International Growth Strategy Quarterly Commentary

CALAMOS INVESTMENTS

Strategy Overview

A non-US all-cap growth equity strategy that invests in the common stocks of growth companies based outside the United States and seeks to outperform the MSCI ACWI ex USA Index over a full market cycle.

Market Overview

Global equities sold off in the third quarter, sustaining negative returns across most regions and sectors. Investors navigated an environment characterized by tighter monetary policy and higher interest rates, but also moderating inflation and resilient corporate earnings. The broad-based MSCI ACWI Index returned -3.30% for the quarter, with most markets finishing lower. Developed markets returned -3.36%, as measured by the MSCI World Index, and US equities returned -3.27%, as reflected by the S&P 500 Index. Emerging markets also declined in the period, as captured by the MSCI Emerging Markets Index return of -2.79%.

Sectors within the MSCI EAFE Growth Index experienced declines in the quarter. Real Estate (-0.50%), energy (-0.98%) and health care (-4.17%) led the index in USD terms, while consumer discretionary (-13.32%, information technology (-11.30%) and consumer staples (-8.58%) saw the lowest returns.

US equities declined -3.27% in the third quarter, even as the US economy continued to grow at a healthy clip. Services activity remained quite strong and contributed more to growth than manufacturing. Employment data also showed resilience in payroll data and wages, supported by rising participation rates and increased job openings. With respect to the widely followed inflation measures, consumer prices moderated, although core measures remained above the Fed's stated 2% target. In terms of monetary policy, the Federal Reserve raised interest rates during the quarter and reiterated its data-dependent stance and higher-for-longer outlook on rates. Although the Fed held rates unchanged at its latest meeting, Chair Powell's comments were viewed as relatively hawkish, and markets reacted as such. The tenor of growth and inflation data along with third-quarter corporate earnings results will be the key signposts for investors in the near term.

European equities returned -4.91% in the quarter, as reflected in the MSCI Europe Index (USD terms, -2.03% in local currency). Stock prices pulled back across most markets as investors responded to higher interest rates, sticky core inflation data, and lackluster corporate earnings. In terms of the macro backdrop, the region's private sector activity contracted, exacerbated by relative weakness across both the manufacturing and service sectors. Despite this softer demand, the employment market has been resilient with the jobless rate hovering at record low levels. Euro area inflation slowed more than expected recently, touching the lowest level in more than a year. While this is a positive for the policy outlook, core inflation has been relatively sticky and remained above the ECB's 2% target. The ECB continued its path of higher interest rates in the quarter, with the latest quarter-point increase marking the tenth in this cycle. At the September meeting, the ECB signaled it may be done with policy tightening and also downgraded its economic growth outlook. In terms of country performance, Norway and Denmark led other markets, returning 11.88% and 2.48%, while the Netherlands and Portugal trailed, returning -13.50% and -8.47%, respectively.

All portfolio positioning and sector information is for a representative portfolio. Please see additional information that follows commentary.

Developed Asia Pacific equities also declined in the quarter, and the MSCI Pacific Index returned -2.55% (in USD terms, +0.26% in local currency). Japanese equities held up better than global stocks overall and racked up double-digit returns through September year to date. Shares have reflected an environment of moderate inflation, improved confidence readings, and an increase in corporate governance reforms. In terms of monetary stance, the Bank of Japan took steps to loosen its effective yield curve control recently—a key step toward policy normalization. Australian shares also declined in the third quarter, and Australia's economy continued to exhibit mixed signals. PMI readings on business activity showed stronger conditions in the service sector relative to lesser output in manufacturing. With respect to policy, the Reserve Bank held its key rate unchanged over the quarter, pausing to assess the impact of its tightening cycle. Hong Kong equities sold off in the period and trailed global market returns year to date. Business sentiment was soft, although retail sales figures were more positive, supported by increased travel, better labor market conditions and government stimulus. In terms of select country performance (all in USD terms), Japan returned -1.45%, while Australia and Hong Kong returned -3.33% and -11.08%, respectively.

Emerging markets declined in the third quarter as captured by the MSCI Emerging Markets Index return of -2.79% (in USD terms, -1.29% in local currency). Equities continued to see a high dispersion in country returns, reflecting a range of macro conditions, earnings and capital flows. Equities in India rose in the quarter, and India has been among the stronger markets year to date based on attractive fundamentals and capital flows. The economy continued to see healthy growth, and positive composite PMI data reflected an expansion driven by both manufacturing and services demand. In terms of policy, Modi's pro-growth reforms are having positive impacts on manufacturing, trade dynamics and overall consumption. The Reserve Bank of India held key interest rates unchanged at three consecutive policy meetings while keeping the door open to additional hikes if the recent acceleration in inflation persists. Equities in China declined in the quarter and over the year-to-date period. Services, manufacturing and fixed investment levels continued to exhibit subdued growth overall. In terms of policy, China announced targeted stimulus measures in childcare, education and housing. Geopolitical tensions persisted between China and the US, although meetings involving corporate leaders and diplomatic officials reflected incremental progress during the quarter. Brazilian shares pulled back in the quarter but generated positive returns year to date. Brazil has benefited from a combination of private sector growth, improved consumer confidence and lower unemployment. Reflecting more moderate inflation dynamics, the central bank lowered interest rates and signaled more cuts ahead. Among the larger emerging markets, the leaders in the period included India (+2.87%) and Malaysia (+4.49%) in USD terms, while lagging markets included Poland (-12.21%) and Taiwan (-7.10%).

Currency. The DXY Dollar Index, a measure of the performance of the US dollar against a basket of major world currencies, rose 3.17% in the quarter. The British pound (-3.97%), the Japanese yen, (-3.39%), the euro (-3.08%), and the Swiss franc (-2.15%) each depreciated versus the dollar in the period.

Performance Review

International equities sold off in the third quarter, sustaining negative returns across most regions and sectors. Investors navigated an environment characterized by tighter monetary policy and a stronger US dollar, but also moderating inflation and resilient corporate earnings. The Calamos International Growth Strategy returned -6.89% (gross of fees) and -7.16% (net of fees) versus the -3.68 return of the MSCI ACWI ex USA Index and -8.60% return of the MSCI EAFE Growth Index. The strategy's returns were influenced by style factors in the quarter, as our emphasis on higher growth businesses trailed the value and dividend-income companies rewarded in the primary benchmark during the quarter.

Positive Influences on Performance

Industrials. The portfolio's leading security selection in industrials contributed to relative performance. Specifically, positions in the aerospace & defense and building products industries aided relative performance.

Utilities. A lack of participation in utilities buoyed the portfolio's performance.

Negative Influences on Performance

Financials. Over the period, security selection and an average underweight stance within the financials sector weakened return. Diversified banks lagged, as did life & health insurance.

Information Technology. Security selection and an average overweight allocation in information technology, specifically in the semiconductor materials & equipment and electronic equipment & instruments industries, lagged on a relative basis.

Geographic Performance

The portfolio's favorable security selection in Emerging Latin America boosted relative returns. Specifically, Brazil and Mexico contributed. Moreover, favorable security selection and an average overweight stance in Canada also added value to the portfolio.

In contrast, the portfolio's security selection and an average overweight stance in Japan lagged on a relative basis. Security selection and an average overweight stance in Europe set back performance. The portfolio's securities in the Netherlands and France notably lagged.

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, cyclicals, select defensives, and reopening opportunities.
- Industrials, information technology, consumer discretionary and financials are the largest sector weights. Key industry positions include semiconductors, software, autos, broadline retail and aerospace & defense.
- We own select energy and materials companies positioned to benefit from supply-and-demand dynamics and increased capital efficiency.
- We are underweighting the more defensive and interest-rate-sensitive areas, specifically utilities, real estate, consumer staples and traditional telecoms.
- From a geographic perspective, we hold a broadly diversified position in Europe, which comprises a blend of secular growth, select cyclicals, and higher-quality defensives. We continue to evaluate the inflation and growth backdrop given monetary tightening, global trade linkages, and the war in Ukraine.

- We own a range of holdings in emerging markets. The portfolio's positioning reflects our view of evolving trade dynamics, moderating inflation, and attractive valuations, and industries include semiconductors, interactive media and higher-quality financials.
- We hold a larger weight in Japan and own companies benefitting from secular demand trends, regulatory reforms, global trade dynamics, and attractive valuations.

Outlook

International equities continue to navigate a set of complex crosscurrents. We are analyzing many important market drivers, including the inflationary backdrop, central bank policy, corporate earnings and geopolitical relations. Given evolving global monetary policy and inflation dynamics, financial markets remain uncertain, and we expect volatility will continue until these risks are resolved. Within this complicated backdrop, we continue to identify ways to capitalize on volatility, including a range of opportunities at the thematic, regional and market-cap levels.

In terms of portfolio positioning, we are emphasizing companies with attractive earnings, pricing power, cash flow, and supportive valuations. From a sector perspective, we see opportunities in technology, industrials, consumer discretionary, health care and energy with leading fundamentals. Our active investment approach and long-term perspective position us to take advantage of the volatility and opportunities in international markets.

For additional information please visit the strategy's profile page:
https://www.calamos.com/strategies/international-growth/

DATA AS OF 9/30/23

INTERNATIONAL GROWTH AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (4/05)
International Growth (gross of fees)	-6.89	13.23	-2.05	4.03	5.43	7.66
International Growth (net of fees)	-7.16	11.98	-3.08	2.98	4.39	6.61
MSCI ACWI ex USA Index	-3.68	21.02	4.24	3.07	3.83	5.01
MSCI EAFE Growth Index	-8.60	20.41	0.70	3.59	4.80	5.45

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.

For Institutional Use Only

The information portrayed is for the Calamos International Growth 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 represent 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.

The information provided in this report should not be considered a recommendation to purchase or sell any industry, sector or particular security. There is no assurance that any industry, sector or security discussed herein will remain in a client's account at the time of reading this report or that industry, sectors or securities sold have not been repurchased. The industries, sectors, or securities discussed herein do not represent a client's entire account and in the aggregate may represent only a small percentage of an account's holdings.

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.

Returns and Risk/Reward statistics presented reflect the **Calamos International Growth Composite**, which is an actively managed composite that invests in common stocks issued by companies outside the United States. The Composite was created February 16, 2006, calculated with an inception date of April 1, 2005. The Composite results include all fully discretionary accounts, including those no longer with the Firm.

Foreign (Non-US) Securities Risks: Risks associated with investing in foreign (non-US) securities include fluctuations in the exchange rates of foreign currencies that may affect the US dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in US markets.

Geographic Risks: From time to time, based on market or economic conditions, certain strategies could invest a significant portion of its assets in one country or geographic region. If a strategy does so, there is a greater risk that economic, political, social and environmental conditions in that particular country or geographic region will have a significant impact on performance and performance will be more volatile than the performance of more geographically diversified accounts. The economies and financial markets of certain regions can be highly interdependent and could decline all at the same time. In addition, certain areas are prone to natural disasters such as earthquakes, volcanoes, droughts or tsunamis and are economically sensitive to environmental events. Alternatively, the lack of exposure to one or more countries or geographic regions could adversely affect performance.

Growth Investing Risks: Growth companies are generally more susceptible than established companies to market events and sharp declines in value. Additionally, growth stocks typically lack the dividend yield that can cushion stock prices in market downturns.

Equity Securities Risk: The securities markets are volatile, and the market prices of the securities may decline generally. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. If the market prices of the securities owned fall, the value of your investment will decline.

The **MSCI ACWI Ex USA Index** represents performance of large- and mid-cap stocks across developed and emerging markets excluding the United States. 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 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. The **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The **S&P 500 Index** is generally considered representative of the US stock market.

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 Source: 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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