Market Overview

Global equities declined significantly in the quarter as investors navigated a landscape of 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. Developed markets returned -16.05%, as measured by the MSCI World Index, and US equities returned -16.10% based on the S&P 500 Index. Emerging markets also retreated in the quarter, with the MSCI Emerging Markets Index down -11.34%, but outperformed developed markets.

The volatility in US markets reflected the impact of higher interest rates, persistent inflation, and signs of slowing economic growth. Inflation remained the foremost issue for investors and policymakers, as consumer and producer prices remained stubbornly elevated, and recent inflation data was the highest it has been in 40 years. The labor market gave off mixed signals with strong payrolls and wage data offset by increased hiring freezes and job cuts at large corporations.

From a policy perspective, 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. Chair Powell and multiple Fed governors underscored the need for price stability in the economy when discussing the Fed’s aggressive stance, including its policy stance and quantitative tightening. As more companies recently cited cost pressures, moderating demand, and the strong dollar as headwinds, US corporate earnings will be a key signpost for investors.

European equities returned -14.17% in the 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 from the war in Ukraine. Eurozone headline inflation data increased by more than 8% in the period, touching a record high with elevated prices for both producers and consumers. In terms of monetary policy, the ECB became gradually more hawkish during the period, and is widely expected to raise interest rates in July, which would mark the first hike since 2011. The ECB also discussed the design of a new instrument that aims to prevent unwarranted spikes in euro-area bond yields, with a particular focus on the periphery economies. The UK also saw mixed economic data recently, with high inflation readings appearing alongside signs of moderating confidence and demand. To stem rising prices, the Bank of England has several times raised interest rates, which may soon reach their highest level in over a decade.

Portugal and Spain relatively outperformed other markets, returning -5.40% and -8.20% in USD terms, while Sweden and Ireland trailed, returning -20.98% and -19.46%, respectively.

Asia Pacific equities sold off in the quarter, as the MSCI Pacific Index returned -14.41% (in USD terms, -6.00% in local currency). Japanese equities saw negative returns in the period, reflecting mixed economic data and a weaker yen. The yen continued to depreciate to 20-year lows versus the dollar, as the Bank of Japan has adhered to ultra-loose monetary policy, while most major central banks are hiking rates to stem inflation. Business sentiment diverged in Japan recently, as services activity touched a multi-year high, while manufacturing demand softened, reflecting supply chain hurdles and input costs.

Australian shares also sold off significantly in the period, though the

FIGURE 1. CALAMOS GLOBAL GROWTH STRATEGY RETURNS (%)

<table>
<thead>
<tr>
<th></th>
<th>QTR ENDING 6/30/22</th>
<th>1-YEAR</th>
<th>3-YEAR</th>
<th>5-YEAR</th>
<th>10-YEAR</th>
<th>SINCE INCEPTION (4/07)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calamos Global Growth Composite</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Gross of Fees</td>
<td>-18.02</td>
<td>-22.14</td>
<td>10.78</td>
<td>10.69</td>
<td>10.62</td>
<td>9.17</td>
</tr>
<tr>
<td>MSCI ACWI Index</td>
<td>-15.53</td>
<td>-15.37</td>
<td>6.71</td>
<td>7.53</td>
<td>9.32</td>
<td>5.75</td>
</tr>
</tbody>
</table>

Source: Calamos Advisors LLC. Past performance is no guarantee of future results.

Data as of 6/30/22.
All portfolio positioning and sector information is for a representative portfolio. Please see last page for additional information.
Geographic Performance

An overweight allocation and favorable security selection in Europe, notably in Denmark and France, added value to portfolio performance. Also, the portfolio benefitted from its nonparticipation in Emerging Latin America.

Contrarily, security selection in the United States curbed relative performance. Additionally, selection and an underweight stance in Emerging Asia lagged. In particular, China and Taiwan were leading detractors.

Positioning and Portfolio Changes

» We positioned the portfolio with a combination of secular and cyclical growth, commodities exposure, and select defensives.

» Technology, health care, industrials, financials, and consumer discretionary are the largest sector weights. Key industry positions

The representative portfolio information described in both charts above represents a representative account managed in the Global Growth strategy. Other clients’ portfolios may differ mainly due to individual restrictions and timing of purchases and sales. All portfolio positioning and sector information is for a representative portfolio. Please see last page for additional information.
industries include pharmaceuticals, semiconductors, diversified banks, aerospace and defense, software, and oil & gas.

- We own a range of energy and materials companies positioned to benefit from supply-and-demand dynamics and attractive capital efficiency.
- We have an underweight stance in more defensive areas including utilities, real estate, consumer staples and traditional telecoms.
- Through a geographic lens, we own a set of secular growth, cyclical, and commodity opportunities in the US based on our view of earnings growth potential and catalysts.
- We own diversified holdings in Europe with a blend of end markets and business types. Positioning largely consists of high-quality global businesses with strong balance sheets and relatively less reliance on growth in Europe.
- We own a modest weight in Japan. We own multiple companies that offer attractive business models and are positioned to benefit from improving supply chains and demand.
- We own positions in emerging markets within key demand areas such as semiconductors, interactive media, and higher quality financials.

Outlook

Global equity markets continue to navigate numerous 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.

In terms of portfolio positioning, we favor companies with advanced business models, flexible balance sheets, supportive valuations, and the ability to grow earnings in the current environment. From a sector perspective, we see opportunities in technology, health care, industrials, energy, and consumer discretionary with compelling fundamentals. Our active investment approach and long-term perspective positions us to take advantage of the volatility and opportunities in global markets.