Finding Growth Opportunities in Non-U.S. Equity Markets

For more than 30 years, Calamos has applied its disciplined philosophy and process to understanding a company's capital structure. We have incorporated this same approach to non-U.S. securities for more than 20 years. By determining the economic enterprise value of a company, we strive to form a comprehensive understanding of its risk and return potential. We then assess the individual securities within the company's capital structure and evaluate which securities look the most attractive.

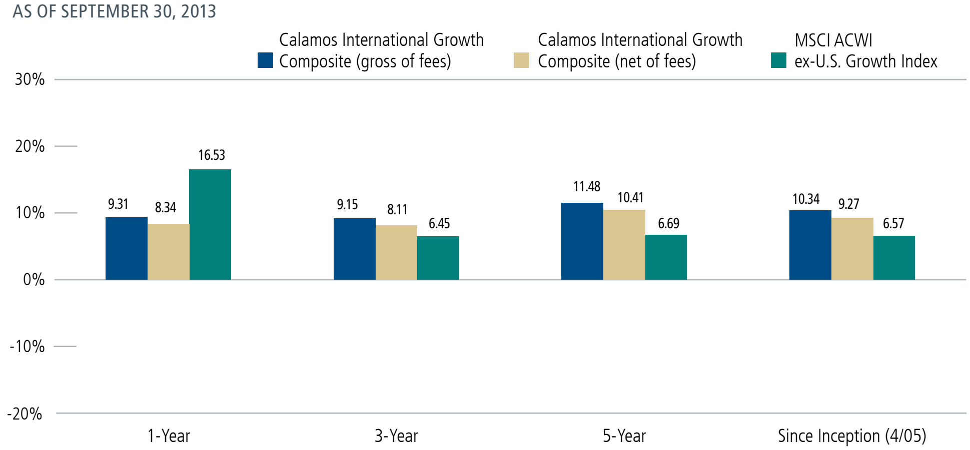
Calamos International Growth Strategy

The Calamos International Growth strategy seeks to provide growth exposure to non-U.S. equities, with the investment objective of outperforming the MSCI ACWI ex-U.S. Growth Index. The strategy looks for mispricings across international growth equities—a space we believe is often overlooked by investors and is underrepresented by non-U.S. equity indices. The International Growth strategy uses Calamos Investments' proprietary non-U.S. company research, which has been refined over the firm's 20-year history of non-U.S. securities investing.

The strategy was launched in April 2005 and has outperformed its benchmarks over the 5-year and since inception time periods. Figure 1 highlights the strategy's performance.

FIGURE 1. PERFORMANCE

AS OF SEPTEMBER 30, 2013



KEY FEATURES

Historically, the Calamos International Growth strategy has provided:

- A focus on high-quality growth companies
- Diversification across sectors and non-U.S. markets
- Strong excess returns versus the MSCI ACWI ex-U.S. Growth Index since inception

CALAMOS INTERNATIONAL GROWTH STRATEGY

Style	Growth
Capitalization focus	Multi-Cap
Markets invested In	Developed and Emerging
Benchmark	MSCI ACWI ex-U.S. Growth Index

Source: Calamos Advisors, LLC and Mellon Analytical Solutions, LLC.

Past Performance does not guarantee or indicate future results. 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.

Our bottom-up research continues to uncover growth opportunities.

Our bottom-up research continues to uncover growth opportunities. From a style perspective, value's long run of outperformance versus growth seems to have concluded and we appear to be in the midst of a favorable environment for growth equities.

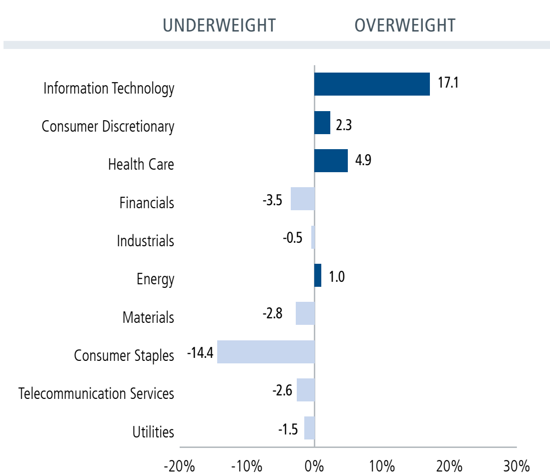
The Search for Growth

The International Growth strategy often looks different from its benchmarks and other non-U.S. growth equity managers. This is in part because of our belief that the benchmarks do not adequately reflect the growth equity opportunity set in international markets today. This is most evident in the strategy's sector weightings relative to the MSCI ACWI ex-U.S. Growth Index. As shown in Figure 2, the strategy has a significant overweight position to information technology, a traditional growth sector where we currently believe many companies offer attractive valuations.

Figure 3 compares some of the representative portfolio's characteristics with those of the MSCI ACWI ex.-U.S. Growth Index. When looking at the growth orientation, the strategy's return on invested capital (ROIC) can serve as proxy. The strategy's ROIC is 6.6 percentage points above that reported by the index. We believe that the higher-quality nature of the strategy can be shown in part by the debt-to-capital ratio of the portfolio relative to the index. Finally, the PEG ratio shows that despite our investment in higher relative growth names with stronger balance sheets, we believe we are not paying excessively for that growth.

FIGURE 2. ACTIVE SECTOR WEIGHTS VERSUS MSCI ACWI EX U.S. GROWTH INDEX[1]

AS OF 9/30/13

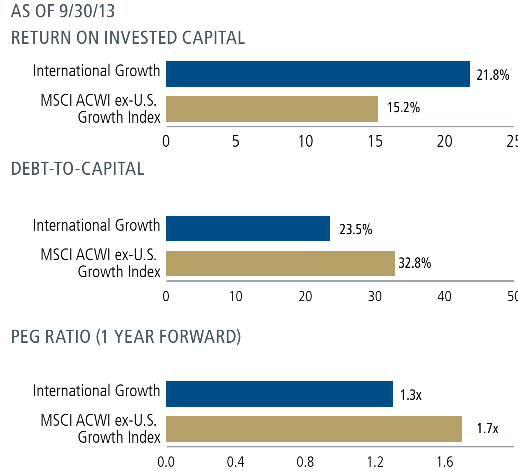


Source: Calamos Advisors, LLC.

Sector weightings exclude any government/sovereign bonds or options on broad market indexes the portfolio may hold.

FIGURE 3. CHARACTERISTICS[1]

AS OF 9/30/13



Source: Calamos Advisors, LLC.

[1] Portfolio-specific data is supplemental to the Calamos International Growth strategy.

Investment Team and Research

The cornerstone of the strategy is the investment team and processes that are in place to identify exploitable opportunities. Global Co-CIOs John P. Calamos, Sr. and Gary D. Black lead the team. Research coverage is sector specific, though regional and country factors also play an important role in our analysis.

Equity analysis is carried out using fundamental and quantitative tools. The multifaceted process is used to determine a stock's intrinsic value, growth potential, risk/reward profile, and catalysts for growth.

The intrinsic value is determined by using an economic profit model. Analysis includes historical and future profitability, emphasizing cash flow profits versus capital costs. Accounting distortions are minimized by restating operating profits after tax on a cash-by-cash basis. This allows for an "apples-to-apples" comparison across sectors and countries. The fundamental bottom-up analysis also incorporates qualitative assessments of business valuations, economic profits, balance sheet flexibility, management issues, and industry factors.

A company's growth potential is determined through a historical analysis of its financial statements and the intrinsic value estimate. This is then used to estimate a 12-month price target, which in turn generates an expected return. The expected return is ranked relative to the total investment universe, sector and industry. It is also used in the risk/reward analysis.

A risk/reward profile for the stock is determined by comparing the current price to the future estimated price, as well as against its historical range. High and low price bands are created based on ex-ante return expectations. The current stock price is then evaluated against the high and low price bands to assess upside and downside risk.

This analysis is then considered in relation to our top-down investment themes to help the portfolio management team evaluate opportunities, which are then weighed against risk management considerations such as concentration by sector or country.

Top-Down Investment Themes

The Calamos International Growth strategy is constructed with the belief that growth investing is always enhanced by finding investments in industry groups with secular growth opportunities. A secular trend, or at least a multi-cycle trend, helps minimize errors and enhances the prospects for a successful long-term investment. Not overpaying for a stock is still important, but by investing along a secular theme, we believe

SECURITY VALUATION METHODOLOGY

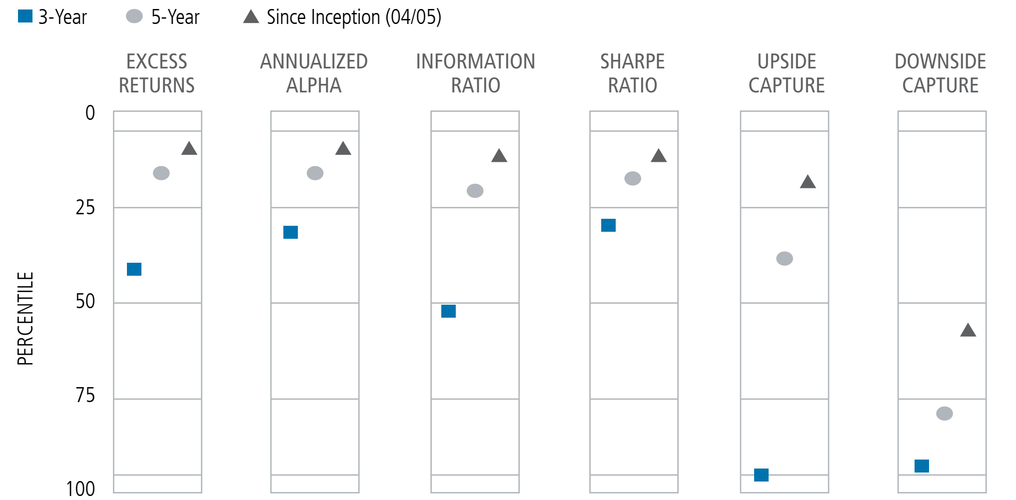
Our investment approach provides a consistent frame-work for analyzing credit and equity securities. To read more about our valuation methodology, visit www.calamos.com/institutional and download:

» Calamos Equity Valuation Process: Determining Cash Flows and Valuing a Business

» Calamos Credit Analysis Process

FIGURE 4. CALAMOS INTERNATIONAL GROWTH PEER GROUP RANKINGS

ALL ACWI EX-U.S. EQUITY UNIVERSE



3-year	41	32	51	30	90	89
5-year	15	15	21	17	38	78
Since Inception	10	10	13	13	18	57

Source: eVestment Alliance.

All ACWI ex-U.S. Equity Universe. MSCI ACWI ex-U.S. Growth Index. Number of observations for the three-year, five-year and since inception time periods: 218, 196 and 145, respectively. Calculated monthly. As of September 30, 2013. Strategy inception: April 1, 2005. **Past performance is no guarantee of future results.** Rankings represent percentile within peer group.

the risk of being really wrong on individual issues decreases and the possibility of being correct improves. We believe this philosophy adds a tailwind to our investments that ultimately should help lift a stock to higher prices. We balance this emphasis on secular growth with our proprietary valuation discipline.

Growth companies should be able to sustain growth for an extended period. At times, secular investment themes will mitigate the tendency of a company's return on capital to revert to a lower, "normal business" level. A growth company can fight this reversion to the mean and exhibit growth persistence. This often means the rate of growth in revenue can be sustained by growth in demand for products or services, innovation, and reinvestment back into the organization, all of which are enhanced by the secular growth trend. We seek secular investment themes that may provide a high degree of success in stock selection and that will sustain the company's growth well into the future.

On page five, we discuss an example of how secular growth considerations have influenced the portfolio's sector allocations.

ACTIVE INVESTING: TECHNOLOGY

The active sector weight in the information technology sector reflects in large part our top-down investment themes. Much is made of the fact that the best technology companies tend to come from the United States. While we believe there is some validity to this statement, we believe international equity benchmarks are not truly reflective of the growing number of opportunities within the information technology sector outside the U.S. Since the strategy's launch, it has maintained a strong overweight to technology, as we look to position the strategy in traditional growth companies with strong growth visibility. Our overweight position is a function of our pursuit of undervalued companies and our thematic approach. (We believe that information technology benefits from a number of secular trends.)

Thematic Focus: The World Is Starved for Entertainment and Information. Media content is a valuable asset, but distribution is changing. Consumers are demanding content in many formats and at many price points. Those companies that can feed this growing demand will benefit as this market grows.

Industries that we believe will benefit from this trend include Internet, telecommunications, cable and satellite, gaming, and vacation and resort companies. Of course, the valuation estimates within these industries is the cornerstone to any investment, but the overriding theme provides a direction for us to focus our efforts.

Thematic Focus: Global Competition and the Global Marketplace. Technological innovations are enabling companies to pursue global, rather than just local, opportunities. The rising tide of globalization is lifting a growing number of businesses to the level of global players, which also increases the level of competition. Productivity enhancements are readily being sought in this environment, likely benefiting information technology outsourcing firms, consulting firms, software companies and for-profit education companies.

Risk and Return

While the Calamos International Growth strategy has provided strong returns since inception, it is important to view performance in the context of risk. Within the strategy, risk is constantly monitored with the goal of accepting risk only when we believe the investment will provide adequate compensation for the risk taken. Across multiple risk measures, such as beta, active risk and volatility of returns, the strategy has provided positive risk-adjusted returns that are competitive within the international equity peer group.

Figure 4 provides rankings of the Calamos International Growth strategy within the eVestment Alliance All ACWI ex-U.S. Equity Universe for the three-year, five-year and since inception time periods. Performance, as measured by excess returns, is within the top quintile since the strategy inception. Annualized alpha, which takes the portfolio's beta (market exposure) into consideration, is also in the top quintile of the peer group since strategy inception. The strategy's information ratio, which measures excess returns relative to the amount of active risk taken, also falls into the top quartile since strategy inception. The Sharpe ratio, which measures return per unit of risk taken, is in the top quartile since strategy inception.

Growth Versus Value

From the 1970s through the mid-1990s, growth and value investing styles rotated into and out of favor every few years. However, over the past decade or so, periods of one style outperforming the other have lasted for longer time periods. In the mid-late 1990s, growth beat value due to the tremendous performance in growth sectors such as telecom, media and technology. Investors were more than willing to pay up for the growth of companies that touted innovative products and "new-world" visions. When the bubble finally burst, the momentum shifted with a vengeance. Growth's attractiveness faded as many earnings growth claims failed to materialize. Poor investment results from many growth companies convinced most investors to shun growth stocks altogether, switching instead to more conservative value stocks.

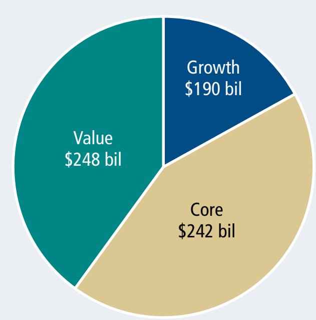
UNDERREPRESENTED IN INSTITUTIONAL PORTFOLIOS

Institutional investors' non-U.S. equity allocations may be significantly underweighted to growth. According to the "InterSec Research 2012 Year-End Industry Overview," which provides information on U.S. pension plans' non-U.S. and global allocations, growth equity mandates account for only 15% of non-U.S. equity exposure, as of June 30, 2013.

This percentage has held fairly constant for the past 15 years while value allocations have risen from 30% of non-U.S. equity mandates to 40%. Of this increase, almost all of it came between 2001 and 2004, after the technology-media-telecom blowup.

We recognize that the increase in value mandates and the steady percentage of growth mandates is due, in part, to disappointing historical performance for non-U.S. growth equity managers. However, we believe that this is the result of the limited number of true non-U.S. growth strategies available to investors.

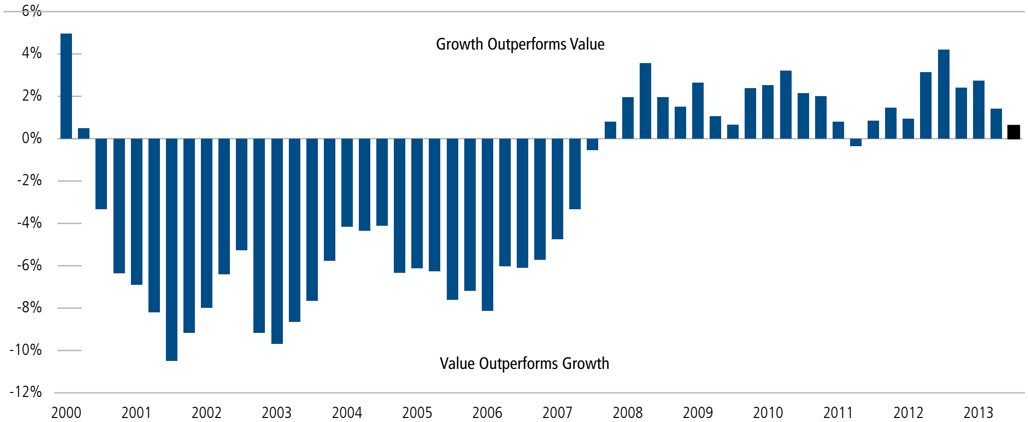
NON-U.S. EQUITY ASSETS BY INVESTMENT STYLE



Source: InterSec Research. Represents tax exempt U.S. institutional assets

FIGURE 5. GROWTH OPPORTUNITIES

3- YEAR ROLLING RETURNS: MSCI EAFE GROWTH INDEX MINUS MSCI EAFE VALUE INDEX, JANUARY 2000 THROUGH SEPTEMBER 2013



Source: Morningstar, Inc.

Value convincingly beat growth during the decade from 2000 to 2008. While many have discussed the length of value's outperformance this decade—the longest period of one style outperforming the other within the past 30 years—few seem to have paid attention to the magnitude of this outperformance (see Figure 5).

From 2003 to 2006, as we first came out of a recession and then the economy was experiencing strong growth, investors were happy to invest in companies that in many ways had earnings that were more cyclical and in many cases of lower quality. Today, investors are likely to seek out companies that have more stable and visible earnings growth, and their ability to grow is not as contingent upon access to easy credit, but instead on their own strong balance sheets and the ability to fund their own growth. We believe this stability can be found in those securities that are less sensitive to economic trends or can provide attractive secular growth opportunities, namely growth equities.

Conclusion

The Calamos International Growth strategy focuses on uncovering growth equity opportunities through bottom-up research in concert with our top-down investment themes. We view our non-U.S. benchmarks as a point of reference, not as an instrument around which to construct a portfolio. This philosophy has served us well in our U.S. and global equity mandates, and to date, has offered the same positive outcome in the Calamos International Growth strategy. To learn more about our non-U.S. and global equity strategies, please visit www.calamos.com/institutional. Information provided includes performance, portfolio characteristics, and portfolio commentary for the Calamos International Growth, Calamos Global Growth, and the Calamos Emerging Economies strategies.

Past performance does not guarantee or indicate future results. 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 opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

The results portrayed on the preceding pages are supplemental information to the Calamos International Growth Composite and as such only relate to the representative portfolio shown. 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. Returns presented reflect the Calamos International Growth Composite, which is an actively managed composite primarily investing in common stocks issued by companies outside the United States. The Composite was created February 16, 2006 calculated with an inception date of April 1, 2005 and includes all fully discretionary fee paying accounts of $500,000 or more, including those no longer with the firm. The composite includes all fully discretionary fee-paying accounts. Accounts valued at less than $500,000 are not included. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

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 market performance of developed markets, excluding the United States, and emerging markets.

The **MSCI EAFE Growth Index** is an arithmetic, market value-weighted average of the performance of growth stocks listed on the stock exchanges of selected countries in Europe, the Far East and Australia. The index is calculated on a total return basis, which includes reinvestment of gross dividends before deduction of withholding taxes.

The index is calculated on a total return basis, which includes reinvestment of gross dividends before deduction of withholding taxes. 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.

The Supplemental Information contained in this presentation supplements the compliant composite presentation.

Terms Alpha: The incremental return of a manager when the market is stationary, or the return due to non-market factors. Debt/Capital ratio is a measure of a company's financial leverage, calculated as the company's debt divided by its total capital. Excess returns: Returns in excess of the benchmark. A positive excess return indicates that the manager outperformed the benchmark for that period. Information ratio: A measure of the value added per unit of active risk by a manager over the index. A positive ratio indicates "efficient" use of risk by the manager. PEG ratio is the price/earnings ratio divided by estimated earnings growth rate in the next year; a lower PEG indicates that less is being paid for each unit of earnings growth. ROIC (Return On Invested Capital) measures how effectively a company uses the money invested in its operations, calculated as a company's net income minus any dividends divided by the company's total capital. Sharpe ratio: A measure of the excess return over the risk free rate per unit of risk in an investment strategy. Upside capture and downside capture: A measure of a manager's performance in up or down markets, respectively, relative to the market itself.

Source: eVestment Alliance.

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