# Global Total Return Fund (CGO) 2Q18 Commentary

CALAMOS® INVESTMENTS

## FUND

» CGO is a global total return offering that seeks to provide an attractive monthly distribution as well as equity market participation.

» Invests in equities and higher-yielding convertible securities and corporate bonds, issued by companies around the world.

| | |
|---|---|
| Current Annualized Distribution Rate[1] | 8.51% |

| ASSET ALLOCATION | % |
|---|---|
| Common Stock | 51.8 |
| Convertibles | 29.4 |
| Corporate Bonds | 12.6 |
| Cash and Receivables/Payables | 2.6 |
| US Government Securities | 1.7 |
| Options | 0.8 |
| Other | 0.8 |
| Bank Loans | 0.2 |
| Preferred Stock | 0.1 |

The portfolio is actively managed. Holdings and weightings are subject to change at any time without notice. Asset Allocation Weightings are calculated as a percentage of Managed Assets.

[1]Current Annualized Distribution Rate is the Fund's most recent distribution, expressed as an annualized percentage of the Fund's current market price per share. **The Fund's most recent distribution was $0.1000 per share. Based on our current estimates, we anticipate that approximately $0.1000 is paid from ordinary income or capital gains and $0.0000 of the distribution represents a return of capital.** Estimates are calculated on a tax basis rather than on a generally accepted accounting principles (GAAP) basis, but should not be used for tax reporting purposes. Distributions are subject to re-characterization for tax purposes after the end of the fiscal year. This information is not legal or tax advice. Consult a professional regarding your specific legal or tax matters. Under the Fund's managed distribution policy, distributions paid to common shareholders may include net investment income, net realized short-term capital gains, net realized long-term capital gains and return of capital. When the net investment income and net realized capital gains are not sufficient, a portion of the level rate distribution will be a return of capital. In addition, a limited number of distributions per calendar year may include net realized long-term capital gains. Distribution rate may vary.

There is no assurance that the Fund will achieve or maintain its investment objective.

## Overview

Global equities navigated a more challenging quarter as investors confronted escalating trade disputes, divergent monetary policy, and slowing economic growth versus a backdrop of positive corporate earnings and attractive valuations. Equity prices saw declines across most regions, with weakness most pronounced in emerging markets. Developed markets returned 1.93%, as measured by the MSCI World Index. U.S. stocks outperformed and drove this gain, as the S&P 500 Index returned 3.43% in the quarter, while the MSCI World ex-US Index declined -0.48% in the period. Emerging markets performed poorly in the quarter, as the MSCI Emerging Markets Index fell -7.86%, reflecting multiple challenges. The broad MSCI ACWI Index returned 0.72% (USD terms), reflecting these mixed conditions and returns across regions.

U.S. markets outperformed international markets, as investor positioning reflected growing concerns regarding the stronger U.S. dollar and escalating tariff disputes with key trading partners. U.S. stock investors weighed mostly positive domestic economic data and strong earnings growth against higher interest rates, a pickup in inflation, and multiple policy risks. Economic data continued to show generally positive conditions. In fact, recent reports conveyed healthy labor markets, with strong payroll gains, increased labor participation rates and generally moderate wage inflation. Key readings on U.S. manufacturing activity and services demand remained robust, with particular strength in confidence and new orders, though many businesses cited higher commodity costs and tight labor supply as growing challenges. Markets were rattled intermittently by escalating trade disputes between the US and China, in addition to spats with Europe and Canada. The Trump administration announced multiple rounds of proposed tariffs on Chinese exports and European autos, which were met with prompt responses and retaliatory measures. In terms of monetary policy, the Federal Reserve raised interest rates a quarter point as expected, and upgraded its near-term outlook for growth and inflation. Markets focused on the expected future path of interest rates, or dot plot, and Chair Powell's public comments pointing to gradual policy normalization in the context of a generally strong economy.

### ANNUALIZED TOTAL RETURN AS OF 6/30/18

| | QTD | 1-YEAR | 3-YEAR | 5-YEAR | 10-YEAR | SHARE INCEPTION (10/27/05) |
|---|---|---|---|---|---|---|
| On Market Value | -0.37% | 16.93% | 12.31% | 11.06% | 8.95% | 8.64% |
| On NAV | -0.55 | 10.60 | 7.74 | 8.80 | 6.87 | 8.22 |

Source: State Street Corporation

Returns of less than 12 months are cumulative returns. Returns for periods greater than 12 months are annualized returns. Total return measures net investment income and capital gain or loss from portfolio investments as an annualized average. In calculating net investment income, all applicable fees and expenses are deducted from the returns.

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

You can purchase or sell common shares daily. Like any other stock, market price will fluctuate with the market. Upon sale, your shares may have a market price that is above or below net asset value and may be worth more or less than your original investment. Shares of closed-end funds frequently trade at a market price that is below their net asset value.

Please refer to back page for important notes. All returns are in USD terms unless otherwise indicated.

# Calamos Global Total Return Fund (CGO) Commentary

European equities dipped -0.87% for the quarter, as represented by the MSCI Europe Index (+4.51% in local currency). European shares declined in USD terms reflecting the impacts of the depreciating euro, a soft patch in economic data, growing trade tension and political risks. Economic data came in generally short of expectations, with manufacturing and services data showing tepid demand. However, recent indicators also showed improving employment conditions and a pickup in euro area inflation to near 2%, marking a 16-month high. In terms of monetary policy, the European Central Bank (ECB) held interest rates at ultra-low levels and announced further details on QE, including a plan to taper asset purchases in September and halt the program by year-end. In addition, Mario Draghi's comments indicated the ECB modestly downgraded its outlook and will likely hold interest rates at current levels through the summer of 2019. On the policy front, EU leaders reached a critical agreement on migration late in the quarter, an issue that has divided the bloc for several years and particularly challenged Chancellor Merkel and her associated political support in Germany. The UK's Brexit negotiations continued to be complex in recent months. Brexit is looking to be a mixed bag in terms of the impacts on economic data and corporate releases. UK GDP increased 1.2% in the latest quarter, marking the slowest expansion in six years, while retail sales showed a fairly strong consumer in recent months. From a country perspective, Norway and the UK were the leading markets during the period, returning 2.97% and 2.96%, while Austria and Denmark significantly trailed the index, returning -10.39% and -6.93%.

Asian equities underperformed in the period, as the MSCI Pacific Index returned -1.32% (+2.30% in local currency). Japan's economic releases continued to be relatively mixed as demand increased in labor markets, while recent data on industrial production missed estimates, and escalating global trade tension rattled the export-intensive economy. Japan's latest unemployment reading declined to 2.2% and marked the lowest level since 1992. Inflation levels have risen versus prior periods, but remain well shy of Japan's stated 2% inflation goal, and the Bank of Japan is likely to remain significantly more accommodative than the Federal Reserve and the ECB. Australia outperformed global markets in the period, even as the government expressed concerns with respect to escalating trade disputes and the consequences for global trade. The Reserve Bank of Australia left interest rates unchanged at a record low of 1.5% at its latest meeting, citing sluggish in wage inflation, high household debt and the risks to global growth posed by trade impediments. In terms of select country performance, Japan declined -2.80%, while Hong Kong and Australia returned -1.18% and 5.26%, respectively.

Emerging markets underperformed in the period and declined for three consecutive months, as the MSCI Emerging Markets Index dropped -7.86%. Emerging markets faced multiple challenges, including heightened trade tensions between the U.S. and China, weaker currencies, tightening global liquidity, and higher oil prices. China's rising trade disputes with the U.S. and slowing economic data contributed to a sell-off in Chinese stocks. China cut the required reserve ratios in the period, injecting more liquidity into the banking system and allowing the yuan to depreciate versus the dollar in an effort to bolster competitiveness. As the period ended, China's widely-anticipated PMI data reflected relatively better demand in services while manufacturing activity missed estimates, prompting additional concerns about the early impacts of trade disputes. Despite facing pressure due to higher oil prices and a weaker rupee, India relatively outperformed in the quarter as it was more insulated from trade disputes and benefited from increased share buying from local investors. The Reserve Bank of India raised its benchmark policy rate in June, the first hike since 2014, citing upside risks to inflation including higher oil prices and tightening global liquidity. At quarter-end, Mexico prepared to vote in its presidential election, with left-wing candidate Andres Manuel Lopez Obrador, commonly known as AMLO, expected to win by a wide margin. The election may have wide-reaching impacts on NAFTA negotiations, energy industry reforms, and a variety of government programs. Almost all EM countries declined in the period, with a couple exceptions including Colombia (+6.78%) and Qatar (+3.53%) in USD terms, while the worst performers included Brazil (-26.37%) and Turkey (-25.69%).

# Calamos Global Total Return Fund (CGO) Commentary

Global convertibles delivered a slight gain with mixed regional returns, as the ICE BofAML Global 300 Convertible Index (G300) returned 0.11% in the quarter. U.S. convertibles outperformed other regions and the broader equity market, returning 3.77%. European convertibles underperformed, falling -3.69% while Japanese domestic convertibles retreated -2.40%, both in USD terms. Asia ex-Japan convertibles also declined in the period, returning -2.36% in USD. Globally, investment-grade convertibles declined -2.22% versus the 0.98% 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 remained brisk, reaching approximately $30 billion in issuance during the quarter, bringing the year-to-date total to approximately $57.8 billion. In particular, markets saw higher convertible issuance in the U.S. and Asia versus the prior year, according to ICE BofAML.

## Distributions Remained Competitive

The fund maintained a monthly distribution of $0.10 throughout the quarter. The fund's current annualized distribution rate was 8.51% of market price as of June 30, 2018. We believe that the fund's monthly distributions are highly competitive, given that very low interest rates and yields remain the norm throughout much of the global marketplace. For example, the 10-year U.S. Treasury bond yield was 2.85% and the S&P 500 Index yield was 1.98% as of June 30, 2018.

Our policy is to pay a distribution reflective of the fund's past results and projected earnings potential through income as well as capital gains. We focus on delivering an attractive monthly distribution, while maintaining a long-term focus on risk management.

## Performance Review

For the quarter ended June 30, 2018, the fund dipped -0.37% on market price and -0.55% on NAV. The fund underperformed relative to stock price and NAV compared to that of the MSCI World index, which gained 1.93% for the period.

**Contributing Factors.** Compared to the MSCI World Index, our selection and allocation in consumer staples, particularly selection and an underweight in tobacco, was beneficial to return. In addition, our selection in telecom services, specifically selection in integrated telecommunication services, lifted return relative to the index. Furthermore, our selection in Canadian securities was an important contributor to quarterly performance.

**Detracting Factors.** Compared to the MSCI World Index, our selection in consumer discretionary, namely in internal and direct marketing retail, held back return. In addition, our selection in information technology, particularly selections in semiconductors, underperformed relative to the index. Our selections and overweight in Emerging Asia was also detrimental relative to the index.

In pursuit of income-oriented total return, the fund employs a dynamic approach to asset allocation.  Over full market cycles, we believe that our multi-asset class global approach offers advantages in providing competitive distributions and total return. As of June 30, approximately 81% of our portfolio was invested in convertibles and equities. This has proven beneficial to our investors as they have been able to participate in both the rallying equity and convertible markets this year.

## Positioning

Our heaviest weights went toward the information technology, consumer discretionary and financials sectors. The lightest weights went to real estate, telecom services and utilities. We maintained our significant positions in convertibles and equities, as they can provide both income and appreciation in an improving stock market, in addition to providing a cushion against market volatility. Continued strong issuance in convertibles should present future opportunities and may be helpful during periods of market volatility.  We currently favor companies with higher-quality balance sheets, strong brands, solid free cash flows and experienced management. We seek to invest in businesses poised to benefit from increased capital spending in technology, minimally or favorably impacted by rising interest rates, and the influence of the US consumer. We are cognizant of the fact that rising interest rates and volatility can have an effect on longer-term fixed income securities.

Our heaviest country concentrations are in the US, China and Japan.

# Calamos Global Total Return Fund (CGO) Commentary

## Leverage

We believe that this is an environment that is conducive to the prudent use of leverage as a means of enhancing total return and supporting the fund's distribution rate. Despite a cost increase because of rising interest rates, our use of leverage enjoyed a favorable reinvestment dynamic. As of June 30, 2018, our amount of leveraged assets was approximately 33.55%.

## Conclusion

Recent global macroeconomic data has been increasingly divergent and mixed versus expectations, but, on balance, continues to reflect positive global growth. Global monetary policy remains accommodative overall, though multiple central banks are normalizing policy rates and we have seen a pivot toward fiscal stimulus. We believe global equity markets are at a critical juncture, with a confluence of important headwinds and tailwinds coming together, and we will be looking to additional data to provide more confirmation of future direction. We see opportunities in global equities, reflective of positive company fundamentals, benign inflation and attractive valuations. Our active, risk-managed investment approach and long-term perspective positions us to take advantage of the volatility and opportunities in global markets.

**Important Fund Information**

The goal of the managed distribution policy is to provide investors a predictable, though not assured, level of cash flow. Monthly distributions paid may include net investment income, net realized short-term capital gains, net realized long-term capital gains and, if necessary, return of capital. Maintenance of this policy may increase transaction and tax costs associated with the fund.

A credit rating is a relative and subjective measure of a bond issuer's credit risk, including the possibility of default. Credit ratings are assigned to companies by third-party groups, such as Standard & Poor's. Assets with the highest ratings are referred to as "investment grade" while those in the lower tiers are referred to as "noninvestment grade" or "high-yield." Ratings are measured using a scale that typically ranges from AAA (highest) to D (lowest).

Leverage creates risks which may adversely affect return, including the likelihood of greater volatility of net asset value and market price of common shares; and fluctuations in the variable rates of the leverage financing. The ratio is the percent of total managed assets.

The fund may invest up to 100% of its assets in foreign securities and invest in an array of security types and market-cap sizes, each of which has a unique risk profile. As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities. These include fluctuations in currency exchange rates, increased price volatility, and difficulty obtaining information.

There are certain risks associated with an investment in a convertible bond such as default risk—that the company issuing a convertible security may be unable to repay principal and interest, and interest rate risk—that the convertible may decrease in value if interest rates increase.

Investments by the fund in lower-rated securities involve substantial risk of loss and present greater risks than investments in higher-rated securities, including less liquidity and increased price sensitivity to changing interest rates and to a deteriorating economic environment.

Fixed income securities are subject to interest rate risk; as interest rates go up, the value of debt securities in the fund's portfolio generally will decline.

Owning a bond fund is not the same as directly owning fixed income securities. If the market moves, losses will occur instantaneously, and there will be no ability to hold a bond to maturity. The fund may invest in derivative securities, including options. The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. There is no assurance that any derivative strategy used by the fund will succeed. One of the risks associated with purchasing an option is that the fund pays a premium whether or not the option is exercised.

The fund may seek to purchase index put options to help reduce downside exposure however, the effectiveness of the fund's index option-based risk management strategy may be reduced if the fund's equity portfolio does not correlate to the performance of the underlying option positions. The fund also risks losing all or part of the cash paid for purchasing index options. Unusual market conditions or lack of a ready market of any particular option at a specific time may reduce the effectiveness of the fund's option strategies, and for these and other reasons the fund's option strategies may not reduce the fund's volatility to the extent desired. From time to time, the fund may reduce its holdings of put options, resulting in an increased exposure to a market decline.

Parties entering an interest rate swap take on exposure to a given interest rate; the exposure can be long or short depending on whether a counterparty is paying or receiving the fixed rate. At the same time, each party takes on the risk—known as counterparty credit risk—that the other party will default at some time during the life of the contract.

The information contained herein is based on internal research derived from various sources and does not purport to be statements of all material facts relating to the sectors, securities and markets mentioned. The information contained herein, while not guaranteed as to the accuracy or completeness, has been obtained from sources we believe to be reliable. Opinions expressed herein are as of the date of publication and are subject to change without notice due to various factors and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

The **ICE BofAML All U.S. Convertibles Index (VXA0)** is consists of approximately 700 issues of only convertible bonds and preferreds of all qualities. The **BofA Merrill Lynch U.S. High Yield Index** tracks the performance of below investment grade, but not in default, U.S. dollar- denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P. **S&P 500 Index** is generally considered representative of the U.S. stock market. The **MSCI World Index** is a market capitalization weighted index composed of companies representative of the market structure of 21 developed market countries in North America, Europe, and the Asia/Pacific region. The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The index is calculated in both U.S. dollars and local currencies. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The **MSCI Europe Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **ICE BofAML Global 300 Convertible Index** is a global convertible index composed of companies representative of the market structure of countries in North America, Europe and the Asia/Pacific region. Source ICE Data Indices, LLC, used with permission. ICE permits use of the ICE BofAML indices and related data on an 'as is' basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML Indices or data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing and does not sponsor, endorse or recommend Calamos Advisors LLC or any of its products or services. 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.

**Terms**

**A Managed Distribution Policy** is an investment company's commitment to common shareholders to provide a predictable, but not assured, level of cash flow. **Market Price** refers to the price at which shares of the fund trade in the market. **NAV or Net Asset Value** refers to the net value of all the assets held in the fund. **IPO Price** refers to the initial public offering price for shares of the fund.

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