

Latest grading issued July 2013

**Fund owner:** Calamos Investments  
**Fund manager/adviser:** Calamos Advisors LLC  
**Named portfolio manager/adviser(s):** Team  
**Contact group:** +1 630 245 1363 or www.calamos.com

**Fund profile**

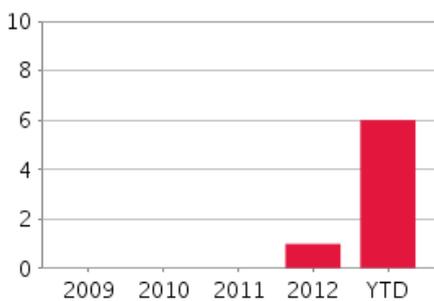
<b>Launch date</b>	February 2011
<b>Manager location</b>	Naperville, Illinois
<b>Sector</b>	Emerging markets equities
<b>Peer group</b>	Global emerging markets equities
<b>Fund benchmark</b>	MSCI Emerging Markets Index
<b>Fund size</b>	US\$106m (1 May 2013)

**Review period 12 months to end-April 2013**

**Daniel Vaughan, Analyst at S&P Capital IQ Fund Research, prepared and is responsible for this report; the Grading Committee is responsible for the grading.**

*The following report is based on information taken direct from the group either via interview or as a written document and augmented by information in the public domain. The sources of performance data are provided within the report. All opinions are our own.*

**Calendar-year decile ranks**



*Decile ranking in discrete annual periods. First decile (highest returns) shown as rank 10, second decile as rank nine with tenth decile (lowest returns) as rank one.*

**Fund Research opinion (June 2013)**

This fund is run differently to the vast majority of funds in the emerging market fund peer group, as a large percentage of positions (typically around 50% of the portfolio, 40% at review) are companies with emerging market revenues that are listed in developed markets. As a result, relative to the MSCI Emerging Markets index benchmark, the portfolio shows large weightings to the US, UK and Canada. In addition, convertibles - a differentiating feature of the Calamos approach is that the entire capital structure of a firm is analysed - will typically make up between 20% and 25% of the portfolio. These unusual features make the fund's risk/return profile different from peers and the index.

Calamos as a firm has been in transition following the hire of Gary Black in August 2012. The investment team was run by joint-CIOs John Calamos and his nephew Nick Calamos, both of whom have extensive investment experience. However, Nick Calamos relinquished his post, with his day-to-day role as co-CIO passing to Black. Black's recruitment went somewhat against the hiring policy that we have come to know over the years; he is an external hire, and one with which nobody in the Calamos team was that familiar. Black has over 20 years' investment experience and his company was acquired by Calamos. The New York-based Black Capital team will remain distinct from the Naperville team, with Black spending 80% of his time in Naperville.

Black has reviewed all aspects of team, portfolio, risk structure and management. As a result, he has introduced an investment committee of nine members who meet monthly to provide top-down guidance for the investment team. He is keen to encourage greater ownership of portfolios, an admirable aim, but potentially challenging to implement sensitively in what is a collegial culture. A manifestation of his intent is the renaming of the senior investment team members as co-portfolio managers. Calamos has also bolstered the research team since our last review, and Black has brought in a new head of risk, John McClenahan, who was previously known to him.

In line with other Calamos funds, this strategy is managed by the whole team, although Jeff Scudieri and Nick Niziolek take the lead and have most non-US experience in terms of company analysis experience. Compared to other EM funds, dedicated resources available are light and lack the input/expertise of local brokers, researchers, and analysts. They rely on the transparency of businesses and industry conferences. A large part of the analytical work is desk-based, with travel infrequent. Fundamental analysis focuses on cashflow/ROIC analysis, management and industry assessment, intrinsic value analysis and relative valuation through risk/reward and historical analysis. Calamos also has a bias towards growth, which typically manifests in overweights to IT (33% of the portfolio compared to the index weight of 14%), healthcare (10% overweight) and staples (6.4% overweight).

Performance is likely to look very different from the peer group and benchmark in discrete periods. Prior to the launch of the fund, the strategy performed as we would expect. Since launch, however, the fund has underperformed the median and both the EM and developed market indices.

Despite this recent disappointing run of returns, the fund's differentiated approach, together with the team's clear and disciplined view of what it is looking for in a company, allows retention of an S&P Capital IQ Silver grading.

**Cumulative returns**

	Launch
Fund share class	-4.7%
S&P Capital IQ peer median	-3.3%
Index**	-0.2%
Fund share class rank	745/1300

\*\* S&P/IFCI Composite USD

# Calamos Global Funds - Calamos Emerging Markets Fund



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## Management style

Although benchmarked against the MSCI Emerging Markets index, deviations at sector and country level can be significant. The investment universe includes names domiciled in developed markets that have a significant portion (generally 20% or more), of the assets or revenues of each issuer attributable to emerging market countries. A minimum of 40% will be in names domiciled in emerging markets.

The fund is managed in a team-driven fashion with the co-CIOs providing a top-down framework of macroeconomic, secular and cyclical themes. The initial investment universe is reduced through quantitative screens (focus is on credit, valuation, growth metrics and technicals) to allow for more detailed analysis.

The Calamos approach is to focus on a company's entire capital structure, where fundamental analysis is conducted on earnings expectations, balance sheet and cashflow strength, management quality and industry dynamics. Fair value is estimated using cashflow measures under various risk/reward scenarios, with stocks ranked on a relative and absolute basis.

Risk is managed through detailed knowledge of the 60-80 holdings, with single-stock exposure kept under 5% and position sizes primarily determined by the risk/reward rather than benchmark weightings. Derivatives may be used, while cash is typically limited to 5% and currency exposures remain unhedged.

## Fund manager & team

Calamos Investments, based in 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 over \$30bn, mainly in equities.

John Calamos focuses on the business and top-down views. Co-CIO and nephew Nick Calamos used to be responsible for the process and team, but stepped down in Q3 2012 and was replaced by external hire Gary Black. The team includes heads of research Jeff Scudieri (18 years' experience) and Jon Vacko (21), eight co-portfolio managers, three senior sector analysts, 12 research analysts and eight more junior analysts. Staff turnover is modest.

While there is no separate emerging markets team, Scudieri and Nick Niziolek serve as co-portfolio managers and dual strategy leads with day-to-day management responsibility. Decisions remain team-based and are a result of team consultation and debate.

Jeff Scudieri - MBA finance (DePaul University), BA finance (Northern Illinois University), CFA, joined Calamos in 1997 and is directly involved in the fundamental analysis of companies, while also investigating opportunities that meet the firm's long-term philosophy and process. Prior to joining Calamos, Scudieri worked in shareholder services at Zurich Kemper Investments.

## Investment style

	Value	Blend	Growth
Large-cap			
Mid-cap			
Small-cap			

## Portfolio characteristics (1 May 2013)

No. of holdings	81
% in top 10	31
Turnover ratio (%)	117

Source: Calamos Advisors LLC

## Sector allocation (%)

Consumer discretionary	5.8
Consumer staples	15.7
Energy	10.6
Financials	8.1
Healthcare	11.6
IT	33.4
Industrials	7.7
Materials	3.5
Telecoms	3.0
Utilities	0.0
Cash	0.6

Source: Calamos Advisors LLC

## Calendar-year performance

	2009		2010		2011		2012		Year to 30/04/2013	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund share class	-		-		-		7.8	1462/1512	1.2	748/1766
Index**	81.0		20.6		-19.0		18.9		0.2	
Median	75.2		17.1		-20.7		17.0		0.6	

\*\* S&P/IFCI Composite USD

Fund benchmark: MSCI Emerging Markets Index

Share class screened: IE00B4QR1M12 (Ord)

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## Grading Process

To qualify for an interview and potential grading, a fund must have a minimum two-year performance track record (three years for funds-of-hedge-funds). New funds, funds with less than two years' performance record and specialist funds can be analysed and included providing independent verifiable performance data is supplied.

The starting point for a grading is an initial quantitative screen based on performance data obtained from Lipper Inc or elsewhere. For long-only funds, discrete annual performance comparisons are made, as opposed to cumulative returns over a three-year period. Relative performance of funds within each sector is ranked by decile.

This quantitative screen captures approximately the top 20% of funds in each sector, depending on the size of the sector. For funds-of-hedge-funds the screen is based on the fund's risk/reward objective.

For more information on the fund grading process please visit our website at [www.funds-info.standardandpoors.com](http://www.funds-info.standardandpoors.com).

## Symbols and Definitions

### Active funds

#### Grading bands for long-only funds

Platinum	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.
Gold	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.
Silver	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.

#### Grading bands for Fund-of-hedge-funds / Absolute return / Specialist funds

Platinum	The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
Gold	The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
Silver	The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

#### Grading bands for Ucits III flexible beta funds

Platinum	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.
Gold	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.
Silver	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.

### Bond gradings

V	Bond fund volatility gradings of V1 to V6 reflect S&P Capital IQ's current opinion of a fund's sensitivity to changing market conditions. A volatility grading evaluates a fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For the V1 to V4 categories, risk is considered relative to a portfolio composed of government securities denominated in the base currency of the fund.
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### Absolute return gradings

N	The N grading is S&P Capital IQ's indication of a fund's potential capital stability in normal markets. It is a qualitative grading but is based on annualised weekly downside deviation. N1 is the most stable, and N9 the least stable grading.
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## Symbols and Definitions (continued)

### Passive funds

Platinum	The fund demonstrates the highest standards of quality based on its investment process, risk management and consistency of performance as compared to its benchmark index and other passive funds with a similar benchmark.
Gold	The fund demonstrates very high standards of quality based on its investment process, risk management and consistency of performance as compared to its benchmark index and other passive funds with a similar benchmark.
Silver	The fund demonstrates high standards of quality in its sector based on its investment process, risk management and consistency of performance as compared to its benchmark index and other passive funds with a similar benchmark.

### Applicable to both active and passive funds

Bronze	A previously graded fund where a newly appointed fund manager or team does not yet have the required 12 months' relevant investment management experience to achieve a Silver grading or higher.
Grading On Hold	A grading is placed On Hold when a significant change occurs at the fund manager or fund management team level and S&P Capital IQ has not yet had the opportunity to evaluate the impact on the qualitative appraisal.
Grading Removed	A previously graded fund is classified Grading Removed when a significant change occurs at the fund manager or fund management team level sufficient for the fund to no longer meet the standards to achieve a grading.
LTG recognition	A long-term grading (LTG) denotes a fund that has achieved an S&P Capital IQ fund grading at Platinum, Gold or Silver level in each of the last five or 10 consecutive years.

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