

Global Opportunities Strategy

CALAMOS
INVESTMENTS

Market Overview

Global equities generated strong gains in the fourth quarter, with markets responding to progress on U.S. and China trade negotiations, continued loose monetary policy and improvement in key economic data. Developed markets returned 8.68%, as measured by the MSCI World Index (in USD terms, unless noted), with U.S. stocks advancing in tandem, as the S&P 500 returned 9.07% in the quarter. Emerging markets surged in the quarter and outperformed developed markets, as the MSCI Emerging Markets Index returned 11.93%. Likewise, the broad MSCI ACWI Index returned 9.07%, reflecting widespread gains.

U.S. stocks notched a series of new highs in the period, attributable to a more dovish Fed monetary policy, healthy economic data, and tangible progress in trade negotiations with China. After more than a year of mixed signals, the U.S. and China reached broad agreement on a Phase 1 Trade deal, which includes increased purchases and rollbacks on existing and planned tariffs. U.S. economic data continued to show better activity in service sectors, consumption and housing, whereas the manufacturing and the export-intensive parts of the economy posted weaker readings, reflecting the effects of prolonged trade frictions and slower global growth. The Federal Reserve implemented its third interest rate cut in October, left rates unchanged in December, and began increasing the size of the balance sheet by purchasing approximately \$60 billion in assets per month. Subsequently, the Fed has indicated rates are at an appropriate level, the economy is on solid footing, and policy will be data dependent in 2020.

European equities, as represented by the MSCI Europe Index, returned 8.89% for the quarter (+4.54% in local currency). In response to signs

of compromise on global trade and a pickup in the region's economic figures, European stocks rose in most markets. Although macro data continues to be tepid, recent upside surprises belied low expectations. While consumer spending remains healthy and unemployment is near cycle lows, eurozone inflation remains stubbornly low, and readings on manufacturing and exports are subpar. Christine Lagarde took the reins as President of the European Central Bank from Mario Draghi and presided over her first meeting in December. The ECB left rates unchanged and downgraded its growth view modestly, while Lagarde commented that she aims to be neither dove nor hawk but more akin to an owl, as the region continues to battle weak growth and low inflation. UK equities saw strong gains in the quarter, as Prime Minister Boris Johnson enjoyed a sweeping victory for the Conservative Party in the general election, finally propelling Brexit toward its next phase in 2020.

Asian markets also participated in the quarter's upside, as the MSCI Pacific Index returned 7.06% (6.41% in local currency). Japanese stocks rose but also navigated a mixed backdrop for risk assets. Loose monetary policy and a recently announced trade deal framework with the U.S. supported shares. In the wake of Japan's recent national sales tax increase, however, lower export volumes and tepid consumer demand challenged equities. Hong Kong stocks also rose over the quarter but endured a difficult year of underperformance, as months of often-violent political protests and weaker economic activity exacted a toll on markets. Australian stocks also posted gains for the quarter and full year. In an effort to bolster employment, the Reserve Bank has held interest rates unchanged at a record low 0.75%. While the economy shows

FIGURE 1. CALAMOS GLOBAL OPPORTUNITIES STRATEGY RETURNS

	QTR ENDING 12/31/19	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (10/96)
Calamos Global Opportunities Composite						
Gross of Fees	6.67%	19.98%	10.31%	6.97%	7.47%	9.29%
Net of Fees	6.53	19.39	9.62	6.23	6.65	8.33
MSCI ACWI Index	9.07	27.30	13.04	8.99	9.37	7.12

Source: Calamos Advisors LLC. Past performance is no guarantee of future results.
Data as of 12/31/19.

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

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Information Technology	22	
Consumer Discretionary	21	
Materials	15	
Real Estate	14	
Utilities	9	
Communication Services	8	
Financials		-3
Consumer Staples		-31
Industrials		-49
Health Care		-58
Energy		-59

Attribution based on gross of fee performance with dividends reinvested. Performance attribution excludes any government/sovereign bonds or broad-based index hedging securities the portfolio may hold.

Past performance is no guarantee of future results.

Source: Calamos Advisors LLC. Data as of 12/31/19.

modest GDP growth and a trade surplus, massive wildfires on the continent dominate the news cycle.

Emerging markets surged higher in the quarter, as the MSCI Emerging Markets Index returned 11.93%, in USD terms (+9.63% in local currency).

China reached agreement with the U.S. on a Phase 1 Trade deal, which included stepped up agricultural purchases and tariff rollbacks. China's manufacturing and industrial production data showed incremental improvement in the quarter, though still below long-term trends. On the other hand, China's consumer sector has continued along at a healthy clip, and the government recently announced a significant liquidity package. Indian stocks rose but trailed emerging markets overall, as the latest GDP reading of 4.5% indicated decelerating economic growth.

The administration announced multiple measures to bolster growth but recently faced a wave of protests in response to a controversial immigration law. Despite the country's challenges and the controversial Bolsonaro, Brazil's market rallied in the quarter, reflecting higher risk appetite as data continues to be relatively better than previous years. Employment continued to improve and Brazil's GDP grew 0.6% in the latest quarter, marking the strongest growth since early 2018.

Global Convertible Market

Global convertibles generated a solid advance in the quarter, as the

ICE BofA Global 300 Convertible Index (G300) returned 4.54%. U.S. convertibles participated in the robust gains of their underlying equities, with the ICE BofA All U.S. Convertibles Index returning 7.38%. European convertibles also rose returning 4.61%, while Japanese domestic convertibles returned 6.78%. Asia ex-Japan convertibles also benefited from positive risk appetite and returned 6.08%. Globally, investment-grade convertibles returned 3.62% versus the 4.88% return in below-investment grade issues, as measured by the ICE BofA Investment Grade Global Index and ICE BofA Below Investment Grade Global Index.

Global convertible issuance raised approximately \$14.2 billion in the fourth quarter. The U.S. continued to account for most of the new issuance, with approximately \$8.7 billion in new issues, although Europe and Asia also saw a reasonable amount of deal volume. Full-year issuance totaled approximately \$85.0 billion, with U.S. issuance of \$53.1 billion marking the most since 2008. Both the U.S. and total global issuance were slightly ahead of the prior year's volume, reflecting strong investor demand, high equity prices and tight credit credits.

Performance Review

For the quarter ended December 31, 2019, the composite had a positive return of 6.67%, finishing behind the MSCI ACWI Index return of 9.07%.

Positive Influences on Performance

Information Technology. The portfolio's average overweight allocation and leading security selection in information technology assisted relative performance. Specifically, our holdings in semiconductor equipment and electronic equipment & instruments represented major contributors.

Consumer Discretionary. Security selection and an average underweight stance in consumer discretionary added to performance. Our names in internet & direct marketing retail and automobile manufacturers were the main contributors within this sector.

Negative Influences on Performance

Energy. Over the period, security selection and an average overweight allocation within the energy sector hampered return, as holdings in the oil & gas exploration & production and integrated oil & gas industries waned.

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FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI INDEX %	UNDER/OVERWEIGHT %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 9/30/19 (PCT. POINTS)
Information Technology	22.2	17.2	5.0	1.6
Communication Services	13.9	8.7	5.2	0.8
Financials	13.6	16.7	-3.2	3.0
Health Care	11.3	11.7	-0.5	-2.0
Industrials	9.9	10.3	-0.4	2.6
Consumer Discretionary	9.7	10.7	-1.0	-1.0
Consumer Staples	8.0	8.0	-0.1	-4.8
Energy	4.5	5.2	-0.7	-2.4
Materials	4.4	4.8	-0.3	3.3
Utilities	1.3	3.3	-2.0	-1.0
Real Estate	1.1	3.2	-2.1	-0.1

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 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.

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

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI INDEX %	UNDER/OVERWEIGHT %	PORTFOLIO COUNTRY WEIGHTING CHANGE SINCE 9/30/19 (PCT. POINTS)
United States	44.5	54.0	-9.6	-2.3
China	8.8	3.8	5.1	-1.1
United Kingdom	5.1	4.9	0.2	-2.6
Japan	5.0	7.1	-2.1	1.8
Germany	4.5	2.5	2.0	1.0
Switzerland	3.9	3.1	0.8	-0.2
France	3.7	3.3	0.5	-2.1
Australia	3.6	2.0	1.6	0.5
Netherlands	3.5	1.5	2.1	0.3
Canada	3.5	3.0	0.5	-1.4
Developed Markets	84.4	88.1	-3.7	-2.2
Emerging Markets	15.6	11.9	3.7	2.2

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 12/31/19.

Health Care. Selection and an average underweight stance in health care held back performance. Specifically, health care supplies and our lack of participation in managed health care dampened return.

Conversely, security selection in the U.S. underperformed, as did selection and an overweight allocation in Europe. In particular, our holdings in France and Germany were leading detractors.

Geographic Performance

Security selection and an overweight position in Emerging Asia drove relative performance. Specifically, Australia and Taiwan provided gains. Similarly, the portfolio benefitted from favorable security selection and an underweight stance in Japan.

Positioning and Portfolio Changes

From a regional standpoint, the portfolio's largest weights are in the U.S. and Europe. On the contrary, Emerging Latin America and Canada represent the smallest absolute weights. We maintain relative overweight positions in Emerging Asia and Europe. Relative to the Index, the portfolio

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holds underweight allocations to the U.S. and Japan. Allocations to Japan rose during the period. By contrast, the allocations to EMEA decreased over the period with reductions to Ghana.

We maintain an underweight in the U.S. based on our view of better growth expectations overseas and less-attractive valuation risk/reward stateside. Our domestic holdings emphasize secular growth opportunities and higher-quality businesses with defensible business models.

We own diversified holdings in Europe, with a range of domestic-demand and export end markets. Our positioning is largely in global secular demand opportunities and, in some cases, regionally exposed businesses with stable, less-cyclical characteristics.

We hold select emerging markets investments within interactive media & services, internet retail, higher quality banks and insurance.

We are modestly underweight in Japan. Although monetary conditions remain accommodative and valuations are reasonable, soft global growth and trade pressures challenge many Japanese companies.

In terms of economic sectors, the largest allocations reside in information technology and communication services on an absolute basis, whereas the smallest allocations are found within real estate and utilities. On a relative

basis, the largest industry overweight positions are movies & entertainment and application software. Significant industry underweight positions are pharmaceuticals and technology hardware, storage & peripherals.

Allocations to materials and financials rose during the period with increased weights in construction materials and diversified banks. By contrast, allocations to consumer staples and energy decreased over the period with reductions to food retail and oil & gas exploration & production.

We have moderate underweights in defensive areas including utilities and real estate, while we favor exposure to select consumer staples opportunities that offer consistent growth and diversified global demand. Within energy and materials, we prefer companies benefiting from better supply-and-demand fundamentals and earnings growth potential.

Conclusion

We continue to identify opportunities in global stocks and convertible securities, benefitting from better-than-expected earnings results, benign inflation and attractive valuations. By adhering to our active risk-managed investment approach and long-term perspective, we believe the portfolio is well positioned to capitalize on both the volatility and opportunities in global markets.

Past performance does not guarantee or indicate future results. 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. There is no guarantee that the investment goals/objectives will be met. Indices are unmanaged and one cannot invest directly in an index.

The information portrayed is for Calamos Global Opportunities Strategy and as such only relate to the representative portfolio shown. 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 opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

Calamos Global Opportunities Composite is an actively managed composite that invests in a globally diversified portfolio of equity, convertible and fixed income securities, with equal emphasis on capital appreciation and current income. The Composite was created February 16, 2006, calculated with an inception date of October 1, 1996. Results include all fully discretionary accounts, including those no longer with the Firm. Results include all fully discretionary accounts, including those no longer with the Firm.

Country Return Statistics: Unless otherwise noted, country equity returns are based on the appropriate MSCI Index for the country listed.

The ICE BofAML Global 300 Convertible Index (VG00) 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 BofAML Investment Grade Global 300 Convertibles Index comprises issues of investment-grade convertible bonds and preferreds in North America, Europe and the Asia/Pacific Region. The ICE BofAML Speculative Grade Global 300 Convertibles Index comprises speculative grade convertible bonds and preferreds in North America, Europe and the Asia/Pacific Region. Source ICE Data Indices, LLC, used with permission. ICE permits use of the ICE BofAML 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.

The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The index is calculated in both U.S. dollars and local currencies. 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 S&P 500 Index is a market-value weighted index and is widely regarded as the standard for measuring U.S. stock-market performance. The MSCI indices are calculated in both U.S. dollars and local currencies.

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 Sources: 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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Attn: Compliance Officer

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