

Global Opportunities Strategy

CALAMOS
INVESTMENTS

Market Overview

Global equities continued their upward trend and delivered gains across regions in the second quarter. Rising equities reflected a positive environment characterized by generally improved global economic data, an upside in corporate earnings and continued accommodation in central bank monetary policies. Equities generated positive results across almost all major country indexes, reflecting broad participation in the period. Developed markets returned 4.22%*, as measured by the MSCI World Index. U.S. equities trailed other regions but added to year-to-date gains, as the S&P 500 returned 3.09% in the quarter. The MSCI Emerging Markets Index showed a strong return of 6.38% for emerging markets, and the broad MSCI ACWI Index returned 4.45%, reflecting synchronized upside across global markets.

In the U.S., the Fed raised benchmark interest rates by a quarter point in June—the fourth such increase since December 2015. Corporate earnings and analyst estimate revisions were quite positive in the period, reflecting a first quarter double-digit profit increase for the S&P 500. Key economic and employment data was mixed but generally indicated continued growth and relatively low inflation, and manufacturing and services demand data affirmed that the economy is firmly in expansion territory.

European equities delivered a strong gain of 7.73% for the quarter, as represented by the MSCI Europe Index. European shares benefited from growth in economic data and corporate earnings,

attractive valuations, and some resolution of looming political risks. Emmanuel Macron's election victory in France provided much-needed support for the pro-European Union establishment, free trade and labor deregulation, even as the unexpected results of the UK's snap election in early June will complicate Brexit negotiations and Prime Minister Theresa May's ability to implement her agenda. The European Central Bank left interest rates unchanged at its June meeting, suggesting confidence in the euro zone's recovery. In terms of key economic data, readings on euro zone PMI, business confidence and German inflation all pointed to improved economic momentum, driving bond yields higher across the region toward quarter-end.

Asian equities also rose in the period, as the MSCI Pacific index returned 3.95%. Japan's economy continues to grind higher but recent data pointed to lackluster overall demand and inflation levels well below the Bank of Japan's target. However, manufacturing PMI expanded further and core CPI hit a two-year high, albeit at a still low 0.4%. The BOJ held monetary policy steady at its June meeting, underscoring its intent to maintain accommodation.

The MSCI Emerging Markets Index delivered its strongest start to date since 2009, gaining 6.38% to boost the first-half total return to 18.60%. EM regions continued to outperform developed markets, supported by leading earnings growth, improving economic data, and stronger currencies versus the U.S. dollar. In China, services and manufacturing data remained in expansionary territory, although

FIGURE 1. CALAMOS GLOBAL OPPORTUNITIES STRATEGY RETURNS

	QTR ENDING 6/30/17	1-YEAR	3-YEAR	5-YEAR	10-YEAR	15-YEAR	SINCE INCEPTION (10/96)
Calamos Global Opportunities Composite							
Gross of Fees	4.42%	12.93%	3.99%	7.54%	4.78%	8.11%	9.42%
Net of Fees	4.22	12.02	3.17	6.70	3.90	7.15	8.42
MSCI ACWI Index	4.45	19.41	5.39	11.14	4.27	7.87	6.69
MSCI ACWI Index (Local)	3.28	19.79	8.25	13.09	4.86	7.50	6.95

Source: Calamos Advisors LLC

Past performance is no guarantee of future results.

Data as of 6/30/17.

Calamos Global Opportunities Strategy

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

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Information Technology	56	
Telecom Services	33	
Utilities	4	
Health Care	3	
Consumer Staples	2	
Real Estate		-1
Materials		-3
Industrials		-8
Financials		-16
Consumer Discretionary		-19
Energy		-36

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 6/30/17.

there has been recent deceleration and private data has been marginally softer than official government statistics. Mexico's equity market generated additional gains in the quarter, even as Mexico's central bank raised interest rates for the seventh time to combat higher inflation. Mexico continues to be among the strongest performing countries year-to-date.

Global convertibles participated in a significant portion of the upside gain in global equities, as the BofA Merrill Lynch Global 300 Convertible Index (G300) returned 3.91% in the quarter. U.S. convertibles returned 2.46%, outpacing the gains of their underlying equities. European convertibles performed well, returning 7.11%, while Japanese domestic convertibles returned 2.18%. Emerging market convertibles generated a moderate gain of 1.58% but, reflective of their more defensive profile, trailed emerging market equities. Because of stronger underlying equity performance, global investment grade convertibles gained 5.03% versus the 3.51% return in below-investment grade issues, as measured by the BofA Merrill Lynch Investment Grade Global 300 Convertible Index and BofA Merrill Lynch Below Investment Grade Global 300 Convertible Index, respectively. New convertible issuance in the year's

first half was \$41.2 billion globally, ahead of the \$38.2 billion mark from the same period in 2016 (per BofA Merrill Lynch figures).

Performance Review

The portfolio delivered an attractive total return in the quarter, attributable to the relatively higher growth profile and quality fundamentals of portfolio holdings.

Information Technology. The portfolio's overweight allocation to and relative security selection in information technology contributed the most to relative performance, as strong growth characteristics drove gains in the Internet software and services industry and the application software industry. The portfolio's active overweight in the technology sector reflects our view of positive fundamentals, reasonable valuations and compelling secular tailwinds.

Telecom Services. The portfolio's relative security selection in telecom services also generated value, as holdings in the wireless telecom services industry outpaced the index constituents. We continue to invest in select growth opportunities in this traditionally more defensive sector. Specifically, we look for significant addressable markets and earnings growth potential in key markets.

Energy. The portfolio's slight overweight allocation to and relative selection in energy detracted the most value in the period, as select holdings in the oil and gas equipment and services industry trailed index positions. We have a generally neutral view of opportunities in energy, weighing some price stabilization against persistent excess global supply.

Financials. The portfolio's underweight to and security selection in financials also detracted relative value in the quarter, as names in the regional banks and investment banking and brokerage industries trailed. Portfolio holdings are positioned to benefit from higher interest rates, improving business fundamentals, and the prospect of decreased regulations and accompanying potential tailwinds.

Calamos Global Opportunities Strategy

FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 3/31/17 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	24.9	16.9	-1.0	8.0
Consumer Discretionary	15.2	12.1	0.0	3.1
Financials	13.3	18.7	-0.5	-5.4
Health Care	12.9	11.4	2.8	1.5
Industrials	10.5	10.9	-1.1	-0.4
Energy	6.9	6.1	-0.5	0.8
Consumer Staples	6.1	9.3	-0.6	-3.2
Telecom Services	4.2	3.2	0.3	1.0
Materials	3.6	5.2	0.9	-1.6
Real Estate	1.3	3.1	-0.6	-1.8
Utilities	1.1	3.1	0.3	-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 6/30/17.

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

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 3/31/17 (PCT. POINTS)	UNDER/OVERWEIGHT %
United States	48.7	51.5	-2.9	-2.8
Japan	6.9	7.8	0.0	-0.9
China	6.3	2.7	-0.3	3.6
France	5.6	3.4	2.8	2.2
United Kingdom	5.6	5.7	0.0	-0.1
Switzerland	5.3	3.2	-0.4	2.1
Germany	4.9	3.1	1.5	1.8
Netherlands	3.9	1.4	-0.3	2.5
India	2.5	1.0	0.0	1.5
Italy	2.0	0.7	0.3	1.3
Developed Markets	86.9	89.3	0.6	
Emerging Markets	13.1	10.7	-0.6	

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 6/30/17.

Geographic

The portfolio's regional and country positioning reflects the combined inputs from our top-down global framework and our bottom-up security analysis. Our investment team dynamically evaluates macroeconomic factors and growth opportunities and actively integrates these into the investment decision-making process.

Regionally, the portfolio's holdings in the U.S. generated moderate returns and contributed positively relative to index constituents.

Positioning in Europe detracted value in the quarter, as our risk-managed approach trailed the stronger relative gains in the benchmark. Investments in emerging markets generated strong returns in the second quarter. Portfolio holdings in emerging Asia performed particularly well, bolstered by improving fundamentals and beneficial positioning. We have a relatively neutral view of opportunities in Japan, expressed through a modest relative underweight position. The portfolio's security selection in Japan lagged the equity index in the

Calamos Global Opportunities Strategy

period. In terms of individual country results, portfolio holdings in China and the U.S. performed well and contributed positively, while security selection in Switzerland and Japan trailed the index.

Positioning and Portfolio Changes

We positioned the portfolio with the dual objective of providing upside equity participation along with downside resilience during periods of spiking market volatility. Our holdings reflect a combination of core growth and more cyclical opportunities across key market sectors, with the largest absolute allocations to information technology, consumer discretionary, financials, health care and industrials.

From a sector standpoint, we maintained relatively stable allocations across sectors during the quarter. The portfolio weights in health care and materials were increased modestly, reflecting a combination of more stable and cyclical opportunities. These additions were offset by slightly reduced exposure to industrials, energy and real estate holdings.

Outlook

Recent corporate and economic data points to a synchronized pickup in growth across global regions. Monetary policy remains accommodative overall and a pivot to greater fiscal stimulus also supports global activity. We see continued opportunities in global equities, reflective of sound fundamentals and valuations. In terms of broad positioning, we favor an optimal blend of investments in secular and core growth companies, complemented by active allocations to more economically sensitive cyclical businesses. Additionally, we view significant opportunities in companies with earnings growth catalysts, solid cash flow generation and improving-to-strong balance sheets. In terms of thematic and sector perspectives, we see investable opportunities in the information technology sector, consumer companies with targeted areas of demand, and an expanding set of more cyclical companies in the industrials and financials sectors. Given the global mandate, our risk-managed, active investment approach and long-term perspective, we believe your portfolio will benefit from strategic positioning and tactical adjustments as the investment landscape unfolds in the quarters ahead.

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 indexes 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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