

# Calamos Global Convertible Quarterly Commentary

CALAMOS<sup>®</sup>  
INVESTMENTS

## Summary

- Calamos Global Convertible Fund invests in global convertible securities, striving to balance risk/reward while providing growth and income.
- 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.

## Investment Manager Discussion

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

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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
Calamos Global Convertible Fund								
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

Index data shown is from the first day of the month of the fund's Class I shares USD Acc. inception and last day of the month of the fund's Class A shares USD Acc. inception, since comparative index data is available only for full monthly periods.

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 Information" on the last page for more information.

All values are in USD terms unless otherwise indicated.

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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.

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.

**Eli Pars, CFA**

*Co-CIO and Senior Co-Portfolio Manager*

April 4, 2024

## Market Environment

A global macro backdrop of falling inflation and improving economic fundamentals provided a strong tailwind for the equity market in the first quarter. The global convertible market participated in the advance, as the Refinitiv Global Convertible Bond Index returned 1.81%.

Within the index, the economic sectors that performed best during the quarter included energy (+6.9%), industrials (+6.3%), and consumer staples (+3.7%). The sectors that most trailed the index included real estate (-2.4%), consumer discretionary (-2.4%), and materials (-0.5%).

Geographic regions delivered mixed results during the quarter. The areas that performed the best included Canada (+4.8%), Europe (+2.2%), and the United States (+2.0%), whereas Emerging Latin America (-6.7%), Emerging Europe & South Africa (-0.2%), and Japan (+0.2%) most trailed the index.

Convertibles in the index with more balanced risk-reward attributes (+2.3%) outperformed those with the most equity sensitivity (+1.8%) and bond sensitivity (+1.5%).

In the first quarter, \$25.2 billion in new convertibles were brought globally to market. The United States led convertible issuance higher with \$20.8 billion, Japan raised \$2.9 billion in issuance, Europe launched \$1.1 billion, and Asia ex-Japan introduced \$400 million. These new convertible issues offer attractive terms, including higher coupons and lower conversion premiums.

## Performance Review

For the quarter ended March 31, 2024, the fund returned 4.55% (Class I shares USD accumulating) versus the Refinitiv Global Convertible Bond Index return of 1.81%.

### Positive Influences on Performance

**Consumer Discretionary.** The fund benefitted from security selection and an average overweight position in consumer discretionary. Hotels, resorts & cruise lines notably helped, as did casinos & gaming.

**Information Technology.** Leading security selection and an average overweight allocation in information technology added to the fund's performance, especially in the semiconductor materials & equipment and systems software industries.

### Negative Influences on Performance

**Consumer Staples.** Over the period, security selection within the consumer staples sector weakened return. Personal care products was a leading detractor. In addition, our lack of representation in packaged foods & meats detracted from relative returns.

**Industrials.** An average underweight position within the industrials sector underperformed. Holdings in aerospace & defense hurt relative performance. Additionally, our lack of representation in heavy electrical equipment held back relative returns.

## Fund Holdings - Contributors

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### SCREEN Holdings Co. Ltd. (SCRN)

0.0% Convertible due 2025 | 2.5% of fund as of 3/31/24

**Profile:** Incorporated in 1943, SCREEN Holdings Co. Ltd. manufactures semiconductor production equipment and is headquartered in Kyoto, Japan.

**Analysis:** SCREEN Holding's stock and convertible bond performed well in the first quarter. The company reported earnings that beat analyst expectations and issued guidance with positive earnings estimate revisions that pointed to strong demand for its semiconductor wafer cleaning equipment amidst a cyclical recovery in semiconductor capital expenditures. In addition, SCREEN has benefited from its advanced manufacturing processes, which have provided sustained margin expansion along with operational improvements and cost reductions. We view SCREEN as an attractively valued semiconductor capital equipment company that has a strong position and increasing market share. The convertible offers an attractive means to participate in the underlying stock's upside.

### MakeMyTrip Ltd. (MMYT)

0% Convertible due 2028 | 2.5% of fund as of 3/31/24

**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 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 in its early growth phase. We think MMT is well positioned to benefit from expected online travel usage growth in a rapidly growing emerging economy. The convertible offers an attractive risk/reward relative to its common stock.

## Fund Holdings - Detractors

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### Rivian Automotive Inc. (RIVN)

4.625% Convertible due 2029 | 0.7% of fund as of 2/29/24

3.625% Convertible due 2030 | 0.3% of fund as of 2/29/24

**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 Inc., it 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 declined after the company reported mixed results and disappointed investors with weak forward earnings guidance with no expected volume growth. Despite recent industry-wide demand challenges for EVs, we have remained constructive on Rivian, given that it is scaling production across all vehicle models. We expect the demand for Rivian's products to be sustained while gross profits improve on higher production. The company should derive benefits when its lower cost and higher volume R2 platform begins production in 2026. The convertible offers attractive risk/reward and a favorable yield advantage over Rivian's common stock, which does not pay a dividend.

### NIO Inc. (NIO)

4.625% Convertible due 2030 | 0.4% of fund as of 2/29/24

**Profile:** NIO Inc. produces smart electric vehicles in China. NIO Inc. was incorporated in 2014 and is headquartered in Shanghai, China.

**Analysis:** NIO's American depositary shares declined during the quarter after the company reported lower-than-expected vehicle deliveries and the company lowered future guidance. The convertible offers a favorable yield advantage over the NIO common stock, which does not pay a dividend. Additionally, the convertible provides attractive risk/reward.

## Positioning and Portfolio Changes

We continue to focus on bottom-up company selection and actively managing security-specific risk/reward tradeoffs. A broadening out of equity market leadership could be particularly beneficial to small and mid-cap growth companies, which are well represented in the convertible universe. While we prefer balanced convertible structures that provide favorable asymmetric payoff profiles by offering potentially attractive levels of upside equity participation with less exposure to downside moves, we also see selective opportunities in the more credit and equity-sensitive areas of the global convertible market.

From a sector standpoint, the information technology, consumer discretionary, and health care sectors represent the largest allocations, while materials, real estate, and energy 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, materials, and communication services comprise significant relative underweights.

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

A significant proportion of convertibles in the market have bond-like structures with relatively short maturity times. While we have been reducing the allocation to this area, we continue to see selective opportunities in convertibles trading at deep discounts to par and offering attractive yields to maturity.

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

[Global Convertible Fund | Calamos Investments](#)

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A copy of the English version of the Supplement, the Prospectus, and any other offering document and the KIID is available at [www.gemincapital.ie](http://www.gemincapital.ie) and <http://www.calamos.com/funds/ucits>. As required under national rules, the KIIDs and any other applicable documents are also available in the official language of the relevant jurisdiction where the Fund is marketed, or in another language accepted by the national competent authorities of that jurisdiction.

A summary of investor rights associated with an investment in the Fund is available in English at [www.gemincapital.ie](http://www.gemincapital.ie). A decision may be taken at any time to terminate the arrangements for the marketing of the Fund in any jurisdiction in which it is currently being marketed. In such circumstances, Shareholders in affected EEA Member State will be notified of any decision to terminate marketing arrangements in advance and will be provided the opportunity to redeem their shareholding in the Company free of any charges or deductions for at least 30 working days from the date of such notification.

**Important Information.** 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. Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualised average. All performance shown assumes reinvestment of dividends and capital gains distributions. The Fund also offers Class C and Z shares, the performance of which may vary. Performance shown reflects the management fee.

Returns greater than 12 months are annualised. All performance shown assumes reinvestment of dividends and capital gains distributions. Sources for performance data: Calamos Advisors LLC and RBC Investor Services Ireland Limited ("RBC").

The **Refinitiv Global Convertible Bond Index** is designed to represent the global convertible market. The **MSCI World Index** is a free float-adjusted market capitalisation 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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