

# Global Convertible Fund First Quarter 2019 Report



## OVERALL MORNINGSTAR RATING™†

Among 112 Convertible Bond - Global funds  
The fund's Class I U.S. \$ Accumulating shares received 5 stars for 3 years, 4 stars for 5 years, and 5 stars for 10 years out of 112, 89 and 39 USD Convertible Bond - Global Funds, respectively, for the period ended 31/3/19.

### OVERVIEW

The fund invests in global convertible securities in an attempt to balance risk/ reward while providing growth and income.

### KEY FEATURES

**Provides broadly diversified exposure** to the global convertible bond universe.

**Leverages more than 40 years of research** in convertible security investing.

**Seeks to provide upside participation in equity markets with less exposure to downside** than an equity-only portfolio over a full market cycle

**Blends global investment themes and fundamental research** via active management

### PORTFOLIO FIT

Consisting of convertible securities that can participate in upside equity movements with potentially limited downside exposure, the fund can manage risk in conjunction with an equity allocation and also serve a role within a fixed-income allocation, as convertibles have performed well during periods of rising interest rates and inflation.

### FUND INFORMATION

I Share U.S. \$ Acc. CUSIP: G17716435

I Share U.S. \$ Acc. ISIN: IE00B296W289

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## Key Drivers of Performance

- » For the quarter ended March 31, 2019, the fund returned 6.20% (Class U.S. \$ Accumulating shares, at net asset value), trailing the Thomson Reuters Global Convertible Bond Index return of 7.98%, but finishing well ahead of the Morningstar Convertible Bond – Global Funds Category average of 3.94%.
- » The portfolio's result was hindered, in part, by its underweight to convertibles displaying the most equity sensitivity, which outperformed. We believe balanced convertibles offer the most attractive investment opportunity, given their combination of upside potential and downside protection.
- » The fund's leading security selection and an overweight allocation in information technology outperformed. Specifically, positions in the application software industry and names in the semiconductor equipment industry benefited relative return.
- » Security selection and an underweight stance within the consumer discretionary sector hurt relative results, as holdings in the automobile manufacturers and internet & direct marketing retail industries lagged on a relative basis.
- » An underweight stance in Europe and Japan benefited relative return. In contrast, the fund's security selection in the United States detracted from results.

## Market Overview

- » Global convertibles posted strong returns in the first quarter as the market uncertainties that roiled the markets at the end of 2018 subsided.
- » U.S. convertibles generated leading returns, reflecting higher underlying equity prices. European convertibles saw more moderate gains, while Japan euro convertibles finished close to flat. Asia ex-Japan convertibles also rose in the period, as did emerging market convertibles.
- » Globally, investment-grade convertibles returned 4.78% versus the 8.22% return in below-investment-grade issues, as measured by the ICE BofAML Investment Grade Global Index and ICE BofAML Below Investment Grade Global Index.
- » Global convertible issuance of approximately \$21.7 billion picked up as the quarter progressed, following the higher volatility and U.S. government shutdown earlier in the period.

### PERFORMANCE DATA

	QTD	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARES INCEPTION (5/10/09)	SINCE A SHARES INCEPTION (27/11/07)
<b>Calamos Global Convertible Fund</b>								
I Shares - U.S. \$ Acc.	6.35%	6.35%	1.12%	7.12%	4.27%	N/A	5.83%	N/A
A Shares - U.S. \$ Acc.	6.20	6.20	0.52	6.48	3.65	7.39	N/A	2.48
<b>Thomson Reuters Global Convertible Bond Index</b>	7.98	7.98	1.82	6.63	3.13	8.88	6.20	4.26
<b>ICE BofAML Global 300 Convertible Index</b>	7.23	7.23	2.79	9.50	6.12	10.24	7.71	5.70

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.

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## FUND HOLDINGS – CONTRIBUTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Twilio, Inc.	0.9%*	Twilio, Inc. provides a cloud communications platform that enables developers to build, scale, and operate communications software applications in the United States and internationally. Twilio was founded in 2008 and is headquartered in San Francisco.	The convertible benefited as shares of Twilio performed well as the company reported strong quarterly revenue growth in its quarterly earnings announcement. The company also saw increased revenue streams and customer renewals of its Flex call center platform. The convertible is poised to participate in any further upside of Twilio's underlying common stock while providing a slight yield advantage above the common stock which does not pay a dividend.
Workday, Inc.	2.0%	Workday, Inc. provides cloud-based computing applications for finance and human resources worldwide. Workday was founded in 2005 and is headquartered in Pleasanton, California.	Shares of Workday continued to rise, as the company reported strong revenue and margins. Workday is benefiting from robust demand for its disruptive cloud-based Human Capital Management software and its complementary Financial Management software. The company's average contract value and backlog increased significantly, indicating a solid runway for growth into its next fiscal year. The Workday convertible is poised to participate in any further upside of Workday stock and also offers a yield advantage over the Workday stock which does not pay a dividend.

## FUND HOLDINGS – DETRACTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Tesla, Inc.	1.6%*	Tesla, Inc., develops, manufactures and markets electric vehicles, energy storage systems, and solar generation products. Tesla was founded in 2003 and is headquartered in Palo Alto, California.	Shares of Tesla fell during the quarter despite quarterly earnings that were generally in line with or better than analyst expectations. The results were overshadowed by the surprise announcement of the CFO's retirement and continuing Model 3 demand concerns. While the stock has been volatile, the convertible currently offers an attractive risk/reward profile relative to the common stock, allowing it to participate in any future stock upside with downside protection. The convertible also provides a yield advantage versus the stock, which does not pay a dividend.
NIO, Inc.	0.5%*	NIO Inc. designs, manufactures, and sells electric vehicles in the People's Republic of China, Hong Kong, the United States, the United Kingdom, and Germany. NIO Inc. was founded in 2014 and is headquartered in Shanghai, the People's Republic of China.	Shares of NIO common stock declined sharply after the company lowered its guidance for first quarter ES8 deliveries while potential buyer interest in the ES6 remains underwhelming ahead of its upcoming launch. The convertible offers upside participation with NIO common stock with limited downside. The convertible also offers an attractive risk-reward relative to the common stock which does not pay a dividend.

\*As of 28/2/19

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## Positioning and Portfolio Changes

The rapid advance that followed the late 2018 market sell-off once again provided opportunities to rebalance the portfolio. We were able to replace convertibles that had become overly equity sensitive with convertibles offering improved risk-reward attributes. While equity-sensitive convertibles performed well in the first quarter, we continue to believe that balanced convertibles offer the most attractive opportunity given their combination of upside potential and downside protection.

From a sector standpoint, information technology and financials represent the largest weights on an absolute basis, while utilities and consumer staples represent the smallest weights. On a relative basis, application software and real estate operating companies constitute the most significant relative overweights. Relative to the index, the fund holds underweight allocations to health care and communication services, with biotechnology (health care) and integrated telecommunication services (communication services) among the underweight industries.

Allocations to health care and information technology rose during the period with increased weights in health care services and technology hardware, storage & peripherals. By contrast, allocations to financials and industrials decreased over the period with reductions to mortgage REITs and building products.

From a regional standpoint, we maintained relatively stable weights during the period. The fund's largest weights are in the United States and Europe. Conversely, EMEA and Japan represent the smallest absolute weights. We maintain overweight allocations to the United States and EMEA, while the fund has an underweight stance in Europe and Japan versus the index.

## SECTOR POSITIONING

	SECTOR WEIGHTINGS % AS OF 31/3/19	OVER/UNDERWEIGHT VS. THOMSON REUTERS GLOBAL CONVERTIBLE BOND INDEX %	QUARTER TO QUARTER CHANGE %
Information Technology	23.9	5.0	0.8
Financials	10.3	2.4	-1.5
Health Care	9.8	-2.9	3.1
Real Estate	9.3	1.7	0.2
Consumer Discretionary	9.2	-3.1	-0.4
Communication Services	7.0	-4.3	1.4
Energy	5.9	1.8	-0.3
Industrials	5.5	-4.0	-1.2
Materials	4.6	-3.8	-0.8
Consumer Staples	3.3	1.2	0.1
Utilities	1.9	-3.4	0.6

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.

## Summary

We continue to favor convertibles as a way to gain equity market exposure while managing downside risk. We see reasons for optimism in global equities and convertibles, reflective of moderate earnings growth, benign inflation and attractive valuations. The convertible market remains healthy in our view with compelling opportunities in sectors that we favor including technology, health care and consumer. Increased convertible issuance has expanded the opportunity set, while the existing convertible market continues to offer plenty of balanced convertible structures which we prefer over the pure equity or busted portions of the market. We favor investments in companies with earnings growth catalysts, solid cash flow generation and healthy balance sheets. Our active, risk-managed investment approach and long-term perspective positions us to take advantage of the volatility and opportunities in global markets.

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## Fund Quarterly Attribution

	COMMUNICATION SERVICES	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	REAL ESTATE	UTILITIES
GLOBAL CONVERTIBLE FUND VERSUS THOMSON REUTERS GLOBAL CONVERTIBLE BOND INDEX (%)											
Value Added from Sector	0.09	-0.07	-0.07	0.06	-0.07	0.03	0.13	0.23	0.01	0.00	0.09
Value Added from Selection & Interaction	0.05	-0.69	0.15	0.05	-0.01	-0.23	0.14	0.26	-0.31	-0.19	0.08
Total Added Value	0.15	-0.77	0.07	0.11	-0.09	-0.20	0.27	0.49	-0.30	-0.19	0.18

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

Global Convertible Fund	6.03	9.44	3.28	6.37	10.65	8.29	6.10	23.82	4.92	9.23	1.43
Thomson Reuters Global Convertible Bond Index	9.99	12.38	2.21	4.21	7.98	12.95	9.38	19.53	8.18	7.99	5.22
Over/underweight	-3.96	-2.94	1.08	2.17	2.67	-4.66	-3.28	4.29	-3.25	1.25	-3.79

### SECTOR RETURNS (%)

Global Convertible Fund	6.18	2.55	5.21	11.28	5.00	3.62	5.67	14.06	1.39	3.70	11.96
Thomson Reuters Global Convertible Bond Index	5.25	9.82	0.80	10.40	5.16	6.53	3.17	12.90	7.26	5.73	5.50
Relative Return	0.93	-7.27	4.41	0.88	-0.16	-2.92	2.50	1.16	-5.87	-2.03	6.45

Calculations may be subject to rounding.

Calamos Global Convertible 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 Fund is registered for public offer and sale in the following jurisdictions: Austria, Belgium, Cyprus, France, Germany, Greece, Hong Kong, Luxembourg, Netherlands, Spain, Switzerland and the United Kingdom. In addition, the Fund is registered for institutional sales in Italy and as a "Restricted Scheme" for purposes of the private placement regime in Singapore. 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 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. The Fund also offers Class C and X shares, the

performance of which may vary. Performance shown reflects the management fee.

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 Investor Services Ireland Limited ("RBC") 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 prospectus and applicable Key Investor Information Document (KIID) 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.

<sup>1</sup> 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: © 2019 Morningstar, Inc. All Rights Reserved.

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### LIPPER FUND AWARDS FROM REFINITIV

2019 WINNER  
Europe, Austria, France,  
Germany, Netherlands, UK

Winner of the Lipper Award for 10-Year Risk-Adjusted performance in the Bond Convertibles Global Category

Lipper Fund Awards received are for risk-adjusted performance for the 10-year period among 29 funds in Europe; 25 funds in Austria; 21 funds in France; 32 funds in Germany; 16 funds in the Netherlands; 18 funds in the United Kingdom in the Bond Convertibles Global category as of 31/12/18.

The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months.

The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Lipper Fund Award. For more information, see [lipperalpha.financial.thomsonreuters.com/lipper](http://lipperalpha.financial.thomsonreuters.com/lipper) Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. From Thomson Reuters Lipper Awards.

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fund returns, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

Calamos Investments LLP Distributor

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