

Global Growth Strategy

CALAMOS
INVESTMENTS

Market Overview

Global equities delivered strong gains in the quarter, as investors responded to more accommodative central bank policies, positive earnings reports, and progress on geopolitical issues such as global trade. Following a challenging 2018, equities trended positively across most regions and nearly all asset classes in the period, reflecting improvements in key fundamentals and investor sentiment.

The U.S. economy continued to grow, and U.S. equities advanced meaningfully in the quarter as represented by the S&P 500 Index's 13.65% rise. The broad rally was driven by an increasingly dovish Federal Reserve policy stance, intermittent progress on trade negotiations with China, and economic data that pointed to a sustained expansion. In terms of monetary policy, the Fed continued to shift to a more wait-and-see outlook, changing their expectation to zero rate increases in 2019.

As represented by the MSCI Europe Index, European equities returned 11.00% for the quarter (+11.74% in local currency). European stocks navigated a combination of mainly softer economic data, reasonably positive corporate earnings, and accommodative central bank policy. Regarding the latter, the European Central Bank (ECB) announced multiple measures that represented an even more dovish and accommodative turn in its stance. Specifically, the ECB pushed out the expected timing of its first rate hike to 2020 and announced a new series of asset purchase programs aimed at improving bank lending and transmitting monetary policy.

Asian developed markets rose in the period, as the MSCI Pacific Index returned 8.66% (9.09% in local currency). Japanese stocks tacked on gains amid a combination of mixed economic data, progress on global trade issues and highly accommodative policy. However, Japan's macro data remain quite tepid, with the economy growing 0.5% in the past quarter. Even so, this figure was ahead of estimates thanks to positive household consumption and business spending.

Emerging markets also generated strong gains, as the MSCI Emerging Markets Index returned 9.97% (in USD terms). Emerging markets advanced against a backdrop that included a more dovish Federal Reserve, progress on trade talks between the U.S. and China, and capital inflows from global investors. Chinese stocks rallied sharply in the quarter, as the country implemented multiple measures to boost stimulus coupled with incremental progress on trade negotiations. However, these positive developments were offset by macro data that indicated slower growth.

Performance Review

For the quarter ended March 31, 2019, the portfolio generated a positive return of 16.04% outperforming the MSCI ACWI Growth return of 14.57%.

Positive Influences on Performance

Consumer Discretionary. The portfolio's leading security selection in consumer discretionary contributed positively to return. In particular, our holdings in internet & direct marketing retail and apparel, accessories & luxury goods were sources of strength.

FIGURE 1. CALAMOS GLOBAL GROWTH STRATEGY RETURNS

	QTR ENDING 3/31/19	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (4/07)
Calamos Global Growth Composite						
Gross of Fees	16.04%	-1.88%	12.32%	8.12%	15.25%	8.51%
Net of Fees	15.76	-2.90	11.15	6.97	14.06	7.36
MSCI ACWI Growth Index	14.57	4.82	12.68	8.90	13.52	6.60

Source: Calamos Advisors LLC. Past performance is no guarantee of future results.
Data as of 3/31/19.

Calamos Global Growth Strategy

FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE MSCI ACWI GROWTH INDEX
FIRST QUARTER 2019

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Consumer Discretionary	148	
Health Care	72	
Information Technology	55	
Consumer Staples	51	
Materials	9	
Utilities	4	
Energy		-10
Financials		-14
Real Estate		-32
Industrials		-37
Communication Services		-43

Attribution based on gross of fee performance with dividends reinvested. Performance attribution excludes any government/sovereign bonds or options on broad market indices the portfolio may hold.

Past performance is no guarantee of future results.

Source: Calamos Advisors LLC. Data as of 3/31/19.

Health Care. Leading security selection in health care added to the portfolio's performance. Specifically, biotechnology and health care services were the main contributors.

Negative Influences on Performance

Communication Services. Over the period, selection within the communication services sector lagged, as holdings in the movies & entertainment and interactive home entertainment industries curbed relative return.

Industrials. Security selection in industrials, specifically in the aerospace & defense and industrial machinery industries, also lost ground on a relative basis.

Geographic Performance

From a regional standpoint, leading security selection in Emerging Asia helped return. Specifically, China and our lack of participation in South Korea promoted return. Additionally, selection in Canada added value to portfolio performance.

In contrast, selection in the United States negatively impacted the portfolio's performance. Similarly, security selection and an

underweight stance in Europe set back return. France and Germany, in particular, represented major detractors.

Positioning and Portfolio Changes

From a sector standpoint, consumer discretionary and information technology represent the largest weights on an absolute basis, while real estate and materials represent the smallest weights. Financials and health care are the portfolio's largest relative overweights, with financial exchanges & data (financials) and biotechnology (health care) comprising the largest industry overweight positions. The portfolio maintains relative underweight positions in industrials and information technology, with aerospace & defense (industrials) and systems software (information technology) representing industry underweight positions.

Allocations to health care and consumer discretionary rose during the period with increased weights in biotechnology and restaurants. By contrast, allocations to information technology and industrials decreased over the period with reductions to technology hardware, storage & peripherals and human resource & employment services.

From a regional standpoint, the portfolio's largest weights are in the United States and Europe. Contrarily, Emerging Latin America and EMEA represent the smallest absolute weights. We maintain relative overweight positions in Emerging Asia and Canada. Relative to the Index, the portfolio holds underweight allocations to the United States and Japan. Weights to Canada and Emerging Asia rose during the period, while weights to the United States and Europe decreased.

Positioning Discussion

In terms of large absolute weights, portfolio holdings reflect a combination of core growth and more cyclical opportunities in key sectors, including information technology, consumer discretionary, communication services, financials and health care. From a sector standpoint, we initiated adjustments to allocations during the quarter, modestly increasing the portfolio's health care and discretionary weights based on mainly bottom-up factors. These decisions were offset by actively culling positions in industrials and financials, as we

Calamos Global Growth Strategy

FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI GROWTH INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI GROWTH INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/18 (PCT. POINTS)	UNDER/OVERWEIGHT %
Consumer Discretionary	18.5	15.4	2.0	3.1
Information Technology	17.3	23.1	-1.9	-5.8
Health Care	16.3	12.0	2.5	4.3
Communication Services	13.4	11.0	-0.9	2.4
Financials	11.4	7.8	-0.1	3.6
Consumer Staples	10.4	8.8	0.6	1.6
Industrials	6.9	12.7	-1.1	-5.8
Energy	4.1	2.3	-0.1	1.9
Materials	0.9	4.3	0.0	-3.4
Real Estate	0.8	2.1	-1.0	-1.3
Utilities	0.0	0.7	0.0	-0.7

This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or broad-based index hedging securities/options the portfolio may hold. Sector allocations in table are based on end weights, while commentary weightings can be based on average weights. Therefore, the sector allocations table and commentary text may reference different sector assignments.

Source: Calamos Advisors LLC. Data as of 3/31/19.

FIGURE 4. LARGEST 10 COUNTRY WEIGHTS VERSUS THE MSCI ACWI GROWTH INDEX

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI GROWTH INDEX %	PORTFOLIO COUNTRY WEIGHTING CHANGE SINCE 12/31/18 (PCT. POINTS)	UNDER/OVERWEIGHT %
United States	45.6	53.5	-2.1	-7.9
China	10.1	3.7	0.6	6.4
Canada	6.8	3.1	2.3	3.6
United Kingdom	5.7	4.5	0.3	1.2
Japan	4.9	7.2	-0.8	-2.3
Australia	4.2	2.0	-0.5	2.2
Germany	3.7	2.6	-1.0	1.1
Sweden	3.4	1.0	0.6	2.5
Ireland	2.2	0.9	-0.8	1.3
Switzerland	2.2	4.0	0.4	-1.8
Developed Markets	85.3	88.4	-1.4	-3.1
Emerging Markets	14.7	11.6	1.4	3.1

This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Largest country weights table excludes cash and any broad index options, and are based on end-of-period weights. Additionally, companies are classified geographically according to their country of domicile. Country weightings referenced in the commentary are based on average weights and are classified geographically according to their country of risk. Therefore, country assignments referenced in the table versus the commentary text may differ.

Source: Calamos Advisors LLC. Data as of 3/31/19.

see a slowdown in cyclical demand and challenging interest rate environments in certain regions.

The portfolio generated a strong gain during the quarter, outperforming the index through relative security selection. Many of the portfolio's holdings in higher-quality global growth businesses performed well, as markets rewarded companies with leading fundamentals.

We maintain an underweight position in the U.S., reflecting a general view of slowing growth fundamentals and relatively less-attractive

valuations. The U.S. positions we hold emphasize secular growth and higher-quality businesses with defensible business models.

We are overweight in emerging markets relative to the benchmark, and we see a broadening set of opportunities, especially in China, India, Taiwan and Brazil.

We are sensitive to tepid growth and persistent political risks in Europe, and currently hold an underweight in the region. Our European positions are largely found in global secular growth opportunities

The representative portfolio information described in both charts above represents a representative account managed in the Global Growth strategy. Other clients' portfolios may differ mainly due to individual restrictions and timing of purchases and sales. All portfolio positioning and sector information is for a representative portfolio. Please see last page for additional information.

Calamos Global Growth Strategy

and selectively in regional businesses with stable, less-cyclical growth characteristics.

Japan remains an underweight position in the portfolio. Although valuations are reasonable and monetary conditions remain highly accommodative, Japan's global growth and trade have remained soft.

Technology, consumer discretionary, health care and communication services are the largest sector weights in the portfolio. In these sectors, we actively pursued opportunities based on secular growth factors and attractive demand. Key industries include interactive media & services, internet retail, entertainment, travel & leisure, luxury goods, and biotechnology.

We have identified select opportunities in financials, which are benefiting from improving business fundamentals, less onerous regulations in some regions, and attractive valuations.

We have an underweight stance in more defensive areas, including utilities, traditional telecoms, real estate and slower-growth consumer staples. However, the portfolio holds a significant allocation to health care, which offers an attractive combination of growth and defensive characteristics.

We are underweight but own select positions in energy and materials, specifically companies benefiting from better supply-and-demand fundamentals and possessing earnings growth potential.

Conclusion

Global corporate and macroeconomic data has been mixed versus expectations, reflecting moderate growth conditions. Global monetary policy remains accommodative, and multiple central banks have adopted a more dovish and patient stance regarding future actions. Markets continue to confront a mix of headwinds and tailwinds, though we have seen developments with respect to policy and global trade that are incrementally more positive for equity investors. We continue to identify opportunities in global equities reaping the benefits of moderate earnings growth, benign inflation and attractive valuations. In terms of portfolio positioning, we favor a blend of investments in secular growth and more defensive growth businesses, in addition to a distinct set of more cyclical companies. This positioning reflects our anticipation of moderate economic growth, but also the potential for a pickup in demand in the coming quarters. Subsequently, we favor investments in companies with earnings growth catalysts, solid cash flow generation and healthy balance sheets. From thematic and sector perspectives, we are focused on opportunities in communications services, technology, consumer and health care companies with targeted areas of demand. We also favor a

Past performance does not guarantee or indicate 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.

The information portrayed is for the Calamos Global Growth Composite. Representative holdings and portfolio characteristics are specific only to the portfolio shown at that point in time. Other portfolios will vary in composition, characteristics, and will experience different investment results. The representative portfolio shown has been selected by the advisor based on account characteristics that the advisor feels accurately represents the investment strategy as a whole.

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Performance returns presented reflect, unless otherwise noted, the Calamos Global Growth Composite which is an actively managed composite primarily investing in a globally-diversified portfolio of equity securities. The composite includes all fully discretionary fee-paying accounts. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest. The Composite inception date is April 1, 2007.

The MSCI ACWI Growth Index is a free float-adjusted market capitalization weighted index that is designed to measure the growth equity market performance of developed and emerging markets. 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 Japan Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Japan. The MSCI Pacific Index captures large- and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. The MSCI World Index is a market capitalization weighted index composed of companies representative of the market structure of developed market countries in North America, Europe, and the Asia/Pacific region. The MSCI indices are calculated in both U.S. dollars and local currencies. The S&P 500 Index is a market-value weighted index and is widely regarded as the standard for measuring U.S. stock-market performance.

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

Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are annualized. Chart Data Source: Calamos Advisors LLC.

Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average assuming reinvestment of dividends and capital gains distributions.

Calamos Advisors LLC is a federally registered investment advisor. Form ADV Part 2A, which provides background information about the firm and its business practices, is available upon written request to:

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