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Macro Trends Provide Guideposts for Global Growth

Making sense of macro trends is central to building a global portfolio that delivers, says John P. Calamos, Sr. of the Calamos Global Equity Fund

Although economic growth may be more uneven in the near term, Calamos Investments sees considerable opportunity in the global economy. To find companies with the most compelling growth prospects, the Calamos investment team considers top-down influences as well as bottom-up company fundamentals.

The \$162 million Calamos Global Equity Fund launched in November 2007. The fund has attracted interest from intermediary and private bank clients in the UK, Switzerland and further afield. The fund builds on Calamos Investments' tried-and-tested equity selection methods and team-based approach that has been refined over the last 35 years. The Illinois-based company founded by John P. Calamos, Sr. also runs over \$275 million in a US listed global vehicle and global institutional mandates, along with significant assets in various US equity, fixed income and alternative mutual funds.

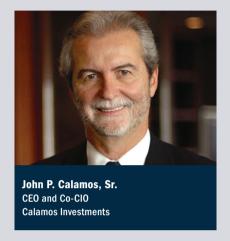
The key to the firm's success is its investment team. Its 51 members apply macro analysis to spot global themes and drivers. Individual team members then apply their sector specific knowledge to pick out individual opportunities. In dollar terms, the Calamos Global Equity Fund has delivered 28.16% over the last three years, against 20.90% for the MSCI World Index. It has also delivered alpha over one year and the fund rose 14.60% in the first quarter of 2012.

In regard to bottom-up security selection, the Calamos team favours companies with strong growth characteristics (such as top line and revenue growth), low debt, global presence and geographically diversified revenue streams. The universe of 10,000 potential stocks is split evenly between the US and the rest of the world. Candidate stocks are placed into sector subsets to allow the team to find the best opportunities. 'It is an incredibly robust ranking system. We sub divide the universe and can react to changes in earnings, macro factors and news items on a daily basis,' says Calamos.

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Analysts are expected to present their best ideas to a 'war room' of senior PMs and other analysts. The economic worries in Europe and the legacy of last year's events in Japan must be taken into account. 'From a global point of view, we feel the US is in slow growth mode. Some emerging markets are still attractive. We are looking to global companies in the mid to large cap range,' says Calamos.

Technology is a strong theme that cuts across market conditions – be they weak in Europe or stronger elsewhere. IT is an overweight as technology firms expand their



global footprints and businesses seek ways to become more productive and cost efficient. As tablet and smartphone aficionados will know, even consumer tech can grow sales if they get the product right. The Calamos Global Equity Fund averaged a 35.79% exposure to the sector over the first quarter. Its IT stocks delivered a combined 8.30% to fund performance during those three months.

The fund overweights the healthcare sector. John Calamos admits that regulatory worries knocked valuations, particularly in the US, but believes that the long term demographic structural opportunities remain in place.

Underweighting financials has proved a good macro call. Not surprisingly, the Calamos team has not just concentrated on financials' equity prices, but delved deeper into credit structures and debt repayments to confirm its long held decision to avoid the banking sector. Nevertheless, a few publicly listed global asset management businesses have avoided the fallout and continue to deliver results.

The investment team is keen to distinguish between long term core holdings and those of a more tactical nature. For example, industrials look attractive but have moved far and fast this year. John Calamos thinks another chance will come to invest at reasonable prices. For more information, please visit Calamos.com/Global