

# Global Convertible Fund Second Quarter 2018 Report



## OVERALL MORNINGSTAR RATING™

Among 119 Convertible Bond - Global funds  
The fund's Class I U.S. \$ Accumulating shares received 5 stars for 3 years and 5 stars for 5 years out of 119 and 86 Convertibles Bond - Global Funds, respectively, for the period ended 30/6/18.

### 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

- » The Fund performed positively and outperformed the ICE BofAML Global 300 Index. Positioning within the consumer discretionary and energy sectors added the most relative value from a sector perspective, while positioning in financials and real estate detracted from the relative result.
- » Security selection within the consumer discretionary sector supported the quarterly return. The portfolio's holdings in the apparel, accessories & luxury goods and automobile manufacturing industries outperformed. Additionally, the portfolio did not participate in the underperforming computer & electronics retail industry.
- » An overweight allocation and selection within financials detracted from performance. Holdings within the multi-sector holdings, asset management & custody banks, and diversified banks industries lagged.
- » The portfolio benefited from strong selection in the U.S. and Europe. An underweight allocation as well as selection in Japan also provided support to the quarterly result. On the flipside, selection within Emerging Asia and Emerging Latin America held back second quarter performance.

## Market Overview

- » Global convertibles and equities navigated a challenging quarter, as investors confronted escalating trade disputes, divergent monetary policy and slowing economic growth. Conversely, investors were encouraged by a backdrop of positive corporate earnings and attractive valuations.
- » In this environment, global convertibles posted a slightly positive 0.11% return in the quarter as measured by the ICE BofAML Global 300 Convertible Index. U.S. convertibles led the global convertible market higher, returning 3.77% and outpacing the 3.43% S&P 500 Index U.S. equity result.
- » The rest of the global convertible market struggled as European convertibles returned -3.69%, Japanese domestic convertibles returned -2.40%, and Asia ex-Japan convertibles returned -2.36% (all returns in USD).
- » New convertible issuance reached a total of \$29.5 billion globally for the quarter, compared to the \$16.9 billion pace of a year ago, per ICE BofAML figures. The level marked healthy supply in the market as issuance also outpaced redemptions.

### 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.	0.59%	0.59%	7.34%	5.73%	7.14%	N/A	6.28%	N/A
A Shares - U.S. \$ Acc.	0.44	0.44	6.69	5.10	6.51	4.34	N/A	2.65
ICE BofAML Global Convertible Index (USD)	0.11	0.11	10.11	8.02	8.39	6.82	8.08	5.85
MSCI World Index (USD)	1.93	1.93	11.70	9.10	10.55	6.86	10.47	5.27

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
Hess Corp.	1.1%*	Hess Corp. is an exploration and production company that develops, produces, purchases, transports, and sells crude oil, natural gas liquids, and natural gas. The company was founded in 1920 and is headquartered in New York City.	Shares of Hess' common stock advanced during the quarter after the company reported a narrower-than-expected quarterly loss owing to higher crude prices and lower operating costs. The mandatory convertible currently carries an attractive yield and is poised to participate in any continued common stock advances with lower downside.
Tesla, Inc.	1.5%*	Description: Tesla develops, manufactures and markets electric vehicles, energy storage systems, and solar and energy storage products. Tesla, Inc. was founded in 2003 and is headquartered in Palo Alto, California.	Shares of Tesla rose during the quarter as production of the Model 3 continued to improve and exceeded 5,000 vehicles per week by the end of the quarter. Demand for Tesla's vehicles also remained strong. The convertible currently offers a favorable yield advantage and risk/reward profile relative to the common stock.

## FUND HOLDINGS – DETRACTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Corestate Capital Holding, SA	2.4%	Corestate Capital Holdings is a real estate investment firm specializing in small to medium-sized residential and commercial real estate portfolios. Corestate was founded in 2006 and is based in Luxembourg, with additional offices in Europe and Asia.	The underlying stock's European exposure slightly underperformed. The convertible continues to be an attractive structure that provides exposure to a high-conviction underlying business, which is executing well on its transformation from a real estate investment company to an asset-light, higher-return asset and property management business model. The convertible is rated BB+ and carries an attractive risk/reward relative to its underlying stock.
Eurazeo SA	1.2%*	Eurazeo SA is a European private equity firm with €16B in AUM, which actively invests in mid- to large sized companies across a variety of industries.	The underperformance of the convertible over the last quarter can largely be blamed on the underlying stock's weak performance, precipitated by a general decline in market sentiment. The convertible's structure offers an attractive risk/ reward profile, as it provides upside exposure to a high-conviction industry and company, while providing some downside protection in the current, more volatile market environment.

\*As of 31/5/18

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## Positioning and Portfolio Changes

While we did not make significant changes to the portfolio over the last quarter from a sector allocation perspective, we have been active in rebalancing positions. This meant reducing positions that had become much more equity sensitive as the market rose and rebalancing into convertible securities offering stronger risk/reward characteristics. We continue to favor the balanced portion of the convertible bond market and the increase in new issuance has provided many opportunities for rebalancing. Technology remains the largest allocation based on our favorable view of cyclical and secular opportunities (such as cloud computing, security, big data). Consumer discretionary also remains one of the fund's largest weightings given our positive outlook for the consumer coupled with bottom-up specific opportunities and good convertible structures. Robust employment data, wage gains as well as stock market and home valuation appreciation have all contributed to a positive consumer wealth effect and high consumer confidence. We remain underweight to the defensive utilities, consumer staples, and telecom services sectors, given limited favorable names and poor structures.

Relative to the ICE BofAML Global 300 Convertible Index, the portfolio holds slight underweight allocations within Japan and Emerging Latin America while being slightly overweight in Europe.

Below, we discuss changes made during the quarter:

**Consumer Discretionary.** We increased the fund's positioning in consumer discretionary by adding names in the homebuilding industry.

**Information Technology.** We reduced the allocation to information technology, paring back positions in the internet software and services and application software industries.

SECTOR POSITIONING	SECTOR WEIGHTINGS AS OF 30/6/18	OVER/UNDERWEIGHT VS. ICE BOFAML GLOBAL 300 CONVERTIBLE INDEX	QUARTER TO QUARTER CHANGE
Information Technology	22.0%	-0.3%	-0.7%
Consumer Discretionary	14.0	1.8	0.9
Financials	12.1	2.2	-0.3
Real Estate	8.8	0.7	0.1
Health Care	8.5	-4.8	0.8
Industrials	7.9	-1.6	0.0
Energy	6.8	0.5	0.9
Materials	5.6	0.2	0.8
Utilities	1.3	-3.7	0.5
Consumer Staples	0.6	-1.7	0.0
Telecom Services	0.0	-5.3	-3.7

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.

**Regional.** We raised allocations to the U.S., Japan, Emerging Europe & South Africa, and Canada during the quarter. We reduced allocations to Europe, Emerging Latin America, and Emerging Asia.

## Outlook

We believe this is an environment where convertible securities can shine. We expect the Federal Reserve to maintain its gradual course, though we expect additional short-term rate increases in 2018 as the economy continues to grow. Historically, when interest rates rise, convertible securities have been more resilient than traditional fixed income securities. In addition, we believe the stock market has more room to advance. Convertibles can provide the opportunity to participate in stock market gains, with potentially less exposure to downside equity market volatility.

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## Fund Quarterly Attribution

	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	REAL ESTATE	TELECOM SERVICES	UTILITIES
GLOBAL CONVERTIBLE FUND VERSUS ICE BOFAML GLOBAL 300 CONVERTIBLE INDEX (%)											
Value Added from Sector	0.00	-0.01	0.05	-0.05	-0.19	0.03	-0.05	-0.01	0.01	-0.08	0.11
Value Added from Selection & Interaction	0.77	-0.01	0.30	-0.14	0.15	0.08	0.02	0.02	-0.07	0.00	0.04
Total Added Value	0.77	-0.02	0.35	-0.19	-0.05	0.10	-0.04	0.01	-0.06	-0.08	0.15

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

Global Convertible Fund	13.45	0.16	6.42	12.48	7.92	7.82	21.42	5.53	8.70	2.71	0.86
ICE BofAML Global 300 Convertible Index	12.67	2.30	5.77	10.20	13.47	9.58	22.68	5.30	8.51	4.76	4.77
Over/underweight	0.78	-2.14	0.66	2.28	-5.55	-1.76	-1.26	0.24	0.19	-2.05	-3.91

### SECTOR RETURNS (%)

Global Convertible Fund	5.41	-0.55	13.22	-3.09	4.86	-0.98	1.41	-4.62	-3.07	-2.19	1.87
ICE BOFAML Global 300 Convertible Index	-0.55	1.06	8.01	-2.06	3.19	-1.81	1.26	-4.97	-2.23	-1.40	-2.46
Relative Return	5.96	-1.61	5.21	-1.03	1.67	0.82	0.15	0.35	-0.84	-0.79	4.33

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: © 2018 Morningstar, Inc. All Rights Reserved.

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Winner of the Lipper Awards for 3 and 5-Year Risk-Adjusted performance in the Bond Convertibles Global Category

Lipper Fund Awards received are for risk-adjusted performance for the three-year period among 31 funds and the five-year period among 27 funds in the United Kingdom in the Bond Convertibles Global category as of 31/12/17. 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.

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