

International Growth Concentrated Strategy

CALAMOS
INVESTMENTS

Market Overview

Global equities experienced widespread declines in the year's last quarter, as investors responded to signs of slower global growth, divergent central bank monetary policies, and a lack of significant progress on trade negotiations between the U.S. and China. Equities declined across most regions and countries, indicating a broad set of challenges that were reflected in relatively bearish investor sentiment and positioning amid a volatile quarter for global stocks.

European equities shed -12.68% for the quarter, as represented by the MSCI Europe Index (-11.20% in local currency), reflecting concern about anemic economic data, global trade headwinds and uncertainty over Brexit. Manufacturing and production data decelerated generally, while employment and retail sales figures indicated more optimism. In addition, euro-area inflation decelerated to about 1.9%. The ECB held interest rates at zero, citing low inflation among other factors, and also confirmed the end of its bond purchase program. In light of the ECB's relatively dovish stance, markets do not anticipate a hike in rates until the fall of 2019. Brexit scenarios continued to dominate headlines in the UK, with the largest lenders passing a key stress test and Prime Minister Theresa May surviving a no-confidence vote in Parliament. The Bank of England left interest rates unchanged at 0.75%, while lowering its economic growth and inflation outlook. Spain and Switzerland held up relatively better during the period, returning

-8.51% and -8.94%, while Belgium and Austria significantly trailed the index, falling -18.19% and -20.72%, respectively.

Asian developed markets fell in the fourth quarter, as the MSCI Pacific Index returned -12.17% (-13.76% in local currency). Japan's equities performed poorly amid weaker economic data and a stronger yen, despite a positive backdrop of corporate earnings growth and highly accommodative monetary policy. Japan's macro data was mixed during the quarter, with more recent figures on net exports and the overall economy showing sluggishness attributable to global trade disputes. The BOJ held interest rates unchanged and reiterated expectations to keep rates extremely low for an extended period because inflation remains below target. In other regions, Australia's unemployment rate ticked up slightly to 5.1%, and economic growth decelerated in the recent quarter, though the economy benefited from a significant trade surplus. The Reserve Bank left the cash rate at a record low of 1.5% at its December meeting, marking two years of stable policy amid low inflation and a slowdown in housing. In terms of country performance, Japan declined -14.20%, while Hong Kong and Australia returned -4.53% and -9.95%, respectively.

Emerging markets fell in the period but held up better than global markets overall, as the MSCI Emerging Markets Index returned -7.40%, in USD terms. Emerging markets navigated several challenging

FIGURE 1. CALAMOS INTERNATIONAL GROWTH CONCENTRATED STRATEGY RETURNS

	QTR ENDING 12/31/18	1-YEAR	3-YEAR	5-YEAR	SINCE INCEPTION (12/13)
Calamos International Growth Concentrated Composite					
Gross of Fees	-15.51%	-19.56%	1.29%	0.40%	1.03%
Net of Fees	-15.69	-20.26	0.33	-0.57	0.06
MSCI ACWI ex-U.S. Growth Index	-12.16	-14.12	4.55	2.05	2.22

Source: Calamos Advisors LLC.

Past performance is no guarantee of future results.

Data as of 12/31/18.

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

FOURTH QUARTER 2018

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Materials	30	
Real Estate		-6
Health Care		-7
Utilities		-14
Communication Services		-22
Consumer Discretionary		-35
Financials		-42
Industrials		-45
Energy		-62
Information Technology		-63
Consumer Staples		-161

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 12/31/18.

cross-currents, including global trade tensions and mixed macro data, but were supported by a more contained U.S. dollar and potentially more dovish Federal Reserve monetary policy in 2019. Chinese stocks faced considerable pressure, driven by the negative effects of trade uncertainty and softer economic data, though later in the period investors were encouraged by multiple measures to boost liquidity and stabilize sentiment. Brazil generated the top returns among emerging markets, as economic data portrayed a mainly positive story, with higher PMI readings and a pickup in business confidence. EM contagion risk diminished significantly versus prior quarters, as certain smaller emerging economies managed to stem capital flight, with firming currencies and lower credit spreads. EM country performance was significantly mixed over the quarter, with Brazil (+13.56%) and Indonesia (+9.76%) leading, while Mexico (-18.71%) and Korea (-12.83%) were among the weaker-performing, larger markets.

Performance Review

During the quarter, the portfolio declined and underperformed the MSCI ACWI Ex-U.S. Growth Index due to relative security selection. Many of the portfolio's holdings in higher-quality international

growth businesses saw disappointing returns, although many of these companies continue to offer attractive fundamentals, which we expect to reward investors over time.

Positive Influences on Performance

Materials. The fund's security selection and underweight allocation in materials added to relative results. Our lack of participation in diversified chemicals assisted return.

Negative Influences on Performance

Consumer Staples. Over the period, trailing selection within the consumer staples sector lagged on a relative basis, as holdings in the tobacco and personal products industries trailed.

Geographic Performance

From a regional standpoint, an overweight allocation in the U.S. added value to fund performance, and Germany was a leading contributor. Conversely, trailing selection in Europe negatively impacted the fund's performance, as did selection in Japan.

Positioning Discussion

The fund's regional and country positioning reflects the combined inputs from our top-down global framework and our bottom-up security analysis. Our investment team evaluates macroeconomic factors and growth opportunities and actively integrates these into the investment decision-making process.

We hold a well-diversified set of positions in Europe, with a blend of market capitalizations and end markets, combining exporters and companies that meet domestic demand. We are sensitive to developing political risks and slowing growth. Positioning is largely in global secular growth opportunities and, in some cases, more regionally exposed businesses with stable, less-cyclical growth characteristics.

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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 9/30/18 (PCT. POINTS)	UNDER/OVERWEIGHT %
Consumer Staples	17.9	16.8	3.6	1.1
Consumer Discretionary	14.7	13.3	4.1	1.4
Health Care	14.6	11.1	4.0	3.5
Information Technology	12.6	12.1	-19.8	0.5
Communication Services	11.5	8.2	11.5	3.3
Financials	10.9	9.9	0.2	1.0
Industrials	8.6	15.5	-5.1	-6.9
Real Estate	3.4	1.9	0.6	1.5
Materials	3.2	7.0	3.2	-3.8
Energy	2.6	3.0	-2.3	-0.3
Utilities	0.0	1.3	0.0	-1.3

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 12/31/18.

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 COUNTRY WEIGHTING CHANGE SINCE 9/30/18 (PCT. POINTS)	UNDER/OVERWEIGHT %
China	15.9	7.3	-0.6	8.6
United Kingdom	14.9	8.4	4.6	6.5
Australia	10.2	4.5	5.1	5.7
Germany	9.9	6.1	2.1	3.7
Switzerland	7.9	8.9	5.9	-0.9
Canada	7.9	6.5	0.9	1.4
France	5.5	7.8	-3.7	-2.3
Sweden	5.2	2.1	2.7	3.1
Ireland	5.2	0.7	-2.2	4.5
Japan	5.1	16.5	-4.4	-11.4
Developed Markets	78.4	74.4	3.2	4.0
Emerging Markets	21.6	25.6	-3.2	-4.0

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 12/31/18.

We continue to be selective in emerging markets and favor positions in the technology, communication services and consumer discretionary sectors. We prefer businesses in software & services, internet retail, insurance and higher-quality banks that are beneficiaries of positive growth fundamentals, large addressable markets and alignment with key secular themes.

We have an underweight position in Japan. Valuations are reasonable and monetary conditions remain very accommodative, but we have reduced exposure as global growth fundamentals weakened; we have an emphasis on companies we think can reap the rewards of secular growth themes and potential global cyclical growth acceleration.

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We positioned the portfolio with a combination of core and secular growth companies, in addition to select cyclical opportunities. Technology, consumer discretionary and staples and communication services are the among largest sector weights in the fund, reflecting favorable secular growth and attractive demand segments. Key positions include interactive media & services, internet retail, beverages, apparel and luxury goods. We hold a significant weight in health care, which offers an attractive combination of growth and more defensive characteristics. We see a number of opportunities in financial companies that are reflecting improving business fundamentals, facing less-onerous regulations in some regions, and offering attractive valuations. We have an underweight stance in more defensive areas including utilities and traditional telecoms, with a modest weight in real estate. We own select positions in energy and materials, which are tapping into better supply-and-demand fundamentals and earnings growth potential.

remain at a key juncture, with a set of important headwinds and tailwinds colliding, though we most recently have seen developments with respect to monetary policy and global trade that are incrementally more positive for equity investors. We see opportunities in global equities, reflective of moderate earnings growth, benign inflation and attractive valuations.

Conclusion

Global corporate and macroeconomic data has been mixed versus expectations and reflects moderate growth conditions. Global monetary policy remains accommodative overall, though multiple central banks are taking measures to normalize policy, and we have seen some pivot toward fiscal stimulus. Markets

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 results portrayed on the preceding pages are for the Calamos International Growth Concentrated 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.

The Calamos International Growth Concentrated Composite is an actively managed composite investing in a concentrated number of equity securities of non-U.S. domiciled companies. The Composite was created December 1, 2013 calculated with an inception date of December 1, 2013 and includes all fully discretionary fee paying accounts, including those no longer with the Firm.

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The MSCI ACWI 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 MSCI ACWI ex U.S. Growth Index is a free float-adjusted market capitalization weighted index that is designed to measure the growth equity stock market performance of developed markets, excluding the United States, 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 captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. With 446 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe. The MSCI Pacific Index captures large- and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. With 470 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. 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 S&P 500 Index is a market value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect any fees, expenses or sales charges. Investors cannot invest directly in an index.

Fees include the investment advisory fee charged by Calamos Advisors LLC. Returns greater than 12 months are annualized. Chart Data Sources: Mellon Analytical Solutions LLC and 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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