

# STANDARD & POOR'S



December 2011

## CALAMOS US GROWTH 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: US Mainstream Equities

Location: Naperville, Illinois

Launch date: November 2007

Fund size (October 2011): US\$213m

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			

### Performance statistics

	Three years
Fund	1.7%
Standard & Poor's peer median	-1.2%
Index**	3.7%
Fund rank	832/2250

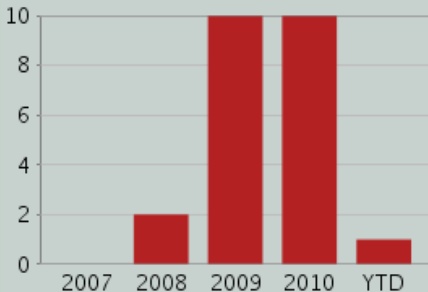
\*\* S&P 500 TR

Note: returns are cumulative

### Risk characteristics

	Three years
Maximum monthly drawdown (%)	-20.7
Volatility	26.2
Correlation	0.9
Beta	1.1

### Calendar-year decile ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank nine with tenth decile as rank one.

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### Standard & Poor's opinion (November 2011)

This year's relative performance of Calamos US Growth Fund depends crucially on the choice of review date. At 1 August, the fund was on a 10 (top decile) year to date. By 1 November, returns had slipped to just below sector median but were improving swiftly after crashing to bottom decile at the time of our 1 October cut-off date.

This spectacular fall was caused by the fund's consistently applied quality-growth bias. This had led to a heavily overweight position in technology and energy companies, largely at the expense of financials, but also in the more defensive sectors including consumer staples, utilities and telecoms, causing the fund to fall further than most when US equities fell sharply in August.

That Calamos used this as a buying opportunity helped in the fund's subsequent recovery. It should also be noted that, even at the lowest point of this third-quarter downturn, the fund's three-year cumulative return still held its second-quartile ranking.

Calamos operates a highly disciplined, team-driven, company-focused investment approach. Each analyst covers the entire range of securities - equities, bonds and convertibles - issued by their allotted companies, and makes comparisons on a global sector basis. To meet this wide-ranging remit, Calamos has an experienced team of over 50 investment professionals, ensuring that each analyst can cover a relatively small number of companies in detail.

None of this has changed in the last 12 months. The recent downturn was sharp, but consistent with the investment approach, allowing the fund to retain its 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 between equity mandates (65%), (17%) convertibles, 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.

### Management style

The fund is managed in a team-driven fashion, combining the input of the co-CIOs, two R&I co-heads and the analysts.

Quantitative screening is applied to about 7,000 companies, aiming to identify those with the highest growth and acceleration of revenue and earnings within sectors, and the highest margins and ROIC.

Qualitative analysis then determines the quality and sustainability of the growth, focusing on earnings expectations, balance sheet and cashflow analysis, and an assessment of management (including business planning and corporate governance).

The fair value of the entire enterprise is estimated using discounted cashflow measures of value. Stocks are then ranked on a relative and absolute basis according to their valuation, using different scenarios to assess risk/reward. A return of 20% is targeted.

Risks are controlled at security, sector and portfolio levels, aiming to protect capital during volatile markets. The fund may also hold put options (on stocks or the index) to protect capital.

The portfolio is diversified across 70-100 names, with sector weights in the range of a half to two times the Russell Midcap Growth index and no more than 5% in a single stock.

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## Portfolio & performance analysis (October 2011)

After two years of consistently strong outperformance relative to its peers and the benchmark S&P 500 index, this fund suffered badly when the US equity market turned down sharply in the third quarter of 2011 and growth stocks, particularly IT, were hurt.

That said, the strength of the fund's prior track record was such that even at the lowest point of this third-quarter downturn, the fund still ranked comfortably second quartile over three years and to date.

Calamos used this opportunity to top up several existing technology positions and buy into others on a selective basis in a move that has benefited the fund in recent weeks as US equity prices have improved.

Although portfolio turnover was up on the previous year, from 93% to 122%, five of the top 10 holdings at our 1 October 2011 review date had appeared in the previous October's top 10. These were all IT stocks, namely Apple, Amazon, Google, Qualcomm and Priceline.com. The two major IT names missing from the portfolio were Microsoft and IBM.

At review, the fund had 13% exposure outside the US. This included two gold plays, Barrick Gold and GoldCorp, held alongside diversified US materials group, Freeport-McMoRan.

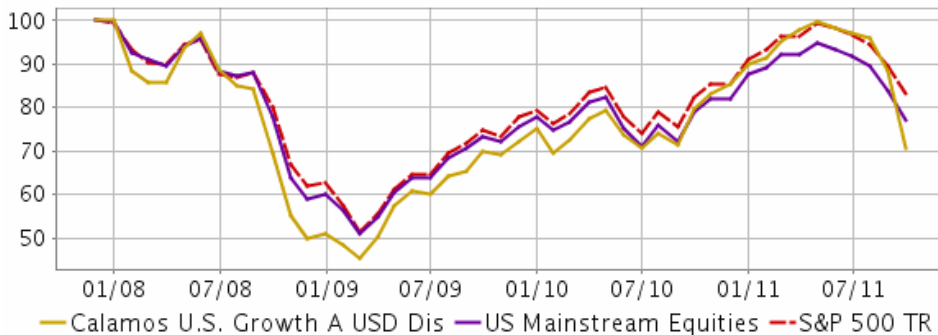
Energy exposure is now near index weight, but biased towards exploration & production companies including Apache, Chesapeake Energy and EQT, and service companies such as Baker Hughes, National Oilwell Varco and Schlumberger.

Exposure to financials is heavily underweight and biased to asset managers Franklin Resources, T. Rowe Price and Waddell & Reed.

Calamos has held its consumer discretionary exposure to around 14%, down from 17% last year but still overweight the index by around 360bps.

The team remains cautious on healthcare on a top-down basis over concerns about political risk, but has positions in the healthcare equipment sector via CR Bard, Covidien and Intuitive Surgical, and in healthcare technology via Quality Systems and Cerner. Biotech is represented by Celgene and Vertex.

## Cumulative performance



## Calendar year performance

	2007		2008		2009		2010		YTD October 2011	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	-		-49.1	1818/2034	47.1	175/2335	19.9	242/2565	-21.3	2682/2762
Index**	5.5		-37.0		26.5		15.1		-8.7	
Median	6.7		-40.1		29.5		12.9		-11.8	

\*\* S&P 500 TR

Fund benchmark: S&P 500 index

Share class screened: IE00B296T491 (A \$ Inc)

## Portfolio characteristics (October 2011)

No. of holdings	75
% in top 10	32.3
Turnover ratio (%)	122

## Top 10 holdings

	%
Apple *	4.9
Google *	4.2
Amazon.com *	3.9
Oracle	3.6
Priceline.com *	3.4
Qualcomm *	3.3
Intuitive Surgical	2.6
Barrick Gold	2.4
EMC	2.0
Check Point Software Technologies	2.0

\* In top 10 holdings a year ago

## Sector allocation

	%
Consumer discretionary	14.0
Consumer staples	5.0
Energy	12.0
Financials	3.0
Healthcare	11.0
Industrials	8.0
Information technology	37.0
Materials	7.0
Telecoms	1.0
Utilities	0.0
Cash	2.0

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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.