

Global Growth Strategy

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INVESTMENTS

Market Overview

Global equities navigated a choppy quarter but finished with broad gains, as investors responded to more dovish signals from global central banks, moderate earnings growth and a modicum of progress with trade negotiations. Developed markets saw broad gains 4.20%, as measured by the MSCI World Index (in USD terms), with U.S. stocks also advancing meaningfully, as the S&P 500 returned 4.30% in the quarter. Emerging markets faced a volatile quarter but finished higher, as the MSCI Emerging Markets Index increased 0.74%. The broad MSCI ACWI Index returned 3.80%, reflecting the trends across regions.

U.S. equities rallied in response to a more dovish Fed policy outlook and lower bond yields, while many investors maintained higher cash levels due to earnings growth uncertainty and repercussions from the trade war with China. Market projections have changed dramatically since the start of the year, and multiple rate cuts are now priced into the second half of the year. U.S. economic data has been considerably mixed with generally better readings in consumption, services and employment, offset by slowing growth in manufacturing. Corporate earnings also remain a mixed picture domestically, with year-over-growth only slightly positive yet most companies are beating estimates.

European stocks rose despite a backdrop of mixed macroeconomic data and uncertainty concerning global trade discussions and Brexit. European data was relatively weak last month as evident in select eurozone manufacturing PMI readings below the key 50 level in addition to continued softness in German industrial production and business sentiment. European Central Bank (ECB) officials announced that they expect to keep rates on hold at ultra-low levels through

the first half of 2020. As UK politics and multiple Brexit scenarios swirl about, recent economic data on UK business confidence and manufacturing have shown tepid demand, and the pound has depreciated notably. Even so, overall UK aggregate GDP growth and unemployment remain healthy.

Asian developed markets also finished higher for the quarter. Japanese stocks rose modestly amid some signs of progress on global trade highlighted during the G20 Summit in Osaka. Japan's macro data remains lukewarm with consumer price inflation ticking down to 0.7% in the latest year-on-year reading. Japan's unemployment rate held steady at 2.4% recently and remains historically low due to healthy labor demand. Japan's economy grew 0.6% quarter-on-quarter in the latest reading. Australian stocks outperformed in the quarter as the central bank cut interest rates to a record low 1.25%. Hong Kong equities battled through a volatile quarter, ultimately finishing higher along with many Asia ex-Japan markets.

Emerging markets rallied back in June after May's significant sell-off, responding to loosening financial conditions, dovish central banks, a weaker U.S. dollar and increased investor risk appetite. China and the U.S. announced multiple tit-for-tat trade barriers during the quarter. However, share prices rose in response to signs of progress in talks between Trump and Xi at the G20 Summit in late June. In terms of macro data, China's manufacturing and industrial production figures have been disappointing, while services activity and retail sales show relatively better demand for domestically focused companies and the beneficiaries of stimulus. India saw slight gains in the quarter as the country digested the results of this spring's national elections. Mexican

FIGURE 1. CALAMOS GLOBAL GROWTH STRATEGY RETURNS

	QTR ENDING 6/30/19	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (4/07)
Calamos Global Growth Composite						
Gross of Fees	5.19%	4.14%	14.17%	8.42%	13.30%	8.78%
Net of Fees	4.92	3.06	12.99	7.27	12.12	7.63
MSCI ACWI Growth Index	5.03	7.52	14.21	8.89	11.99	6.89

Source: Calamos Advisors LLC. Past performance is no guarantee of future results.
Data as of 6/30/19.

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FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE MSCI ACWI GROWTH INDEX
SECOND QUARTER 2019

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Communication Services	52	
Financials	47	
Industrials	10	
Health Care	9	
Information Technology	6	
Utilities	3	
Real Estate	0	
Consumer Staples		-7
Energy		-8
Materials		-13
Consumer Discretionary		-48

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

Past performance is no guarantee of future results.

Source: Calamos Advisors LLC. Data as of 6/30/19.

equities faced bouts of volatility in the wake of President Trump's proposed tariff on Mexican imports, though the sides ultimately agreed on measures addressing the immigration crisis to avoid near-term punitive actions.

Performance Review

For the quarter ended June 30, 2019, the portfolio returned 5.19% in line with the MSCI ACWI Growth Index return of 5.03%. Many of the portfolio's holdings in higher-quality global growth businesses performed well as markets rewarded companies with leading fundamentals.

Positive Influences on Performance

Communication Services. The portfolio's favorable security selection in communication services drove return. Holdings in the movies & entertainment and interactive home entertainment industries performed well in particular.

Financials. Leading security selection and an average overweight position in financials added to performance. The main industry contributors within this sector were financial exchanges & data and investment banking & brokerage.

Negative Influences on Performance

Consumer Discretionary. Over the period, security selection within the consumer discretionary sector hurt relative results, as holdings in the home improvement retail and internet & direct marketing retail industries lagged on a relative basis.

Materials. Selection and an average underweight position in materials negatively affected performance. Specifically, our lack of participation in industrial gases and gold held back return.

Geographic Performance

Security selection and an underweight position in Japan added to relative results. Similarly, favorable security selection in Emerging Asia also added to portfolio performance. Hong Kong was a leading contributor, and our lack of participation in South Korea assisted return.

On the flipside, security selection in the United States dragged on return. Also, selection in Europe set back performance. Specifically, Sweden and Switzerland hindered results.

Positioning Discussion

The portfolio holdings reflect a combination of core growth and more cyclical opportunities in key sectors, including information technology, consumer discretionary, communication services, financials, and health care, in terms of large absolute weights. From a sector standpoint, we made incremental adjustments to allocations during the quarter. We modestly increased the portfolio weight in technology and industrials, reflecting mainly bottom-up decisions. We offset these moves by trimming weights in consumer discretionary and consumer staples.

We have an underweight in the U.S. This stance reflects our view of decelerating growth and relatively less attractive valuation risk/reward. Our U.S. positions emphasize secular growth and higher-quality businesses with defensible business models.

We own diversified holdings in Europe with a range of end markets, including areas of domestic demand and exporters. Positioning is largely in global secular growth opportunities and regionally exposed businesses with stable, less-cyclical characteristics.

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FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI GROWTH INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI GROWTH INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 3/31/19 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	21.5	24.3	4.2	-2.8
Health Care	15.6	12.0	-0.7	3.7
Consumer Discretionary	15.0	15.1	-3.5	-0.1
Financials	14.7	8.2	3.3	6.4
Communication Services	13.8	9.8	0.4	4.0
Industrials	10.7	12.8	3.8	-2.1
Consumer Staples	5.5	8.8	-4.9	-3.3
Energy	3.2	2.1	-0.9	1.1
Materials	0.0	4.0	-0.9	-4.0
Real Estate	0.0	2.1	-0.8	-2.1
Utilities	0.0	0.7	0.0	-0.7

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 6/30/19.

FIGURE 4. LARGEST 10 COUNTRY WEIGHTS VERSUS THE MSCI ACWI GROWTH INDEX

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI GROWTH INDEX %	PORTFOLIO COUNTRY WEIGHTING CHANGE SINCE 3/31/19 (PCT. POINTS)	UNDER/OVERWEIGHT %
United States	38.7	53.2	-6.9	-14.5
China	8.0	3.5	-2.1	4.5
Canada	7.7	3.1	0.9	4.6
United Kingdom	7.3	4.7	1.6	2.6
Germany	5.5	2.7	1.8	2.8
Japan	5.3	7.0	0.4	-1.8
Australia	5.0	2.0	0.8	2.9
Netherlands	3.3	1.4	1.2	1.9
France	3.1	3.7	2.6	-0.6
India	3.0	1.0	1.0	1.9
Developed Markets	86.1	88.4	0.8	-2.3
Emerging Markets	13.9	11.6	-0.8	2.3

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 6/30/19.

We have a positive view of emerging markets and own investments within key demand areas such as interactive media & services, internet retail, higher quality banks and insurance.

reflecting aspects of secular growth and attractive demand segments. Key industries include interactive media & services, internet retail, entertainment, travel & leisure, luxury goods, and biotechnology.

We are underweight in Japan. Valuations are reasonable and monetary conditions remain highly accommodative, though tepid global growth and trade pressures are headwinds for the Japanese economy.

We see opportunities in financials, with companies reflecting improving business fundamentals, less onerous regulations in some regions, solid balance sheets and attractive valuations.

Technology, consumer discretionary, health care, financials and communication services are the largest sector weights in the portfolio,

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We have an underweight stance in more defensive areas including utilities, traditional telecoms, real estate and slower-growth consumer staples.

We are underweight in energy and materials, yet own select companies benefiting from better supply-and-demand fundamentals and earnings growth potential.

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 pivoted toward a more dovish stance recently. Markets continue to confront a set of headwinds and tailwinds, and we have seen mixed developments with respect to corporate earnings and policy resulting in a disparate turnout for global stocks. We see opportunities in global equities, reflective of moderate earnings growth, benign inflation and attractive valuations. In terms of portfolio positioning, we favor a blend of investments in secular growth and select defensive growth businesses,

in addition to a set of more cyclical companies. This positioning reflects our anticipation of moderate economic growth but also the potential for a pickup in demand conditions in the coming quarters. We favor investments in companies with earnings growth catalysts, solid cash flow generation and healthy balance sheets. From a thematic and sector perspective, we see opportunities in communications services, technology, consumer and health care companies with targeted areas of demand. Our active investment approach and long-term perspective positions us to take advantage of the volatility and opportunities in global equities.

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.

The information portrayed is for the Calamos Global Growth 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.

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Performance returns presented reflect, unless otherwise noted, the Calamos Global Growth Composite which is an actively managed composite primarily investing in a globally-diversified portfolio of equity securities. The composite includes all fully discretionary fee-paying accounts. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest. The Composite inception date is April 1, 2007.

The MSCI ACWI Growth Index is a free float-adjusted market capitalization weighted index that is designed to measure the growth equity market performance of developed and emerging markets. 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 MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Japan Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Japan. The MSCI Pacific Index captures large- and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. The MSCI World Index is a market capitalization weighted index composed of companies representative of the market structure of developed market countries in North America, Europe, and the Asia/Pacific region. The MSCI indices are calculated in both U.S. dollars and local currencies. The S&P 500 Index is a market-value weighted index and is widely regarded as the standard for measuring U.S. stock-market performance.

Unmanaged index returns assume reinvestment of any and all distributions and, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are annualized. Chart Data Source: Calamos Advisors LLC.

Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average assuming reinvestment of dividends and capital gains distributions.

Calamos Advisors LLC is a federally registered investment advisor. Form ADV Part 2A, which provides background information about the firm and its business practices, is available upon written request to:

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