

# Global Convertible Fund Third Quarter 2017 Report

## OVERALL MORNINGSTAR RATING™†



among 110 Convertible Bond - Global funds  
The fund's Class I U.S. \$ Accumulating shares received 5 stars for 3 years and 5 stars for 5 years out of 110 and 78 Convertibles Bond - Global Funds, respectively, for the period ended 30/9/17.

## OVERVIEW

The fund invests in global convertible securities in an attempt to balance risk and reward while providing growth and income.

## KEY FEATURES

Provide broadly diversified exposure to the global convertible bond universe

Leverage more than 40 years of research in convertible security investing

Seek to provide upside participation in equity markets with less exposure to downside than an equity-only portfolio over a full market cycle

## PORTFOLIO FIT

The fund can provide a way to manage risk alongside an equity allocation with securities that participate in upside equity movements with limited downside participation.

## FUND INFORMATION

I Share U.S. \$ Acc. CUSIP: G17716435

I Share U.S. \$ Acc. ISIN: IE00B296W289

In Switzerland only, this document is available for retail distribution. In other countries, this document does not constitute an offer or solicitation to invest in the Fund. It is directed only at professional/sophisticated investors and it is for their use and information. This document should not be shown or given to retail investors. Any entity responsible for forwarding this material to other parties takes responsibility for ensuring compliance with the financial promotion rules.

## Key Drivers of Performance

- » The Fund performed well and participated in the global equity market's strong quarterly result (MSCI World Index up +1.79%). While the Fund did trail the ICE BofAML Global 300 Convertible Index (VG00), it lead the EAA Global Convertible Funds average (+2.98%) as reported by Morningstar.
- » **Financials.** Security selection within the financials sector supported the quarterly return. The portfolio's holdings in the asset management & custody banks and diversified banks industries delivered strong relative results.
- » **Consumer Discretionary.** An overweight allocation and security selection within the consumer discretionary sector detracted from performance. Holdings within the automobile manufacturers, internet & direct marketing retail, and homebuilding industries all lagged.
- » **Protective Puts.** The portfolio utilized protective puts to help manage overall equity sensitivity. While low interest rates and volatility made such puts inexpensive, the equity market advance meant that puts declined in value.
- » **Regions.** Whereas the portfolio benefited from strong selection in Europe, selection in the United States detracted from the result.

## Market Overview

- » Global convertibles participated in a significant portion of the upside in global equities, as the ICE BofAML Global 300 Convertible Index returned 4.11% in the period.
- » U.S. convertibles returned 3.77% and participated with gains in the underlying equities. European convertibles also performed well, returning 4.66%, while Japanese domestic convertibles returned 0.18%. Asia ex-Japan convertibles also generated moderate gains, returning 3.56%.
- » New convertible issuance reached a total of \$60.6 billion globally through the third quarter, essentially even with the \$61.0 billion pace of a year ago, per BofA Merrill Lynch figures. The level marked healthy conditions in the overall market as issuance also outpaced redemptions.

## PERFORMANCE DATA

	QTD	YTD	1-YEAR	3-YEAR	5-YEAR	SINCE I SHARES INCEPTION (5/10/09)	SINCE A SHARES INCEPTION (27/11/07)
Calamos Global Convertible Fund							
I Shares - U.S. \$ Acc.	3.21%	12.31%	10.71%	6.00%	6.47%	6.37%	N/A
A Shares - U.S. \$ Acc.	3.05	11.82	10.05	5.37	5.84	N/A	2.50%
ICE BofAML Global 300 Convertible Index	4.11	13.28	12.59	7.55	8.81	8.10	5.70
MSCI World Index (USD)	4.96	16.53	18.83	8.30	11.62	10.64	5.01

Performance data quoted represents past performance, and may not be a reliable guide to future results. Performance data quoted does not include the Fund's maximum 5% front-end sales charge. Had it been included, the Fund's returns would have been lower. Performance shown reflects the management fee. All performance shown assumes reinvestment of dividends and capital gains distributions. Returns for periods less than 12 months are not annualised. See "Important Information" on the last page for more information.

All values are in USD terms unless otherwise indicated.

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## FUND HOLDINGS – CONTRIBUTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
<b>AURELIUS Equity Opportunities SE &amp; Co. KGaA</b>	2.2%	AURELIUS is a private equity firm that acquires, restructures and eventually sells companies in special situations including corporate spin-offs succession issues and privately held companies with issues.	The firm's common stock and convertible rose steadily during the quarter after the company raised its earnings forecast in early July. AURELIUS also benefited from some attractive exits from companies within its portfolio. With an implied credit rating of BB, the convertible offers an attractive risk-reward relative to its underlying stock.
<b>Micron Technology, Inc.</b>	0.9%*	Micron Technology, Inc. is a semiconductor systems provider headquartered in Boise, Idaho. The Company produces several memory technology devices for computers, servers, networking devices, communications equipment, consumer electronics, smartphones and other mobile device applications.	Micron Technology common stock rose steadily and significantly throughout the quarter after the company posted better-than-expected quarterly earnings. The semiconductors industry has also benefited from double-digit growth and high demand for memory products. Micron Technology has also been the beneficiary of industry consolidation in DRAM production and is one of three companies that now command more than 90% of market share. The BB-rated convertible is poised to participate in continued upside in Micron Technology common shares while also providing a yield advantage.

## FUND HOLDINGS – DETRACTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
<b>Allergan PLC</b>	0.4%*	Allergan PLC is a specialty pharmaceutical company that develops, manufactures, markets, and distributes medical aesthetics, biosimilar, and over-the-counter pharmaceutical products worldwide. Allergan PLC was founded in 1983 and is headquartered in Dublin, Ireland.	Shares of Allergan fell after the company's 2018 estimates were reduced due to generic concerns on Restasis (Allergan's second best-selling drug) and Estrace Cream (\$350 million in sales). We maintain a position based on our view that the valuation gives very little credit to the opportunities in the company's new product pipeline. The convertible has an implied credit rating of BB+ and offers an attractive and higher dividend yield than the common stock.
<b>NuVasive, Inc.</b>	0.7%	NuVasive, Inc., a medical device company, develops and markets minimally disruptive surgical products and procedurally integrated solutions for spine surgery. NuVasive sells its products to hospitals, surgeons, and other customers through independent sales agents, directly employed sales personnel, and distributors in the United States and internationally.	Shares of NuVasive declined after several challenging items were reported during the quarter. Weaker sales, the departure of the company's CFO and COO, and an investigation into billing practices by the Office of Inspector General provided a difficult backdrop for the equity and convertible. We remain constructive on NuVasive given, but not limited to, increasing organic growth, increased utilization by surgeons, and market share gains. The convertible currently carries an attractive risk/reward and favorable yield advantage versus the common stock.

\*As of 31/8/17

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## Positioning

The largest allocation continues to be information technology where favorable cyclical and secular opportunities remain intact. Within the sector, semiconductors have been among the strongest performing areas of the market as strong-end market demand continued to drive quarterly results. Consumer discretionary is the second-largest allocation. Positive employment data, wage gains, the stock market and home valuation appreciation all contributed to a positive consumer wealth effect and consumer confidence, which should continue to support our overweight positioning.

The lowest allocations went to utilities, materials and telecom services; we had no exposure to consumer staples. These are predominantly defensive sectors and the convertibles in these sectors are unattractive in terms of risk/reward structures. Below, we discuss changes made in certain economic sectors during the quarter:

**Financials.** The allocation to financials was increased during the quarter. We added holdings in the diversified banks, consumer finance, and multi-line insurance industries.

**Materials.** The position in materials was raised, as we added holdings within specialty chemicals.

**Industrials.** We reduced the allocation to industrials during the quarter by trimming positions in the electrical components and construction & engineering industries.

**Health Care.** The health care allocation was also reduced, as we lightened the stake in health care equipment.

SECTOR POSITIONING	SECTOR WEIGHTINGS AS OF 30/9/17	OVER/UNDERWEIGHT VS. ICE BOFAML GLOBAL 300 CONVERTIBLE INDEX	QUARTER TO QUARTER CHANGE
Information Technology	19.0	-4.9	-1.1
Consumer Discretionary	17.0	4.9	-0.1
Financials	14.6	2.2	2.4
Health Care	10.3	-2.4	-1.9
Industrials	7.9	-2.8	-2.1
Real Estate	7.7	1.5	0.1
Energy	4.8	-0.7	-0.1
Materials	3.5	-1.0	0.2
Telecom Services	3.3	-1.2	-0.2
Utilities	0.5	-4.7	-0.5
Consumer Staples	0.0	-2.3	0.0

Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or instruments on broad indexes the portfolio may hold. Holdings and weightings are subject to change daily. You can obtain a complete list of holdings by visiting [www.calamos.com](http://www.calamos.com). Please see additional disclosures on last page.

## Outlook

We continue to have a favorable view on equity markets supported by a gradual but strengthening global economy, continued accommodative monetary policy, tame inflation expectations, strong corporate earnings and reduced regulatory environment in the U.S. While the lack of volatility in the markets continues to be one of the more surprising developments to us this year, we continue to believe that maintaining the appropriate portfolio risk/reward profile is prudent despite being a relative drag for our portfolio versus the overall convert market this quarter. As such, the balanced portion of the convert market remains the largest exposure in the portfolio and we are actively managing it to ensure it has the appropriate level of downside protection. In addition, we think any developments on US tax reform could have an outsized positive effect on convertible market issuers as they tend to be smaller market cap and more domestically exposed than the broader market. We also anticipate there will be healthy new issuance into year-end given the strong equity market performance and a desire by issuers to raise capital for growth projects. We continue to view convertibles a favorable asset class given the historical performance in rising rate environments with the potential to dampen the volatility of pure equity exposure.

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## Fund Quarterly Attribution

	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	REAL ESTATE	TELECOM SERVICES	UTILITIES
GLOBAL CONVERTIBLE FUND VERSUS BOFA ML GLOBAL 300 CONVERTIBLE INDEX (%)											
Value Added from Sector	-0.07	0.12	0.02	-0.03	0.03	0.00	-0.18	0.01	-0.03	0.01	0.12
Value Added from Selection & Interaction	-0.49	0.00	0.17	0.36	-0.28	-0.02	0.43	0.09	0.11	-0.14	0.04
Total Added Value	-0.57	0.12	0.20	0.33	-0.24	-0.02	0.25	0.10	0.09	-0.13	0.16

### SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE QUARTER)

Global Convertible Opportunities Fund	17.21	0.00	4.68	13.93	11.89	9.23	19.90	3.14	7.83	3.49	0.60
BofA ML Global 300 Convertible Index	12.72	2.31	5.89	12.44	12.75	10.86	23.65	4.29	5.93	4.32	4.84
Over/underweight	4.49	-2.31	-1.21	1.48	-0.86	-1.62	-3.75	-1.15	1.91	-0.83	-4.25

### SECTOR RETURNS (%)

Global Convertible Opportunities Fund	-0.35	0.00	8.05	5.67	-1.40	4.98	11.35	6.28	4.27	-0.91	6.77
BofA ML Global 300 Convertible Index	2.41	-0.87	4.20	3.06	0.78	5.14	9.08	3.32	2.78	3.00	1.40
Relative Return	-2.76	0.87	3.85	2.61	-2.18	-0.16	2.27	2.95	1.49	-3.91	5.37

Calculations may be subject to rounding.

Calamos Global Convertible Fund is a sub-fund of Calamos Global Funds PLC, an investment company with variable capital incorporated with limited liability in Ireland (registered number 444463), and is authorised and regulated by the Irish Financial Regulator as an Undertaking for Collective Investment in Transferable Securities ("UCITS"). The Fund is registered for public offer and sale in the following jurisdictions: Austria, Belgium, Cyprus, France, Germany, Greece, Hong Kong, Luxembourg, Netherlands, Spain, Switzerland and the United Kingdom. In addition, the Fund is registered for institutional sales in Italy and as a "Restricted Scheme" for purposes of the private placement regime in Singapore. The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, but is not authorised under such Act and therefore investors will not be entitled to compensation under the UK Financial Services Compensation Scheme. Calamos Investments LLP, is authorised and regulated by the Financial Conduct Authority, and is the distributor of the Calamos Global Funds PLC.

**Important Information.** 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. Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualised average. All performance shown assumes reinvestment of dividends and capital gains

distributions. The Fund also offers Class C and X shares, the performance of which may vary. Performance shown reflects the management fee.

Returns net of fees include the investment advisory fee charged by Calamos Advisors LLC. Returns greater than 12 months are annualised. All performance shown assumes reinvestment of dividends and capital gains distributions. Sources for performance data: Calamos Advisors LLC, RBC Investor Services Ireland Limited ("RBC") and BNY Mellon Performance & Risk Analytics, LLC.

The Fund is offered solely to non-U.S. investors under the terms and conditions of the fund's current prospectus. The prospectus contains important information about the Fund and should be read carefully before investing. A copy of the full prospectus and applicable Key Investor Information Document (KIID) for the Fund may be obtained by visiting [www.calamos.com/global](http://www.calamos.com/global), or by contacting the local Paying Agent listed by jurisdiction at [www.calamos.com/global](http://www.calamos.com/global), or through the fund's Transfer Agent, RBC Investor Services Ireland Limited. In Switzerland, all important information such as the constituents documents, the sales prospectus, the Key Investor Information Document ("KIID") and the annual or semi-annual report can be obtained free of charge from the Swiss representative. The Swiss representative is Acolin Fund Services AG, Affolternstrasse 56, 8050 Zürich. The Swiss paying agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, CH-8022 Zürich.

<sup>†</sup> Morningstar Ratings™ are based on risk-adjusted returns for Class I shares and will differ for other share classes. Morningstar Ratings based on a risk-adjusted return measure that accounts for variation in a fund's monthly historical performance (reflecting sales charges), placing more emphasis on downward variations and rewarding consistent performance.

Within each asset class, the top 10%, the next 22.5%, 35%, 22.5%, and the bottom 10% receive 5, 4, 3, 2, or 1 star, respectively. Each fund is rated exclusively against U.S. domiciled funds. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Source: © 2017 Morningstar, Inc. All Rights Reserved.

The MSCI World Index is a market capitalisation weighted index representative of the market structure of developed market countries in North America, Europe, and the Asia/Pacific region. The BofA Merrill Lynch Global Convertible Index (G300) contains 300 issues. Unmanaged index returns assume reinvestment of any and all distributions and, unlike fund returns, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

Calamos Investments LLP Distributor

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