

Latest grading issued January 2013

**Fund owner:** Calamos Investments  
**Fund manager/adviser:** Calamos Advisors LLC  
**Named portfolio manager/adviser(s):** Team  
**Contact group:** +1 353 1 853 8200 or www.calamosglobal.com

**Fund profile**

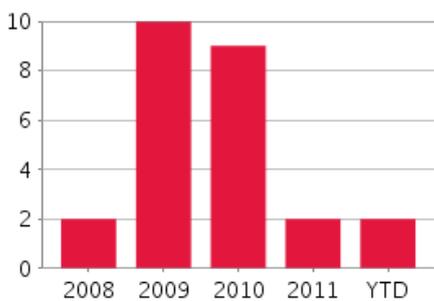
<b>Launch date</b>	November 2007
<b>Manager location</b>	Naperville, Illinois
<b>Sector</b>	America
<b>Peer group</b>	US mainstream equities
<b>Fund benchmark</b>	S&P 500/Russell 3000 Growth
<b>Fund size</b>	US\$93.2m (1 November 2012)

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

**Peter Brunt, 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 (December 2012)**

This US all-cap growth fund is managed by Calamos, a family-run asset management house based in Naperville, Illinois, with AUM in excess of \$30bn.

Calamos has recently had an unexpected change in its senior management - for years, the company was run by joint-CIOs John Calamos and his nephew Nick Calamos, both of whom have extensive investment experience. In August 2012, however, Nick Calamos decided to relinquish his post; he remains a shareholder and on the board, but his day-to-day role as co-CIO was passed 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, was bought by Calamos. It has AUM of about \$10m in long/short strategies. While this may be an interesting potential add-on, size-wise it is insignificant when viewed in the context of Calamos's assets. The New York-based Black Capital team will remain distinct from the Naperville team; Black is spending most of his time in Naperville, getting to know the Calamos team and then looking at all aspects of team, portfolio and risk structure and management. 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 the culture and corporate structure.

**Cumulative returns**

	3 years
Fund share class	28.9%
S&P Capital IQ peer median Index**	31.1%
Fund share class rank	1281/2158
Volatility-adjusted ranking	1587/2158

\*\* S&P 500 TR

This change aside, the investment team responsible for this product (and the S&P Capital IQ Gold graded Calamos Global Equity fund) remains relatively stable and the highly collegial approach is unchanged. Working under the supervision of Calamos and Black, co-heads of research Jeff Scudieri and Jon Vacko lead the team of eight senior and eight intermediate analysts (which suffered from two departures in H2 2012, since replaced by newly promoted junior analysts) in their fundamental stock research. They are supported by 12 junior analysts, who typically undertake more administrative work.

While performance has remained strong on the global fund, returns have been a lot weaker on this US equities mandate for a prolonged period now - it has not outperformed peers, the S&P 500 (the named benchmark for this fund), the Russell 3000 Growth index (the benchmark used on the US mutual equivalent of this fund and most relevant to the strategy) or the Russell Midcap Growth index (also used by the group for performance appraisal, given the mid-cap bias) for the last two years.

Looking at the longer running US mutual Calamos Growth fund, on which this fund is based (with almost identical returns), within the US mutual peer group US Multicap Growth, performance has been on a similar decline and it now lags the median of that peer group by over 10% over three years and 6% over five.

Performance attribution shows that stock selection has been the main cause of underperformance, indicating that the process is not working as well in the US as in other regions and is not being implemented as efficiently. While we acknowledge the strength of the group's resources, this causes us to downgrade the fund one band to an S&P Capital IQ Silver grading.

# Calamos US Growth Fund

## Management style

The fund aims to outperform the Russell 3000 Growth index through a well-diversified portfolio of growth companies built from the bottom up. It is managed in a team-driven fashion, combining the input of the co-CIOs, two research and investment co-heads and the analyst team.

Quantitative screening is applied to about 7,000 companies, aiming to identify those with the highest growth and acceleration of revenue and earnings within sectors, and the highest margins and ROIC.

Qualitative analysis then determines the quality and sustainability of the growth, focusing on earnings expectations, balance sheet and cashflow analysis, and an assessment of management (including business planning and corporate governance).

The fair value of the entire enterprise is estimated using discounted cashflow measures of value. Stocks are then ranked on a relative and absolute basis according to their valuation, using different scenarios to assess risk/reward. They target stocks with a 20% return potential from both valuation and growth prospects.

Risks are controlled at security, sector and portfolio levels, aiming to protect capital during volatile markets. The fund may also hold put options (on stocks or the index) to protect capital.

The portfolio is diversified across 70-100 names, with sector weights typically in the range of one-half to two times the Russell 3000 Growth index and no more than 5% in a single stock.

## 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 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), eight intermediate analysts and 12 junior analysts. Staff turnover is very modest. Portfolio decisions are team-based, with the end result being a product of team consultation and debate.



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## Investment style

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

## Portfolio characteristics (1 November 2012)

No. of holdings	78
% in top 10	32
Turnover ratio (%)	48

Source: Calamos Advisors LLC

## Risk characteristics

	3 years
Worst month (%)	-11.7
Volatility	20.4
Correlation vs index	0.9
Beta vs index	1.2

## Sector allocation

	%
Consumer discretionary	15.5
Consumer staples	4.2
Energy	6.9
Financials	3.5
Healthcare	16.3
Industrials	6.4
Information technology	39.9
Materials	5.5
Telecoms	0.0
Utilities	0.0
Other	0.0
Cash	1.8

## Calendar-year performance

	2008		2009		2010		2011		Year to 31/10/2012	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund share class	-49.1	1556/1734	47.1	156/1991	19.9	229/2193	-8.2	2062/2396	7.8	2210/2651
Index**	-37.0		26.5		15.1		2.1		14.3	
Median	-40.1		29.9		13.0		-2.8		11.2	

\*\* S&P 500 TR

Fund benchmark: S&P 500/Russell 3000 Growth

Share class screened: IE00B296T491 (A \$ Inc)

Performance Data Source - © 2012 Lipper inc. All rights reserved. All statistical data on this report has been run to 31/10/2012 on NAV to NAV basis, with gross income reinvested, in USD and including the effect of fees and expenses.

## 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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