

International Growth Strategy Quarterly Commentary

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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 rallied in the fourth quarter amid an environment of less hawkish central bank policy, lower bond yields, and increased investor risk appetite. The broad-based MSCI ACWI Index returned 11.15% for the quarter, with markets higher across most regions. Developed markets returned 11.53%, as measured by the MSCI World Index, and US equities returned 11.69% based on the S&P 500 Index. Emerging markets also saw substantial gains in the quarter, as the MSCI Emerging Markets Index returned 7.93%.

Sectors within the MSCI ACWI ex USA Index realized gains across the board in the quarter. Information technology (+19.72%), utilities (+13.62%), and industrials (+12.77%) led the index in USD terms, while energy (+2.09%), communications services (+4.61%), and consumer discretionary (+5.58%) saw the lowest returns.

US equities rallied in the fourth quarter, and the economy grew above-trend. Services activity and consumption made a strong showing while manufacturing and factory demand was muted. Regarding employment, the job market continued to see solid data in payrolls and wages, with rising participation rates recently tempered by tapering job openings. Widely followed inflation figures showed moderating consumer and producer prices, supporting a more dovish Fed policy and interest rate outlook. In terms of monetary policy, the Fed held interest rates unchanged for three consecutive meetings and began to express a less hawkish stance on inflation and forward rate expectations. Many interpreted Federal Reserve Chair Jerome Powell's comments as dovish, which bolstered higher equities and lower bond yields.

European equities returned 11.10% in the period, as captured by the MSCI Europe Index (in USD terms, 5.65% in local currency). Europe saw positive returns across countries as markets benefited from easing inflation pressures and higher investor risk appetite. From a demand perspective, the region's private sector activity continued to contract, with better strength in services relative to manufacturing output. European corporate earnings trailed global earnings overall, but a positive revision trend reflects a more constructive outlook for the year ahead. On the inflation front, euro area prices moderated significantly in the quarter, seeing the lowest levels in over two years, with notable declines across both consumer and producer prices. From a policy perspective, the European Central Bank (ECB) held interest rates unchanged at its last two meetings and signaled an earlier conclusion to its bond purchase program. The ECB's policy stance has generally been viewed as relatively more hawkish with members agreeing to maintain restrictive rates for an extended period to steer inflation toward its goal. In terms of country performance, Sweden and the Netherlands led other markets, returning 21.35% and 19.89% in USD terms, while Ireland and Norway trailed relatively, returning 6.26% and 3.56%, respectively.

Developed Asia Pacific equities also saw gains in the quarter, as the MSCI Pacific Index returned 9.28% (in USD terms, +3.74% in local currency). Equities in Japan rose over 8% in the quarter (in USD terms) and generated strong gains for the year, reflecting higher prices and wages, improved consumer confidence, and reforms in corporate governance. Recent data showed improved business sentiment, marking the highest level in two years, helped by consecutive months of higher readings in retail sales. In terms of monetary policy, the Bank of Japan (BOJ) held its short-term rate unchanged at its latest meeting. The BOJ has generally stood by its ultra-easy policy stance while also taking minor steps to loosen its yield curve control over recent months. Australian shares surged higher in the quarter. The economy was mixed: composite PMI readings on business activity softened over the past few months, while retail sales and private credit growth edged higher. The Reserve Bank of Australia held interest rates unchanged at its final meeting of the year, as expected, but also noted that underlying inflation remains above expectations despite the highest borrowing costs since 2011. Hong Kong equities also rose in the period but declined by double digits over the full year. Private sector activity rose to a six-month peak recently, while retail sales and overall employment data reflected a subdued recovery in the region. In terms of select country performance (all in USD terms), Japan returned 8.22%, while Australia and Hong Kong returned 15.27% and 3.42%, respectively.

Emerging markets rose in the quarter, with the MSCI Emerging Markets Index returning 7.93% (in USD terms, +5.65% in local currency). Emerging markets experienced a wide return dispersion across countries, reflecting a range of macro conditions, capital flows, and earnings fundamentals. Stocks in India generated returns of nearly 12% in the quarter. India's economy continued to see robust growth, with positive composite PMI data reflecting an expansion supported by manufacturing and services. In terms of policy, the Reserve Bank held interest rates unchanged at several consecutive policy meetings, reflecting moderating inflation, amid lower prices for fuel and housing. Chinese equities declined 4% in the quarter, continuing their relative underperformance over the year. From a macro perspective, China's economic growth has been below expectations, with retail sales, factory activity, and fixed investment reflecting subdued demand. In terms of policy developments, President Xi and Biden met at the APEC Summit in November. The meetings signaled increased communications between the powers but also resulted in only incremental progress on issues related to technology and security.

Mexico and Brazil equities rallied and outperformed in the quarter, adding to the strong returns for both markets for the full year. Mexican shares continued to reflect the positive effects of nearshoring and evolving supply chains, contributing to a sustained lift in business confidence, factory activity, and retail sales. Brazil's economy benefited from its growth in exports and private sector activity in addition to moderating inflation, which enabled Brazil's central bank to pivot and begin cutting interest rates. Among the larger EM markets, the leaders in the period included Mexico (+18.81%) and Brazil (+18.05%) in USD terms, while the laggards included China (-4.21%) and Indonesia (+2.04%).

Currency. The DXY Dollar Index declined -4.56% in the fourth quarter. The index provides a measure of the performance of the US dollar against a basket of major world currencies. The Swiss franc (+8.78%), Japanese yen (+5.91%), euro (+4.41%), and the British pound (+4.36%) each appreciated versus the dollar in the period.

Performance Review

International equities rallied in the fourth quarter, broadly delivering positive returns across regions and sectors. Investors navigated an environment of moderating inflation, less hawkish global central bank policy, and increased risk appetite.

For the quarter ended December 31, 2023, the portfolio returned 13.38% (gross of fees) versus the MSCI ACWI ex USA return of 9.82% and MSCI EAFE Growth Index return of 12.75%. Sector positioning and security selection contributed to the portfolio's relative outperformance. Our emphasis on companies with higher growth and superior quality fundamentals contributed to results.

Positive Influences on Performance

Information Technology. The portfolio benefited from security selection and an average overweight stance in information technology. Holdings in semiconductor materials & equipment and internet services & infrastructure added to relative returns.

Industrials. Favorable security selection and an average overweight allocation in industrials added to the portfolio's performance, especially in the aerospace & defense and diversified support services industries.

Negative Influences on Performance

Health Care. Over the period, security selection and an average overweight stance within the health care sector weakened return. Holdings in the life sciences tools & services and health care equipment industries hurt relative performance.

Financials. Security selection and an average underweight position in financials, specifically in the diversified banks and insurance brokers industries, lagged on a relative basis.

Geographic Performance

The portfolio benefited from security selection and an average underweight position in Emerging Asia. Specifically, the portfolio's securities in India and Taiwan outperformed. Moreover, leading security selection and an average overweight allocation in Europe added value to portfolio performance. Investments in the United Kingdom and the Netherlands added significant value.

In contrast, the portfolio's security selection in EMEA lagged on a relative basis. Positions in Israel notably hurt relative performance. Additionally, our lack of representation in Poland detracted from relative returns, and a position in the United States dampened 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.

- Regarding sector positioning, technology, industrials, consumer discretionary, and health care are the largest absolute weights in the portfolio. Key industry positions include semiconductors, application software, pharmaceuticals, life sciences tools & service, and aerospace & defense.

- We own select holdings in energy companies positioned to benefit from supply and demand dynamics and increased capital efficiency.
- We are underweight defensive and interest-rate-sensitive areas, including utilities, real estate, consumer staples, and traditional telecoms.
- From a geographic perspective, we hold a broadly diversified position in Europe, blending secular growth, select cyclicals, and higher-quality defensives. We continue to evaluate the growth and inflation backdrop in light of the region's restrictive monetary policy and considerable linkages to global growth.
- We own a range of holdings in emerging markets. Positioning reflects our view of evolving trade dynamics, domestic policy reforms, and attractive valuations. We own positions within semiconductors, interactive media, and higher-quality financials.
- We see increased opportunities in Japan and emphasize companies benefiting from regulatory and governance reforms, secular demand trends, and attractive valuations.

Outlook

International equities continue to navigate a set of complex crosscurrents. We analyze important market drivers, including inflation dynamics, central bank policy, corporate earnings, and geopolitical tensions. Given evolving global monetary policy and the economic backdrop, financial markets remain uncertain, and we expect volatility will continue until these risks are resolved. Against 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.

Regarding strategy positioning, we emphasize companies with attractive earnings, pricing power, cash flow, and supportive valuations. From a sector perspective, we see opportunities in technology, industrials, health care, consumer discretionary, and energy companies 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 12/31/23

INTERNATIONAL GROWTH AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (4/05)
International Growth (gross of fees)	13.38	16.39	-4.16	11.03	6.02	8.27
International Growth (net of fees)	13.06	15.10	-5.18	9.90	4.97	7.21
MSCI ACWI ex USA Index	9.82	16.21	2.04	7.60	4.32	5.47
MSCI EAFE Growth Index	12.75	17.97	0.59	9.18	5.53	6.05

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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