

International Growth Strategy



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.

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 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.

CALAMOS INTERNATIONAL GROWTH STRATEGY RETURNS

	QTR ENDING 6/30/19	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (4/05)
Calamos International Growth Composite						
Gross of Fees	6.05%	0.02%	10.61%	4.51%	10.04%	8.47%
Net of Fees	5.79	-0.95	9.54	3.50	8.98	7.42
MSCI ACWI Ex U.S. Growth Index	4.55	3.03	10.19	4.36	7.98	6.14

Source: Calamos Advisors LLC

Past performance is no guarantee of future results.

Data as of 6/30/19.

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REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE MSCI ACWI EX U.S. GROWTH INDEX

SECOND QUARTER 2019

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Health Care	52	
Information Technology	44	
Materials	39	
Industrials	35	
Financials	24	
Real Estate	7	
Communication Services	4	
Utilities	2	
Consumer Staples		-6
Consumer Discretionary		-19
Energy		-26

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.

Performance Review

For the quarter ended June 30, 2019, the portfolio generated a positive return of 6.05%, outperforming the MSCI ACWI Ex U.S. Growth Index return of 4.55%.

Positive Influences on Performance

Health Care. The portfolio's leading security selection in health care boosted return. Our holdings in pharmaceuticals and health care supplies benefited relative performance.

Information Technology. Favorable security selection in information technology added to the portfolio's performance. The main contributors within this sector were application software and semiconductors.

Negative Influences on Performance

Energy. Over the period, security selection and an average overweight position within the energy sector hurt relative returns, as holdings in the oil & gas exploration & production and integrated oil & gas industries weakened relative results.

Consumer Discretionary. Selection and an average overweight allocation in consumer discretionary, specifically in the internet & direct marketing retail and apparel, accessories & luxury goods industries, lost ground on a relative basis.

Geographic Performance

The portfolio's security selection and underweight stance in Japan contributed to relative results. Security selection in Emerging Asia also boosted portfolio performance. In particular, positions in Australia and South Korea outperformed.

Contrarily, the portfolio's security selection in Europe detracted from return. In particular, names in Sweden and the UK disappointed. In addition, security selection and an underweight allocation in EMEA underperformed. In particular, our lack of participation in Russia and South Africa held back return.

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 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.

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.

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SECTOR ALLOCATIONS VERSUS THE MSCI ACWI EX U.S. GROWTH INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI EX U.S. GROWTH INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 3/31/19 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	21.4	13.0	5.6	8.3
Consumer Discretionary	15.9	14.0	0.1	1.9
Financials	14.6	11.0	1.0	3.6
Industrials	14.2	15.0	4.7	-0.8
Health Care	13.5	11.7	0.1	1.8
Consumer Staples	7.2	16.5	-6.1	-9.2
Communication Services	5.9	7.0	-3.9	-1.1
Materials	4.2	5.7	0.0	-1.4
Energy	3.2	2.8	-0.8	0.4
Real Estate	0.0	2.1	-0.7	-2.1
Utilities	0.0	1.3	0.0	-1.3

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.

LARGEST 10 COUNTRY WEIGHTS VERSUS THE MSCI ACWI EX U.S. GROWTH INDEX

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI EX U.S. GROWTH INDEX %	PORTFOLIO COUNTRY WEIGHTING CHANGE SINCE 3/31/19 (PCT. POINTS)	UNDER/OVERWEIGHT %
United Kingdom	14.0	8.3	0.0	5.8
China	10.1	7.8	-5.3	2.3
Canada	10.0	6.7	0.2	3.2
Switzerland	8.7	9.3	-0.8	-0.6
Germany	8.1	6.0	2.2	2.1
France	7.3	8.2	2.4	-0.8
Japan	7.3	15.6	-0.8	-8.3
Australia	6.2	4.5	0.6	1.7
Hong Kong	3.6	2.9	0.2	0.7
Sweden	3.4	2.2	-0.7	1.3
Developed Markets	79.6	74.5	4.8	5.1
Emerging Markets	20.4	25.5	-4.8	-5.1

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 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.

Technology, consumer discretionary, health care, financials and communication services are the largest sector weights in the portfolio, 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 see opportunities in financials, with companies reflecting improving business fundamentals, less onerous regulations in some regions, solid balance sheets and attractive valuations.

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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 International 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 represent the investment strategy as a whole.

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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.

Performance returns presented reflect, unless otherwise noted, the Calamos International Growth Composite, which is an actively managed composite primarily investing in common stocks issued by companies outside the United States. The composite includes all fully discretionary fee-paying accounts, including those no longer with the firm. The Composite was created February 16, 2006 calculated with an inception date of April 1, 2005. Quarterly returns exclude the impact of management advisory fees, which would reduce actual performance results. Net return is presented after the deduction of the actual management fee. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

The MSCI ACWI Ex U.S. Growth Index is a free float-adjusted market capitalization weighted index that is designed to measure the growth equity stock market. The index is calculated on a total return basis, which includes reinvestment of gross dividends before deduction of withholding taxes. 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 Emerging Markets Index is a free-float-adjusted market-capitalization index that is designed to measure equity-market performance in the global emerging markets. 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 indices are calculated on a total return basis, which includes reinvestment of gross dividends before deduction of withholding taxes. 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:

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