Global Dynamic Income Fund (CHW) 2Q22 Commentary

Overview

» Global equities declined significantly in the quarter as investors confronted elevated inflation, tighter monetary policy, and moderating economic growth. The broad-based MSCI ACWI Index returned -15.53% for the quarter with markets down across most regions.

» Inflation remained the foremost issue for US investors and policymakers, as consumer and producer prices remained stubbornly elevated, and recent inflation data was the highest in 40 years. The Federal Reserve hiked interest rates multiple times in the quarter, the most recent a 75-basis point hike, marking the largest single increase since 1994.

» European equities returned -14.17% second quarter as reflected in the MSCI Europe Index (USD terms, -8.34% in local currency). European markets and macro conditions reflected the punishing headwinds of high energy prices, supply chain constraints, and the rippling impacts of Russia’s invasion of Ukraine. Eurozone headline inflation increased by more than 8% in the period, touching a record high. The ECB is expected to raise interest rates in July.

» Japanese equities saw negative returns in the period, reflecting mixed economic data and the weaker yen. The currency continued to depreciate to a 20-year low versus the dollar, as the Bank of Japan has adhered to an ultra-loose monetary policy. Australian shares also sold off significantly in the period, though export volume rose to new record highs with both manufacturing and services benefiting from high commodity prices and global demand.

» Chinese shares rose in the quarter, and China was the only country that delivered a positive return among EMs. China finally eased its stringent zero-Covid policy, making positive changes across major cities and key industries. Brazilian shares performed poorly in the quarter, though still generated slightly positive returns in the first half. Brazil had benefited from strong commodities demand and improving consumer morale as unemployment hit its lowest level in years.

» Global convertibles declined in the quarter -12.86%, as measured by the ICE BofA Global 300 Index (in USD terms), reflecting the lower prices of their underlying equities and wider spreads. Given the challenging markets backdrop, global convertible issuance remained modest in the quarter, totaling $3.3 billion per ICE BofA data, bringing the year-to-date total to $11.2 billion.

ASSET ALLOCATION

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>49.7</td>
</tr>
<tr>
<td>Convertibles</td>
<td>18.5</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>13.2</td>
</tr>
<tr>
<td>US Government Securities</td>
<td>11.7</td>
</tr>
<tr>
<td>Cash and Receivables/Payables</td>
<td>3.0</td>
</tr>
<tr>
<td>Options</td>
<td>2.2</td>
</tr>
<tr>
<td>Bank Loans</td>
<td>1.5</td>
</tr>
<tr>
<td>Preferred Stock</td>
<td>0.1</td>
</tr>
<tr>
<td>Warrants</td>
<td>0.0</td>
</tr>
</tbody>
</table>

The portfolio is actively managed. Holdings and weightings are subject to change at any time without notice. Asset Allocation Weightings are calculated as a percentage of Managed Assets.

ANNUALIZED TOTAL RETURN AS OF 6/30/22 (%)

<table>
<thead>
<tr>
<th></th>
<th>QTD</th>
<th>1-YEAR</th>
<th>3-YEAR</th>
<th>5-YEAR</th>
<th>10-YEAR</th>
<th>SHARE INCEPTION (06/27/07)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On Market Value</td>
<td>-20.95</td>
<td>-31.75</td>
<td>4.40</td>
<td>5.66</td>
<td>8.12</td>
<td>4.77</td>
</tr>
<tr>
<td>On NAV</td>
<td>-21.77</td>
<td>-27.37</td>
<td>2.75</td>
<td>4.24</td>
<td>7.06</td>
<td>4.85</td>
</tr>
</tbody>
</table>

Source: Calamos Investments

Returns of less than 12 months are cumulative returns. Returns for periods greater than 12 months are annualized returns. Total return measures net investment income and capital gain or loss from portfolio investments as an annualized average. In calculating net investment income, all applicable fees and expenses are deducted from the returns.

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. 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.

You can purchase or sell common shares daily. Like any other stock, market price will fluctuate with the market. Upon sale, your shares may have a market price that is above or below net asset value and may be worth more or less than your original investment. Shares of closed-end funds frequently trade at a market price that is below net asset value. Please refer to back page for important notes. All values are in USD terms unless otherwise indicated.
High yield credit spreads were substantially wider. Having drifted from post-Covid averages at the close of the previous quarter, credit sold off aggressively into quarter end as the market repriced higher recession risk.

Distributions Remained Competitive
The fund maintained a monthly distribution of $0.0700 throughout the quarter. The fund’s current annualized distribution rate was 12.32% of market price as of June 30, 2022. We believe that the fund’s monthly distributions are highly competitive, given that low interest rates and yields still remain the norm throughout much of the global marketplace despite recent Fed moves. For example, the 10-year US Treasury bond yield was 2.98%, the S&P 500 Index yield was 1.71% and the ICE BofA US High Yield Master II Index was 8.88% as of June 30, 2022.

Our policy is to pay a distribution reflective of both the fund’s past results and projected earnings potential. Monthly distributions paid may include net investment income, net realized short-term capital gains and, if necessary, return of capital. We focus on delivering an attractive monthly distribution, while maintaining a long-term focus on risk management.

Performance Review
In this fund, we employ a highly flexible approach, investing in equities, convertible securities and high yield securities. This serves to allow optimal employment of active management among several asset classes around the world in order to seek the best opportunities for our shareholders. Over full market cycles, we believe that our multi-asset class global approach offers advantages in providing competitive distributions and total return.

For the quarter ended June 30, 2022, the fund returned -20.95% on market price and -21.77% on NAV versus -13.60% for the blended comparative index (40% MSCI ACWI Index, 30% Refinitiv Global Convertible Bond Index and 30% Bloomberg US High Yield 2% issuer Capped Bond Index) over the same period.

Contributing Factors. Compared to the blended comparative index, our selection in health care, specifically in pharmaceuticals, was beneficial to return. In addition, our overweight in the in soft drinks industry of consumer staples, helped performance relative to the index.

Our selection in Danish securities proved helpful to returns relative to the index for the period.

Detracting Factors. Compared to the blended comparative index, our selection in the materials sector, namely an overweight in copper, was a drag on returns. In addition, our selection and overweight in the information technology sector, notably in semiconductors, underperformed relative to the index.

Our overweight and selections in Taiwan securities was detrimental to returns relative to the index for the period.

Overall Positioning
Common stocks represented approximately 50% of managed assets, as of June 30, 2022, followed by convertible securities at approximately 19%. Our equity holdings offer our customers exposure to opportunities in global stock markets, while our convertibles present a way to participate in the upside of the equity markets in a more risk-managed manner while earning income for distributions. Continued high levels of global issuance is expected to provide access to multiple sectors and geographical regions. We are cognizant of the fact that rising interest rates and volatility can have an effect on longer-term fixed income securities, and we manage the fund with this in consideration. The weighted average duration of our bond holdings is approximately 2.5 years. Approximately 33% of our fixed income holdings are invested in non-rated securities. This allows us to apply our proprietary research capabilities to extract value on behalf of our shareholders. In addition, our exposure to lower credit was limited with less than 2% of our portfolio invested in CCC or lower rated bonds. As of June 30, 2022, approximately 58% of our portfolio was invested in US-based securities, as we believe they offer some of the best current opportunities within
our parameters. This is consistent with our current belief that the US will continue to provide global growth leadership.

We maintained a preference for larger-cap quality growth-oriented companies with global presence. Given our current views, we favor quality companies that derive a large part of their revenues from the US consumer. We believe that such companies are particularly well positioned to capitalize on pent-up demand by consumers as a large swath of the economy reopens and will be less susceptible to market repricing of financial assets as interest rates increase.

In keeping with our emphasis on risk management, we continue to target those companies that have respectable balance sheets, solid free cash flow, good prospects for sustainable growth and reliable debt servicing. We believe such companies will be less vulnerable to any market volatility and potentially rising interest rates.

The portfolio’s largest absolute allocations are found in information technology, financials, and consumer discretionary sector that constituting approximately 38% of our holdings in the aggregate, while our lightest exposures are in materials, utilities and real estate.

We believe that many information technology companies offer compelling fundamentals given the increased focus on online versus physical events and commerce, which appears to have staying power despite the fact that people are coming out of isolation. In addition, we believe that the consumer discretionary sector will benefit as US consumers emerge from the Covid crisis and unleash pent-up demand for a breadth of reopened services. We think that financial companies will also benefit as consumers seek financing for purchases at still relatively attractive interest rate levels, and financials are typically well situated to benefit from lending in a rising interest rate environment.

As noted, our pursuit of yield is in the context of our risk-managed approach to total return. Reflecting this, the portfolio includes a blend of high yield, as well as investment-grade credits. We believe it is particularly important to favor companies that offer the best prospects for reliable debt servicing, especially given the challenges that exist in the current market environment. Companies with strong balance sheets are our focus, as they are more apt to thrive post-Covid.

**Leverage**

We believe that a recovering economic environment is conducive to the prudent use of leverage as a means to enhance total return and support the fund’s distribution rate. With borrowing costs remaining relatively low, we believe our use of leverage will benefit our shareholders as we take advantage of current market valuations and the prospects for economic revival post-Covid. We are quite comfortable with our blend of both floating and fixed rate borrowing facilities. As of June 30, 2022, our approximate amount of leveraged assets was 33%, which in the range of our historical average.

**Outlook**

Global markets continue to navigate a set of formidable crosscurrents. We are analyzing many aspects of economic activity alongside key policy actions, corporate earnings, and the geopolitical backdrop. With inflationary pressures persisting and monetary policy tightening, the markets remain uncertain, and we expect global equity volatility will continue until these risks resolve. Despite this complicated backdrop, we continue to identify ways to capitalize on volatility, including opportunities at both the sector and thematic level.
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Important Fund Information

The goal of the managed distribution policy is to provide investors a predictable, though not assured, level of cash flow. Monthly distributions paid may include net investment income, net realized short-term capital gains, and, if necessary, return of capital. Maintenance of this policy may increase transaction and tax costs associated with the Fund.

A credit rating is a relative and subjective measure of a bond issuer’s credit risk, including the possibility of default. Credit ratings are assigned to companies by third-party groups, such as Standard & Poor’s. Assets with the highest ratings are referred to as “investment grade” while those in the lower tiers are referred to as “noninvestment grade” or “high yield.” Ratings are measured using a scale that typically ranges from AAA (highest) to D (lowest). Leverage creates risks that may adversely affect return, including the likelihood of greater volatility of net asset value and market price of common shares; and fluctuations in the variable rates of the leverage financing. The ratio is the percent of total managed assets.

The Fund may invest up to 100% of its assets in foreign securities and invest in an array of security types and market-cap sizes, each of which has a unique risk profile. As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities. These include fluctuations in currency exchange rates, increased price volatility, and difficulty obtaining information.

Investments in the Fund lower-rated securities involving substantial risk of loss and present greater risks than investments in higher rated securities, including less liquidity and increased price sensitivity to changing interest rates and to a deteriorating economic environment. Fixed income securities are subject to interest rate risk; as interest rates go up, the value of debt securities in the Fund’s portfolio generally will decline. There are certain risks associated with an investment in a convertible bond such as default risk — that the company issuing a convertible security may be unable to repay principal and interest, and interest rate risk — that the convertible may decline in value as interest rates increase. Owning a bond fund is not the same as directly owning fixed income securities. If the market moves, losses will occur instantaneous, and there will be no ability to hold a bond to maturity. The principal risks of convertible arbitrage are Convertible Securities Risk and Convertible Hedging Risk. Convertible Securities Risk. The value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also may have an effect on the convertible security’s investment value. Convertible Hedging Risk. If the market price of the underlying common stock exceeds above the conversion price on a convertible security, the price of the convertible security will increase. The Fund’s increased liability on any outstanding short position would, in whole or in part, reduce this gain.

The Fund may invest in derivative securities, including options and swap agreements. The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. There is no assurance that any derivative strategy used by the Fund will succeed. One of the risks associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised. The Fund may seek to purchase index put options to help reduce downside exposure however, the effectiveness of the Fund’s index option-based risk management strategy may be reduced if the Fund’s equity portfolio does not correlate to the performance of the underlying option positions. The Fund also risks losing all or part of the cash paid for purchasing index options. Unusual market conditions or lack of a ready market of any particular option at a specific time, may reduce the effectiveness of the Fund’s option strategies, and for these and other reasons the Fund’s option strategies may not reduce the Fund’s volatility to the extent desired. From time to time, the Fund may reduce its holdings of put options, resulting in an increased exposure to a market decline.

Parties entering an interest rate swap take on exposure to a given interest rate; the exposure can be long or short depending on whether a counterparty is paying or receiving the fixed rate. At the same time, each party takes on the risk—known as counterparty credit risk—that the other party will default at some time during the life of the contract. The MSCI ACWI (All Country World Index) is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance of developed and emerging markets. The index is calculated in both US dollars and local currencies.

The ICE BofA Global 300 Convertible Index is a global convertible index composed of companies representative of the market structure of countries in North America, Europe and the Asia/Pacific region. The ICE BofA US High Yield Master II Index consists of below investment grade US dollar denominated corporate bonds that are publicly issued in the US domestic and Yankee bonds. Issues included in the index have maturities of one year or more and have a credit rating lower than BBB-/Ba3, but are not in default. The index includes domestic high-yield bonds, including deferred interest bonds and payment in kind securities. Source: ICE Data Indices, LLC, used with permission. ICE permits use of the ICEBofAML indices and related data on an “as is” basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML Indices or data included in related to, or derived therefrom, assumes no liability in connection with the use of the foregoing and does not sponsor, endorse or recommend Calamos Advisors LLC or any of its products or services.

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Terms

A Managed Distribution Policy is an investment company’s commitment to common shareholders to provide a predictable, but not assured, level of cash flow. Market Price refers to the price at which shares of the Fund trade in the market. NAV or Net Asset Value refers to the net value of all the assets held in the Fund. IPO Price refers to the initial public offering price for shares of the Fund.

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