select firms within this industry remain attractive, we are looking to opportunistically reduce our exposure to the gold positions which were used as a global hedge against financial crises and further dollar debasement.

**Financials.** The portfolio's underweight position to the financials sector detracted from relative performance during the period. Within financials, while we remain cognizant of the risks associated with regulation, we are actively seeking out select opportunities to add to our allocation.

**Information Technology.** Security selection within the information technology sector enhanced performance. Selection within the semiconductors industry and Internet software and services industry was notably positive. We continue to favor companies that display cleaner balance sheets, higher cash flows and lower debt levels. As mentioned in previous commentaries, we believe that IT will benefit from many of the long-term secular growth themes we have identified, including demand for products and services that provide access to information, enable mobility and promote innovation.

**Geographic.** The portfolio's holdings within Switzerland and Germany contributed to relative returns during the quarter. Holdings within Japan, Australia and Canada underperformed the index during the period.

## Positioning

We have positioned the portfolio to invest in higher secular growth businesses, such as information technology and health care. We are favoring companies that have strong global businesses and are able to tap into growth within emerging market economies. While we believe global economic growth will continue, we also anticipate ongoing volatility within the markets and therefore maintain a strong focus on risk management.

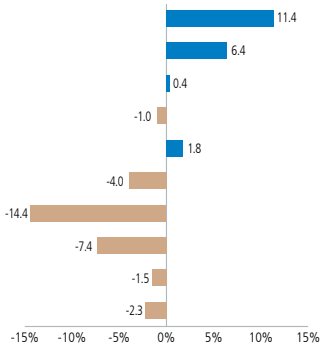


All portfolio positioning and sector information is for a representative portfolio. Please see page four for additional information.

# Calamos Global Opportunities Strategy

### FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI WORLD INDEX

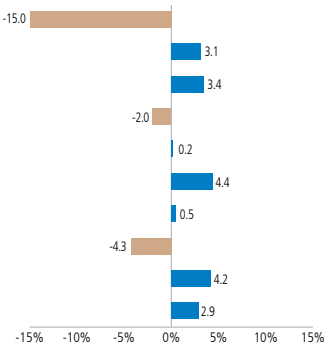
| SECTOR | REPRESENTATIVE PORTFOLIO % | MSCI WORLD INDEX | PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 9/30/12 (PCT. POINTS) |
|---|---|---|---|
| Information Technology | 23.3% | 11.9% | 0.9% |
| Health Care | 16.9 | 10.5 | -0.7 |
| Energy | 10.7 | 10.3 | 1.8 |
| Consumer Staples | 9.6 | 10.6 | -1.7 |
| Materials | 8.8 | 7.0 | -2.8 |
| Consumer Discretionary | 7.2 | 11.2 | 0.8 |
| Financials | 5.8 | 20.2 | 0.7 |
| Industrials | 3.6 | 11.0 | 0.6 |
| Telecommunication Services | 2.3 | 3.8 | 0.2 |
| Utilities | 1.2 | 3.5 | 0.0 |




Source: Calamos Advisors LLC.
Data as of 12/31/12.
This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or broad based index hedging securities/options the portfolio may hold.

### FIGURE 4. COUNTRY WEIGHTS VERSUS THE MSCI WORLD INDEX

| COUNTRY | REPRESENTATIVE PORTFOLIO % | MSCI WORLD INDEX | PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 9/30/12 (PCT. POINTS) |
|---|---|---|---|
| United States | 36.4% | 51.4% | -0.4% |
| Switzerland | 7.4 | 4.3 | 1.0 |
| Germany | 7.1 | 3.7 | 1.0 |
| United Kingdom | 6.5 | 8.5 | 0.8 |
| Canada | 5.0 | 4.8 | -0.2 |
| Denmark | 4.9 | 0.5 | 0.0 |
| France | 4.4 | 3.9 | -2.0 |
| Japan | 4.3 | 8.6 | -1.6 |
| Taiwan | 4.2 | 0.0 | 1.2 |
| Ireland | 3.6 | 0.7 | 0.1 |
| Developed Countries | 92.6 | 100.0 | -1.8 |
| Emerging Markets | 7.4 | 0.0 | 1.8 |




Source: Calamos Advisors LLC
Data as of 12/31/12.
This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Companies are classified geographically according to their country of domicile. Geographical distribution tables exclude any options on broad market indexes the portfolio may hold.
The representative portfolio information described in both charts above represents a representative account managed in the Global Opportunities strategy. Other clients' portfolios may differ mainly due to individual restrictions and timing of purchases and sales. All portfolio positioning and sector information is for a representative portfolio. Please see page four for additional information.

From a sector standpoint, changes to the portfolio over the quarter included:

**Materials.** We decreased our allocation to materials, and more specifically, our allocation to gold miners. As mentioned above, we will continue to opportunistically reduce our exposure to gold.

**Consumer Discretionary.** We slightly increased the portfolio's exposure to consumer discretionary during the quarter. Within this area, we continue to favor companies that have stable balance sheets, strong global brands and global business strategies.

**Geographic.** During the period, the portfolio's allocation to emerging markets was slightly increased. The portfolio is underweight to both the U.S. and Japan relative to the index.

# Calamos Global Opportunities Strategy

## Outlook

We maintain our outlook for slow but sustained economic growth globally and our cautious optimism about market opportunities. In the U.S., we have seen improvements in the housing market, better than expected data from retail sales and industrial production, improvements within the financial sector, and slow but marginally improving job data. Additionally, economic policy remains stimulative to risk assets and the cost of capital remains incredibly low, much lower than returns on capital for most. Looking across the globe, emerging market economies and notably China, have been promoting more growth policies which should stimulate global trade, consumption and manufacturing. And in Europe, the ECB's policy should help promote financial stability. Back in the U.S., corporate earnings have been solid, fueling most of the U.S. market gains, as valuations, when viewed on price over trailing earnings, rose only modestly. Corporate balance sheets are robust and although confidence dipped as the fiscal cliff approached, consumers have been resilient on the whole. Earnings growth remains one area of concern as it has shown weakness as of late.

We believe markets are returning to more of a bottom-up focus, with greater distinctions being made on fundamentals. We continue, where possible, to look globally for investment opportunities and have favored companies who can tap into the favorable changing global demographic trends. Even with the recent strong performance within the global equity markets, we believe the valuations of many global growth equities remain attractive. There will continue to be near-term issues (there always are), but we believe investors will be well served by not letting short-term political volatility rule investment decisions.

For a more detailed review of our macro thoughts, please read our latest Global Economic Review and Outlook posted on calamos.com.

**Past performance does not guarantee or indicate future results. Portfolios are managed according to their respective strategies which may differ significantly in terms of security holdings, industry weightings, and asset allocation from those of the benchmark(s). Portfolio performance, characteristics and volatility may differ from the benchmark(s) shown. There is no guarantee that the investment goals/objectives will be met. Indices are unmanaged and one cannot invest directly in an index.**

The information portrayed is for Calamos Global Opportunities Composite and as such only relate to the representative portfolio shown. Representative holdings and portfolio characteristics are specific only to the portfolio shown at that point in time. Other portfolios will vary in composition, characteristics, and will experience different investment results. The representative portfolio shown has been selected by the advisor based on account characteristics that the advisor feels accurately represents the investment strategy as a whole.

The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

Performance returns presented reflect, unless otherwise noted the Calamos Global Opportunities Composite which is an actively managed composite primarily investing in a globally diversified portfolio of equity, convertible and fixed-income securities, with equal emphasis on capital appreciation and current income. The Composite was created February 16, 2006, calculated with an inception date of October 1, 1996 and includes all fully discretionary fee paying accounts of $500,000 or more, including those no longer with the Firm.

Country Return Statistics: Unless otherwise noted, country equity returns are based on the appropriate MSCI Index for the country listed.

The **MSCI World Index** is a market capitalization weighted index composed of companies representative of the market structure of developed market countries in North America, Europe, and the Asia/Pacific Region. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The **MSCI Europe Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The **MSCI Japan Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Japan. The **S&P 500 Index** is a market-value weighted index and is widely regarded as the standard for measuring U.S. stock-market performance. The **BofA Merrill Lynch Global 300 Convertible Index** (VG00) is a global convertible index composed of companies representative of the market structure of countries in North America, Europe and the Asia/Pacific region. The indexes are calculated in both U.S. dollars and local currencies.

Unmanaged index returns assume reinvestment of any and all distributions and, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are annualized. Chart Data Sources: Calamos Advisors LLC.

Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average assuming reinvestment of dividends and capital gains distributions.

Calamos Advisors LLC is a federally registered investment advisor. Form ADV Part 2A, which provides background information about the firm and its business practices, is available upon written request to:

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