

Global Opportunities Strategy

CALAMOS
INVESTMENTS

Market Overview

Global equities experienced broad gains across markets during a positive first quarter. Higher share prices reflected a trend of generally improving global economic data, an upside in corporate earnings, and more bullish investor sentiment. Equities generated positive returns across almost all major country indexes and global sectors, reflecting extensive participation in the period. Developed markets returned 6.53%, as measured by the MSCI World Index.* U.S. equities saw a steady year-to-date gain of 6.07% in reference to the S&P 500 Index. The MSCI Emerging Markets Index showed a strong return of 11.49% for emerging markets, and the broad MSCI ACWI Index finished at 7.05%, reflecting the breadth of upside.

U.S. economic data and corporate earnings showed a pickup in confidence and growth, helping the major equity indexes achieve new highs in the period. The Fed raised short-term interest rates a quarter point at the March meeting. Additional hikes could occur in 2017, as the FOMC indicated that it would take a cautious approach to increases even as it acknowledged signs of a stronger economy. Key data on employment and manufacturing generally beat expectations and reflected a broader pickup in the U.S. economy. Fourth quarter GDP was revised higher to 2.1% from the previously reported 1.9%. Additionally, corporate profits rose 0.5% in the fourth quarter, reflecting positive activity leading into 2017.

European equities returned 7.61% for the quarter, as represented by the MSCI Europe Index. European shares benefited from growth in

corporate earnings, better economic readings, relatively attractive valuations, and some calming in populist political sentiment. Rising business and consumer sentiment combined with a pickup in “hard” economic data contributed to gains. Manufacturing PMI and industrial production figures showed a firming economy while euro-area economic confidence approached the highest level in several years. Eurozone inflation also recently edged closer to the European Central Bank’s goal. At its March meeting, the ECB did not change interest rates and indicated that rates would remain at low levels for an extended period. Also in March, UK Prime Minister May triggered the start of the complex and uncertain Brexit process.

Asian markets also rose in the period, as the MSCI Pacific Index returned 7.03%. Japanese equities reflected good economic fundamentals despite some recent strengthening in the yen. Further, manufacturing PMI data continued to expand while consumer confidence neared the highest level since 2013. Japan’s GDP was revised higher to 1.2% in the recent quarter, with exporters performing relatively better despite tepid domestic demand.

Emerging markets experienced strong returns in the quarter, as the MSCI Emerging Markets Index gained 11.49%. EM stocks benefited from higher economic growth, increased corporate earnings, and positive impacts from currency appreciation and capital flows. In China, recent figures on industrial production and fixed asset investment showed continued strength in equities, even as retail sales did not live up to expectations. China’s manufacturing and

FIGURE 1. CALAMOS GLOBAL OPPORTUNITIES STRATEGY RETURNS

	QTR ENDING 3/31/17	1-YEAR	3-YEAR	5-YEAR	10-YEAR	15-YEAR	SINCE INCEPTION (10/96)
Calamos Global Opportunities Composite							
Gross of Fees	5.50%	9.44%	3.92%	5.44%	4.95%	7.59%	9.31%
Net of Fees	5.29	8.54	3.10	4.61	4.07	6.63	8.31
MSCI ACWI Index	7.05	15.68	5.65	8.97	4.56	6.88	6.55
MSCI ACWI Index (Local)	5.82	17.64	8.73	11.40	5.20	6.31	6.87

Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC

Past performance is no guarantee of future results.

Data as of 3/31/17.

*All values are in USD terms unless otherwise indicated.
All portfolio positioning and sector information is for a representative portfolio. Please see last page for additional information.

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

	CONTRIBUTORS	DETRACTORS
Telecom Services	28	
Consumer Staples	8	
Health Care	6	
Utilities	1	
Information Technology	0	
Real Estate		-1
Energy		-13
Industrials		-16
Materials		-25
Consumer Discretionary		-46
Financials		-58

Attribution represented in basis points and is 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 3/31/17.

services PMI readings consistently held above 50, reflecting expansion and better demand in the overall economy. Additionally, India was a standout market in the period, where recent elections reflected solid support for Indian Prime Minister Modi and his reform programs. As a result, both equities and the rupee rallied and consumer prices in India increased 3.65%. Mexican equities also performed well in the period, as the peso rebounded following the central bank's decision to increase interest rates and fallout from potential changes to U.S. trade and immigration policy abated.

Global convertibles trailed equity returns but participated in a significant portion of the upside, as the BofA Merrill Lynch Global 300 Convertible Index (G300) returned 4.71% in the period. U.S. convertibles returned 5.30%, driven by returns in their underlying equities. European convertibles trailed slightly in the period with a 3.81% return, while Japanese domestic convertibles returned 6.57%. Emerging market convertibles generated moderate gains but trailed emerging market equities, returning 3.59% for the period. Because of stronger underlying equity performance, global investment grade convertibles gained 2.83% versus the -1.86% decline in below-investment grade issues, as measured by the BofA Merrill Lynch Investment Grade Global Index and BofA Merrill Lynch Below Investment Grade Global Index.

New convertible issuance reached \$24.3 billion globally for the quarter, a figure well ahead of the \$15.8 billion pace in the previous year (per BofA Merrill Lynch figures).

Performance Review

The portfolio delivered solid returns and participated in the equity market upside in the quarter, but trailed the more substantial gains of the all-equity benchmark.

Financials. An overweight to and selection in financials were leading detractors in the first quarter. The greatest setbacks occurred in asset management and custody banks. Optimism waned as it became evident the political process for future policy changes would be difficult—and bank stocks took a hit late in the quarter. Even so, we believe the portfolio's holdings in this sector are well positioned to benefit from higher interest rates, improving business fundamentals, and the prospect of reduced regulations.

Consumer Discretionary. Security selection in the consumer discretionary sector also detracted from return. Specifically, holdings in the apparel and accessories industry trailed those in the index due to slowing growth fundamentals. We hold an overweight position in the consumer discretionary sector and own companies in diversified categories, including Internet retail, apparel and accessories, automotive, and homebuilding.

Telecom Services. Relative security selection in telecom services added the most value. Specifically, holdings in the wireless telecom services industry outperformed constituents in the index. We continue to seek select growth opportunities in the sector—traditionally a more defensive space—including those that offer addressable markets and revenue growth potential.

Health Care. Improved security selection in health care also added to the quarterly result, as holdings in the pharmaceuticals industry performed well. We have emphasized opportunities that offer innovation, superior return on invested capital, and alignment with our secular themes.

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FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/16 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	25.9	16.4	4.3	9.5
Consumer Discretionary	15.2	12.1	-0.2	3.1
Financials	13.8	18.5	-0.6	-4.7
Industrials	11.6	10.7	-5.1	0.9
Health Care	10.1	11.1	2.6	-1.0
Energy	7.4	6.6	1.2	0.8
Consumer Staples	6.7	9.5	0.5	-2.8
Telecom Services	3.9	3.4	-2.4	0.5
Materials	2.7	5.3	-0.2	-2.6
Real Estate	1.9	3.2	-0.1	-1.3
Utilities	0.8	3.2	0.0	-2.4

Source: Calamos Advisors LLC.

Data as of 3/31/17.

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.

FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI INDEX

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/16 (PCT. POINTS)	UNDER/OVERWEIGHT %
United States	51.6	52.2	-0.7	-0.6
Japan	6.9	7.7	0.3	-0.8
China	6.6	2.5	1.2	4.1
Switzerland	5.7	3.3	3.1	2.4
United Kingdom	5.6	5.5	0.3	0.1
Netherlands	4.2	1.4	-0.1	2.8
Germany	3.4	3.1	0.3	0.3
France	2.8	3.2	-1.3	-0.4
India	2.5	1.0	-0.5	1.5
Italy	1.7	0.6	-0.7	1.1
Developed Markets	86.3	89.7	-1.9	
Emerging Markets	13.7	10.3	1.9	

Source: Calamos Advisors LLC

*Excludes cash weighting. Companies are classified geographically according to their country of domicile.

Data as of 3/31/17.

This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Companies are classified geographically according to their country of domicile. Geographical distribution tables exclude any options on broad market indexes the portfolio may hold.

Geographic

The portfolio's regional and country positioning reflect the inputs from our top-down global framework and our bottom-up security analysis.

Our investment team actively integrates macroeconomic factors and growth opportunities into investment decision making.

Regionally, the portfolio's holdings in the U.S. generated positive returns but lagged the gains in the index. Positioning in Europe detracted value as our risk-managed approach trailed the stronger

gains in the equity index. Security selection in Japan added value during the period. The portfolio's weight in emerging markets contributed positively to performance, as positions generated strong gains in the quarter. Holdings in emerging Asia performed particularly well due to improving fundamentals and beneficial positioning. In terms of individual country results, holdings in China and Japan performed well and added value, while security selection in the U.S. and Germany trailed the index.

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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. 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 increased weights in health care and technology modestly, as these sectors reflect a combination of more stable and secular growth opportunities. We offset these moves by decreasing weights in industrials and telecom services.

Regionally, we maintained a relatively stable delta-beta adjusted weight in the U.S. over the period based on our view of improving fundamentals, potential policy impacts, and relatively expensive valuations.

We hold a relatively positive stance on Europe given the region's improving economic data, reasonable valuations, favorable liquidity and upside in corporate margins. We own select multinationals domiciled in Europe that place a greater emphasis on global revenue exposure.

We have a neutral view of opportunities in Japan and hold a modest underweight position. Japan's macroeconomic fundamentals remain

lackluster despite continued monetary accommodation. Conversely, equity valuations are attractive, and we favor exporters benefiting from the improvement in global growth.

In emerging markets, the outlook for earnings growth is strong, and EMs are poised to benefit as many currencies and commodities stabilize from a pickup in global demand. We own a combination of secular growth-oriented and more cyclical companies poised to take advantage of emerging tailwinds.

Outlook

Recent economic data points to a synchronized pickup in global growth across regions. With global activity being supported by accommodative monetary policy and an increasing pivot toward fiscal stimulus, we see continued opportunities in global equities, reflective of fundamentals and valuations. However, policy risk, market valuations, and investor positioning may offset these supportive characteristics and challenge markets, and we believe a risk-managed approach to global equities is well suited to the current environment. Our active, risk-managed investment approach positions us to take advantage of the opportunities in global equities and convertible securities.

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 MSCI ACWI (All Country World 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 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 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 indexes are calculated in both U.S. dollars and local currencies. The BofA Merrill Lynch All Investment Grade U.S. Convertibles Index (VXA1) is comprised of issues of U.S. investment-grade convertible bonds and preferreds. The BofA Merrill Lynch All Speculative Grade U.S. Convertibles Index (VXA2) is comprised of U.S. speculative grade convertible bonds and preferreds. 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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