

International Growth Strategy

CALAMOS[®]
INVESTMENTS

Market Overview

Global equities experienced broad gains across global markets during a positive first quarter. Higher share prices reflected 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 market participation in the period.

European equities gained 7.61%* in the quarter, benefitting from corporate earnings growth, generally better economic readings, relatively attractive valuations, and some calming in populist political sentiment. A favorable combination of rising business and consumer sentiment, in addition to a pickup in “hard” economic data, contributed to gains. Manufacturing PMI and industrial production figures indicated a firming economy, and euro-area economic confidence approached its highest level in several years. Eurozone inflation also increased in recent months, edging closer to the European Central Bank’s goal. The ECB held interest rates unchanged at its March meeting and confirmed expectations that rates will remain at a low level for an extended period, even as it tapers the scale of its asset purchase program by €20 billion per month to €60 billion beginning in April. In the UK, Prime Minister Theresa May triggered Article 50 near the end of the quarter, officially marking the start of the complex and uncertain Brexit process. Spain and the Netherlands were the leading European

markets during the period, returning 14.87% and 11.35%, respectively, while Norway and Ireland lagged the index, posting modest 1.50% and 3.89% gains, respectively.

Asian equities followed suit in the quarter, as the MSCI Pacific index returned 7.03%. Japanese equities reflected reasonably good economic fundamentals despite some recent strengthening in the yen versus the U.S. dollar. In terms of specific economic figures, manufacturing PMI data continued to expand while consumer confidence neared the highest level since 2013. Japan’s GDP was revised modestly higher to 1.2% in the recent quarter, with exporters performing relatively better even as domestic demand remained tepid. The Bank of Japan’s Policy Board members indicated they do not see a current impetus to change aggressive stimulus policies, and inflation continues to run well below the stated 2% target. Australia’s unemployment rate rose unexpectedly, but economic conditions remain favorable overall. Despite the highest jobless rate in over a year, the broader economic data has been reasonably positive, and GDP growth of 1.1% in the latest quarter exceeded expectations. In terms of select country performance, Japan returned 4.64%, while Hong Kong and Australia returned 13.41% and 11.01%, respectively.

Emerging markets made an especially strong showing first quarter, as the MSCI Emerging Markets Index gained 11.49%.

FIGURE 1. CALAMOS INTERNATIONAL GROWTH STRATEGY RETURNS

	QTR ENDING 3/31/17	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (4/05)
Calamos International Growth Composite						
Gross of Fees	9.62%	9.01%	0.75%	3.99%	4.88%	8.13%
Net of Fees	9.37	7.96	-0.23	3.01	3.87	7.09
MSCI ACWI ex-US Growth Index	9.21	10.00	1.91	5.20	2.32	5.54

Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC
Past performance is no guarantee of future results.
 Data as of 3/31/17

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FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE MSCI ACWI ex-U.S. GROWTH INDEX

FIRST QUARTER 2017

	CONTRIBUTORS	DETRACTORS
Information Technology	43	
Consumer Staples	35	
Industrials	19	
Real Estate	15	
Health Care	14	
Telecom Services	6	
Materials	2	
Utilities		-2
Consumer Discretionary		-4
Financials		-12
Energy		-34

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.

Emerging market equities benefited from an outlook comprising higher economic growth and increased corporate earnings, in addition to positive impacts from currency appreciation and capital flows. In key developments, China's recent economic data has been generally positive and supportive of relative strength in equities. Industrial production and fixed asset investment figures showed continued strength, offsetting retail sales that have been disappointing versus expectations. China's manufacturing and services PMI readings continued to register above 50 into expansion territory, reflecting better demand in the overall economy. India was a standout market in the period, reversing the observed weakness in the previous quarter. India's recent elections indicated solid support for Prime Minister Narendra Modi and his reform programs, and both equities and the rupee rallied in response. Consumer prices in India increased 3.65% in the latest reading, up modestly from a record low in January, as demand continues to show signs of stabilizing after the near-term adverse impacts of Modi's demonetization reforms. Mexican equities also performed well in the quarter, as the peso recovered following the central bank's decision to increase interest rates, and the near-term focus on the potential negative impacts of

U.S. trade and immigration policy lessened. Among individual EM countries, Poland (+17.75%) and India (+17.12%) were the top quarterly performers, while laggards included Russia (-4.61%) and Greece (-3.46%).

Performance Review

The Strategy portfolio made a strong showing and outperformed the 9.21% return of the MSCI ACWI ex-U.S. Growth index.

Portfolio performance benefited from strong security selection and market dynamics that rewarded companies with leading growth and capital-efficiency fundamentals.

The portfolio's overweight position in information technology added the most value during the period. In particular, the larger weight and selection in the semiconductor equipment industry contributed to returns. The portfolio's overweight position in energy detracted the most value in the quarter. In particular, holdings in the oil and gas equipment and services industry underperformed their counterparts in the index.

From a regional perspective, the portfolio's emerging markets holdings, which generated strong gains in the quarter, contributed to portfolio performance. In particular, holdings in Emerging Asia outperformed due to improving fundamentals and beneficial positioning. The portfolio's security selection in Europe trailed the benchmark index during the period and detracted value.

Positioning

From a sector standpoint, we maintained relatively stable weights during the quarter. We increased portfolio weights modestly in materials and industrials based upon select cyclical opportunities and bottom-up selection. We offset this increase by decreasing weights in consumer discretionary and energy driven mainly by security-specific rationale. In terms of largest absolute weights, we have an emphasis in information technology, industrials, financials, consumer discretionary, and health care.

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FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI ACWI EX-US GROWTH INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI ACWI ex-US Growth INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/16 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	25.9	15.2	1.4	10.7
Industrials	16.2	13.3	1.8	2.9
Financials	13.8	7.7	1.7	6.1
Consumer Discretionary	11.6	13.0	-4.0	-1.4
Consumer Staples	11.3	18.4	-0.1	-7.1
Health Care	10.2	13.0	-0.5	-2.8
Materials	5.6	8.5	2.4	-2.9
Energy	3.6	3.5	-2.8	0.1
Telecom Services	1.0	3.3	-0.7	-2.3
Real Estate	0.8	2.2	0.8	-1.4
Utilities	0.0	1.9	0.0	-1.9

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 4. COUNTRY WEIGHTS VERSUS THE MSCI ACWI EX-US GROWTH INDEX

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI ACWI ex-US Growth INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/16 (PCT. POINTS)	UNDER/OVERWEIGHT %
Japan	15.3	16.2	0.7	-0.9
Switzerland	12.8	9.4	1.8	3.4
United Kingdom	10.8	11.2	-3.2	-0.4
China	10.1	6.0	4.3	4.1
India	8.3	2.1	2.3	6.2
France	7.4	6.0	-1.3	1.4
Germany	4.8	6.4	-2.5	-1.6
Denmark	3.8	1.8	0.2	2.0
Netherlands	3.5	2.3	1.3	1.2
Australia	3.5	5.3	1.9	-1.8
Developed Markets	74.5	76.6	-2.8	
Emerging Markets	25.5	23.4	2.8	

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.

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

From a regional perspective, we hold a moderate overweight in Europe based on our view of improving economic data, reasonable valuations, favorable liquidity and potential upside in corporate margins. We own select multinationals domiciled in Europe that emphasize more global revenue exposure.

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We hold a relatively neutral view of opportunities in Japan and held a slight underweight position. Japan's macroeconomic fundamentals remain lackluster despite continued monetary accommodation. However, equity valuations are attractive, and we favor exporters benefiting from global growth and favorable currency effects.

Emerging markets are poised to benefit from the stabilization in many currencies and commodities as well as a pickup in global demand. Given the aforementioned tailwinds, the outlook for EM earnings growth is strong, and we own a combination of secular growth and more cyclical companies poised to take advantage of emerging opportunities.

Outlook

Recent economic data points to a synchronized pickup in global growth across regions. Accommodative monetary policy overall and an increasing pivot toward fiscal stimulus is also supporting global activity, and we see continued opportunities in international equities. In terms of broad positioning, we favor a blend of investments in secular and core growth companies, in addition to more economically sensitive cyclical businesses.

Past performance does not guarantee or indicate future results. Current performance may be lower or higher than the performance quoted. 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.

The information portrayed is for the Calamos International Growth Composite. 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.

The information provided in this report should not be considered a recommendation to purchase or sell any industry, sector or particular security. There is no assurance that any industry, sector or security discussed herein will remain in a client's account at the time of reading this report or that industry, sectors or securities sold have not been repurchased. The industries, sectors, or securities discussed herein do not represent a client's entire account and in the aggregate may represent only a small percentage of an account's holdings.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Performance returns presented reflect, unless otherwise noted, the Calamos International Growth Composite, which is an actively managed composite primarily investing in common stocks issued by companies outside the United States. The composite includes all fully discretionary fee-paying accounts. Quarterly returns exclude the impact of management advisory fees, which would reduce actual performance results. Net return is presented after the deduction of the actual management fee. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

The MSCI ACWI ex-U.S. Growth Index is a free float-adjusted market capitalization weighted index that is designed to measure the growth equity stock market. The index is calculated on a total return basis, which includes reinvestment of gross dividends before deduction of withholding taxes. 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 Emerging Markets Index is a free float-adjusted market-capitalization index that is designed to measure equity-market performance in the global emerging markets. 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 indices are calculated on a total return basis, which includes reinvestment of gross dividends before deduction of withholding taxes. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect any fees, expenses, or sales charges. Investors cannot invest directly in an index.

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, in consumer companies with targeted areas of demand, and in cyclical companies in the industrials, financials and energy sectors with improving fundamentals and catalysts. Our active investment approach and long-term perspective positions us to take advantage of opportunities in international equities.

Fees include the investment advisory fee charged by Calamos Advisors LLC. Returns greater than 12 months are annualized. Chart Data Sources: Mellon Analytical Solutions LLC and 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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