

# International Growth Concentrated Strategy

# CALAMOS<sup>®</sup>

## INVESTMENTS

### Market Overview

Global equity markets rose in the second quarter reflecting positive corporate fundamentals, progress deploying vaccines, and mainly good news with the economic reopening. For the quarter, the broad-based MSCI ACWI Index returned 7.53% with widespread gains across most regions. Developed markets returned 7.89%, as measured by the MSCI World Index, and U.S. equities returned 8.55%, as reflected by the S&P 500 Index. Emerging markets also advanced 5.12% per the MSCI Emerging Markets Index but trailed developed markets.

» European equities advanced 7.74% in the second quarter as reflected in the MSCI Europe Index (USD terms, 6.78% in local currency). Recent eurozone economic data pointed to rising momentum in the region as well as significant progress in vaccinations and reopening.

» UK equities rose 5.97% in the quarter, indicative of both significant progress on the vaccine front while the country also navigated yet another virus resurgence. The UK passed the fifth anniversary of the Brexit vote with the economy rebounding across manufacturing, services activity and housing.

» Japanese equities declined slightly in the period reflecting the impact of COVID restrictions and supply-chain pressures. Japan's consumer confidence has shown an up-and-down dynamic this year but rose in June to the highest level in 16 months.

» Australian stocks posted strong gains of almost 7% in the quarter.

Australia's economy continued its upward path, reflecting relative success in its reopening. Australia's exports recently marked a 20-month high amid improved global demand and higher commodity prices. The Reserve Bank held rates unchanged at a record low of 0.1% and affirmed their commitment to a highly supportive policy.

» Chinese shares rose modestly in the quarter but underperformed the MSCI Emerging Markets Index amid decelerating growth and increased regulatory crackdowns. India was the focus of headlines as it battled a widespread COVID-19 resurgence but also experienced strong returns in equities. New cases peaked in May, while June showed a material deceleration in cases and deaths with an uptick in vaccination numbers.

» India was the focus of news headlines as it battled a widespread COVID-19 resurgence but also experienced strong returns in equities. New COVID cases peaked in May, while June showed a material deceleration in cases and deaths with a gradual improvement in vaccination numbers. India's consumer inflation jumped recently to over 6%, as commodity prices, including crude oil, contributed to a spike.

» Brazilian equities generated the strongest returns within emerging markets in the quarter, as private sector activity rebounded, with composite PMI showing the strongest expansion since last October. The economy benefited from an acceleration in industrial activity, driven

**FIGURE 1. CALAMOS INTERNATIONAL GROWTH CONCENTRATED STRATEGY RETURNS**

	QTR ENDING 6/30/21	1-YEAR	3-YEAR	5-YEAR	SINCE INCEPTION (12/13)
<b>Calamos International Growth Concentrated Composite</b>					
Gross of Fees	7.39	52.65	22.90	18.88	11.96
Net of Fees	7.19	51.48	21.90	17.84	10.94
MSCI ACWI ex U.S. Index	5.64	36.29	9.87	11.58	6.27

Source: Calamos Advisors LLC.

**Past performance is no guarantee of future results.**

Data as of 6/30/21.

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**FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE MSCI ACWI EX U.S. INDEX**

SECOND QUARTER 2021

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Materials	53	
Information Technology	41	
Utilities	17	
Health Care	6	
Real Estate	3	
Consumer Discretionary		-1
Communication Services		-7
Energy		-15
Consumer Staples		-27
Financials		-40
Industrials		-93

Attribution represented in basis points and is 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 6/30/21.

by renewed growth in output and new orders. Despite the pickup in these aggregate figures, Brazil continues to battle high inflation and persistent unemployment.

» The DXY Dollar Index, a measure of the performance of the U.S. dollar against a basket of major world currencies, declined -0.85% for the quarter. The euro (+1.09%), Swiss franc (+2.01%), and British pound (+0.35%) appreciated in the quarter, while the Japanese yen (-0.35%) depreciated versus the dollar.

## Performance Review

For the quarter ended June 30, 2021, the portfolio generated a positive return of 7.39%, outperforming the MSCI ACWI Ex U.S. Index return of 5.64%.

## Positive Influences on Performance

**Information Technology.** The portfolio's leading security selection and average overweight stance in information technology helped buoy relative performance. Specifically, our holdings in IT consulting & other services and internet services & infrastructure were leading contributors.

**Materials.** Security selection in materials also added to the portfolio's performance. The main contributors within this sector were names in construction materials and copper.

## Negative Influences on Performance

**Consumer Discretionary.** Over the period, selection and an average overweight stance within the consumer discretionary sector hindered relative returns, as holdings in the casinos & gaming and automobile manufacturers industries lost ground.

**Financials.** Security selection within the life & health insurance and diversified capital markets industries of the financials sector also hurt results.

## Geographic Performance

From a regional standpoint, security selection and an underweight stance in Japan outperformed. There were no region detractors for this time period.

## Positioning and Portfolio Changes

The strategy's regional and country positioning reflects the combined inputs from our top-down global framework and our bottom-up security analysis. Our investment team evaluates macroeconomic factors and growth opportunities and actively integrates these into the investment decision-making process.

» We have positioned the portfolio in a combination of secular growth companies and more cyclical opportunities that encompass economically sensitive businesses poised to benefit from more-synchronized global growth in the quarters ahead.

» Information technology, consumer discretionary, industrials and financials are the largest sector weights in the portfolio. Within these sectors, we hold key positions in the interactive media & services, internet retail, semiconductors, diversified banks, apparel & luxury goods, and industrial machinery industries. We have an underweight

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**FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI EX U.S. INDEX**

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI EX U.S. INDEX %	UNDER/OVERWEIGHT %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 3/31/21 (PCT. POINTS)
Information Technology	27.6	12.9	14.7	1.7
Industrials	18.7	11.8	6.9	0.8
Consumer Discretionary	14.1	13.8	0.3	-4.9
Financials	13.0	18.6	-5.6	1.0
Health Care	10.2	9.3	0.9	3.0
Materials	9.1	8.3	0.8	-0.1
Communication Services	4.5	6.7	-2.2	-2.3
Energy	2.8	4.5	-1.8	0.8
Consumer Staples	0.0	8.5	-8.5	0.0
Utilities	0.0	3.0	-3.0	0.0
Real Estate	0.0	2.5	-2.5	0.0

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.

Source: Calamos Advisors LLC. Data as of 6/30/21.

**FIGURE 4. LARGEST 10 COUNTRY WEIGHTS VERSUS THE MSCI ACWI EX U.S. INDEX**

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI EX U.S. INDEX %	UNDER/OVERWEIGHT %	PORTFOLIO COUNTRY WEIGHTING CHANGE SINCE 3/31/21 (PCT. POINTS)
Japan	13.4	14.3	-0.9	-0.8
Netherlands	12.4	3.5	8.9	0.7
Canada	11.4	7.0	4.4	0.2
France	8.6	6.9	1.7	1.1
Switzerland	7.7	6.3	1.4	1.6
China	7.0	11.1	-4.1	-2.4
Taiwan	6.7	4.3	2.4	-0.3
Germany	6.0	5.7	0.2	0.1
Ireland	5.6	0.6	5.0	-1.8
United Kingdom	4.9	8.0	-3.0	4.9
Developed Markets	79.3	69.3	10.0	3.4
Emerging Markets	20.7	30.7	-10.0	-3.4

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 6/30/21.

stance in more defensive areas such as utilities, real estate, consumer staples and more traditional telecoms.

» In Europe, we own diversified holdings with a blend of end markets and business types. Positioning is largely in global secular demand areas and in certain economically sensitive businesses.

» Although we have an underweight position in Japan, we own several high-quality companies with leading business models set to benefit as the global recovery broadens.

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» We have a constructive view on opportunities in emerging markets. We own names in key demand areas including interactive media & services, e-commerce, semiconductors, apparel, and higher-quality financials.

## Outlook

International equities continue to navigate a range of crosscurrents. We are analyzing the economic recovery, alongside policy actions, vaccinations and corporate earnings. Global monetary policy remains accommodative and fiscal authorities are implementing an array of programs to boost economic activity.

We see many opportunities in international markets, reflective of abundant liquidity, rising earnings, and progress in vaccination efforts. Despite these potential tailwinds, we are mindful that markets will experience volatility, and we remain closely attuned to risks.

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 results portrayed on the preceding pages are for the Calamos International Growth Concentrated Strategy. 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.

Calamos International Growth Concentrated Composite is an actively managed composite that primarily invests in a concentrated number of equity securities of non-U.S. domiciled companies. The Composite was created December 13, 2013, calculated with an inception date of December 1, 2013. Results include all fully discretionary accounts, including those no longer with the Firm.

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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.

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 MSCI ACWI ex U.S. Index represents performance of large- and mid-cap stocks across developed and emerging markets excluding the United States. The MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. With 446 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe. The MSCI Pacific Index captures large- and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. With 470 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. 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 consisting of 500 stocks chosen for market size, liquidity, and industry group representation. 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.

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

Calamos Advisors LLC  
2020 Calamos Court  
Naperville, IL 60563-2787  
Attn: Compliance Officer

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INVESTMENTS

Calamos Advisors LLC  
2020 Calamos Court | Naperville, IL 60563-2787  
800.582.6959 | [www.calamos.com/institutional](http://www.calamos.com/institutional)  
Calamos Investments LLP  
62 Threadneedle Street | London, EC2R 8HP, UK  
Tel: +44 (0)20 3744 7010 | [www.calamos.com](http://www.calamos.com)

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