

**CALAMOS GLOBAL CONVERTIBLE FUND**

## Global Convertibles for a Surprising World

By Eli Pars, CFA

*Co-CIO and Senior Co-Portfolio Manager***Key Points:**

- » We believe investors should be prepared for choppy markets and that convertible securities offer many advantages for pursuing upside amid turbulence.
- » The first quarter saw strong new issuance, which we expect to continue.
- » We are finding many global convertible securities that offer exposure to growth opportunities, with attractive structural downside risk mitigation.

We have been surprised at the resiliency of the US economy and the equity market. We've also been surprised that raising overnight rates 500 basis points hasn't yet created more disruptions for businesses. And, then of course, we have the US presidential election. Regardless of who ultimately wins, we believe that investors should not be surprised if there are some twists and turns along the way.

We certainly can't complain about this supportive environment, but we're also mindful that some investors and areas of the capital market may be getting ahead of themselves. Our job is not only to understand and capture the opportunities of the current landscape, but also to position the fund ahead of future turns.

All in all, there seem to be plenty of reasons why some might want to hedge. Global convertible securities are up to the task, in our view. They offer the opportunity for upside participation because of an embedded option that benefits from upside volatility and downside risk mitigation through their fixed income characteristics.

Moreover, we're seeing many encouraging trends in the global convertible market as companies issue securities with favorable terms, such as higher coupons and lower conversion premiums. Levels of issuance are also robust. During the first quarter, global convertible issuance totaled \$25 billion, well ahead of last year's pace. We expect that new issuance will continue to energize the convertible market for at least the next year or two, given the large maturity walls approaching in the investment-grade bond, high-yield debt, and convertible markets. With interest rates at current levels, we believe that many issuers seeking to refinance will decide that convertibles are the most attractive choice. We also anticipate increased breadth in the convertible market, with more investment-grade companies issuing convertibles.

## GLOBAL CONVERTIBLE ISSUANCE: SETS A BRISK PACE IN 1Q 2024



Source: BofA Global Research.

Reflecting our focus on participating in equity opportunity while remaining mindful of risk, Calamos Global Convertible Fund currently emphasizes convertibles that offer balanced levels of equity-sensitivity and fixed-income sensitivity. The fund's largest allocations include information technology, consumer discretionary, and health care. From a regional standpoint, US companies represent the largest weighting, followed by emerging Asia and Europe. The portfolio includes companies positioned at the forefront of many global secular growth trends, ranging from AI innovators to businesses capitalizing on global demographic trends, such as growing household wealth in India.

We continue to find many opportunities in the new issuance market. We've been taking advantage of refinancing trends and have been able to invest in companies we already liked and now can like even more with higher coupons and lower conversion premiums. We've also initiated exposure to companies, including higher-octane companies in fast-growing areas, while taking on less exposure to downside than equity investors do.

DATA AS OF 31/3/24

### CALAMOS GLOBAL CONVERTIBLE FUND AVERAGE ANNUAL RETURNS (%)

	QTD	1-MONTH	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE A SHARE INCEPTION	SINCE I SHARE INCEPTION
<b>Calamos Global Convertible Fund</b>								
I Shares - USD Acc. (5/10/09)	4.55	2.62	12.09	-3.01	6.50	5.38	N/A	6.06
A Shares - USD Acc. (27/11/07)	4.40	2.63	11.41	-3.58	5.87	4.76	3.51	N/A
Refinitiv Global Convertible Bond Index	1.81	2.13	9.38	-2.39	6.45	4.78	4.93	6.21
MSCI World Index	9.01	3.27	25.72	9.13	12.63	9.97	7.38	10.63

**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 **Refinitiv Global Convertible Bond 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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# CALAMOS<sup>®</sup>

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