

Global Opportunities Strategy

CALAMOS
INVESTMENTS

Market Overview

Global equities delivered broad-based gains for the quarter as investors balanced positive data on the global economy and corporate earnings against divergences in central bank monetary policy and geopolitical uncertainty. Equities generated gains across almost all major country indices, reflecting the extensive participation in the period. Developed markets returned 4.96%, as measured by the MSCI World Index. U.S. equities steadily added to year-to-date gains, as the S&P 500 Index returned 4.48% in the quarter. Emerging markets built on their strong gains this year, as the MSCI Emerging Markets Index rose 8.04% in the period. The broad MSCI ACWI Index returned 5.31%, reflecting the overall upside across global markets.

Each of the major U.S. equity indices reached new highs at quarter-end, with the S&P 500 Index marking its eighth straight quarter of gains. Market participants were heartened by strong corporate earnings, continued health in manufacturing and services data as well as moderate gains in employment and wages, which held inflation low. Stocks endured intermittent tension with North Korea and multiple hurricanes, but found encouragement in the potential for tax reform. The Federal Reserve has left interest rates on hold since the June meeting, but announced that it would begin balance sheet normalization in October. The Fed also predicted of one more rate hike before year-end.

European equities returned 6.49% for the quarter, as represented by the MSCI Europe Index (3.49% in local currency). The region's strong gains reflected mostly positive euro zone economic data and continued accommodative monetary policies. Manufacturing data showed robust domestic demand and a pickup in exports as well, while euro zone inflation remained benign, prompting little concern of pricing pressure. Unemployment continued to decline across many of the region's economies, though retail sales and select housing metrics show a mixed recovery picture.

Asian equities also rose in the period, as the MSCI Pacific Index returned 3.97% (3.58% in local currency). Japanese stocks reflected the heightened tensions with North Korea in multiple brief sell-offs during the quarter. Recent data showed that Japan's economy continues to improve. After nearly five years of Abenomics, the economy has seen six straight quarters of expansion. Despite this, a lack of wage growth and relatively low consumer confidence still weigh on the economy.

Emerging markets posted their first monthly decline this year in September, but outperformed developed markets for the quarter, supported by strong earnings growth, improving economic data, and appreciating currencies. In terms of key macro data, China's manufacturing and services PMI data continued to show broad expansion through a combination of domestic demand and increased exports, while overall Chinese GDP increased 6.9%. India's

FIGURE 1. CALAMOS GLOBAL OPPORTUNITIES STRATEGY RETURNS

	QTR ENDING 9/30/17	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (10/96)
Calamos Global Opportunities Composite						
Gross of Fees	4.94%	13.16%	6.68%	7.35%	4.61%	9.55%
Net of Fees	4.73	12.25	5.84	6.51	3.74	8.56
MSCI ACWI Index	5.31	19.28	8.02	10.79	4.45	6.87
MSCI ACWI Index (Local)	4.48	18.99	9.51	12.81	5.21	7.09

Source: Calamos Advisors LLC

Past performance is no guarantee of future results.

Data as of 9/30/17.

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FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE MSCI ACWI INDEX
THIRD QUARTER 2017

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Consumer Staples	38	
Telecom Services	28	
Information Technology	22	
Utilities	5	
Real Estate	1	
Industrials	0	
Financials		-1
Energy		-7
Materials		-15
Consumer Discretionary		-33
Health Care		-33

Attribution based on gross of fee performance with dividends reinvested. Performance attribution excludes any government/sovereign bonds or options on broad market indexes the portfolio may hold.

Past performance is no guarantee of future results.

Source: Calamos Advisors LLC. Data as of 9/30/17.

economy grew 5.7% in the last quarter, reflecting some deceleration due to lower consumer spending and investment following last year's demonetization policies. Stocks in Brazil rallied as the recent upturn in growth benefited from a rebound in consumer spending, lower unemployment and a more settled political environment for now.

Global convertibles participated in a significant portion of the upside in global equities, as the BofA Merrill Lynch Global 300 Convertible Index (G300) returned 4.11% in the period. U.S. convertibles returned 3.77% and participated well with gains in their underlying equities. European convertibles performed well, returning 4.66% while Japan domestic convertibles returned 0.18%. Asia ex-Japan convertibles also generated moderate gains, returning 3.56%. New convertible issuance reached a total of \$60.6 billion globally through the third quarter, per BofA Merrill Lynch figures. The level marked healthy conditions as issuance outpaced redemptions.

Performance Review

During the quarter, the portfolio generated an attractive total return while adhering to its risk-managed investment approach.

Sectors. The underweight position and better selection in consumer staples contributed the most to performance in the period. Holdings in the distillers & vintners and personal products industries performed well in particular. Within the sector, we own a set of global leaders with long-term growth potential and attractive cash flow characteristics in multiple consumer categories. The portfolio's relative security selection in telecom services also added to gains in the quarter. Given their stronger growth fundamentals, our holdings in the wireless telecom services industry outperformed the index. We continue to invest selectively in the sector, traditionally a more defensive market area, and emphasize companies with significant addressable markets and earnings growth potential.

The portfolio's security selection in health care detracted from value in the period. In particular, portfolio holdings in pharmaceuticals underperformed due to security-specific factors. Concerning health care, we emphasize opportunities that provide strong innovation pipelines, superior return on invested capital, and alignment with our secular themes in the sector. The portfolio's overweight position and relative security selection in the consumer discretionary sector also hampered returns in the period. Specifically, holdings in the Internet & direct marketing retail industry underperformed index peers. Despite the off quarter, we still hold a modest overweight position in the consumer sector with holdings in diversified industries including Internet retail, apparel and accessories, automotive, homebuilding and media.

Geographic. The portfolio's holdings in the U.S. trailed the stronger gains in the index. We held a moderate underweight to the U.S. over the period based on our view of relatively expensive valuations and less accommodative monetary policies. We own a blend of holdings in core secular growth holdings and more cyclical businesses. Investment opportunities reflect our view of a pickup in the economy and healthy inflation expectations.

The portfolio's overweight positioning and stronger security selection in Europe benefited returns. We have an overweight stance in Europe that

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FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 6/30/17 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	25.2%	17.6%	0.3%	7.6%
Financials	14.7	18.6	1.4	-3.9
Consumer Discretionary	13.4	11.9	-1.8	1.5
Industrials	12.3	10.8	1.8	1.5
Health Care	11.1	11.2	-1.8	-0.1
Consumer Staples	6.3	8.8	0.2	-2.5
Materials	6.0	5.3	2.4	0.7
Energy	4.7	6.4	-2.2	-1.7
Telecom Services	2.8	3.2	-1.4	-0.4
Real Estate	2.4	3.1	1.1	-0.7
Utilities	1.1	3.1	0.0	-2.0

This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or broad based index hedging securities/options the portfolio may hold. Source: Calamos Advisors LLC. Data as of 9/30/17.

FIGURE 3. LARGEST 10 COUNTRY WEIGHTS VERSUS THE MSCI ACWI INDEX

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 6/30/17 (PCT. POINTS)	UNDER/OVERWEIGHT %
United States	48.1%	50.8%	-0.6%	-2.7%
France	8.0	3.5	2.4	4.5
Japan	7.7	7.6	0.8	0.1
China	5.5	3.0	-0.8	2.5
Switzerland	5.4	3.2	0.1	2.2
Germany	4.4	3.2	-0.5	1.2
Netherlands	4.0	1.5	0.1	2.5
United Kingdom	3.6	5.6	-2.0	-2.0
India	2.8	1.0	0.3	1.8
Italy	2.0	0.7	0.0	1.3
Developed Markets	87.9	88.7	1.0	
Emerging Markets	12.1	11.3	-1.0	

Excludes cash weighting. Companies are classified geographically according to their country of domicile. This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Geographical distribution tables exclude any options on broad market indexes the portfolio may hold. Source: Calamos Advisors LLC. Data as of 9/30/17.

reflects our view of improving economic data, reasonable valuations, favorable liquidity and upside in corporate margins. We own select multinationals with greater global revenue exposure, in addition to opportunities with more local European revenue sources.

The portfolio's investments in emerging markets generated gains but trailed the larger returns of the index. Holdings in Emerging Asia performed particularly well due to leading earnings growth

and positioning in key industries, while holdings in Latin America underperformed the benchmark. Emerging markets are poised to benefit from a pickup in global demand, the stabilization in many currencies, and favorable valuations. We own a combination of secular growth-oriented and cyclical companies benefiting from economic tailwinds.

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The portfolio is slightly underweight to Japan, with our exposure focused on companies more levered to global growth than domestic demand.

The portfolio holdings slightly lagged the index positions in the quarter.

Liquidity conditions continue to be very accommodative. In fact, the BOJ is the only major central bank not discussing reduced accommodation in the medium-term, which should limit the appreciation of the yen and benefit exporters.

In terms of individual country results, the portfolio's holdings in China and Switzerland performed well and added value, while the portfolio's security selection in the U.S. and Canada underperformed.

Positioning and Portfolio Changes

We positioned the portfolio with the goal of providing upside equity participation along with downside resilience during periods of spiking market volatility. We favor company structures that offer compelling risk/reward characteristics relative to their underlying common stocks.

The portfolio holdings reflect a combination of core growth and more cyclical opportunities in key sectors, including information technology, consumer discretionary, industrials and financials.

From a sector standpoint, we maintained relatively stable weights during the quarter. We modestly increased the weights in industrials and materials reflecting an increase in cyclical growth opportunities. We offset these moves by slightly trimming weights in energy and telecom services, driven mainly by security-specific rationale.

Conclusion

We see continued opportunities in global equities, given positive fundamentals 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 defensive areas due to less attractive fundamentals and relative valuations. 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 a select set of 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.

Past performance does not guarantee or indicate future results. 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. There is no guarantee that the investment goals/objectives will be met. Indices are unmanaged and one cannot invest directly in an index.

The information portrayed is for Calamos Global Opportunities Composite and as such only relate to the representative portfolio shown. 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.

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.

Performance returns presented reflect, unless otherwise noted the Calamos Global Opportunities Composite which is an actively managed composite primarily investing in a globally diversified portfolio of equity, convertible and fixed-income securities, with equal emphasis on capital appreciation and current income. The Composite was created February 16, 2006, calculated with an inception date of October 1, 1996 and includes all fully discretionary fee paying accounts, including those no longer with the Firm.

Country Return Statistics: Unless otherwise noted, country equity returns are based on the appropriate MSCI Index for the country listed.

The BofA Merrill Lynch Global 300 Convertible Index (VG00) is a global convertible index composed of companies representative

of the market structure of countries in North America, Europe and the Asia/Pacific region. The BofA Merrill Lynch Investment Grade Global 300 Convertibles Index comprises issues of investment-grade convertible bonds and preferreds in North America, Europe and the Asia/Pacific Region. The BofA Merrill Lynch Speculative Grade Global 300 Convertibles Index comprises speculative grade convertible bonds and preferreds in North America, Europe and the Asia/Pacific Region. The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The index is calculated in both U.S. dollars and local currencies. 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 S&P 500 Index is a market-value weighted index and is widely regarded as the standard for measuring U.S. stock-market performance. The MSCI indices are calculated in both U.S. dollars and local currencies.

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 Sources: 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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