CALAMOS INVESTMENTS

MARKET QUICK TAKES

Volatility Is Creating Opportunity in China

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NICK NIZIOLEK
Co-CIO, Head of International and Global Strategies and Senior Co-Portfolio Manager

At Calamos Investments, we value the partnership we have with our clients, which includes active communication. Aligned with this goal, we are trialing a new format to provide more real-time feedback and current portfolio positioning and opportunities. All holdings referenced will be as of our prior month-end, but we'll share our current thoughts and outlooks. With no further delay, let's get to the portfolio.

So, the most significant topic in recent weeks, months and even years continues to be China and our exposure to this country. You'll notice that as of the last period end, we had just about 20% of our exposure in our Evolving World Growth Fund, our emerging markets fund CNWIX, allocated to China, which makes it one of our larger country exposures but also it makes it underweight versus our benchmark, which is at just over 33% exposure to China currently, and that number is actually growing, as we've discussed in the past, as more A share issuers are included in this benchmark.

So, within China, we remain selective. We still believe in the long-term potential of the market, and we are still continuing to find incredible opportunities there. But we do believe the current volatility we're seeing also creates an opportunity, but we are aware of the concerns in the market today and as a result are utilizing this underweight to fund more attractive opportunities we're finding in other parts of the world as well.

So, talking about that China exposure, the types of names that we're investing in right now where we think there's incredible opportunity despite the volatility we're seeing, one of our largest active positions continues to be Li-Ning. Li-Ning is a Chinese-branded sportswear company, essentially the Nike if you will or the Adidas of China, a locally branded sportswear company.

And unlike many other industries in China right now, it's not based in the same subtypes of regulatory pressures or uncertainty. In fact, it has many tailwinds working for it right now. Obviously, China's trying to promote consumption and local consumption as they build their own brands and manufacturing within China employment there. And we're also seeing a big emphasis on healthy lifestyles. These are tailwinds for Li-Ning, as, obviously, their sportswear apparel is used in many sporting activities that the government is supporting right now and really pushing.

So, we think Li-Ning continues to be another unique opportunity, something you can't find anywhere else in the world, like a company exposed to these types of tailwinds specifically in the Chinese market where these policies are providing that tailwind.

Another one of our larger holdings in China is a company that we also think is a little bit less immune to the regulatory uncertainties that we're seeing. And that's a company called WuXi Biologics. And what WuXi is is a company that really participates in the research and development of the pharmaceutical sector and then provides contract manufacturing to the drugs that are developed by this sector. So, we think there's incredible opportunity in healthcare globally as society continues to age and more and more demand for these goods and products are required and innovation continues to occur.

With that being said, on one hand it's difficult being exposed to some of these one-payer systems, China being a pertinent example where so much of the pricing is dictated by this large single payer. You see that in many other countries too like Europe and Canada where pricing can become a problem very quickly for some of these companies that have invested a lot of this innovation and research.

And then also having exposure to not having to pick necessarily the winners. Much has been invested in multiple drugs only for one to be successful. WuXi is a company that's benefitting not only from the increased investments in identifying these new drugs and these new opportunities globally. But then once we do find a successful new drug or new candidate, they provide their manufacturer. And it's almost like an outsourced manufacturer. It is an outsourced manufacturing model similar to a Taiwan semiconductor where you're benefitting from just the growth of the overall industry and not necessarily having to pick a winner.

So, we've equated it to kind of the gold rush of California where it was more beneficial to be exposed to the jean manufacturers and the pickaxe manufacturers than it was the actual gold miners given how few actually had success in that region. We think that's a similar way to be exposed, and WuXi Biologics remains one of our larger holdings in the portfolio.

And then the first two examples I provided were equities that we're exposed to. We've talked before about how the unique aspect of this product is our expertise at Calamos in convertibles and our ability to blend in some of those securities into this portfolio where we think it makes sense when we see the upside opportunity.

And I would suggest that China right now is an ideal market to be utilizing these convertible securities. They help to dampen the downside volatility. So, when we do get these big downdrafts, they hold up a little better. But you still get that upside exposure. So, ultimately, when the market does become more comfortable—what the regulatory environment looks like, and what the opportunity will be—we do think that these stocks will rate, and there's upside in them. And then these structures should provide us the ability to capitalize on that.

So, moving on to other opportunities outside of China, we talk a lot about China given how much focus there is on this market and headlines that are continuously popping up from day to day. But the reality is only 20% of our exposure is currently in this market. That means we have over 80% outside of China, and we're finding incredible opportunities throughout the emerging markets as well.

So, I wanted to talk about a couple of those and specifically today India. India is a market that we have just over 18% exposure to. So, our second largest weighting behind China, but that's a much more significant overweight, as the benchmark is closer to 11%. And how are we exposed to India? How do we see the opportunity there?

Well, the Indian market has actually been the best performing or one of the best performing markets in the world year-to-date. It has actually outperformed the U.S. equity market. And the way we've managed our exposure there, our largest exposure is really to the Indian banks, which account for over 6% of our portfolio. This is a combination of both corporate and retail banking. We're levered to kind of the overall improvement of that economy as well as the continued adoption of banking within India and credit creation that's occurring there as well.

But the next major area of opportunity for us is really the Indian consumer. We see a lot of potential there as we continue to see that growth of that middle class and the developments that are happening there. So, ways we're exposed to the consumer – Godrej Properties is an Indian housing company that we think is a best-in-class Indian housing developer.

And what has happened in India is over the last five-plus years there's been a significant consolidation in the industry. Some more levered players have moved out, and now you're left with some higher quality, better balance sheet, better geared companies that can take advantage of that significant demand for housing that we're seeing in India right now in the emerging markets.

So, it's probably what the Chinese property market will look like in several years, but India's kind of already gone through that cycle, kind of flushing out some of that excess, and now the cream rises to the top. So, we think Godrej Properties is a great opportunity in India to kind of play to that emerging middle class.

Vroom Beverages is the exclusive Pepsi distributer throughout India. So, therefore, it has done a great job of leveraging that brand throughout India. Jubilant actually is a franchise owner of Domino's and Dunkin' Donuts—so, pushing those brands out to the Indian middle class as well as some of their own brands as well. So, many different ways to be exposed to the Indian consumer that have done quite well for us over the last few months here.

And then I'd also talk a little bit about our cyclical exposure. So, SBI Cards is a company that we have exposure to, which is a credit card issuer in India, so benefitting from that move to digital payments and just overall economic recovery. We also have exposure to a company called Votis, which is in the construction material space, so levered to kind of of that investment cycle and that recovery that we're seeing in housing throughout India.

And then lastly a company called Dixon Technology, which is a contract manufacturer in India. We think this is incredibly interesting just given the supply chain reorientation that we're seeing globally—more manufacturing moving out of areas like China and into new markets like Vietnam, Indonesia, and India, actually, seeing a pickup there as well.

So, we think a company like Dixon Technology has the potential to be a hot high if you will of India over the next few years as we see more sourcing happening in India and then more manufacturing occur there as well. So, a broad range of opportunities throughout the Indian market and kind of our second-largest country exposure at this time, and we continue to find new opportunities.

So, those are the highlights that I wanted to talk about in this video. In future videos, I really hope to dive deeper into a few of these names and maybe talk about some more of the recent opportunities that we're adding to the portfolio. And some are top 10 too. Taiwan Semiconductor continues to be one of our top holdings and a name that we're very much excited about given the shortage of chips globally and kind of their placement in the supply chain. So, that's a company we can talk about more in the future.

And Sea Limited, I believe, is a name we've talked to with clients many times over the last few years but continues to be one of our larger holdings and definitely a larger winner for the portfolio as we see tremendous growth in their ecommerce business and gaming and payments platforms they're creating there.

So, overall, I hope this was an enjoyable discussion, and I look forward to more interactions like this with our partners in the future.

Before investing, carefully consider the fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information which can be obtained by calling 1-800-582-6959. Read it carefully before investing.

Past performance is no guarantee of future results.

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The principal risks of investing in the **Calamos Evolving World Growth Fund** include: equity securities risk consisting of market prices declining in general, growth stock risk consisting of potential increased volatility due to securities trading at higher multiples, foreign securities risk, emerging markets risk, convertible securities risk consisting of the potential for a decline in value during periods of rising interest rates and the risk of the borrower to miss payments, and portfolio selection risk.

As a result of political or economic instability in foreign ncountries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to potential for greater economic and political instability in less developed countries.

Top 10 Holdings

AS OF 6/30/21

COMPANY	SECURITY TYPE	INDUSTRY	%
Taiwan Semiconductor Mfg Co.	Stocks	Semiconductors	5.6%
Samsung Electronics Company, Ltd.	Stocks	Technology Hardware, Storage & Peripherals	3.8%
Tencent Holdings, Ltd.	Stocks	Interactive Media & Services	3.2%
HDFC Bank, Ltd.	Stocks	Diversified Banks	2.8%
Cemex, SAB de CV	Stocks	Construction Materials	2.2%
Meituan	Convertible Bonds	Internet & Direct Marketing Retail	2.0%
MediaTek, Inc.	Stocks	Semiconductors	1.9%
Alibaba Group Holding, Ltd.	Stocks	Internet & Direct Marketing Retail	1.9%
Wuxi Biologics Cayman, Inc.	Stocks	Life Sciences Tools & Services	1.9%
Taiwan Semiconductor Mfg (ADR)	Stocks	Semiconductors	1.6%
Total			26.9%

CALAMOS®
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Calamos Financial Services, LLC
2020 Calamos Court | Naperville, IL 60563-2787
800.582.6959 | www.calamos.com | caminfo@calamos.com

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