

Emerging Market Equity Strategy

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INVESTMENTS

Market Overview

Emerging markets delivered strong gains in the quarter, with the MSCI Emerging Markets Index returning 9.97% (in USD terms, +9.86% in local currency). Emerging markets advanced against the backdrop of a more dovish Federal Reserve policy, trade talks between the U.S. and China, and capital inflows from global investors. Chinese stocks rallied sharply in the period as the country implemented multiple measures to boost stimulus. On a dour note, macro data continued to show slower growth. China's manufacturing activity continued to be sluggish, as industrial output came in below estimates. However, Chinese retail sales and services PMI have shown signs of positive inflection lately. Indian stocks navigated a mixed-return environment over the quarter. Equities rallied recently in response to a central bank interest rate cut and positive sentiment ahead of spring elections. This turn marked a reversal from the relative weakness earlier in the year on the heels of slower economic data. Brazilian stocks saw solid gains in the quarter; most economic data pointed to a continued expansion as seen in manufacturing and services activity as well as an uptick in inflation data. EM strength was broad-based, with positive returns across most individual markets in the quarter. The top-performing EM countries in the period included China (+17.69%) and Colombia (+24.84%) in USD terms, while laggards included Turkey (-2.95%) and Qatar (-3.51%).

Performance Review

For the quarter ended March 31, 2019, the portfolio generated a positive return of 12.55%, strongly outperforming the MSCI Emerging Markets return of 9.95%. The portfolio's investments in higher-quality growth businesses outpaced the index, as many of these emerging market companies benefited from a pivot to a fundamentally oriented trading environment.

Positive Influences on Performance

Consumer Staples. The portfolio's security selection in consumer staples added to relative performance. In particular, positions in the distillers & vintners industry and names in the personal products industry promoted return.

Energy. Security selection in energy added to the portfolio's performance, especially within the oil & gas exploration & production and refining & marketing industries.

Negative Influences on Performance

Industrials. Over the period, security selection within the industrials sector hurt relative returns, as holdings in the construction & engineering and airlines industries landed short.

Real Estate. Trailing selection in real estate held back return. Specifically, real estate development and our lack of exposure in diversified REITs curbed results.

CALAMOS EMERGING MARKET EQUITY STRATEGY RETURNS

	QTR ENDING 3/31/19	1-YEAR	3-YEAR	5-YEAR	SINCE INCEPTION (12/13)
Calamos Emerging Market Equity Composite					
Gross of Fees	12.55%	-12.87%	7.92%	1.45%	1.40%
Net of Fees	12.26	-13.83	6.75	0.35	0.30
MSCI Emerging Markets Index	9.95	-7.07	11.08	4.05	3.44

Source: Calamos Advisors LLC.

Past performance is no guarantee of future results.

Data as of 3/31/19.

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REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE MSCI EMERGING MARKETS INDEX

FIRST QUARTER 2019

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Consumer Staples	88	
Energy	56	
Communication Services	50	
Financials	45	
Consumer Discretionary	32	
Health Care	20	
Utilities	15	
Materials	14	
Information Technology	1	
Real Estate		-6
Industrials		-23

Attribution based on gross of fee performance with dividends reinvested. Performance attribution excludes any government/sovereign bonds or options on broad market indexes the portfolio may hold.

Past performance is no guarantee of future results.

Source: Calamos Advisors LLC. Data as of 3/31/19.

Geographic Performance

The portfolio's favorable security selection and underweight allocation in Emerging Asia helped drive relative returns. In particular, holdings in China and South Korea outperformed.

On the other hand, security selection in Emerging Latin America negatively impacted the portfolio's performance. Specifically, Brazil and Mexico trended downward.

In terms of economic sectors, the largest allocations reside in financials and information technology on an absolute basis, whereas the smallest allocations are found within health care and real estate. On a relative basis, internet & direct marketing retail and distillers & vintners are our largest overweight industries. The portfolio is underweight to energy and materials, with integrated oil & gas and steel comprising industry underweight positions in these sectors.

Allocations to consumer discretionary and information technology rose during the period with increased weights in internet & direct marketing retail and technology hardware, storage & peripherals.

By contrast, allocations to communication services and consumer staples decreased over the period with reductions to cable & satellite and hypermarkets & super centers.

From a regional standpoint, the portfolio's largest weights are in Emerging Asia and Emerging Latin America. On the contrary, Europe and EMEA represent the smallest absolute weights. We maintain overweight allocations to the United States and Emerging Latin America, while the portfolio has an underweight stance in EMEA and Emerging Asia versus the index. Allocations to Emerging Asia rose during the period, with increased weights in China and Hong Kong. By contrast, the allocations to the United States decreased over the period.

Positioning and Portfolio Changes

We have a positive view of the investment opportunities in EM and we own a significant position in the financials, technology, consumer discretionary and communication services sectors. We favor businesses in internet retail, interactive media & services, diversified banks and insurance, and select semiconductor areas. Specifically, we look for leading growth fundamentals, large addressable markets, and alignment with our key secular themes.

We hold a significant allocation in financials, with relatively more weight in higher-quality emerging market businesses, which are benefitting from expanding opportunities and attractive valuations in banking and insurance. We hold moderate weights in energy and materials, with a blend of opportunities that are reaping the benefits of attractive global supply-and-demand fundamentals and earnings growth potential. We have an underweight stance in more defensive, highly regulated areas such as utilities (no exposure) and real estate, while we favor diversified growth opportunities in consumer staples that address key areas of demand.

From a geographic perspective, we own significant weights in Emerging Asia and Latin America based on our view of improved

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SECTOR ALLOCATIONS VERSUS THE MSCI EMERGING MARKETS INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI EMERGING MARKETS INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/18 (PCT. POINTS)	UNDER/OVERWEIGHT %
Financials	23.9	24.1	-0.3	-0.2
Information Technology	18.2	14.6	0.6	3.7
Consumer Discretionary	17.4	13.4	3.1	4.0
Communication Services	12.7	12.3	-2.8	0.4
Industrials	6.2	5.4	0.9	0.9
Consumer Staples	5.6	6.4	-2.3	-0.8
Materials	5.4	7.4	-1.5	-2.0
Energy	4.9	8.1	1.1	-3.2
Real Estate	3.6	3.2	0.0	0.4
Health Care	2.1	2.6	1.2	-0.6
Utilities	0.0	2.5	0.0	-2.5

This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or broad-based index hedging securities/options the portfolio may hold. Sector allocations in table are based on end weights, while commentary weightings can be based on average weights. Therefore, the sector allocations table and commentary text may reference different sector assignments.

Source: Calamos Advisors LLC. Data as of 3/31/19.

LARGEST 10 COUNTRY WEIGHTS VERSUS THE MSCI EMERGING MARKETS INDEX

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI EMERGING MARKETS INDEX %	PORTFOLIO COUNTRY WEIGHTING CHANGE SINCE 12/31/18 (PCT. POINTS)	UNDER/OVERWEIGHT %
China	35.0	28.6	4.4	6.4
India	10.3	9.2	-1.6	1.1
Brazil	9.2	7.2	-0.6	2.0
South Korea	8.9	13.0	-1.9	-4.1
Taiwan	8.2	11.3	0.4	-3.1
Hong Kong	4.7	4.3	1.2	0.3
United States	3.7	0.0	-1.5	3.7
Indonesia	3.1	2.2	-0.9	0.9
South Africa	3.0	5.8	-0.3	-2.7
Peru	2.4	0.4	0.8	2.0
Developed Markets	11.8	4.4	2.1	7.4
Emerging Markets	88.2	95.6	-2.1	-7.4

This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Largest country weights table excludes cash and any broad index options, and are based on end-of-period weights. Additionally, companies are classified geographically according to their country of domicile. Country weightings referenced in the commentary are based on average weights and are classified geographically according to their country of risk. Therefore, country assignments referenced in the table versus the commentary text may differ.

Source: Calamos Advisors LLC. Data as of 3/31/19.

company fundamentals and macro developments, specifically in

China, India, Brazil and Taiwan.

Conclusion

Global corporate and macroeconomic data has been mixed versus

expectations and reflects moderate global growth conditions.

Global monetary policy remains accommodative and multiple

central banks have adopted a more dovish and patient stance

on future actions. We are actively monitoring key macro issues

for emerging markets including global trade negotiations, and

central bank policy, as well as consumption data and the industrial

economy in China. While markets remain at a key juncture, we

have seen multiple developments in global policy that bode well.

Emerging market earnings growth is positive, equity valuations

are attractive, and investor sentiment and capital flows are

turning more favorable. Many companies with higher-quality

fundamentals and sustainable growth characteristics are

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benefiting as these attributes are being rewarded by markets.

Even though a light is shining on bottom-up fundamentals, there remains a significant focus on global trade and policy issues.

From a thematic and sector perspective, we see opportunities in consumer sectors, communication services, and technology, in addition to higher-quality financials and a set of cyclical companies across sectors. We believe our active and risk-managed investment approach positions us well to navigate the risks and opportunities in emerging markets.

Past performance does not guarantee or indicate 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.

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It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

Investments in overseas markets pose special risks, including currency fluctuation and political risks, and the strategy is expected to be more volatile than that of a U.S. only strategy. These risks are generally intensified for investments in emerging markets.

The results portrayed on the preceding pages are for the Calamos Emerging Market Equity Composite. Representative holdings and portfolio characteristics are specific only to the portfolio shown at that point in time. Other portfolios will vary in composition, characteristics, and will experience different investment results. The representative portfolio shown has been selected by the advisor based on account characteristics that the advisor feels accurately represents the investment strategy as a whole.

The Calamos Emerging Market Equity Composite is an actively managed composite investing predominantly in common stocks of emerging market domiciled companies. Constituent portfolio assets are predominantly invested in equity securities of issuers whose principle activities are in a developing market or economically tied to a developing market country. The Composite was created December 1, 2013 calculated with an inception date of December 1, 2013 and includes all fully discretionary fee paying accounts, including those no longer with the Firm.

Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are annualized. Chart Data Sources: Mellon Analytical Solutions, LLC and Calamos Advisors LLC.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The index is calculated without dividends, with net or with gross dividends reinvested, in both U.S. dollars and local currencies. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect any fees, expenses or sales charges. Investors cannot invest directly in an index.

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