

Global Growth Strategy

CALAMOS
INVESTMENTS

Market Overview

Global equities confronted a challenging quarter amid higher volatility, as investors weighed the potential impact of diverging monetary policies and escalating trade tensions against a backdrop of strong corporate earnings, reasonable equity valuations, and mostly benign inflation. Equities experienced declines across most regions, with weakness more pronounced in developed markets, in particular. Developed markets decreased -1.15%, as measured by the MSCI World Index. U.S. equities also retreated in the period, as the S&P 500 Index returned -0.76%. Emerging markets outperformed developed markets and delivered modest gains, as the MSCI Emerging Markets Index returned 1.47% in the period. The broad MSCI ACWI Index dipped -0.84%, reflecting the mixed conditions across regions.

U.S. stocks confronted multiple sell-offs and higher volatility, as markets balanced mostly positive economic data and strong corporate earnings against higher interest rates, a pickup in inflation, and escalating trade tensions with China. Although economic data presented a more mixed profile as the quarter progressed, it still pointed to solid economic growth and expansion. Recent figures indicated moderating demand in retail sales, housing transactions, and non-manufacturing services, though overall economic activity remains firmly in expansion territory. Employment remained quite strong, with significant payroll additions, low unemployment, and average hourly earnings up 2.6% year over year. In his first meeting as Chair of the Federal Reserve, Jerome Powell and the Fed increased benchmark interest rates by a quarter point, as widely expected. Later in the period, markets reacted negatively to the

Trump administration's proposals to impose tariffs on select imports, which ratcheted up concerns of a potential trade war with China.

European equities returned -1.86% for the quarter, as represented by the MSCI Europe Index. Shares were decidedly mixed across individual European markets as risk-off trends re-emerged in global markets. The wave of positive economic surprises cooled in Europe, and investors weighed the impacts of more fractured election outcomes and escalating global trade tensions. European economic data reflected more subdued growth as the quarter progressed. Although retail sales and employment exhibited generally positive conditions, gauges of manufacturing activity and inflation showed near-term deceleration in demand. Many analysts believe the ECB will use recent softer economic data and the potential for increased global trade barriers as support for a continued policy of accommodation. In other key developments, UK and EU negotiators reached an agreement in principle on the Brexit transition.

Asian equities also declined in the period, as the MSCI Pacific index dipped -0.57%. The balance of data in Japan points to continued moderate growth. On the one hand, Japan's unemployment rate of 2.5% was lower than expected amid extraordinarily tight labor markets. On the other hand, Japanese industrial production was weaker than expected, increasing 1.4% year over year, reflecting near-term deceleration. The Bank of Japan kept monetary policy on hold at its latest meeting and remains further behind global central banks in approaching its 2% inflation target and potentially normalizing policy

FIGURE 1. CALAMOS GLOBAL GROWTH STRATEGY RETURNS

	QTR ENDING 3/31/18	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (4/07)
Calamos Global Growth Composite						
Gross of Fees	1.40%	26.55%	11.36%	11.96%	9.79%	9.51%
Net of Fees	1.14	25.27	10.18	10.75	8.62	8.34
MSCI ACWI Growth Index	0.75	20.37	9.94	11.22	7.12	6.77

Source: Calamos Advisors LLC

Past performance is no guarantee of future results.

Data as of 3/31/18.

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FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE MSCI ACWI GROWTH INDEX
FIRST QUARTER 2018

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Industrials	56	
Real Estate	41	
Consumer Discretionary	28	
Materials	25	
Energy	13	
Telecom Services	2	
Utilities		-1
Financials		-3
Consumer Staples		-5
Information Technology		-38
Health Care		-68

Attribution based on gross of fee performance with dividends reinvested. Performance attribution excludes any government/sovereign bonds or options on broad market indices the portfolio may hold.

Past performance is no guarantee of future results.

Source: Calamos Advisors LLC. Data as of 3/31/18.

measures. However, inflation was not altogether absent as consumer prices rose 1.5% in the latest figures reflecting higher transport and food inflation costs.

Emerging markets delivered modest gains and outperformed developed markets, as the MSCI Emerging Markets Index returned 1.47% in the quarter. Emerging market equities encountered escalating trade tensions between the U.S. and China, less accommodative Federal Reserve policies, and mounting risk-off sentiment among investors. Despite these challenges, emerging markets have benefited from a pickup in earnings growth, increased policy flexibility, and an expanding global economy. China's President Xi laid out an economic growth target of 6.5% for the next year, representing a deceleration from the 6.9% growth rate in 2017. Russian stocks declined recently but had been among the top performers in the quarter, reflecting improved economic conditions, a credit rating upgrade by S&P, and stabilization in oil prices.

Performance Review

During the quarter, the portfolio generated positive returns and outperformed the index owing to stronger relative security selection

and sector positioning. The areas that had the most significant impact on performance included:

Industrials. The portfolio's selection in industrials added significant value to performance. Holdings in industrial machinery outperformed due to increasing global demand and excellent earnings fundamentals. We see many opportunities in the sector and own positions in machinery, construction & engineering, and aerospace & defense, reflecting a boost in demand drivers and more cyclical growth opportunities.

Real Estate. The portfolio's selection in real estate also added value in the quarter. In particular, holdings in real estate services performed well.

Health Care. The portfolio's trailing selection in health care detracted the most value in the period. In particular, portfolio holdings in the biotechnology and pharmaceuticals industries underperformed due to security-specific factors. We have a selective view of opportunities in the sector and maintain an underweight position overall. We emphasize opportunities that provide attractive innovation pipelines, higher return on invested capital, and alignment with our key secular themes.

Information Technology. The portfolio's security selection in technology also detracted value from performance. The portfolio's holdings in application software and systems software underperformed peers in the index. Our overweight allocation to technology reflects our view of healthy earnings, reasonable valuations, and compelling secular tailwinds.

Geographic. The portfolio positioning in Japan contributed the most value to performance in the quarter, as holdings delivered gains and outpaced those of the index. We have an overweight stance in Japan, with our exposure focused on companies more levered to global growth than domestic demand. Liquidity conditions continue to be highly accommodative, earnings growth is healthy, and equity valuations are attractive.

All portfolio positioning and sector information is for a representative portfolio. Please see last page for additional information.

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FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI GROWTH INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI GROWTH INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/17 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	29.7	28.7	0.9	1.0
Financials	19.7	8.7	2.2	11.0
Industrials	15.8	13.7	0.2	2.1
Consumer Discretionary	10.2	16.8	-2.5	-6.6
Health Care	9.0	11.8	-0.2	-2.8
Materials	5.2	5.2	1.3	0.0
Energy	4.4	2.5	0.7	1.9
Consumer Staples	4.2	9.0	-3.4	-4.8
Real Estate	1.8	2.1	1.2	-0.3
Telecom Services	0.0	0.9	-0.4	-0.9
Utilities	0.0	0.6	0.0	-0.6

This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or broad-based index hedging securities/options the portfolio may hold.

Source: Calamos Advisors LLC. Data as of 3/31/18.

FIGURE 4. LARGEST 10 COUNTRY WEIGHTS VERSUS THE MSCI ACWI GROWTH INDEX

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI GROWTH INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/17 (PCT. POINTS)	UNDER/OVERWEIGHT %
United States	40.7	52.2	-1.6	-11.5
Japan	13.6	7.9	2.3	5.7
China	11.5	3.5	2.3	8.0
United Kingdom	5.0	5.1	-0.9	-0.1
India	4.1	1.0	-1.1	3.1
Germany	3.7	3.3	2.1	0.4
Netherlands	3.5	1.2	1.2	2.3
Switzerland	2.9	3.2	-4.5	-0.3
Taiwan	2.6	1.4	0.6	1.2
Italy	2.5	0.2	1.0	2.3
Developed Markets	78.7	88.0	-2.3	-9.3
Emerging Markets	21.3	12.0	2.3	9.3

Excludes cash weighting. Companies are classified geographically according to their country of domicile. This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Geographical distribution tables exclude any options on broad market indices the portfolio may hold.

Source: Calamos Advisors LLC. Data as of 3/31/18.

The portfolio's relative security selection in Europe benefited returns.

We favor a combination of small-mid capitalization opportunities benefiting from improving economic conditions in addition to select multinationals with significant global demand exposure.

The portfolio's positioning in the U.S. detracted from value. We hold a lower weight in the U.S. reflecting our view of policy risks, less accommodative monetary policy, and relatively less attractive valuation.

We own a blend of holdings in core secular growth areas and a set of

more cyclical businesses as well as investment opportunities reflecting our view of a pickup in the economy and inflation expectations.

The portfolio's investments in emerging markets delivered mixed performance across regions during the quarter. Emerging markets are benefiting from a pickup in global demand, stabilization in many currencies, and favorable valuations. However, we are mindful of multiple policy risks and the potential impact of tighter global liquidity conditions. Our positioning favors a combination of secular growth-oriented and cyclical companies benefiting from economic tailwinds.

The representative portfolio information described in both charts above represents a representative account managed in the Global Growth strategy. Other clients' portfolios may differ mainly due to individual restrictions and timing of purchases and sales. All portfolio positioning and sector information is for a representative portfolio. Please see last page for additional information.

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Positioning and Portfolio Changes

The portfolio holdings reflect a combination of core growth and more cyclical opportunities in key sectors, including information technology, industrials, financials, consumer discretionary and health care, in terms of largest absolute weights. From a sector standpoint, we maintained relatively stable weights during the quarter. We modestly increased the portfolio weight in financials and materials, in pursuit of more cyclical and interest rate-sensitive opportunities. We offset these minor moves by trimming weights in consumer staples and discretionary due to our more cautious view on defensives and security-specific rationale.

Conclusion

Recent global macroeconomic data has been mixed versus expectations but, on balance, continues to reflect growth conditions. Global monetary policy remains accommodative overall, though multiple central banks are edging toward policy tightening and we are seeing a pivot toward fiscal stimulus. We see continued opportunities in global equities, reflective of

positive fundamentals, low inflation and relatively attractive valuations. We also recognize that liquidity conditions have tightened at the margin, the improving economic fundamentals may have peaked, and geopolitical risks have heightened. In terms of portfolio positioning, we favor a balance of investments in secular and cyclical growth companies, with a relative underweight in defensives overall. We see significant opportunities in companies with earnings growth catalysts, solid cash-flow generation and healthy balance sheets. From a thematic and sector perspective, we see opportunities in the information technology sector, a set of more cyclical companies in the financials and industrials sectors with improving fundamentals and catalysts, and select consumer companies with targeted areas of demand.

Past performance does not guarantee or indicate future results. Current performance may be lower or higher than the performance quoted. 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.

The information portrayed is for the Calamos Global Growth Composite. Representative holdings and portfolio characteristics are specific only to the portfolio shown at that point in time. Other portfolios will vary in composition, characteristics, and will experience different investment results. The representative portfolio shown has been selected by the advisor based on account characteristics that the advisor feels accurately represents the investment strategy as a whole.

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It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Performance returns presented reflect, unless otherwise noted, the Calamos Global Growth Composite which is an actively managed composite primarily investing in a globally-diversified portfolio of equity securities. The composite includes all fully discretionary fee-paying accounts. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest. The Composite inception date is April 1, 2007.

The MSCI ACWI Growth Index is a free float-adjusted market capitalization weighted index that is designed to measure the growth equity market performance of developed and emerging markets. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Japan Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Japan. The MSCI Pacific Index captures large- and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. The MSCI World Index is a market capitalization weighted index composed of companies representative of the market structure of developed market countries in North America, Europe, and the Asia/Pacific region. The MSCI indices are calculated in both U.S. dollars and local currencies. The S&P 500 Index is a market-value weighted index and is widely regarded as the standard for measuring U.S. stock-market performance.

Unmanaged index returns assume reinvestment of any and all distributions and, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are annualized. Chart Data Source: Calamos Advisors LLC.

Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average assuming reinvestment of dividends and capital gains distributions.

Calamos Advisors LLC is a federally registered investment advisor. Form ADV Part 2A, which provides background information about the firm and its business practices, is available upon written request to:

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