# A Growth Opportunity Ahead of the Curve

In our decades of investment experience, we occasionally have seen unusual opportunities spring out from volatility. Right now, we believe growth is one of those. We're seeing great growth companies at reasonable prices, and we believe the Calamos U.S. Growth Fund is well positioned for the changing global economy.

## Why Growth: Compelling Equity Valuations

The recession has ended and corporate profits have been strong. In our opinion, the global recovery has started to take root.

Figure 1 shows the value of the Russell 1000 Growth Index companies relative to their market values if we remove all future growth assumptions. The end result of removing the growth assumptions is an estimate of the fair value of a company with no growth in the business, ever. For example, a price to no-growth ratio of 1.0 means the market is pricing no future growth into the current market value.

The ratio stands well below the worst levels from the Tech Wreck (2003) and the recession of the 1990s. We are wary of the higher risks in this environment but we think the hit on growth stocks is still overdone.

## What this implies

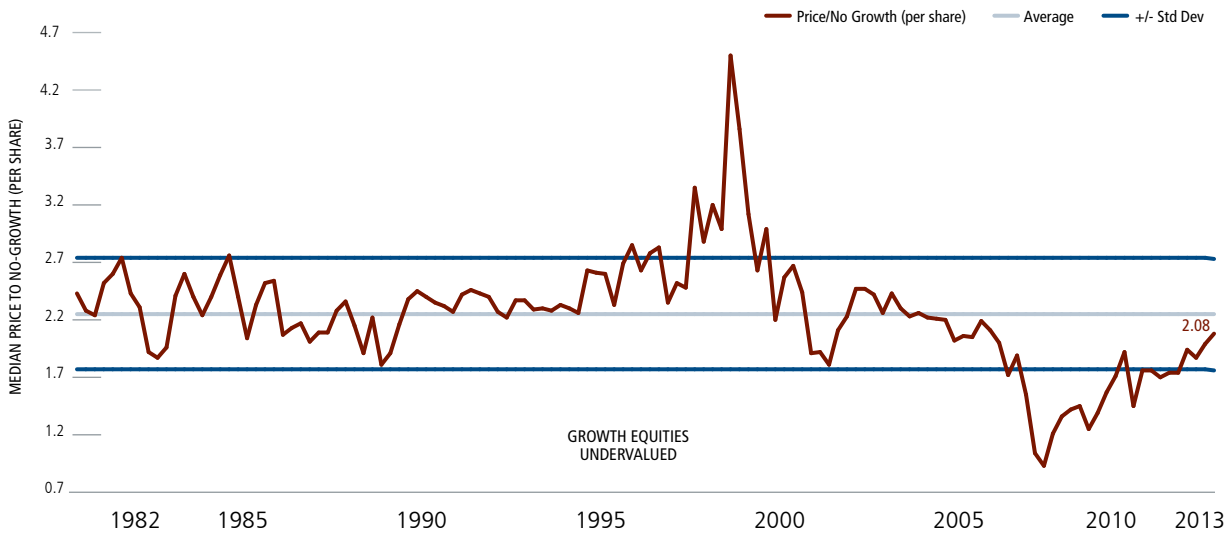
Equity prices have recovered significantly from the crisis-level lows. Yet, with a ratio of approximately 2.08, the market is still assigning a lower value to future growth. We believe this heightened degree presents an opportunity to equity investors.

## Why Now: Global Companies, Innovative Growth Leaders

Many global growth companies are what we thought they were before the volatility of the past 2 years. They still come out with game-changing products and technology. We see plenty of opportunities in those growth companies with strong brands, healthy balance sheets, and global customers.

**FIGURE 1. PRICE TO "NO-GROWTH" VALUATION**

RUSSELL 1000 GROWTH INDEX, QUARTERLY FROM 31/3/82 TO 31/12/13




Calamos Advisors LLC, Model Station and the Federal Reserve Bank of St. Louis.

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.

We believe growth companies derive their strength not just from being in the right industries. They create new industries and shape their markets. They meet the secular tailwinds of technological, demographic or political change with innovation and creative management. See Figure 2 for the top holdings in the Calamos U.S. Growth Fund.

We believe growth companies are exciting companies of the future that fit well in most equity portfolios. Just compare the Russell 3000 Growth Index versus the Russell 3000 Value Index. As of 31 December 2013, information technology companies represented 26.9% of the growth index, nearly three times the 9.1% weighting in the value index, according to Morningstar.

## Why Calamos: Two Decades of Growth Experience, Consistent Results

The U.S. Growth Composite UCITS Blend* recently completed its 20th year. Global Co-Chief Investment Officers John P. Calamos, Sr., and Gary D. Black lead an integrated team of experienced investment professionals backed by the time-tested Calamos investment process and proprietary valuation models. We don't just value equity in a company. We value the entire capital structure—including convertibles, preferred securities, bonds and bank loans—to better understand a company's potential risks and rewards.

The result: U.S. Growth Composite UCITS Blend has had positive returns 92% of the time over 5-year rolling periods since the composite's inception through 31 December 2013. See the comparison in Figure 3.

## What this implies

We believe quality companies tend to reinvest capital to remain competitive, have the financial flexibility to respond to a rapidly changing environment, and have experienced management teams, who have shown discipline in their balance sheet management, acquisition history, and strategy execution. Companies in the Calamos U.S. Growth Fund show better ROIC and debt-to-capital ratios than most utilised indexes.

**FIGURE 2. U.S. GROWTH FUND, TOP 10 HOLDINGS**

AS OF 31/12/13

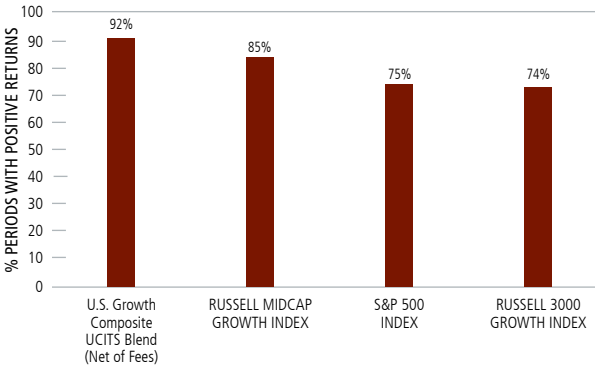
| | |
|---|---|
| Google, Inc. | 4.9% |
| Apple, Inc. | 4.5 |
| Amazon.com, Inc. | 3.4 |
| Facebook, Inc. | 2.9 |
| Chicago Bridge & Iron Company, NV | 2.5 |
| Cerner Corp. | 2.4 |
| Michael Kors Holdings, Ltd. | 2.4 |
| Eaton Corp., PLC | 2.3 |
| Gilead Sciences, Inc. | 2.1 |
| Lorillard, Inc. | 2.1 |

Top 10 Holdings 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. The portfolio is actively managed. Holdings and weightings are subject to change daily. Holdings are provided for informational purposes only.

**FIGURE 3. CONSISTENT 5-YEAR POSITIVE RETURNS**

AS OF 31/12/13

Calamos U.S. Growth Composite UCITS Blend has had positive returns in 92% of the 73 rolling 5-year periods since its inception through 31/12/13.




Source: Morningstar

Return periods are rolled forward one quarter at a time.

Performance data quoted represents past performance, and may not be a reliable guide to future results. See "Important Information" for more information.

*Calamos Growth Composite (1/1991 - 11/2007) / Calamos U.S. Growth UCITS USD accumulating A shares (12/2007 – 12/2013)

**FIGURE 4. CALAMOS U.S. GROWTH FUND INVESTS IN QUALITY COMPANIES**

AS OF 31/12/13

| PORTFOLIO STATISTICS | CALAMOS U.S. GROWTH FUND | S&P 500 INDEX |
|---|---|---|
| # of Holdings | 96 | 500 |
| Price/Earnings Ratio | 24.30x | 17.03x |
| Price/Book Ratio | 4.48x | 2.66x |
| Price/Sales | 2.78x | 1.67x |
| PEG Ratio (1 Yr Forward) | 1.48x | 1.79x |
| Debt/Capital | 37.16% | 35.87% |
| ROIC | 24.48% | 17.73% |
| Portfolio Turnover (12 months) | 61.99% | N/A |

**ANNUALISED RETURNS: CALAMOS GROWTH COMPOSITE (1/1991 - 11/2007)/ CALAMOS U.S. GROWTH UCITS USD ACCUMULATING A SHARES (12/2007 – 12/2013)**

AS OF 31/12/13

| | 1-YEAR | 3-YEAR | 5-YEAR | 10-YEAR | 15-YEAR | SINCE INCEPTION |
|---|---|---|---|---|---|---|
| Calamos Growth Composite (Inception-1/1/91) | | | | | | |
| U.S. Accumulating (Class A Shares) | 30.79% | 9.77% | 18.49% | 6.89% | 11.33% | 14.20% |
| Russell Midcap Growth Index | 35.74 | 15.63 | 23.37 | 9.77 | 7.12 | 11.03 |
| S&P 500 Index | 32.39 | 16.18 | 17.94 | 7.41 | 4.68 | 10.03 |

Returns from 1 December 2007 through 31 December 2013 represent the Calamos U.S. Growth UCITS, net of fees and are composite/fund blend. Returns presented from 1 January 1991 through 30 November 2007 represent the Calamos Growth Composite, net of fees, which is an actively managed composite investing in common stocks, primarily in high-growth industries and companies. The Calamos Growth Composite includes all fully discretionary fee paying accounts, including those no longer with Calamos Advisors LLC. Net return is presented after the deduction of the actual management fee. Accounts valued at less than $500,000 are not included. The Calamos Growth Composite was created 1 January 2001 and calculated with an inception date of 1 January 1991.

**ANNUALISED RETURNS: CALAMOS GROWTH COMPOSITE**

AS OF 31/12/13

| | 1-YEAR | 3-YEAR | 5-YEAR | 10-YEAR | 15-YEAR | SINCE INCEPTION |
|---|---|---|---|---|---|---|
| Calamos All Cap Growth Composite (Inception-1/1/91) | | | | | | |
| Gross of fees | 34.57% | 11.38% | 20.99% | 8.21% | 12.52% | 15.37% |
| Net of fees | 33.56 | 10.51 | 20.04 | 7.36 | 11.66 | 14.42 |
| Russell Midcap Growth Index | 35.74 | 15.63 | 23.37 | 9.77 | 7.12 | 11.03 |
| S&P 500 Index | 32.39 | 16.18 | 17.94 | 7.41 | 4.68 | 10.03 |

The data above represents the unaudited performance of certain Calamos institutional composites. Although Calamos U.S. Growth Fund, with its launch date of 27/11/07, is managed by the same investment team utilising the same investment process as the composites, performance data quoted represents past performance of the composites, and may not be a reliable guide to the future performance of Calamos U.S. Growth Fund.

## Conclusion: Growth Opportunity is Compelling

We believe there are great growth companies available at the right prices. We think the opportunity for an investment in growth is compelling. For additional information on the Calamos U.S. Growth Fund, please visit www.calamos.com/global.

You can also contact us at +44 (0) 20 3178.8838 (EMEA), 0(808)234.4611 (Calamos UK Freephone), 1.877.663.8056 (Americas, Latin America and Canada) or 877.663.8056 (Asia), and we will be glad to provide the resources that best address your specific needs.

# Calamos Global Solutions

**Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted.**

The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

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 Fund also offers Class C and X shares, the performance of which may vary.

Performance shown reflects the management fee. The "Since Inception" total return start date for the indexes and risk reward characteristics information is 30/11/07, since comparative index data is available only for full monthly periods. The "Since Inception" start date for the Fund is 27/11/07.

In terms of the historical performance information, returns represent the unaudited performance of the Calamos All Cap Growth Composite, an actively managed strategy that invests In common stocks, preferred stocks, securities convertible into U.S. common stocks, and U.S. dollar-denominated American Depository Receipts, primarily in high growth industries and companies across all market capitalizations. The Composite was created July 1, 2010, calculated with an inception date of January 1, 1991. Results include all fully discretionary, fee-paying accounts, including those no longer with the Firm.

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, State Street Corporation and Mellon Analytical Solutions, LLC.

Calamos U.S. Growth 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 authorized 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 authorized pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 as amended. Calamos International LLP is Authorised and Regulated by the Financial Conduct Authority, and is the Distributor of the Calamos Global Funds PLC.

The Fund is offered solely to non-U.S. investors under the terms and conditions of the Funds' current prospectus. The prospectus contains important information about the Funds and should be read carefully before investing.

A copy of the prospectus may be obtained by contacting the local Paying Agent listed by jurisdiction, or through the Funds' Transfer Agent, RBC Investor Services Ireland Limited, listed at: Calamos Global Funds PLC c/o RBC Investor Services Ireland Limited, Georges Quay House, 43 Townsend Street, Dublin 2, Ireland, Tel: +353 1 440 6555, Fax: +353 1 613 0401, Web: www.calamos.com/global, E-mail: dublin_ta_customer_support@rbc.com.

**Important Fund Risk Information.** An investment in the Fund is subject to risks, and you could lose money on your investment in the Fund. There can be no assurance that the Fund will achieve its investment objective. The risks associated with an investment in the Fund can increase during times of significant market volatility. The Fund also has specific principal risks, which are described below. More detailed information regarding these risks can be found in the Fund's prospectus.

The principal risks of investing in the U.S. Growth Fund include: investment risk, market risk, equity investments risk, derivative risk, currency risk, credit risk, convertible securities risks, synthetic convertible instruments risks and debt securities risks.

As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to potential for greater economic and political instability in less developed countries.

**Index Definitions.**

**The Russell Midcap Growth Index** measures the performance of the midcap growth segment of the U.S. equity universe and includes companies with higher price-to-book ratios and higher forecasted growth values. The **S&P 500 Index** is generally considered representative of the U.S. stock market. The **Russell 3000 Growth Index** measures the performance of the broad growth segment of the U.S. equity universe and includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 3000 Value Index** measures the performance of the broad value segment of U.S. equity value universe and includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. The **Russell 1000 Growth Index** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

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

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