

# Global Convertible Fund Fourth Quarter 2017 Report



## OVERALL MORNINGSTAR RATING™†



Among 110 Convertible Bond - Global funds  
The fund's Class I U.S. \$ Accumulating shares received 5 stars for 3 years and 5 stars for 5 years out of 118 and 81 Convertibles Bond - Global Funds, respectively, for the period ended 31/12/17.

## OVERVIEW

The fund invests in global convertible securities in an attempt to balance risk and reward while providing growth and income.

## KEY FEATURES

Provide broadly diversified exposure to the global convertible bond universe

Leverage more than 40 years of research in convertible security investing

Seek to provide upside participation in equity markets with less exposure to downside than an equity-only portfolio over a full market cycle

## PORTFOLIO FIT

The fund can provide a way to manage risk alongside an equity allocation with securities that participate in upside equity movements with limited downside participation.

## FUND INFORMATION

I Share U.S. \$ Acc. CUSIP: G17716435

I Share U.S. \$ Acc. ISIN: IE00B296W289

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## Key Drivers of Performance

- » The fund delivered a gain for the quarter, though it trailed its benchmark index.
- » Positions in the industrials and real estate sectors provided the most relative value from a sector perspective, while positioning in consumer discretionary and financials detracted from the relative result.
- » The fund utilized protective puts to help managed the portfolio's overall equity sensitivity. While low interest rates and volatility made such puts inexpensive, the equity market advance caused puts to decline in value.
- » The fund's underweight to convertibles with the most equity sensitivity held back the portfolio, as these securities led the way during the quarter.
- » While the portfolio benefited from strong selection in Europe, underweight allocations and selection in the U.S. and Japan detracted from the result.

## Market Overview

- » Global convertibles participated in the upside of equities, as the ICE BofAML Global 300 Convertible Index returned 2.46% in the quarter and 16.06% for 2017.
- » U.S. convertibles participated in the gains of their underlying equities, returning 1.56% in the quarter. European convertibles also performed well, returning 2.57%, while Japanese domestic convertibles climbed 4.86%. Asia ex-Japan convertibles lagged other markets in the period, dipping -0.44%.
- » Globally, investment-grade convertibles gained 3.34% versus the 2.08% return in below-investment-grade issues, as measured by the ICE BofAML Investment Grade Global Index and ICE BofAML Below Investment Grade Global Index.
- » New convertibles issuance finished at \$74.5 billion globally for the year, compared to \$77.3 billion a year ago, per ICE BofAML figures. The level marked a reasonably healthy supply in the overall market as issuance also outpaced redemptions for the year.

## PERFORMANCE DATA

	QTD	YTD	1-YEAR	3-YEAR	5-YEAR	SINCE I SHARES INCEPTION (5/10/09)	SINCE A SHARES INCEPTION (27/11/07)
<b>Calamos Global Convertible Fund</b>							
I Shares - U.S. \$ Acc.	1.63%	14.14%	14.14%	6.20%	7.03%	6.38%	N/A
A Shares - U.S. \$ Acc.	1.48	13.47	13.47	5.56	6.40	N/A	2.58%
<b>ICE BofAML Global 300 Convertible Index (USD)</b>	2.46	16.06	16.06	8.02	8.83	8.17	5.81
<b>MSCI World Index (USD)</b>	5.62	23.07	23.07	9.88	12.26	11.03	5.45

Performance data quoted represents past performance, and may not be a reliable guide to future results. Performance data quoted does not include the Fund's maximum 5% front-end sales charge. Had it been included, the Fund's returns would have been lower. Performance shown reflects the management fee. All performance shown assumes reinvestment of dividends and capital gains distributions. Returns for periods less than 12 months are not annualised. See "Important Information" on the last page for more information. All values are in USD terms unless otherwise indicated.

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## FUND HOLDINGS – CONTRIBUTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
WPX Energy, Inc.	0.9%*	WPX Energy, Inc. is an independent oil and natural gas exploration and production company that engages in the exploitation and development of shale properties in the United States.	WPX reported third-quarter 2017 earnings that beat analyst expectations, and the company raised its forward guidance. Strong performance at the wellhead and better-than-expected liquids pricing helped drive results. WPX accelerated oil production this past year and portends above-peer-average growth out the next two years—doing so in a disciplined manner with a capital efficiency focus. The risk/reward profile of the stock is one of the more attractive in the convertible universe and relative valuation appears cheap versus peers
Salesforce.com, Inc.	2.2%	Salesforce.com, Inc. develops enterprise cloud-computing solutions that focus on customer relationship management. The company was founded in 1999 and is headquartered in San Francisco, California.	Shares of Salesforce.com rose steadily through the quarter as the company reported strong financial results and profits that outperformed management’s expectations. The company reported that its nine-month fiscal year revenue and gross profit had increased 25% and 27%, respectively, versus the same time frame one year prior. The convertible carries a slight yield advantage relative to its common stock and is poised to participate in any continued upside of the common stock.

## FUND HOLDINGS – DETRACTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Southwestern Energy Company	0.5%*	Southwestern Energy explores, develops and produces natural gas and oil in the United States. Additionally, it is involved in the gathering, marketing and transporting of natural gas, oil and liquid natural gas.	Shares of Southwestern Energy declined after the company reported earnings and revenues that lagged analyst estimates during the quarter because of higher-than-expected lease operating expenses. The convertible offers a very attractive yield versus the common stock that does not pay a dividend.
Medidata Solutions, Inc.	0.3%*	Medidata Solutions provides cloud-based solutions for pharmaceutical, biotechnology, medical device and diagnostics companies, academic research centers, government, and other non-profit organizations. It offers Medidata Clinical Cloud that provides a software-as-a-service platform and data analytics solutions to optimize activities across clinical development. Medidata Solutions is headquartered in New York.	The common shares of Medidata declined following the companies’ third-quarter earnings release that beat earnings estimates but fell short of analyst’s revenue expectations. The convertible currently offers a favorable yield advantage and attractive risk-reward profile relative to the common stock.

\*As of 30/11/17

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## Positioning

The largest allocation resides in information technology where favorable cyclical and secular opportunities exist. Application software and semiconductors have been the largest industry allocations, as we continue to see strong end-market demand in these areas. Consumer discretionary continues to be the largest relative overweight, and bottom up considerations led us to attractive positions in the household appliances, internet retail and automobile manufacturer industries.

We maintain relative underweight positions in consumer staples, materials and telecom services. These have been primarily defensive sectors, and the convertibles in these sectors offer less favorable risk/reward structures.

Relative to the ICE BofAML Global 300 Convertible Index, the portfolio holds underweight allocations within the United States and Japan while being overweight in Europe. Below, we discuss changes made during the quarter:

**Industrials.** We increased the allocation to industrials during the quarter, adding to the electrical components & equipment, construction & engineering and diversified support services industries.

**Information Technology.** We also raised the stake in information technology, adding names in the semiconductor equipment, semiconductors, internet software & services, and electronic manufacturing services industries.

**Consumer Discretionary.** We reduced the allocation to consumer discretionary, scaling back on positions in consumer electronics and internet & direct marketing retail.

**Financials.** In financials, we pared back existing names in the asset management & custody banks and diversified banks industries.

SECTOR POSITIONING	SECTOR WEIGHTINGS AS OF 31/12/17	OVER/UNDERWEIGHT VS. ICE BOFAML GLOBAL 300 CONVERTIBLE INDEX	QUARTER TO QUARTER CHANGE
Information Technology	19.6	-2.9	0.6
Consumer Discretionary	13.2	1.1	-3.7
Financials	12.7	0.2	-1.9
Industrials	9.3	-1.1	1.4
Health Care	8.5	-3.2	-1.8
Real Estate	8.4	1.0	0.7
Energy	5.4	-0.2	0.7
Materials	4.4	-1.0	0.9
Telecom Services	3.7	-1.5	0.4
Utilities	0.5	-4.5	0.0
Consumer Staples	0.0	-2.2	0.0

Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or instruments on broad indexes the portfolio may hold. Holdings and weightings are subject to change daily. You can obtain a complete list of holdings by visiting [www.calamos.com](http://www.calamos.com). Please see additional disclosures on last page.

**Health Care.** We also trimmed the allocation to health care, most notably to the biotechnology industries.

**Regional.** We reduced allocations to the United States, Emerging Europe & South Africa, while bolstering allocations to Europe, Emerging Latin America and Emerging Asia.

## Outlook

The balance of corporate and macroeconomic data points to continued synchronized global growth across regions. Global monetary policy remains accommodative overall, though multiple central banks are edging toward policy tightening and we are seeing a pivot toward fiscal stimulus. We are finding continued opportunities in global equities, reflective of positive fundamentals, low inflation and relatively attractive valuations. In terms of broad positioning, we favor a blend of investments in secular and cyclical growth companies, with a relative underweight positioning in defensives overall. We see significant opportunities in companies with earnings growth catalysts, solid cash flow generation and improving to strong balance sheets. From a thematic and sector perspective, we see opportunities in the information technology sector, consumer companies with targeted areas of demand, and more cyclical companies in the financials and industrials sectors with improving fundamentals and catalysts. Our risk-managed, active investment approach and long-term perspective positions us to take advantage of the opportunities in global markets.

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## Fund Quarterly Attribution

	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	REAL ESTATE	TELECOM SERVICES	UTILITIES
GLOBAL CONVERTIBLE FUND VERSUS ICE BOFAML GLOBAL 300 CONVERTIBLE INDEX (%)											
Value Added from Sector	-0.08	0.05	0.02	-0.02	-0.02	0.08	-0.14	0.01	-0.02	0.02	0.07
Value Added from Selection & Interaction	-0.33	0.00	0.03	-0.18	-0.12	0.19	0.16	0.09	0.16	0.13	0.02
Total Added Value	-0.41	0.05	0.05	-0.19	-0.14	0.28	0.02	0.09	0.14	0.14	0.10

### SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE QUARTER)

Global Convertible Opportunities Fund	15.03	0.00	4.69	13.55	9.54	8.37	19.89	4.02	7.84	3.73	0.46
ICE BofAML Global 300 Convertible Index	12.29	2.21	5.39	12.45	11.60	10.54	23.75	5.41	6.56	4.88	4.93
Over/underweight	2.74	-2.21	-0.70	1.10	-2.06	-2.17	-3.86	-1.38	1.28	-1.14	-4.47

### SECTOR RETURNS (%)

Global Convertible Opportunities Fund	-2.68	0.00	3.63	1.45	2.10	4.77	5.61	4.32	4.57	3.55	6.12
ICE BOFAML Global 300 Convertible Index	-0.36	0.36	2.84	2.64	3.20	1.93	4.72	2.18	2.34	0.41	0.91
Relative Return	-2.31	-0.36	0.78	-1.19	-1.10	2.83	0.90	2.14	2.22	3.14	5.21

Calculations may be subject to rounding.

Calamos Global Convertible Fund is a sub-fund of Calamos Global Funds PLC, an investment company with variable capital incorporated with limited liability in Ireland (registered number 444463), and is authorised and regulated by the Irish Financial Regulator as an Undertaking for Collective Investment in Transferable Securities ("UCITS"). The Fund is registered for public offer and sale in the following jurisdictions: Austria, Belgium, Cyprus, France, Germany, Greece, Hong Kong, Luxembourg, Netherlands, Spain, Switzerland and the United Kingdom. In addition, the Fund is registered for institutional sales in Italy and as a "Restricted Scheme" for purposes of the private placement regime in Singapore. The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, but is not authorised under such Act and therefore investors will not be entitled to compensation under the UK Financial Services Compensation Scheme. Calamos Investments LLP, is authorised and regulated by the Financial Conduct Authority, and is the distributor of the Calamos Global Funds PLC.

**Important Information.** 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. Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualised average. All performance shown assumes reinvestment of dividends and capital gains

distributions. The Fund also offers Class C and X shares, the performance of which may vary. Performance shown reflects the management fee.

Returns net of fees include the investment advisory fee charged by Calamos Advisors LLC. Returns greater than 12 months are annualised. All performance shown assumes reinvestment of dividends and capital gains distributions. Sources for performance data: Calamos Advisors LLC, RBC Investor Services Ireland Limited ("RBC") and BNY Mellon Performance & Risk Analytics, LLC.

The Fund is offered solely to non-U.S. investors under the terms and conditions of the fund's current prospectus. The prospectus contains important information about the Fund and should be read carefully before investing. A copy of the full prospectus and applicable Key Investor Information Document (KIID) for the Fund may be obtained by visiting [www.calamos.com/global](http://www.calamos.com/global), or by contacting the local Paying Agent listed by jurisdiction at [www.calamos.com/global](http://www.calamos.com/global), or through the fund's Transfer Agent, RBC Investor Services Ireland Limited. In Switzerland, all important information such as the constituents documents, the sales prospectus, the Key Investor Information Document ("KIID") and the annual or semi-annual report can be obtained free of charge from the Swiss representative. The Swiss representative is Acolin Fund Services AG, Affolternstrasse 56, 8050 Zürich. The Swiss paying agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, CH-8022 Zürich.

<sup>†</sup> Morningstar Ratings™ are based on risk-adjusted returns for Class I shares and will differ for other share classes. Morningstar Ratings based on a risk-adjusted return measure that accounts for variation in a fund's monthly historical performance (reflecting sales charges), placing more emphasis on downward variations and rewarding consistent performance.

Within each asset class, the top 10%, the next 22.5%, 35%, 22.5%, and the bottom 10% receive 5, 4, 3, 2, or 1 star, respectively. Each fund is rated exclusively against U.S. domiciled funds. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Source: © 2017 Morningstar, Inc. All Rights Reserved.

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Calamos Investments LLP Distributor

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