

CALAMOS GLOBAL CONVERTIBLE FUND

Even When the Macro is Murky, Global Convertibles Offer Clear Opportunities

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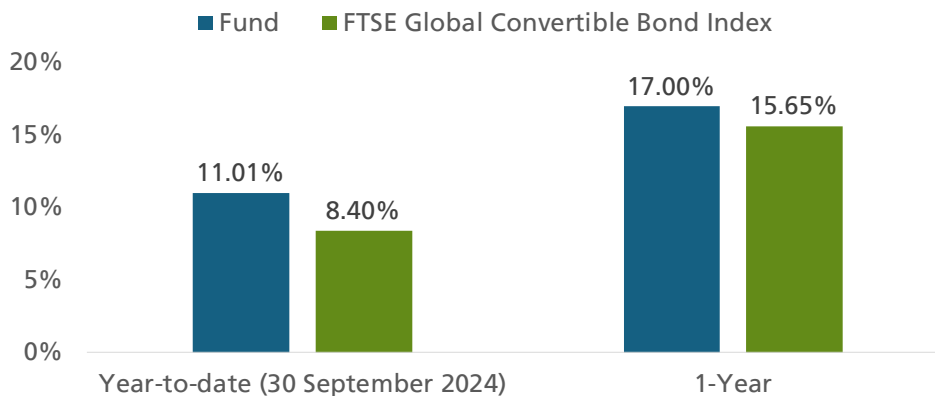


Key Points:

- » Calamos Global Convertible Fund advanced in line with the FTSE Global Convertibles Index during the quarter and leads for the year-to-date and one-year periods.
- » Election and geopolitical unknowns set the stage for continued short-term turbulence in equity markets; global convertibles can remain an attractive choice for participating in the upside while mitigating risk to the downside.
- » Bottom-up security selection drives portfolio positioning; sector and country weights are the end results, not starting points.
- » While we would not describe our positioning as defensive, we are highly intentional with the risks we are taking.

Calamos Global Convertible Fund: YTD, 1-Year Outperformance versus Global Convertible Market

Data through 30 September 2024



Political uncertainty remains high and goes beyond who will win the US presidential election. Even if we had a crystal ball to see that election outcome, how the market would respond would still be anyone’s guess. In the short term, we may well see a relief pop in the equity market if there is a clear winner, no matter who it is. But even with a decisive outcome, fiscal policy uncertainty isn’t going away anytime soon.

Over recent years, “never before seen” has become the norm on the political side, and there’s every reason to expect it to continue. That makes it hard to quantify the risks. We believe the best approach is to be especially deliberate in our positioning. We would not describe our stance as defensive, but we are committed to avoiding unwanted risk. For example, convertibles vary in equity and fixed-income sensitivity levels, and we are staying in the middle ground. Our emphasis on balanced convertibles provides us with the opportunity to participate in a healthy degree of equity market upside with the goal of shielding us from the worst of the downside, should markets tumble.

Through the third quarter, global convertible issuance has remained healthy, although it has settled into a more measured pace as the year has progressed. During the third quarter, companies issued \$22 billion in convertibles, bringing year-to-date issuance to \$82 billion, led by the US at \$52 billion. These totals compare with \$61 billion and \$41 billion, respectively, at this same point last year.

We continue to see plenty of issues coming to market with attractive risk/reward characteristics. From a regional standpoint, Asia ex-Japan issuance has been strong this year, especially in the first quarter. We’ve seen billion-dollar-plus deals with favorable terms, and we’ve been happy to participate. In contrast, issuance coming out of European companies has been sluggish.

GLOBAL CONVERTIBLE ISSUANCE CONTINUES TO PROVIDE AN AMPLE HUNTING GROUND



Source: ICE BofA Global Research. Data as of 30 September 2024

Even with the Fed moving to cut rates, there’s still an incentive for companies to issue convertibles to lower borrowing costs, and we expect many companies will refinance maturing convertible paper with new issues. If the equity market sees a relief rally after the US election, that could also drive a wave of new convertible issuance.

As at the start of the quarter, the fund’s largest allocations at quarter-end were to companies in the consumer discretionary sector, followed by information technology. Our consumer discretionary allocation is significantly higher than the FTSE Global Convertible Index. Meanwhile, our largest country allocations are to the United States, followed by China. The fund is modestly underweight to the United States and overweight to China, with several tech-oriented and consumer-facing Chinese companies among our largest positions. On the face of it, this may prompt some to think we are bulled-up on China and Chinese consumer plays, but our positioning reflects bottom-up considerations and the structures of individual issuers. In other words, we’re bullish on the names we hold rather than making a bullish call on China.

Data as of 30 September 2024

ANNUALISED RETURNS (%)	1-MONTH	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE A SHARE INCEPTION	SINCE I SHARE INCEPTION
Calamos Global Convertible Fund							
I Shares - USD Acc. (5/10/09)	3.19	17.00	-1.42	7.24	6.12	N/A	6.28
A Shares - USD Acc. (27/11/07)	3.16	16.32	-2.01	6.62	5.49	3.75	N/A
FTSE Global Convertible Index	3.15	15.65	-0.86	7.44	5.56	5.17	6.44
MSCI World Index	1.87	33.03	9.61	13.59	10.65	7.73	10.93

Performance data quoted represents past performance, and may not be a reliable guide to future results. Performance data quoted does not include the Fund's maximum 5% front-end sales charge. Had it been included, the Fund's returns would have been lower. Performance shown reflects the management fee. All performance shown assumes reinvestment of dividends and capital gains distributions. Returns for periods less than 12 months are not annualised. See important end disclosures.

Opinions, estimates, forecasts, and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. The views and strategies described may not be appropriate for all investors. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations.

The **FTSE Global Convertible Index** is designed to broadly represent the global convertible bond market. The **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. 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.

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