

Latest grading issued January 2012

**Fund owner:** Calamos Investments  
**Fund manager/adviser:** Calamos Advisors LLC  
**Named portfolio manager/adviser(s):** Team  
**Contact group:** +1 630 245 1363 or www.calamos.com

**Fund profile**

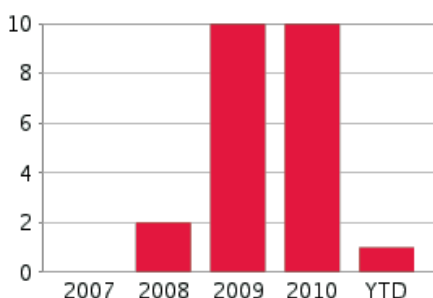
<b>Launch date</b>	November 2007
<b>Manager location</b>	Naperville, Illinois
<b>Sector</b>	America
<b>Peer group</b>	US mainstream equities
<b>Fund benchmark</b>	S&P 500 index
<b>Fund size</b>	US\$213m (1 October 2011)

**Review period 12 months to end-September 2011**

**Peter Fuller, Analyst at S&P Capital IQ Fund Research, prepared and is responsible for this report; the Grading Committee is responsible for the grading.**

*The following report is based on information taken direct from the group either via interview or as a written document and augmented by information in the public domain. The sources of performance data are provided within the report. All opinions are our own.*

**Calendar-year decile ranks**



*Decile ranking in discrete annual periods. First decile (highest returns) shown as rank 10, second decile as rank nine with tenth decile (lowest returns) as rank one.*

**Fund Research opinion (November 2011)**

This year's relative performance of Calamos US Growth Fund depends crucially on the choice of review date. At 1 August, the fund was on a 10 (top decile) year to date. By 1 November, returns had slipped to just below sector median but were improving swiftly after crashing to bottom decile at the time of our 1 October cut-off date.

This spectacular fall was caused by the fund's consistently applied quality-growth bias. This had led to a heavily overweight position in technology and energy companies, largely at the expense of financials, but also in the more defensive sectors including consumer staples, utilities and telecoms, causing the fund to fall further than most when US equities fell sharply in August.

That Calamos used this as a buying opportunity helped in the fund's subsequent recovery. It should also be noted that, even at the lowest point of this third-quarter downturn, the fund's three-year cumulative return still held its second-quartile ranking.

Calamos operates a highly disciplined, team-driven, company-focused investment approach. Each analyst covers the entire range of securities - equities, bonds and convertibles - issued by their allotted companies, and makes comparisons on a global sector basis. To meet this wide-ranging remit, Calamos has an experienced team of over 50 investment professionals, ensuring that each analyst can cover a relatively small number of companies in detail.

None of this has changed in the last 12 months. The recent downturn was sharp, but consistent with the investment approach, allowing the fund to retain its S&P Capital IQ Gold grading.

**Cumulative returns**

	3 years
Fund share class	1.7%
S&P Capital IQ peer median	-1.2%
Index**	3.7%
Fund share class rank	832/2250

\*\* S&P 500 TR

**Fund manager & team**

Calamos Investments of Naperville, Illinois, is a Nasdaq-listed, family-controlled business, founded in 1977 by John Calamos (CEO) as a specialist convertible fund manager. The firm has since diversified and now manages around \$32bn, split broadly between equity mandates (65%), (17%) convertibles, high yield (8%), alternatives (7%) and other (3%).

John Calamos focuses on the business and top-down views. Co-CIO, Nick Calamos, is responsible for the process and team, which includes heads of research Jeff Scudieri (17 years' experience) and Jon Vack (19 years), five strategy/sector analysts (average 18 years), three sector analysts (12 years) and eight intermediate analysts (10 years). Staff turnover is very modest.

There are no separate convertibles or bond teams. The analysts cover the entire range of securities issued by a company. Portfolio decisions are team-based, with the end result being a product of team consultation and debate.

## Management style

The fund is managed in a team-driven fashion, combining the input of the co-CIOs, two R&I co-heads and the analysts.

Quantitative screening is applied to about 7,000 companies, aiming to identify those with the highest growth and acceleration of revenue and earnings within sectors, and the highest margins and ROIC.

Qualitative analysis then determines the quality and sustainability of the growth, focusing on earnings expectations, balance sheet and cashflow analysis, and an assessment of management (including business planning and corporate governance).

The fair value of the entire enterprise is estimated using discounted cashflow measures of value. Stocks are then ranked on a relative and absolute basis according to their valuation, using different scenarios to assess risk/reward. A return of 20% is targeted.

Risks are controlled at security, sector and portfolio levels, aiming to protect capital during volatile markets. The fund may also hold put options (on stocks or the index) to protect capital.

The portfolio is diversified across 70-100 names, with sector weights in the range of a half to two times the Russell Midcap Growth index and no more than 5% in a single stock.

## Portfolio & performance analysis (October 2011)

After two years of consistently strong outperformance relative to its peers and the benchmark S&P 500 index, this fund suffered badly when the US equity market turned down sharply in the third quarter of 2011 and growth stocks, particularly IT, were hurt.

That said, the strength of the fund's prior track record was such that even at the lowest point of this third-quarter downturn, the fund still ranked comfortably second quartile over three years and to date.

Calamos used this opportunity to top up several existing technology positions and buy into others on a selective basis in a move that has benefited the fund in recent weeks as US equity prices have improved.

Although portfolio turnover was up on the previous year, from 93% to 122%, five of the top 10 holdings at our 1 October 2011 review date had appeared in the previous October's top 10. These were all IT stocks, namely Apple, Amazon, Google, Qualcomm and Priceline.com. The two major IT names missing from the portfolio were Microsoft and IBM.

At review, the fund had 13% exposure outside the US. This included two gold plays, Barrick Gold and GoldCorp, held alongside diversified US materials group, Freeport-McMoRan.

Energy exposure is now near index weight, but biased towards exploration & production companies including Apache, Chesapeake Energy and EQT, and service companies such as Baker Hughes, National Oilwell Varco and Schlumberger.

Exposure to financials is heavily underweight and biased to asset managers Franklin Resources, T. Rowe Price and Waddell & Reed.

Calamos has held its consumer discretionary exposure to around 14%, down from 17% last year but still overweight the index by around 360bps.

The team remains cautious on healthcare on a top-down basis over concerns about political risk, but has positions in the healthcare equipment sector via CR Bard, Covidien and Intuitive Surgical, and in healthcare technology via Quality Systems and Cerner. Biotech is represented by Celgene and Vertex.



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## Investment style

	Value	Blend	Growth
Large-cap			
Mid-cap			
Small-cap			

## Portfolio characteristics (1 October 2011)

No. of holdings	75
% in top 10	32.3
Turnover ratio (%)	122

Source: Calamos Advisors LLC

## Risk characteristics

	3 years
Worst month (%)	-20.7
Volatility	26.2
Correlation vs index	0.9
Beta vs index	1.1

## Calendar-year performance

	2007		2008		2009		2010		Year to 30/09/2011	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund share class	-		-49.1	1818/2034	47.1	175/2335	19.9	242/2565	-21.3	2682/2762
Index**	5.5		-37.0		26.5		15.1		-8.7	
Median	6.7		-40.1		29.5		12.9		-11.8	

\*\* S&P 500 TR

Fund benchmark: S&P 500 index

Share class screened: IE00B296T491 (A \$ Inc)

Performance Data Source - © 2011 Lipper inc. All rights reserved. All statistical data on this report has been run to 30/09/2011 on NAV to NAV basis, with gross income reinvested, in USD and including the effect of fees and expenses.

## Grading Process

To qualify for an interview and potential grading, a fund must have a minimum two-year performance track record (three years for funds-of-hedge-funds). New funds, funds with less than two years' performance record and specialist funds can be analysed and included providing independent verifiable performance data is supplied.

The starting point for a grading is an initial quantitative screen based on performance data obtained from Lipper Inc or elsewhere. For long-only funds, discrete annual performance comparisons are made, as opposed to cumulative returns over a three-year period. Relative performance of funds within each sector is ranked by decile.

This quantitative screen captures approximately the top 20% of funds in each sector, depending on the size of the sector. For funds-of-hedge-funds the screen is based on the fund's risk/reward objective.

For more information on the fund grading process please visit our website at [www.funds-info.standardandpoors.com](http://www.funds-info.standardandpoors.com).

## Symbols and Definitions

### Grading bands for long-only funds

<b>Platinum</b>	The fund demonstrates the highest standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.
<b>Gold</b>	The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.
<b>Silver</b>	The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

### Grading bands for Fund-of-hedge-funds / Absolute return / Specialist funds

<b>Platinum</b>	The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
<b>Gold</b>	The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
<b>Silver</b>	The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

### Grading bands for Ucits III flexible beta funds

<b>Platinum</b>	The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
<b>Gold</b>	The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
<b>Silver</b>	The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.

### Applicable to all fund types

<b>Bronze</b>	A previously graded fund where a newly appointed fund manager or team does not yet have the required 12 months' relevant investment management experience to achieve a Silver grading or higher.
<b>Grading On Hold</b>	A grading is placed On Hold when a significant change occurs at the fund manager or fund management team level and S&P Capital IQ has not yet had the opportunity to evaluate the impact on the qualitative appraisal.
<b>Grading Removed</b>	A previously graded fund is classified Grading Removed when a significant change occurs at the fund manager or fund management team level sufficient for the fund to no longer meet the standards to achieve a grading.
<b>LTG recognition</b>	A long-term grading (LTG) denotes a fund that has achieved an S&P Capital IQ fund grading at Platinum, Gold or Silver level in each of the last five consecutive years.

### Bond gradings

<b>V</b>	Bond fund volatility gradings of V1 to V6 reflect S&P Capital IQ's current opinion of a fund's sensitivity to changing market conditions. A volatility grading evaluates a fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For the V1 to V4 categories, risk is considered relative to a portfolio composed of government securities denominated in the base currency of the fund.
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### Absolute return gradings

<b>N</b>	The N grading is S&P Capital IQ's indication of a fund's potential capital stability in normal markets. It is a qualitative grading but is based on annualised weekly downside deviation. N1 is the most stable, and N9 the least stable grading.
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