

# International Sustainable Equities SMA Strategy

CALAMOS<sup>®</sup>  
INVESTMENTS

## Market Overview

In markets such as this, we are reminded of the quote, “There are decades where nothing happens; and there are weeks where decades happen.” A lot has happened so far in 2022, and these developments in aggregate thoroughly frayed investors’ nerves in 2Q22: Russia invaded Ukraine, China went back into lockdown, inflation is raging after years of price stability, recession fears have resurged, and stocks suffered the worst first half of a year in decades. The first half of 2022 stands in contrast to 2021, which will be remembered as a year of record everything: record deals, record new issues, record retail expenditures, and record highs in the equity, housing and crypto markets.

Putting a percentage to how much international stocks struggled, the MSCI ACWI ex USA Index registered a -13.54% decline, though it outpaced the US market represented by the S&P 500 Index drop of -16.10% for the period. Within the MSCI ACWI ex USA Index, not surprisingly, leadership was much more defensive with supply concerns spurring energy (-4.5%) to be the best performing sector for the quarter, followed by traditionally defensive consumer staples (-7.3%). The more commonly growthy information technology (-23.6%) sector was the index’s worst performer for the quarter, followed by materials (-20.6%) and industrials (-16.8%), which both struggled in light of slowing economic activity globally.

## Performance Review

For the quarter ended June 30, 2022, the portfolio returned -14.15%, in line with the MSCI ACWI ex USA Index (Net) return of -13.73%.

**FIGURE 1. CALAMOS INTERNATIONAL SUSTAINABLE EQUITIES SMA STRATEGY RETURNS (%)**

	QTR ENDING 6/30/22	1-YEAR	3-YEAR	SINCE INCEPTION (1/19)
<b>Calamos International Sustainable Equities SMA Composite</b>				
Gross of Fees	-14.15	-18.71	5.55	7.05
Net of Fees	-14.24	-19.26	4.45	5.93
MSCI ACWI ex USA Index (Net)	-13.73	-19.42	1.35	2.16

Source: Calamos Advisors LLC. Past performance is no guarantee of future results.  
Data as of 6/30/22.

## Positive Influences on Performance

**Financials.** The portfolio’s favorable security selection in financials helped drive relative performance. In particular, our holdings in life & health insurance and financial exchanges & data represented major contributors.

**Consumer Discretionary.** An average overweight position and favorable security selection in consumer discretionary also added to the portfolio’s results. The main contributors within this sector were automobile manufacturers and apparel retail.

## Negative Influences on Performance

**Consumer Staples.** Over the period, security selection and an average underweight position within the consumer staples sector dampened return, as holdings in the personal products and packaged foods & meats industries lagged on a relative basis.

**Energy.** A lack of exposure to the energy sector weighed on return.

## Geographic Performance

Favorable security selection in Emerging Asia aided return. In the region, Hong Kong and Australia were leading contributors. Moreover, the portfolio benefitted from a lack of representation in EMEA.

In contrast, the portfolio’s security selection in Europe detracted from relative results. Specifically, names in the United Kingdom and France were a detriment. Moreover, security selection and an underweight allocation in Emerging Latin America set

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back performance. Brazil was a leading detractor, and our nonparticipation in Colombia detracted from return.

## Positioning and Portfolio Changes

The portfolio maintained its underweight to emerging markets (approximately 37% of the MSCI ACWI ex USA Index) and overweights to western European markets. The underweight to energy accounted for the performance differential between the portfolio and the index for the quarter. Although the energy sector struggled toward the end of the quarter, the sector led the market again this quarter.

From a sector perspective, financials and industrials represent the largest portfolio weights on an absolute basis. On the other hand, utilities and communication services comprise the smallest absolute sector weights with holdings. The portfolio had no exposure to the real estate and energy sectors. On a relative basis, the largest industry overweight positions are specialty chemicals and food retail. The largest industry underweight positions are packaged foods & meats and electric utilities.

Allocations to consumer discretionary and financials rose during the period with increased weights in auto parts & equipment and life & health insurance. By contrast, allocations to information technology and materials decreased over the period with reductions to application software and specialty chemicals.

## Outlook

The first half of 2022 has seen price declines across asset classes and geographies, driven by aggressive monetary tightening to combat inflation. After years of easing, central bankers are now saying they're going to fight inflation even if they risk crashing the economy. Although the risk of a recession is rising, it's not a certainty. If there isn't a recession, then equities are too cheap. If there is a recession, then the bear market may not be extinguished until a recovery is in sight. Either way, markets will rebound over time. It's not a matter of if; it's a matter of when. Patient investors

with a long-term orientation will inevitably be rewarded. It's easy to forget that less than a year ago, some were predicting a post-pandemic economic boom to rival the Roaring Twenties. While it may not always be "in favor," we believe our preference for quality will prove beneficial as investors contemplate the various headwinds confronting the market in the near term.

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FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI EX USA INDEX (NET)

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI EX USA INDEX (NET) %	UNDER/OVERWEIGHT %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 3/31/22 (PCT. POINTS)
Financials	22.6	20.6	2.1	3.7
Information Technology	14.6	12.2	2.4	0.6
Industrials	14.5	12.2	2.3	-1.5
Consumer Discretionary	10.8	11.1	-0.3	-1.3
Materials	10.6	8.9	1.7	-0.9
Health Care	9.9	9.4	0.5	-0.6
Consumer Staples	8.3	8.4	-0.2	-0.9
Communication Services	5.1	6.2	-1.0	0.9
Utilities	3.7	3.2	0.5	0.0
Energy	0.0	5.4	-5.4	0.0
Real Estate	0.0	2.5	-2.5	0.0
Other	0.0	0.0	0.0	0.0

This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Sector Allocation percentages are based on invested portfolio and are subject to change. Other includes securities that do not have a sector classification. 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 6/30/22.

FIGURE 4. LARGEST 10 COUNTRY WEIGHTS VERSUS THE MSCI ACWI EX USA INDEX (NET)

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI EX USA INDEX (NET) %	UNDER/OVERWEIGHT %	PORTFOLIO COUNTRY WEIGHTING CHANGE SINCE 3/31/22 (PCT. POINTS)
Japan	14.4	13.8	0.6	0.4
United Kingdom	9.4	9.6	-0.2	-1.2
France	8.8	6.7	2.1	-0.7
Hong Kong	7.7	2.7	5.0	1.1
Canada	7.2	8.0	-0.8	-1.7
Ireland	6.6	0.6	6.1	2.6
Denmark	6.1	1.7	4.4	0.3
Netherlands	5.1	2.8	2.3	0.0
Germany	5.0	4.8	0.2	0.8
Switzerland	4.6	6.9	-2.3	-0.6
Developed Markets	87.0	71.0	16.0	1.0
Emerging Markets	13.0	29.0	-16.0	-1.0

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 6/30/22.

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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 Sustainable Equities SMA 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.

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Returns or Risk/Rewards statistics presented reflect the Calamos International Sustainable Equities SMA Composite, which is an actively managed, international focused composite that seeks long-term capital appreciation. The Composite invests primarily in the common stock of companies based outside the US that excel at managing environmental risks and opportunities, societal impact and corporate governance (ESG) factors and exhibit attractive financial attributes and competitive advantages. On August 25, 2021 Calamos acquired Pearl Impact Capital LLC which has managed the strategy since its inception in 2019. Firm assets shown represent assets managed by Calamos Advisors and not assets managed by Pearl Impact Capital LLC. The Calamos International Sustainable Equities Composite II was formerly named the PIC International Opportunities Composite. This name change was effected August 25, 2021. The Composite was created August 31, 2021, calculated with an inception date of April 1, 2019. Results include all fully discretionary advisory accounts, including those no longer with the Firm. Past performance is no guarantee of future results.

Net-of-fees returns reflect the gross-of-fees returns reduced by the impact of investment advisory and performance fees. Investment advisory and performance fees are calculated separately for each portfolio based upon the actual underlying fee schedule in effect for each respective portfolio and the highest fee rate for these types of portfolios is 0.75%. Net of fee returns for non-fee paying portfolios are determined using model fees based on the standard investment advisory fee schedule in effect for the respective period for each account in the composite. All returns include reinvestment of net realized gains, interest and dividend income.

The MSCI ACWI ex US Index (Net) captures large and mid-cap securities across 22 Developed Markets countries (excluding the US) and 26 Emerging Markets countries. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect any fees, expenses or sales charges. Net return basis approximates the minimum possible reinvestment of regular cash distributions by deducting withholding tax based on the maximum rate of the company's country of incorporation applicable to institutional investors. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. 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 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 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 MSCI indices are calculated in both US dollars and local currencies. The S&P 500 Index is a market-value weighted index and is widely regarded as the standard for measuring US stock market performance.

Unmanaged index returns assume reinvestment of any and all distributions and, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

Fees include the investment advisory fee charge 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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