

CALAMOS GLOBAL FUNDS PLC

# Emerging Markets Fund Fourth Quarter 2018 Report

CALAMOS<sup>®</sup>  
INVESTMENTS

## OVERVIEW

The fund invests in growth companies globally, whose principal activities are in developing markets or are economically tied to developing market countries that we believe offer the best opportunities for emerging market growth.

## KEY FEATURES

- » **Stresses company fundamentals**, including global presence, strong revenue and earnings growth, solid returns on invested capital, and lower debt-to-capital levels
- » **Actively seeks growth opportunities** by investing in equities, with at least 80% emerging market exposure
- » **Draws upon decades of Calamos experience** investing globally through multiple economic, market and credit cycles

## PORTFOLIO FIT

This actively managed fund complements EM strategies with less pronounced growth orientations, such as those that more closely track the broad EM equity market.

## FUND INFORMATION

I Share U.S. \$ Acc. CUSIP: G17689368

I Share U.S. \$ Acc. ISIN: IE00B52B2V09

In Switzerland only, this document is available for retail distribution. In other countries, 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.

## Key Drivers of Performance

- » The portfolio navigated the volatility and multiple sell-offs in emerging markets, but declined in the quarter and trailed the MSCI Emerging Markets Index return due primarily to relative security selection.
- » The portfolio's relative security selection trailed the index as many quality growth leaders faced significant selling pressure beyond the level warranted by fundamentals in our view.
- » The fund's security selection in financials helped return. Specifically, diversified banks and life & health insurance were leading contributors.
- » Selection within the energy sector curbed relative results, as holdings in the integrated oil & gas and oil & gas exploration & production industries lagged on a relative basis.
- » From a regional standpoint, security selection and an underweight allocation in Emerging Asia added value to fund performance. Specifically, Taiwan and the Philippines were sources of strength. Conversely, an overweight position in Europe negatively impacted the fund's performance. In particular, positions in the United Kingdom and in France detracted from return.

## Market Overview

- » Emerging markets declined in the quarter in response to mixed macro data and ongoing trade tensions, but were also supported by a more contained U.S. dollar and potentially more dovish Federal Reserve monetary policy in 2019.
- » Chinese stocks faced considerable pressure over the quarter, driven by the negative effects of trade uncertainty and softer economic data, though later in the period investors were encouraged by multiple measures to boost liquidity and stabilize sentiment.
- » Brazil generated the top returns among emerging markets, as economic data portrayed a mainly positive story, with higher PMI readings as well as a pickup in business sentiment and confidence.
- » EM contagion risk diminished significantly versus the prior quarter, as a number of smaller emerging economies managed to stem capital flight, with stronger currencies and lower credit spreads reflecting diminished vulnerability.

## PERFORMANCE DATA

	QTD	1-YEAR	3-YEAR	5-YEAR	SINCE INCEPTION (15/2/11)
<b>Calamos Emerging Markets Fund</b>					
I shares - U.S. \$ Acc.	-10.00%	-19.32%	2.41%	-1.51%	-0.55%
A shares - U.S. \$ Acc.	-10.15	-19.85	1.76	-2.14	-1.19
<b>MSCI Emerging Markets Index</b>	-7.40	-14.25	9.65	2.03	1.08

Performance data quoted represents past performance, and may not be a reliable guide to future results. Performance data quoted does not include the Fund's maximum 5% front-end sales charge. Had it been included, the Fund's returns would have been lower. Performance shown reflects the management fee. All performance shown assumes reinvestment of dividends and capital gains distributions. Returns for periods less than 12 months are not annualised. See "Important information" on the last page for more information.

All values are in USD terms unless otherwise indicated.

# Calamos Emerging Markets Fund Fourth Quarter 2018 Report

## FUND HOLDINGS – CONTRIBUTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Banco do Brasil	1.0%*	Based in Brazil, the company offers a diverse range of retail and commercial banking services.	The stock rallied in the quarter and outperformed the index due to a combination of company-specific and macro factors. Shares benefited from solid results in the third-quarter release and improved economic conditions in Brazil overall.
HDFC Bank, Ltd.	2.8%	Based in India, HDFC Bank offers a wide range of banking services to global corporations, including corporate banking, custodial services, Treasury, and capital markets.	Shares rose in the quarter and outperformed Indian and emerging market equities overall. The Bank benefited from strong growth in net income and improved capital ratios in its latest results.

## FUND HOLDINGS – DETRACTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Alibaba Group Holdings Exchangeable	6.9%	Alibaba Group is a leading e-commerce company domiciled in China. Alibaba conducts online and mobile commerce. It offers products, services and technology that enable merchants, brands and businesses to operate throughout China and internationally.	Alibaba underperformed in the quarter due to persistent trade disputes between the U.S. and China. At the fundamental level, Alibaba reported strong revenue growth in the recent quarter and excellent singles day holiday orders, though profits have also decelerated due to higher costs.
Walmart de Mexico, SAB de CV	2.2%	Walmart de Mexico, commonly known as Walmex, is a major diversified goods retailer based in Mexico.	The shares underperformed in the period due to disappointing monthly comparable store sales, which reflected some weakness in economic data and consumer spending in Mexico.

\*as of 30/11/18

# Calamos Emerging Markets Fund Fourth Quarter 2018 Report

## Positioning

The portfolio navigated the volatility and multiple sell-offs in emerging markets, but declined in the quarter and trailed the MSCI Emerging Markets Index return due primarily to relative security selection. The portfolio's investments in higher-quality growth businesses trailed the index, as many of these companies faced lowered expectations and more selling pressure due to available liquidity. From a geographic perspective, the portfolio's holdings in developed market companies with significant revenues in emerging markets underperformed due to concerns over global trade and EM growth prospects. On the other hand, the portfolio's security selection within EM Asia and Latin America outperformed the benchmark, reflecting improvements in key holdings in the latter part of the quarter. From a risk-management perspective, the portfolio's holdings in convertible bond securities contributed to lower volatility overall and cushioned the decline versus underlying equities.

On a full-year basis, the portfolio's investments in convertible securities and certain multi-national companies with significant revenue ties to emerging markets, two key components of our active risk management, reduced volatility and added value. However, the portfolio's relative security selection trailed the index as many quality growth leaders faced significant selling pressure beyond the level warranted by fundamentals in our view.

We continue to be selective in EM positioning and we own a significant stake in the technology, communication services, and consumer discretionary sectors. We favor businesses in software & services, internet retail, consulting and semiconductors, which are offer standout growth fundamentals, tap into large addressable markets, and align with our key secular themes.

We hold a significant weight in financials, with relatively more weight in higher-quality emerging market businesses that are beneficiaries of better business fundamentals, less-onerous regulations and attractive valuations in banking and insurance. We hold moderate weight in energy and materials

SECTOR POSITIONING	SECTOR WEIGHTINGS AS OF 31/12/18	OVER/UNDERWEIGHT VS. MSCI EMERGING MARKETS INDEX	QUARTER TO QUARTER CHANGE
Financials	22.3%	-2.5%	1.5%
Information Technology	14.1	-0.1	-18.1
Communication Services	13.2	-0.9	11.8
Consumer Discretionary	12.1	1.6	5.1
Consumer Staples	9.0	2.3	0.2
Materials	7.8	0.1	2.4
Energy	7.7	-0.2	-3.8
Real Estate	5.4	2.3	1.1
Industrials	4.5	-1.0	-2.0
Health Care	1.1	-1.7	-1.4
Utilities	0.0	-2.7	0.0

Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or instruments on broad indexes the portfolio may hold. Holdings and weightings are subject to change daily. You can obtain a complete list of holdings by visiting [www.calamos.com](http://www.calamos.com). Please see additional disclosures on last page.

companies that can capitalize on attractive global supply and demand fundamentals and earnings growth potential.

We have an underweight stance in more defensive, highly regulated areas including utilities, while we favor exposure to diversified growth opportunities in consumer staples and health care addressing key areas of demand.

## Outlook

Global corporate and macroeconomic data has been mixed versus expectations, reflecting moderate global growth conditions. Global liquidity conditions tightened over the last several months with multiple central banks normalizing policy, but monetary conditions remain accommodative overall. We are actively monitoring key macro factors for emerging markets including global trade tensions, the path of Federal Reserve policy, and data on consumption and the industrial economy in China. Markets remain at a key juncture important headwinds and tailwinds colliding, though we have seen recent developments in monetary policy and global trade that may be more positive for emerging market equities. Emerging market earnings growth is positive, investor sentiment and positioning reflect significant skepticism, and valuations are attractive relative to historic averages. In our view, many companies with higher-quality fundamentals and sustainable growth characteristics have seen share prices correct significantly, and we believe these attributes will once again prove meaningful when the market's focus on global trade and policy developments ebbs. From a thematic and sector perspective, we see opportunities in information technology, communication services, and consumer sectors, in addition to higher-quality financial companies and a set of more cyclical companies in energy and industrials with improving balance sheets and catalysts. We believe our active and risk-managed investment approach will position us to take advantage of the investment opportunities across emerging market assets.

# Calamos Emerging Markets Fund Fourth Quarter 2018 Report

## Fund Quarterly Attribution

	COMMUNICATION SERVICES	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	REAL ESTATE	UTILITIES
EMERGING MARKETS FUND VERSUS MSCI EMERGING MARKETS INDEX (%)											
Value Added from Sector	-0.01	-0.06	0.04	0.05	-0.13	0.04	-0.01	-0.05	0.17	0.15	-0.26
Value Added from Selection & Interaction	-0.53	-0.39	-0.77	-1.31	0.79	0.11	0.00	0.00	0.36	0.06	0.00
Total Added Value	-0.54	-0.46	-0.73	-1.27	0.66	0.15	0.00	-0.04	0.52	0.20	-0.26

### SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE QUARTER)

	COMMUNICATION SERVICES	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	REAL ESTATE	UTILITIES
Emerging Markets Fund	11.15	11.33	9.00	9.60	22.16	2.43	4.94	15.22	5.94	4.71	0.00
MSCI Emerging Markets Index	13.88	10.36	6.59	8.32	24.45	2.92	5.48	14.78	7.72	2.90	2.59
Over/underweight	-2.73	0.97	2.41	1.28	-2.29	-0.49	-0.54	0.44	-1.78	1.81	-2.59

### SECTOR RETURNS (%)

	COMMUNICATION SERVICES	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	REAL ESTATE	UTILITIES
Emerging Markets Fund	-11.65	-15.01	-12.72	-21.94	3.10	-13.81	-4.32	-14.20	-4.90	3.25	0.00
MSCI Emerging Markets Index	-6.70	-11.65	-4.47	-10.43	-0.94	-16.01	-3.58	-14.94	-10.55	1.36	3.72
Relative Return	-4.94	-3.36	-8.25	-11.51	4.04	2.20	-0.74	0.73	5.65	1.90	-3.72

Calculations may be subject to rounding.

Calamos Emerging Markets 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 UK for the purposes of the Financial Services and Markets Act 2000, but is not authorised under such Act and therefore investors will not be entitled to compensation under the UK Financial Services Compensation Scheme. Calamos Global Funds PLC has been established as an umbrella fund with segregated liability between subfunds and is authorised pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 as amended. Calamos Investments LLP, is authorised and regulated by the Financial Conduct Authority, and is the distributor of the Calamos Global Funds PLC.

**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.

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, RBC, Morningstar and BNY Mellon Performance & Risk Analytics, LLC. The Fund is offered solely to non-U.S. investors under the terms and conditions of the fund's current prospectus. The prospectus contains important information about the Fund and should be read carefully before investing. A copy of the full and simplified prospectus for the Fund may be obtained by visiting [www.calamos.com/global](http://www.calamos.com/global), or by contacting the local Paying Agent listed by jurisdiction at [www.calamos.com/global](http://www.calamos.com/global), or through the fund's Transfer Agent, RBC Investor Services Ireland Limited.

In Switzerland, all important information such as the constituents documents, the sales prospectus, the Key Investor Information Document ("KIID") and the annual or semi-annual report can be obtained free of charge from the Swiss representative. The Swiss representative is Acolin Fund Services AG, Affolternstrasse 56, 8050 Zürich. The Swiss paying agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, CH-8022 Zürich.

†Morningstar Ratings™ are based on risk-adjusted returns for Class I shares and will differ for other share classes. Morningstar Ratings based on a risk-adjusted return measure that accounts

for variation in a fund's monthly historical performance (reflecting sales charges), placing more emphasis on downward variations and rewarding consistent performance.

Within each asset class, the top 10%, the next 22.5%, 35%, 22.5%, and the bottom 10% receive 5, 4, 3, 2, or 1 star, respectively. Each fund is rated exclusively against U.S. domiciled funds. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Source: © 2018 Morningstar, Inc. All Rights Reserved.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalisation index that is designed to measure equity market performance of emerging markets. The index is calculated without dividends, with net or with gross dividends reinvested, in both U.S. dollars and local currencies. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect any fees, expenses or sales charges. Investors cannot invest directly in an index.

Calamos Investments LLP Distributor

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## INVESTMENTS

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