International Growth Concentrated Strategy

CALAMOS® INVESTMENTS

Market Overview

Global equities navigated a volatile and challenging quarter as investors confronted escalating trade disputes, divergent monetary policy and slowing economic growth, though a backdrop of positive corporate earnings and attractive equity valuations provided encouragement. Equities experienced declines across most regions, with weakness most pronounced in emerging markets, in particular. 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. Sectors within the MSCI World Index also delivered mixed returns in the quarter. Energy (+12.81%, in USD terms) and technology (+5.93%) led the index's gains, while financials (-4.13%) and telecom services (-2.59%) trailed other sectors.

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 tensions 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. 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 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

FIGURE 1. CALAMOS INTERNATIONAL GROWTH CONCENTRATED STRATEGY RETURNS

	QTR ENDING 6/30/18	1-YEAR	3-YEAR	SINCE INCEPTION (12/13)
Calamos International Growth Concentrated Composite				
Gross of Fees	-4.17%	13.62%	6.48%	5.35%
Net of Fees	-4.39	12.55	5.44	4.32
MSCI ACWI ex-U.S. Growth Index	-1.23	10.28	6.93	5.45

Source: Calamos Advisors LLC.
Past performance is no guarantee of future results.
Data as of 6/30/18.

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FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE MSCI ACWI EX-U.S. GROWTH INDEX
SECOND QUARTER 2018

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Consumer Discretionary	105	
Real Estate	25	
Consumer Staples	21	
Telecom Services	9	
Energy	7	
Utilities	0	
Health Care		-5
Materials		-41
Financials		-88
Information Technology		-110
Industrials		-178

Attribution represented in basis points and is 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 6/30/18.

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. In terms of select country performance, Japan declined -2.80%, while Hong Kong and Australia returned -1.18% and 5.26%, respectively.

Performance Review

For the quarter ended June 30, 2018, the portfolio returned -4.17% underperforming the MSCI ACWI ex-US Growth Index which had a return of -1.23%.

Positive Influences on Performance

Consumer Discretionary. The portfolio's favorable security selection in consumer discretionary helped drive relative returns. In particular, our holdings in apparel, accessories & luxury goods and education services were leading contributors.

Real Estate. Favorable security selection in real estate contributed to performance. Specifically, real estate operating companies and our lack of exposure in diversified real estate activities promoted return.

Negative Influences on Performance

Industrials. Over the period, security selection within the industrials sector lagged on a relative basis, as holdings in the industrial machinery and construction machinery & heavy trucks industries lagged.

Information Technology. Trailing selection and an overweight allocation within the home entertainment software and electronic equipment & instruments industries of the information technology sector held back relative performance.

Geographic Performance

A lack of exposure in Emerging Latin America added value to portfolio performance. Also, leading security selection in Europe added value to portfolio performance. Specifically, positions in Italy and France contributed to return.

Conversely, security selection in Japan dragged on return. Similarly, trailing selection and an underweight position in Emerging Europe & South Africa (EMEA) set back performance. In particular, Russia was a source of underperformance

Positioning and Portfolio Changes

From a sector perspective, the largest portfolio weights are in information technology and industrials on an absolute basis. On the other hand, real estate and materials represent smaller absolute weights, and we did not participate in utilities and telecom during the period. On a relative basis, distillers & vintners and home entertainment software constitute the most significant relative overweights. The portfolio maintains relative underweight positions in consumer staples and health care, with personal products (consumer staples) and pharmaceuticals (health care) comprising industry underweight positions.

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FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI EX-U.S. GROWTH INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI EX-U.S. GROWTH INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 3/31/18 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	33.5	19.1	7.3	14.3
Industrials	15.3	15.7	-5.0	-0.4
Consumer Discretionary	13.6	14.2	-3.0	-0.6
Consumer Staples	12.0	15.0	5.3	-3.0
Financials	10.5	10.2	-4.5	0.3
Energy	5.3	2.9	0.3	2.4
Health Care	5.2	9.5	0.5	-4.3
Materials	2.4	8.3	-3.1	-5.9
Real Estate	2.2	1.8	2.2	0.4
Telecom Services	0.0	2.0	0.0	-2.0
Utilities	0.0	1.2	0.0	-1.2

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.

Source: Calamos Advisors LLC. Data as of 6/30/18.

FIGURE 4. LARGEST 10 COUNTRY WEIGHTS VERSUS THE MSCI ACWI EX-U.S. GROWTH INDEX

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI EX-U.S. GROWTH INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 3/31/18 (PCT. POINTS)	UNDER/OVERWEIGHT %
China	20.6	8.0	8.7	12.5
Japan	13.8	16.4	-6.4	-2.6
Germany	11.2	7.8	6.0	3.4
France	11.0	7.8	3.6	3.2
United Kingdom	6.2	8.7	-0.4	-2.5
Australia	6.2	4.5	1.5	1.7
Netherlands	5.0	2.8	0.2	2.2
United States	4.8	0.6	-3.0	4.3
Switzerland	4.5	6.5	-2.0	-1.9
Canada	4.3	6.5	-0.5	-2.3
Developed Markets	71.7	75.1	-1.7	-3.4
Emerging Markets	28.3	24.9	1.7	3.4

Excludes cash weighting. Companies are classified geographically according to their country of domicile. This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Geographical distribution tables exclude any options on broad market indices the portfolio may hold.

Source: Calamos Advisors LLC. Data as of 6/30/18.

We increased the allocation to information technology during the period by adding weights within the internet software & services and home entertainment software industries. We trimmed the portfolio allocation to industrials, scaling back in the construction machinery & heavy trucks and industrial machinery industries.

From a regional standpoint, the portfolio's largest weights are in Europe and Emerging Asia. In contrast, Canada and EMEA represent the smallest absolute weights. We maintain relative overweight positions in the United States and Emerging Asia, while the portfolio has an underweight stance in Europe and Canada versus the index. We increased the allocation to Emerging Asia during the period, adding weights in China and Australia.

The representative portfolio information described in both charts above represents a representative account managed in the International Growth Concentrated 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.

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Outlook

Recent international macroeconomic data has been increasingly divergent and mixed versus expectations but, on balance, reflects continued economic growth and moderate inflation. 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 international equity markets are at a critical juncture, with a confluence of important tailwinds and headwinds coming together, and we will be looking to additional data to provide more confirmation of future direction. We see opportunities in international equities, reflective of company fundamentals, attractive valuations, positive global growth and benign inflation. Our active investment approach and long-term perspective positions us to take advantage of the volatility and opportunities in international markets.

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