



December 2011

CALAMOS US CONVERTIBLE OPPORTUNITIES FUND

Sub-fund of Irish-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: Specialist Equity in USD

Location: Naperville, Illinois

Launch date: November 2007

Fund size (September 2011): US\$49.8m

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

Investment style

Region: North America

Strategy: Long-only

Performance statistics (annualised)

	Three years
Fund	2.6%
Index**	5.9%
Interest rate^	0.8%
R-Squared vs index	0.9
Beta vs index	0.9

** BofAML Convertible Ex Mandatory

^ Citi USD 3m Eurodeposit USD!

Risk characteristics

	Three years
Standard deviation	16.1
Downside deviation	12.4
Maximum monthly drawdown (%)	-16.0
Gaining months (%)	51.1
Sharpe ratio	0.2
Sortino ratio	0.3

Performance Data Source - © 2011 Morningstar inc. All rights reserved. All statistical data on this report has been run to 1 September 2011 on NAV to NAV basis, with gross income reinvested, in USD.

Standard & Poor's opinion (October 2011)

Calamos Investments was launched in 1997 as a specialist boutique investing in US convertibles. Subsequent expansion has led the firm into managing other asset classes, including equities, bonds and alternatives, but has not diminished its strong reputation for investing in convertibles, nowadays on a global basis.

Calamos's investment approach has developed out of this expertise. Unlike most asset managers, each analyst is required to gain a full understanding of companies in their (sub) sector and is responsible for covering the entire range of securities - bonds, equities and convertibles - those companies may issue. While this is a wide-ranging remit, the team of over 50 investment professionals ensures that the number of companies covered by any single analyst is relatively small.

The investment team has proved remarkably stable over time, particularly at a senior level. Co-CIOs, John Calamos Sr and Nick Calamos, have 40 and 25 years' industry experience, respectively. John Calamos focuses primarily on top-down macroeconomic themes. Nick Calamos manages the investment team on a day-to-day basis, working closely with the two co-heads of research & investment, Jeff Scudieri (17 years' experience, 15 years at Calamos) and John Vacko (19 years' experience, 11 years at Calamos). The team has a further seven senior analysts (average 16 years' experience), focusing mainly on bottom-up, security analysis, with the support of eight intermediate and 12 junior analysts.

The fund is managed as an equities alternative, aiming to achieve comparable performance to the S&P 500 index over market cycles but with greater downside protection. In particular, Calamos aims to capture around 80% of the upside in rising markets and to limit downside during declines to under 60%. To date, this goal has been achieved, but the track record is short.

The fund also aims to outperform the BofA Merrill Lynch All-US Convertibles index, but has not done so largely because the team opted for caution and avoided the low-quality credits that have generally driven the index of late. Over half the fund is in investment grade credits, compared to around 35% exposure in the index. That goal has been achieved, however, by the fund's US mutual fund precursor, which has outperformed both the BofA and the S&P 500 indices since launch in 1989.

The firm's undoubted expertise in convertibles, the stable team and disciplined approach fully support an S&P AA rating.

Fund manager & team

Calamos Investments, of 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 around \$32bn, split broadly into equity mandates (65%), convertibles (17%), high yield (8%), alternatives (7%) and other (3%).

John Calamos focuses on the business and top-down views. Co-CIO, Nick Calamos, is responsible for the process and team which includes heads of research Jeff Scudieri (17 years' experience) and Jon Vack (19 years), five strategy/sector analysts (average 18 years), three sector analysts (12 years) and eight intermediate analysts (10 years). Staff turnover is very modest.

There are no separate convertibles or bond teams. The analysts cover the entire range of securities issued by a company. Portfolio decisions are team-based, with the end result being a product of team consultation and debate.

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STANDARD & POOR'S



Management style

This fund targets equity-like returns but with greater downside protection. In particular, it aims to capture around 80% of the upside in rising markets and limit the downside to around 60% of any decline. On a year-on-year basis, the team looks at performance relative to the Bank of America Merrill Lynch All-US Convertibles ex Mandatory index.

At least 80% of the portfolio is required to be invested in convertibles. This can include synthetic convertibles, created by the team by holding straight bonds and with the relevant options. For the convertible element of the fund, the delta is kept in the 60-70% range, determined by the team from a top-down point of view.

While equity exposure is more than that of the index, portfolio risk is mitigated by a higher credit quality bias. In particular, Calamos generally avoids CCC rated issues and includes more investment grade issues in the portfolio relative to the index.

The process of selecting convertibles starts off in a similar way to that used for equities. A quantitative screening is applied to some 7,000 companies, aiming to identify those with the highest growth rates, accelerating revenue and earnings within each sector and the highest margins and ROIC. Qualitative analysis then mines the quality and sustainability of the growth and assesses the quality of the management.

DCF equity analysis is used to rank stocks on a relative and absolute basis according to their valuation, using different scenarios to assess risk/reward.

For convertibles, the analysts use long-term volatility inputs to the option pricing model, proprietary credit ratings and an estimate of equity performance to derive fair value prices.

Portfolio construction aims to focus on secular themes while providing balanced exposure to a range of industries and sectors. Exposure to convertibles or equities is determined at the stock and sector level, based on risk/reward considerations.

The portfolio is diversified across 80-120 names, with no more than 5% in any single name. The fund is managed fully invested.

Portfolio & performance analysis (September 2011)

Although the fund has grown from \$35m to a \$50m over the last 12 months, this has not caused any change in the way in which the portfolio is being managed.

Strong positive returns in 2009 and 2010 were followed by a negative return of 1.9% over the first eight months of 2011, but that was still comfortably ahead of the fund's benchmark index, which was down by 2.7% year to date. As would be expected, the fund has lagged the S&P 500 index year to date by 1.9% against an index -1.8%.

Calamos's top-down thematic view continues to favour technology companies, a view supported by the bottom-up company analysts who found attractive growth stocks in the sector. Although the weighting has been cut from 31% to 25% over the last 12 months, this is still heavily overweight the S&P 500 index weighting of just 19%.

The portfolio is also still overweight healthcare, at 15% against an index 12%. Despite continuing concerns over the political-regulatory risk, the team feels comfortable having exposure to the sector through convertibles because of the downside protection they afford. The sector also has a relatively high number of convertible issues from which to choose, in contrast to the consumer discretionary sector, where the portfolio has only a 7% position against a benchmark 11%.

Exposure to financials has been held at around 3% of total portfolio assets against an index weight of 13.5% due to the team's lack of confidence in the outlook for lending banks. Utilities, telecoms and consumer staples have also been kept significantly underweight.

Calendar year performance

	2007	2008	2009	2010	YTD September 2011
	%	%	%	%	%
Fund	-	-33.2	34.4	10.2	-1.9
Index**	-	-33.0	47.2	16.5	-2.7
Interest rate^	-	3.5	0.9	0.3	0.2

** BofAML Convertible Ex Mandatory

^ Citi USD 3m Eurodeposit USD!

Share class screened: IE00B296V091 (A \$ Inc)

Portfolio characteristics (September 2011)

No. of holdings	99
% in top 10	26.3
Turnover ratio (%)	85

Sector allocation

	%
Consumer discretionary	7.0
Consumer staples	6.0
Energy	11.0
Financials	3.0
Healthcare	15.0
Industrials	8.0
Information technology	25.0
Materials	7.0
Telecoms	2.0
Utilities	1.0
Other	11.0
Cash	4.0

Key holdings

	%
EMC *	3.9
Intel *	3.2
Gilead Sciences	3.1
Symantec	2.9
SanDisk *	2.8
Apache *	2.4
Archer Daniels Midland *	2.3
Xilinx	2.0
Stanley Black & Decker *	1.9
Newmont Mining	1.8

* In top 10 holdings a year ago

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.