CALAMOS GLOBAL FUNDS PLC

# Global High Yield Fund May 2016 Report

CALAMOS® INVESTMENTS

### OVERVIEW

The fund invests in a diversified portfolio of U.S. and non-U.S. high yield bonds.

### KEY FEATURES

Uses three decades of credit evaluation experience to find issuers with sustainable revenues and lower risk of default

Emphasis on total return, rather than an exclusive focus on yield, may enhance our ability to generate alpha and preserve capital over the entire credit cycle

A disciplined process using fundamental analysis which can potentially provide the best opportunity for identifying investments

### PORTFOLIO FIT

The fund can complement speculative-grade or investment-grade credit exposure, which may provide an attractive option for fixed income investors concerned about generating income.

### FUND INFORMATION

I share U.S. $ Dist. CUSIP: G17689558

I Share U.S. $ Dist. ISIN: IE00B7S9N756

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 was up for May, finishing in line with its benchmark index, which marked the fourth straight month of positive returns.
- Selection in industrials, notably construction and engineering names as well as heavy electrical equipment holdings, added to performance.
- In addition, health care selection, though slightly down, buoyed the fund on a relative basis. Holdings in pharmaceuticals and health care supplies were accretive.
- Selection in materials, including aluminum and diversified chemicals, hindered performance.
- Selection in information technology, particularly communication equipment, also weighed on return.
- An overweight position and selection in the U.S. detracted from performance. An underweight position and selection in Europe added value during the month.

## Market Overview

- High yield proved resilient as rising oil prices propelled energy bonds to levels not seen since last fall as investors scurried to chase few offerings in the sector.
- The average yield fell to 7.43%, the lowest since last November, as credit spreads tightened 26 basis points.
- The 5-year Treasury traded in a 20 basis point range for the 13th month in a row, ending at 1.37%.
- Fed rate hike expectations heightened during May as the Fed suggested they are poised to raise rates in the coming months if employment and inflation numbers improve toward their targets.

### PERFORMANCE DATA

| | MONTH | YTD | 1-YEAR | 3-YEAR | SINCE INCEPTION (2/7/2012) |
|---|---|---|---|---|---|
| Calamos Global High Yield Fund | | | | | |
| I Shares - U.S. $ Dist. | 0.37% | 4.64% | -1.39% | 2.30% | 4.27% |
| A Shares - U.S. $ Dist. | 0.34 | 4.50 | -1.70 | 1.97 | 3.94 |
| BofA ML Global High Yield Constrained Index Hedged | 0.57 | 7.42 | 0.40 | 3.60 | 6.28 |
| Credit Suisse High Yield Index | 0.77 | 7.92 | -1.67 | 2.54 | 4.96 |
| BofA ML High Yield BB-B Index | 0.33 | 6.95 | -0.28 | 3.36 | 5.44 |

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.

As of 9/2/15, the fund changed its name from Global High Income Fund to Global High Yield Fund.

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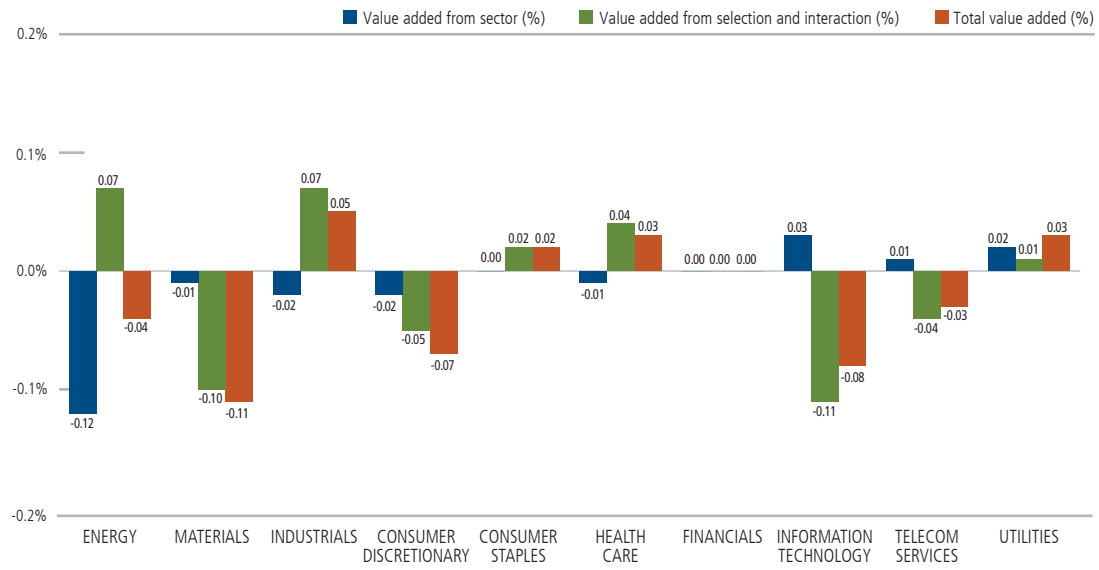
## Monthly Attribution Analysis

Whilst not as robust as the prior two months, high yield bond returns were positive in May for the fourth straight month. High yield proved resilient as rising oil prices propelled energy bonds to levels not seen since last fall as investors scurried to chase few offerings in the sector. Apart from energy and lower quality, the high yield market showed signs of exhaustion with investors less enthused about buying bonds away from energy. The rally occurred despite hawkish comments from Federal Reserve Chair Janet Yellen about raising interest rates in the next few months and a modest outflow from U.S. high yield mutual funds. High yield returned 8.15% year-to-date and is on pace for the best year since 2009, based on the BofA Merrill Lynch High U.S. Yield Index.

The average yield fell to 7.43%, the lowest since last November, as credit spreads tightened 26 basis points. The 5-year Treasury traded in a 20 basis point range for the 13th month in a row, ending at 1.37%. Fed rate hike expectations jumped during May as the Fed suggested they are poised to raise rates in the coming months if employment and inflation numbers improve toward their targets.

The leading industry for the third month in a row was the energy sector (+2.6%) followed by technology (+1.3%) and media (+1.2%). Lagging industries included retail, health care, and utilities, which all finished in negative territory. Lower-quality high yield outperformed higher-quality with CCC and below outperforming for the third month in a row. The BB quality tier trailed with a 0.20% return, whilst the B and CCC and below tiers returned 0.51% and 3.18%, respectively. Still, the CCC and below tier has underperformed the broader market in 18 of the last 23 months and is down over 9% since June 30, 2014 (-25% price return). The trailing 12-month default rate ended April at 4.4%, according to Moody's, which forecasts that the rate will be 5.8% in March 2018. The long-term average is 4.8%. New issue activity increased slightly in May versus April with more than $35 billion of new deals. About $126 billion has been issued this year, down from $168 billion this time last year.

### GLOBAL HIGH YIELD FUND VERSUS BOFA ML GLOBAL HIGH YIELD CONSTRAINED INDEX HEDGED




SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE MONTH)

| | ENERGY | MATERIALS | INDUSTRIALS | CONSUMER DISCRETIONARY | CONSUMER STAPLES | HEALTH CARE | FINANCIALS | INFORMATION TECHNOLOGY | TELECOM SERVICES | UTILITIES |
|---|---|---|---|---|---|---|---|---|---|---|
| Global High Yield Fund | 6.05% | 13.20% | 13.69% | 28.55% | 2.99% | 7.60% | 8.46% | 9.51% | 7.50% | 0.53% |
| BofA ML Global High Yield Constrained Index Hedged | 13.76 | 11.40 | 10.02 | 17.54 | 5.02 | 6.52 | 18.11 | 4.11 | 9.13 | 3.95 |
| Over/underweight | -7.70 | 1.80 | 3.66 | 11.02 | -2.03 | 1.08 | -9.65 | 5.40 | -1.64 | -3.42 |

SECTOR RETURNS (%)

| | ENERGY | MATERIALS | INDUSTRIALS | CONSUMER DISCRETIONARY | CONSUMER STAPLES | HEALTH CARE | FINANCIALS | INFORMATION TECHNOLOGY | TELECOM SERVICES | UTILITIES |
|---|---|---|---|---|---|---|---|---|---|---|
| Global High Yield Fund | 2.82% | -1.20% | 0.08% | -0.25% | 0.55% | -0.14% | 0.13% | -0.46% | -0.79% | 1.66% |
| BofA ML Global High Yield Constrained Index Hedged | 1.58 | -0.44 | -0.45 | -0.08 | -0.06 | -0.69 | 0.12 | 0.70 | -0.28 | -0.47 |
| Relative Return | 1.24 | -0.75 | 0.53 | -0.17 | 0.61 | 0.55 | 0.01 | -1.16 | -0.51 | 2.13 |

Calculations may be subject to rounding.

The fund was up for May, finishing in line with its benchmark index, which marked the fourth straight month of positive returns. Selection in industrials, notably construction and engineering names as well as heavy electrical equipment holdings, added positively to performance. In addition, health care selection, though slightly down, buoyed the fund on a relative basis. An overweight to and selection in consumer discretionary, including apparel retail and restaurants, hindered performance. Selection in information technology, particularly communication equipment, also weighed on return.

# Calamos Global High Yield Fund May 2016 Report

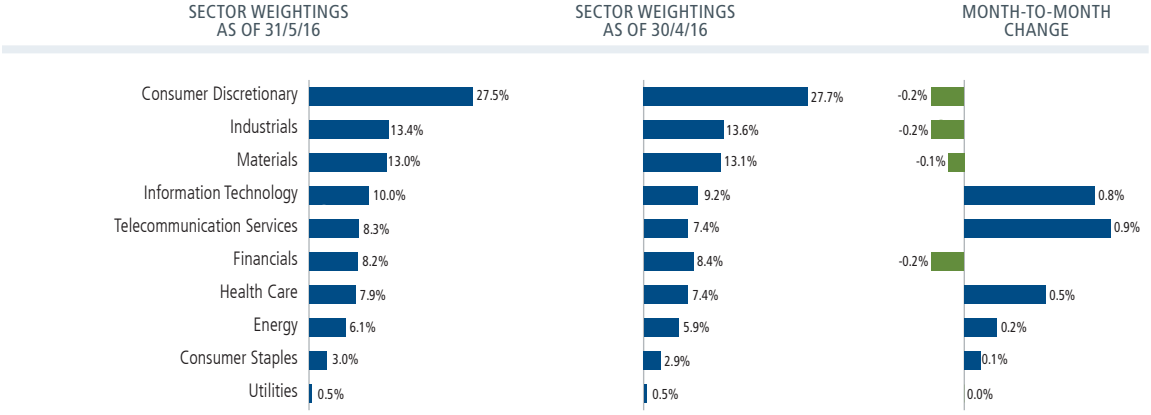
## Outlook

We believe that oil prices will remain range bound for the balance of the year as the supply/demand imbalance slowly works through the system. In a range-bound pricing environment, we expect drillers to be disciplined before ramping up spending to generate new production as they prefer to see prices stabilise for a period of time before altering their capital spending plans. However, there still will be issuers that cannot support their balance sheets and will need to restructure. For a majority of high yield energy issuers, the open capital markets have allowed them to raise cash or offer debt exchanges that have extended their liquidity for several years. Some investors believe that nearly half the energy sector issuers will need to restructure, but we believe that is unlikely. Nevertheless, the energy sector's demand for the asset class combined with coordinated central banks keeping global interest rates low supports high yield.

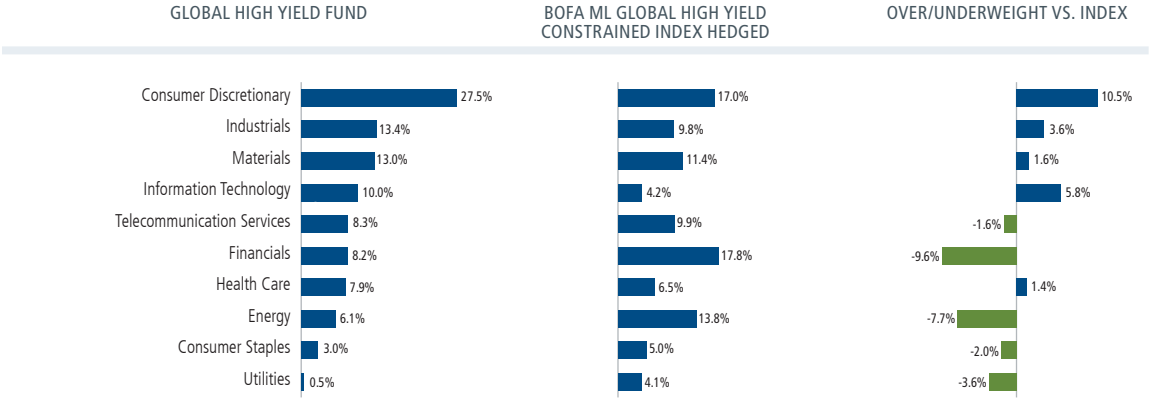
Still, given the rally the high yield market has experienced over the last three months, we believe investors should be a bit more cautious concerning the ability of the asset class to generate better than coupon returns over the next year. Credit spreads in the market are based on default expectations that are well below Moody's prediction for the next year. Additionally, corporate fundamentals continue to deteriorate. A number of issuers reported declines in profits for the first quarter, the third quarter in the last five where profits have fallen. Also giving us pause are tightening lending standards by the banks, reduced market liquidity, the U.K. vote on leaving the European Union, and the contentious U.S. presidential election. All this said, risk-tolerant fixed income investors may still see this as an attractive opportunity relative to other bonds.

We believe corporate fundamentals ultimately will take over after more technical forces have been driving returns lately. We favour higher-quality high yield issuers, realizing that there may be periods when this strategy underperforms lower-quality names such as we experienced in the last three months. Careful security selection will be paramount to the relative success of high yield portfolios as we navigate through 2016's more challenging credit environment.

### FUND SECTOR WEIGHTING MONTH TO MONTH CHANGE




### OVER/UNDERWEIGHT SECTOR VERSUS BOFA ML GLOBAL HIGH YIELD CONSTRAINED INDEX HEDGED (31/5/16)




Sector Weightings are calculated as a percentage of Net Assets. The tables exclude cash or cash equivalents, any government/sovereign bonds or instruments on broad based indexes the portfolio may hold. You can obtain a complete listing of holdings by visiting www.calamos.com/global.

# Calamos Global High Yield Fund May 2016 Report

## Fund Information

| | |
|---|---|
| Inception Date | 2/7/12 |
| Initial Offer Price | U.S $10, €10, £10 or HK $80 |
| Objective | High level of current income with the potential for capital appreciation |
| Style | Total return and High Yield |
| Markets (Invested In) | Developed and emerging |
| AvailableCurrencies | U.S. dollars, euro, GBP, HKD |

| | |
|---|---|
| Distributions | Monthly dividends; annual capital gains |
| Domicile | Ireland |
| Liquidity | Daily |
| Dealing Day Cut-Off | 4 PM ET |

| | CLASS A SHARES USD Distributing | CLASS C SHARES USD Distributing | CLASS I SHARES` USD Distributing |
|---|---|---|---|
| SEDOL | B7VGGF2 | B7M4D32 | B7S9N75 |
| CUSIP | G17689418 | G17689491 | G17689558 |
| ISIN | IE00B7VGGF29 | IE00B7M4D325 | IE00B7S9N756 |
| Min. initial investment/ Subsequent investment | £/€/$2,500 £/€/$50 | £/€/$2,500 £/€/$50 | £/€/$1,000,000 £/€/$100,000 |
| Management Fee (% of NAV) | 1.10% | 1.10% | 0.75% |
| Total Expense Ratio | 1.45% | 2.45% | 1.10% |

`Class I shares are RDR compliant.

### FUND FACTS

| | FUND | BOFA ML LYNCH GLOBAL HIGH YIELD CONSTRAINED INDEX HEDGED |
|---|---|---|
| Number of Holdings | 148 | 3,563 |
| Total Net Assets | USD $12.4 million | N/A |
| Duration | 4.8 years | 4.7 years |
| Time to Maturity | 6.2 years | 7.6 years |
| Yield to Maturity | 6.16% | 7.09% |
| Current Yield | 6.14% | 6.80% |
| Average Credit Quality | BB- | B+ |

### LARGEST 10 HOLDINGS[1]

| | |
|---|---|
| Cemex, SAB de CV | 2.0% |
| Toll Brothers Finance Corp. | 1.8 |
| United Rentals North America, Inc. | 1.7 |
| NXP Semiconductors, NV | 1.7 |
| Ardagh Group | 1.6 |
| Schaeffler Finance, BV | 1.3 |
| AerCap Ireland Capital, Ltd. / AerCap Global Aviation Trust | 1.3 |
| Belden, Inc. | 1.2 |
| T-Mobile USA, Inc. | 1.2 |
| ZF North America Capital, Inc. | 1.2 |
| TOTAL | 15.0 |

The portfolio is actively managed. Holdings and weightings are subject to change daily. Holdings are provided for informational purposes only.

[1] Largest 10 Holdings are calculated as a percentage of Net Assets. The table excludes cash or cash equivalents, any government/sovereign bonds or instruments on broad based indexes the portfolio may hold. You can obtain a complete listing of holdings by visiting www.calamos.co.uk .

### CREDIT QUALITY ALLOCATION OF BONDS

| | FUND | BOFA ML GLOBAL HIGH YIELD CONSTRAINED INDEX HEDGED |
|---|---|---|
| AAA | 0.0% | 0.0% |
| AA | 0.0 | 0.0 |
| A | 0.0 | 0.0 |
| BBB | 4.7 | 6.1 |
| BB | 59.3 | 52.6 |
| B | 28.4 | 32.6 |
| CCC and below | 7.6 | 8.2 |
| Unrated Securities | 0.0 | 0.5 |

Bond Credit Quality - Reflects the higher of the ratings of Standard & Poor's Corporation; Moody's Investors Service, Inc.; National Association of Insurance Commissioners (NAIC) as well as Calamos' proprietary credit scores and are adjusted to the scale shown. Ratings are relative, subjective and not absolute standards of quality. Excludes equity securities and cash.

Calamos Global High Yield 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 Company is a recognised scheme in the U.K. 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 U.K. Financial Services Compensation Scheme. Calamos Global Funds PLC has been established as an umbrella fund with segregated liability between subfunds and is authorised pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 as amended. 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 "Since Inception" total return start date for the index information is 31/7/12, since comparative index data is available only for full monthly periods. The "Since Inception" start date for the Fund is 2/7/12.

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, Morningstar 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 and simplified prospectus for the Fund may be obtained by visiting www.calamos.co.uk , or by contacting the local Paying Agent listed by jurisdiction at www.calamos.co.uk , 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.

The **BofA ML Global High Yield Constrained Index Hedged** tracks the performance of below-investment-grade corporate debt denominated in U.S. dollars, Canadian dollars, pounds and euros that are publicly issued in the major U.S. or euro-bond markets. The weighting of index constituents is limited to a maximum 2%.The Credit Suisse High Yield Index consists of US-denominated high yield issues of developed countries. Issues must be publicly registered in the U.S. or issued under Rule 144A with registration rights, must be rated "BB" or lower, and the minimum amount outstanding (par value) must be at least $75 Million. The **S&P 500 Index** is generally considered representative of the U.S. stock market. The BofA Merrill Lynch U.S. High Yield BB-B Index measures the performance of BB and B rated high yield bonds in the U.S. market. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect any fees, expenses or sales charges. Investors cannot invest directly in an index.

**Duration** is the weighted average time to full recovery of principal and interest payments for a fixed income security; typically used to discuss interest rate sensitivity of an investment; duration is a less useful measure for equity and equity sensitive investments. Maturity of bonds is the date on which principal is due back to the borrower, in a portfolio.

Calamos Investments LLP Distributor

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