

# Global Convertible Fund Quarterly Commentary



## Fund Overview

The fund invests in global convertible securities, striving to balance risk/reward while providing growth and income.

## Market Overview

The third quarter of 2023 began with a continuation of the equity rally of the first half of the year. Amid cooling inflation, stable geopolitical risks, and slowing but healthy economic and employment conditions, investors appeared more comfortable embracing a soft-landing narrative. However, the third quarter ended on a choppy note. Despite the US Federal Reserve’s most recent pause in raising interest rates, market participants weighed the implications of the central bank’s intentions to keep rates “higher for longer.” Investors also digested the potential impacts of higher gas prices and the prospect of a US government shutdown. Against this cloudier backdrop, the convertible market declined -2.40% in the third quarter as represented by the Refinitiv Global Convertible Bond Index but held up better than the equity market as reflected by the MSCI World Index -3.36% result. The convertible structure provided defensive characteristics, affirmed by the fact that the underlying stocks of the convertible market declined -6.30% in the quarter.

*Commentary continues page 2...*

DATA AS OF 9/30/23

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

	QTD	1-YEAR	3-YEAR	5-YEAR	SINCE INCEPTION
<b>Calamos Global Convertible Fund</b>					
I Shares - at NAV (Inception—12/31/14)	-1.21	11.02	-1.01	4.59	4.95
A Shares - at NAV (Inception—12/31/14)	-1.28	10.68	-1.25	4.33	4.68
A Shares Load adjusted	-3.47	8.16	-2.00	3.85	4.10
Refinitiv Global Convertible Bond Index	-2.40	10.20	0.19	4.78	4.71
Morningstar Convertibles Category	-2.59	5.94	1.14	6.51	6.15

Index and Morningstar category data shown reflects full month periods only. If share class inception date is on or before the 15th of the month, the index or category calculation inception date begins on the first day of that month. If share class inception date is after the 15th of the month, the index or category calculation inception date begins on the first day of the following month.

*The funds' gross expense ratios as of the prospectus dated 3/1/2023 are as follows: A Shares 1.28%, C Shares 2.03% and I Shares 1.03%*

*Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. Please refer to Important Risk Information. The principal value and return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance reflected at NAV does not include the Fund's maximum front-end sales load of 2.25%. Had it been included, the Fund's return would have been lower. You can obtain performance data current to the most recent month end by visiting [www.calamos.com](http://www.calamos.com).*

Class I shares are offered primarily for direct investment by investors through certain tax-exempt retirement plans and by institutional clients, provided such plans or clients have assets of at least \$1 million. For eligibility requirements and other available share classes see the prospectus and other Fund documents at [www.calamos.com](http://www.calamos.com).

**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

Within the Refinitiv Global Convertible Bond Index, the energy (+8.1%), materials (+3.4%) and communication services (+1.0%) sectors performed best during the first quarter, whereas utilities (-6.5%), industrials (-5.7%) and health care (-5.3%) substantially trailed the index.

From a geographical region perspective, the areas that held up the best included Emerging Asia (+0.4%), Japan (-0.5%) and Emerging Latin America (-1.9%). The regions that most trailed the index return included Canada (-8.1%), Emerging Europe & South Africa (-5.0%) and Europe (-4.0%).

Convertibles in the index with the most bond sensitivity (-0.4%) outperformed those with the most equity sensitivity (-5.9%) and those with more balanced risk/reward attributes (-2.4%).

New convertible issuance continued to accelerate in the third quarter as \$21.5 billion was brought globally to market. Of that total, the US issued \$13.5 billion while Asia raised \$3.3 billion. Europe launched \$3.2 billion, and Japan introduced \$1.4 billion. These new convertible issues were brought to market with attractive terms that include higher coupons and lower conversion premiums. The year-to-date convertible issuance total of \$60.9 billion has eclipsed the \$39.5 billion issued during the entire 2022 calendar year.

## Performance Review

For the quarter ended September 30, 2023, the fund returned -1.21% (Class I shares at NAV) versus the Refinitiv Global Convertible Bond Index return of -2.40%.

## Positive Influences on Performance

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**Energy.** The fund's security selection and an average overweight stance in energy boosted relative returns. Integrated oil & gas notably helped, as did oil & gas exploration & production.

## Negative Influences on Performance

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**Materials.** Over the period, security selection and an average underweight allocation within materials detracted from performance. Positions in steel and specialty chemicals lagged.

## Geographic Performance

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The portfolio's security selection and an average overweight position in the United States boosted relative returns. In addition, favorable security selection in Emerging Asia, specifically India and Singapore, positively contributed to relative returns.

Conversely, security selection and an average underweight stance in Japan were detrimental to the portfolio's performance. Security selection and an average underweight position in EMEA set back results. Positions in Israel hurt relative performance. Additionally, our lack of representation in South Africa assisted relative returns.

## Fund Holdings - Contributors

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### **MakeMyTrip, Ltd. (MMYT)**

0.0% Convertible due 2028 | 1.3% of fund as of 8/31/23

**Profile:** MakeMyTrip, Ltd. , an online travel company, sells travel products and solutions in India, the United States, Singapore, Malaysia, Thailand, the United Arab Emirates, Peru, Colombia, Vietnam and Indonesia. The company allows travelers to research, plan, book and purchase travel services and products through its websites, mobile apps, call centers, travel stores and travel agents network. MakeMyTrip was incorporated in 2000 and is based in Gurugram, India.

**Analysis:** MakeMyTrip's (MMT) convertible and common stock rallied after the company's quarterly earnings report exceeded analyst expectations on both revenues and operating margins. We are constructive on MMT given that the company is a prominent player in India's online travel industry which is still early in its growth phase. We believe MMT is well positioned to benefit from expected online travel growth in a rapidly growing emerging economy. The convertible offers an attractive risk/reward relative to its common stock.

### **Rivian Automotive, Inc. (RIVN)**

4.63% Convertible due 2029 | 0.7% of fund as of 8/31/23

**Profile:** Rivian Automotive, Inc. designs, develops, manufactures and sells electric vehicles and accessories. The company offers five-passenger pickup trucks and seven-passenger sports utility vehicles. In collaboration with Amazon.com, the company also provides the Rivian Commercial Vehicle platform for electric delivery vans. The company sells its products directly to customers in the consumer and commercial markets. Rivian Automotive, Inc. was founded in 2009 and is based in Irvine, California.

**Analysis:** The convertible and common stock of Rivian Automotive rose strongly at the beginning of the third quarter after the company announced better-than-expected quarterly deliveries. We are constructive on Rivian, given that it is scaling production of electric trucks, SUVs and commercial delivery vehicles. We expect the demand for Rivian's products to be sustainable, as supported by the rise in gross profits and production numbers. The company should also benefit when its lower cost and higher volume R2 platform starts production in 2026. The convertible offers a means of participating in a portion of the Rivian Automotive common stock's upside, with a favorable yield advantage.

## Fund Holdings - Detractors

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### **Farfetch, Ltd. (FTCH)**

3.75% Convertible due 2027 | 0.7% of fund as of 8/31/23

**Profile:** Farfetch, Ltd. is an online platform that connects sellers and buyers of personal luxury goods in the United States, the United Kingdom and internationally. Farfetch was founded in 2007 and is headquartered in London, the United Kingdom.

**Analysis:** Farfetch's common stock and convertible declined during the quarter after the company's earnings release fell short of analyst expectations due to the effects of Russian sanctions the slowdown in the Chinese consumer. The company has relationships with Richemont and Alibaba who are invested

in securities of Farfetch and should be able to carry them through to becoming free-cash-flow breakeven. The convertible offers attractive upside participation versus downside protection versus the common stock and offers a favorable yield advantage given that the stock does not pay a dividend.

### Norwegian Cruise Line Holdings (NCLH)

1.13% Convertible due 2027 | 1.8% of fund as of 9/30/23

**Profile:** Norwegian Cruise Line Holdings Ltd. operates as a cruise company in North America, Europe, Asia-Pacific and internationally. The company was founded in 1966 and is based in Miami, Florida.

**Analysis:** Norwegian Cruise Line Holdings (NCLH) common stock and convertible declined after the company reported forward guidance that fell short of analyst expectations. We are constructive on NCLH, given our belief that sustained demand and improved cost management should drive positive revisions over time while allowing the company to deleverage its balance sheet. The convertible offers an attractive risk/reward profile and favorable yield advantage over the common stock, which does not pay a dividend.

### Positioning and Portfolio Changes

We focus on achieving the best risk/reward profile through bottom-up security selection. The global convertible market continued to see healthy issuance in the third quarter, and we have been active in the new issuance market.

We maintain a relatively defensive position versus the benchmark. The portfolio currently has an average parity delta of 0.39 versus the Refinitiv Global Convertible Bond Index at 0.42, and the portfolio is underweighted to the most equity-sensitive convertibles relative to the benchmark. The portfolio holds 12.8% in convertibles with more than 80% equity sensitivity, which is less than the 15.1% held in the benchmark. Additionally, 31.6% of the portfolio's assets reside in the balanced portion of the convertible market while 50.9% of the portfolio resides in convertibles with the most credit sensitivity. By comparison, the benchmark index has 36.5% in balanced convertibles and 48.4% in credit-sensitive convertibles. Roughly 59% of the portfolio is invested in convertibles trading below par and the weighted average yield to maturity on these below-par bonds is roughly 7.3%. With time to maturity between two to three years, we see attractive opportunities irrespective of any additional upside of the convertibles' underlying stocks.

From a sector standpoint, information technology, consumer discretionary and health care represent the largest allocations, while materials, energy and consumer staples comprise the lightest exposures. Relative to the Refinitiv Global Convertible Bond Index, the largest overweight positions include information technology, consumer staples and health care. Conversely, industrials, communication services and materials make up the largest relative underweights.

From a regional perspective on an absolute basis, the portfolio has its largest allocation in the United States, Europe and Emerging Asia, whereas the lightest allocations include Canada, Emerging Europe & South Africa and Emerging Latin America. On a relative basis, the portfolio is overweight to the United States, Emerging Europe & South Africa and Canada. Conversely, the portfolio is relatively underweight to Europe and Emerging Latin America. The war in Ukraine, inflation and the possibility of recession in Europe are macro factors that continue to influence our current underweight allocation to the region.

## Outlook

The convertible market continues to have a high percentage of securities in more bond-like structures with a relatively short time to maturity. Selectively, we see opportunities in convertibles trading at deep discounts to par, which can offer an attractive yield to maturity irrespective of any upside moves in their underlying equities.

We are finding attractive opportunities stemming from the 2022 market decline, heightened volatility, higher interest rates and increasing convertible issuance. We also continue to view convertibles as strategic allocations that should be held over full market, economic and interest-rate cycles.

**For additional information or to download a fact sheet please visit the fund's profile page:**

[CXGCX - Global Convertible Mutual Fund | Calamos Investments](#)

*Before investing carefully consider the fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information which can be obtained by calling 1-866-363-9219. Read it carefully before investing.*

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.

**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.**

### Index Definitions

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.

**Morningstar Convertibles Category** funds are designed to offer some of the capital appreciation potential of stock portfolios while also supplying some of the safety and yield of bond portfolios. To do so, they focus on convertible bonds and convertible preferred stocks.

**Convertible bonds** allow investors to convert the bonds into shares of stock, usually at a preset price. These securities thus act a bit like stocks and a bit like bonds.

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.

### Important Risk Information

An investment in the Fund(s) is subject to risks, and you could lose money on your investment in the Fund(s). There can be no assurance that the Fund(s) will achieve its investment objective. Your investment in the Fund(s) is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The risks associated with an investment in the Fund(s) can increase during times of significant market volatility. The Fund(s) also has specific principal risks, which are described below. More detailed information regarding these risks can be found in the Fund's prospectus.

The principal risks of investing in the **Calamos Global Convertible Fund** include: equity securities risk consisting of market prices declining in general, growth stock risk consisting of potential increased volatility due to securities trading at higher multiples, foreign securities risk, emerging markets risk, currency risk, geographic concentration risk, American depository receipts, mid-size company risk, small company risk, portfolio turnover risk and portfolio selection risk.

As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to potential for greater economic and political instability in less developed countries.



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