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. 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 economy has remained quite strong in the first half of the year. Export volume rose to new

<table>
<thead>
<tr>
<th>CALAMOS INTERNATIONAL GROWTH STRATEGY RETURNS (%)</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 (4/05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calamos International Growth Composite</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross of Fees</td>
<td>-17.13</td>
<td>-26.52</td>
<td>7.53</td>
<td>7.39</td>
<td>7.35</td>
<td>8.31</td>
</tr>
<tr>
<td>Net of Fees</td>
<td>-17.37</td>
<td>-27.29</td>
<td>6.48</td>
<td>6.35</td>
<td>6.32</td>
<td>7.26</td>
</tr>
<tr>
<td>MSCI ACWI ex USA Index</td>
<td>-15.54</td>
<td>-19.01</td>
<td>1.81</td>
<td>2.97</td>
<td>5.31</td>
<td>4.85</td>
</tr>
</tbody>
</table>

Source: Calamos Advisors LLC
Past performance is no guarantee of future results.
Data as of 6/30/22.
record highs recently with both manufacturing and service industries benefiting from high commodity prices and global demand. From a policy standpoint, the Reserve Bank hiked interest rates in the quarter to combat inflation, which recently marked a two-decade high. Hong Kong shares edged lower but outperformed most global markets in the quarter. Private sector growth eased slightly in June, but overall activity increased at a strong pace over the quarter as Covid restrictions eased and demand accelerated. However, Hong Kong retail sales have been lackluster, despite receding Covid cases and the disbursement of consumption vouchers. In terms of select country performance (all in USD terms), Japan returned -14.60%, while Australia and Hong Kong returned -18.08% and -1.12%, respectively.

Although emerging markets retreated in the quarter, they outperformed developed markets, as the MSCI Emerging Markets Index returned -11.34% (in USD terms). Emerging markets continued to experience a wide range of returns between countries, reflecting differences in growth and inflation conditions, currencies, and commodity exposures. Chinese shares rose in the quarter, the only region delivering a positive return among emerging markets. As the period progressed, China eased its stringent zero-covid policy approach, making positive changes across major cities and key industries. Government officials announced a series of stimulus measures aimed at the economy and financial markets, including tax incentives and cuts in the reserve rate. Brazilian shares performed poorly in the quarter, while still generating slightly positive returns in the first half. Brazil had benefited from strong commodities demand and improving consumer morale as unemployment reached the lowest level in years. Private sector growth continued, spurring healthy demand in multiple parts of the economy but also contributing to the highest inflation since 2003. Among larger EM markets, the relative leaders in the period included China (+3.50%) and Indonesia (-8.82%) in USD terms, while lagging markets included Brazil (-24.35%) and South Africa (-22.86%).

Performance Review

For the quarter ended June 30, 2022, the portfolio returned -17.13%, underperforming the MSCI ACWI ex USA return of -13.54%.

Positive Influences on Performance

Financials. The portfolio's leading security selection and an average underweight stance in financials helped buoy relative returns. In particular, our holdings in life & health insurance and asset management & custody banks supported relative performance.

Health Care. Leading security selection and an average overweight allocation in health care added to performance. The main contributors within this sector were pharmaceuticals and health care supplies.

Negative Influences on Performance

Consumer Discretionary. Over the period, security selection within the consumer discretionary sector hampered relative return, as holdings in the hotels, resorts & cruise lines and leisure facilities industries lost ground.

Information Technology. Selection and an average overweight stance in information technology, specifically in the semiconductor equipment and systems software industries, hurt relative results.
**Geographic Performance**

International markets sold off in the second quarter, reflecting the impact of high inflation, tighter monetary policy, and continued supply chain bottlenecks. Stocks saw significant return dispersion between countries, reflecting divergences in macro conditions and geopolitical factors. In terms of the portfolio, there were no notable region contributors for this time period. Security selection in Emerging Asia held back relative returns. In particular, our holdings in China and Taiwan curbed relative results.

**Positioning and Portfolio Changes**

The portfolio’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 positioned the portfolio with a combination of secular growth, defensives, and select cyclical, commodity, and reopening opportunities. We are emphasizing companies with earnings growth in the current environment, supportive valuations, and quality balance sheets.

» Technology, health care, industrials, consumer discretionary, financials, and energy are the largest sector weights. Key industry positions include pharmaceuticals, semiconductors, diversified banks, aerospace and defense, internet retail, and integrated oil & gas. We own a range of energy and materials holdings in companies positioned to benefit from favorable 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.

» From a geographic perspective, we own diversified holdings in Europe with a blend of end markets and business types. We are largely positioned in high-quality global businesses that offer strong balance sheets and rely less on growth in Europe.

» We own positions in emerging markets within key demand areas including semiconductors, interactive media, and higher quality financials. The valuation profile in emerging markets is attractive and the combination of targeted stimulus and evolving Covid policy in China may be key signposts.

» We have a modest weight in Japan. We own multiple companies that adhere to durable business models and are positioned to benefit from improving supply chains and demand as the year progresses.

Outlook

International equities are experiencing a combination of formidable crosscurrents. We are analyzing many aspects of economic activity alongside key policy actions, corporate earnings, and the geopolitical events. 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 the ability to grow earnings in the current environment, supportive valuations, and flexible balance sheets. From a sector perspective, we see opportunities in technology, consumer discretionary, health care, industrials, and energy with compelling fundamentals. Our active investment approach and long-term perspective positions us to take advantage of the volatility and opportunities in foreign markets.