



Latest grading issued September 2012

**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**

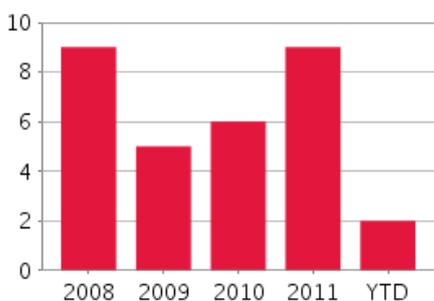
<b>Launch date</b>	November 2007
<b>Manager location</b>	Naperville, Illinois
<b>Sector</b>	Global equities
<b>Peer group</b>	Global equities
<b>Fund benchmark</b>	MSCI AC World index
<b>Fund size</b>	US\$176m (1 July 2012)

**Review period 12 months to end-June 2012**

**Susan Sworn, 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 (September 2012)**

Calamos is a successful, family-run asset management house based in Naperville, Illinois, with AUM in excess of \$30bn. While equities represent the largest portion of AUM, investing in convertibles has always been a core expertise defining the investment process. A single team analyses the whole capital structure of a company to find the most attractive way of investing - be it via equities, straight bonds or convertibles. This fund typically has 40-70% in convertibles, but may in theory have up to 100%. A minimum of 40% of total assets must be in non-US issuers. It is designed to participate in rising markets and be defensive in falling markets, with lower volatility and beta than its MSCI World (USD) benchmark.

Calamos recently announced an unexpected change in its senior management. For years, the company has been run by joint-CIOs John Calamos and his nephew Nick Calamos, who have spent 42 and 29 years respectively in the industry. Nick Calamos now intends to relinquish his post; he remains a shareholder and on the board, but his day-to-day role as co-CIO will pass to an outside hire, Gary Black.

Black has over 20 years' investment experience. His company, Black Capital, a small and yet to be profitable group founded in 2009, has been bought by Calamos. It has AUM of about \$10m in long/short strategies. While it may provide an interesting potential add-on, size-wise it is insignificant when viewed in the context of Calamos's \$30bn in AUM. The New York-based Black Capital team will remain distinct from the Naperville team; Black will spend most of his time in Naperville, getting to know the Calamos team and then looking at all aspects of team, portfolio and risk management. This may include a re-evaluation of the single-team structure, a key feature that distinguishes Calamos from many peers. He is also keen to encourage greater ownership of portfolios, an admirable aim, but nevertheless challenging to implement sensitively in what is a truly collegial culture. He also aims to build a global research platform with local representation. We expect to see his first conclusions in spring 2013. John Calamos remains actively involved with all aspects of the process, but, like other observers, we cannot help but see this as succession planning, with implications for both the culture and the corporate structure.

There is no impact on this fund at this point. The underlying team is experienced, well-resourced and stable, with only one departure in the last 12 months. The focus is on identifying high-quality businesses with sustainable growth. The effectiveness of the approach is reflected in fund performance; it has done what we would expect, keeping pace with up markets but proving resilient on the downside. It ranks second-quartile in its S&P Capital IQ peer group over three years cumulatively. A key driver of performance has been the underweight to financials (ie, banks). The team has just begun to invest selectively in a couple of US names, but the overall financials weighting was still low at review (6% against the index's 19%).

Low convertibles issuance and retirements have rendered markets challenging; in-house screening eliminates poorer quality names, reducing the universe further. The fund is hence making increased use of synthetic convertibles.

We will monitor events at Calamos with interest. In the meantime, the skill of the team continues to impress. The fund retains its S&P Capital IQ Gold grading.

**Cumulative returns**

	3 years
Fund share class	25.7%
S&P Capital IQ peer median	24.9%
Index**	39.3%
Fund share class rank	2329/4927
Volatility-adjusted ranking	551/4927

\*\* S&P Global 1200

# Calamos Global Convertible Opportunities Fund

## Management style

This is a low-volatility equity fund designed to participate in rising markets and offer defensive qualities in down markets. The benchmark, for performance reference purposes only, is the MSCI World (USD). In the Calamos approach, the whole capital structure of a company is analysed to identify opportunities and assess risk.

Quantitative screens initially identify companies with high relative earnings growth and/or accelerating ROIC or revenues. From then on, the process is almost wholly qualitative in nature. Highlighted companies undergo detailed fundamental analysis of their earnings expectations, balance-sheet strength and cashflows, to determine the quality and sustainability of this growth. Management interviews focus on business planning and corporate governance. Companies may come from across the market-cap range and from any sector or country.

Fair value is calculated for equities, using cashflow measures under various risk/reward scenarios; and for convertibles, using an option pricing model with long-term volatility inputs, proprietary credit ratings and equity performance estimates. Given low issuance in the convertibles space, synthetic convertibles are becoming more important.

Portfolio construction, targeting 80-120 names, combines global themes, macroeconomic views and the team's highest-conviction ideas. Themes may be secular in nature (ie, long-term drivers of company growth) or more cyclical, providing shorter-term opportunities. Decisions are team-based, and index-aware but not driven by the MSCI World benchmark.

At least 40% of the assets must be in non-US issuers. The equity/convertible split is determined at stock and sector level on risk/reward considerations. Exposure to convertibles typically ranges from 40% to 70% (though it may, theoretically, reach 100%). The team is index-aware, but not index-driven. Risk is managed through detailed knowledge of the holdings and exposure limits at region and stock level. Cash is typically under 3%.

## Fund manager & team

Calamos Investments, based in Naperville, Illinois, is a Nasdaq-listed, family-controlled business that was 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 is stepping down in Q3 2012 to be replaced by Gary Black. The team includes heads of research Jeff Scudieri (17 years' experience) and Jon Vacko (20), five senior strategy/sector analysts (average 19 years), three sector analysts (13), seven intermediate analysts and 14 junior analysts. Staff turnover is very modest. Portfolio decisions are team-based, with the end result being a product of team consultation and debate.

## Calendar-year performance

	2008		2009		2010		2011		Year to 29/06/2012	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund share class	-36.2	595/3941	32.3	2517/4691	11.6	2091/5193	-3.1	709/5766	1.0	5028/6252
Index**	-40.1		31.7		11.9		-5.1		6.3	
Median	-43.7		33.2		10.5		-10.5		3.7	

\*\* S&P Global 1200

Fund benchmark: MSCI AC World index

Share class screened: IE00B28VTV28 (A \$ Acc)

Performance Data Source - © 2012 Lipper inc. All rights reserved. All statistical data on this report has been run to 29/06/2012 on NAV to NAV basis, with gross income reinvested, in USD and including the effect of fees and expenses.



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## Investment style

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

## Portfolio characteristics (1 July 2012)

No. of holdings	84
% in top 10	29
Turnover ratio (%)	N/A

Source: Calamos Advisors LLC

## Risk characteristics

	3 years
Worst month (%)	-6.0
Volatility	11.6
Correlation vs index	0.9
Beta vs index	0.6

## Geographical allocation

	%
Asia (ex Japan & China)	7.0
Europe (ex UK)	28.9
Japan	8.5
North America	43.8
United Kingdom	5.9
Others	4.8
Cash	1.1

## 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.

### 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.

Continued on next page

## 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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