

GLOBAL CONVERTIBLE SECURITIES: A STRATEGIC CHOICE FOR LOWER-VOLATILITY EQUITY PARTICIPATION

An environment of unprecedented uncertainty has heightened the need for risk-managed investment solutions. Because of their structural features, convertible securities can address a range of strategic investment needs, providing lower-volatility equity market participation or serving as an enhancement to a fixed income portfolio. An embedded long-dated option provides upside equity participation while the convertible's bond value provides potential risk mitigation during equity market drawdowns. For many investors, coupon income offers added appeal in a global low interest rate environment.

Maximising the strategic benefits of convertible securities requires active management and a global approach. Convertibles vary in their levels of equity and fixed income sensitivity. Issues with the highest levels of equity sensitivity (equity alternatives) may offer attractive upside, but investors will be more exposed to downside as well. Conversely, those convertible securities that have more credit sensitivity (yield alternatives) may not offer enough exposure to equity gains. Total return-oriented convertibles offer more balanced attributes.

These attributes can change over time for individual securities as well as for the broad convertible universe, which increases the risk for passive approaches. For example, the U.S. convertible market demonstrated a high degree of equity sensitivity in March of 2000, against the backdrop of a peaking equity market and technology bubble. In February of 2009, the pendulum had swung to the other extreme. As the markets troughed in the liquidity crisis of 2008-2009, more than two-thirds of convertible markets were trading as "credit-sensitive." The characteristics of the convertible market can also shift quickly, due to market conditions, issuance, or both. In March of 2020, the market was dominated by issues with fixed income characteristics, but by the end of May, total return issues were the lion's share once again.

A geographically broad approach provides advantages in constructing a portfolio with the desired risk/reward profile. Convertible markets can differ considerably in their characteristics at a given point of time. Recently, the U.S. has offered better

diversification across the three categories, as well as a higher percentage of issues in the more balanced total return category.

SKYROCKETING ISSUANCE REQUIRES A DISCERNING APPROACH

Since the March correction, convertible issuance has soared as companies seek to access the capital market to shore up liquidity. Historically, convertibles have been one of the first markets to open back up after periods of stress, and we've seen this hold true this year. Global companies have brought nearly \$65 billion to market through May, including a surge of more than \$43 billion since the end of the first quarter. In May, global companies issued more than \$26 billion—the most seen in a single month since 2008.

A diverse group of companies are represented in this issuance activity. The convertible market is typically dominated by companies in growth oriented sectors, but the recent flurry of issuance has also included larger consumer companies and cyclicals. Many recent issuers are also new to the convertible market.

These trends are certainly exciting, but they also heighten the need for an experienced approach and a tested process. Although many issues have been coming to market with very attractive structures, not all represent compelling long-term opportunities.

THE OPPORTUNITY OF ACTIVE MANAGEMENT

Just as there are significant variations in the convertible market, there are also differences among global convertible strategies, including performance during drawdowns. For example, the Calamos global convertible portfolios are managed to pursue lower-volatility equity market participation with a focus on risk mitigation during periods of equity market duress. We tend to favour securities that provide an attractive balance of equity and fixed income characteristics, while actively managing these levels to capitalise on changing market conditions.

Whilst we have offered non-U.S. investors access to our capabilities through Calamos Global Convertible Fund (UCITS) since 2007, our dedicated



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CALAMOS INVESTMENTS

Calamos Investments is a recognised pioneer in convertible strategies. The firm was founded in 1977 by John P. Calamos, Sr., the author of two books and numerous articles on convertible securities. Today, the firm's global client base includes institutions, pension funds and high net worth investors. Calamos manages \$7.8 billion (USD) in convertible assets, across a range of strategies. The firm offers its global convertible capability as a UCITS fund and in a managed account structure.

Figure 1. Changing Characteristics Favour Active Management

U.S. CONVERTIBLE MARKET	YIELD ALTERNATIVES	TOTAL RETURN ALTERNATIVES	EQUITY ALTERNATIVES
March 2000	19%	28%	53%
February 2009	67%	21%	12%
March 2020	42%	30%	28%
May 2020	24%	40%	35%

Percentages shown represent the proportion of convertible bonds in the ICE BofA, All U.S. Convertibles Index (VXA0) that fall into each classification. Source: ICE BofA, All U.S. Convertibles Index (VXA0).

CALAMOS GLOBAL CONVERTIBLE FUND



REFINITIV LIPPER FUND AWARDS

2020 WINNER
UNITED KINGDOM

Winner of the Refinitiv Lipper Award for 10-Year Risk-Adjusted performance in the Bond Convertibles Global Category as of 31/12/19 among 24 funds in the UK.

institutional global convertible strategy dates back to 2001 and provides an extended illustration of the merits of our process. Over its history, the Calamos Global Convertible Strategy has outperformed the MSCI World Index (Figure 2). A history of balancing risk/reward has been a driving factor of long-term outperformance. With active management, the strategy has participated in more equity market upside during rallies than its downside during drawdowns. By preserving capital during drawdowns, the strategy can stairstep its way up over full cycles.

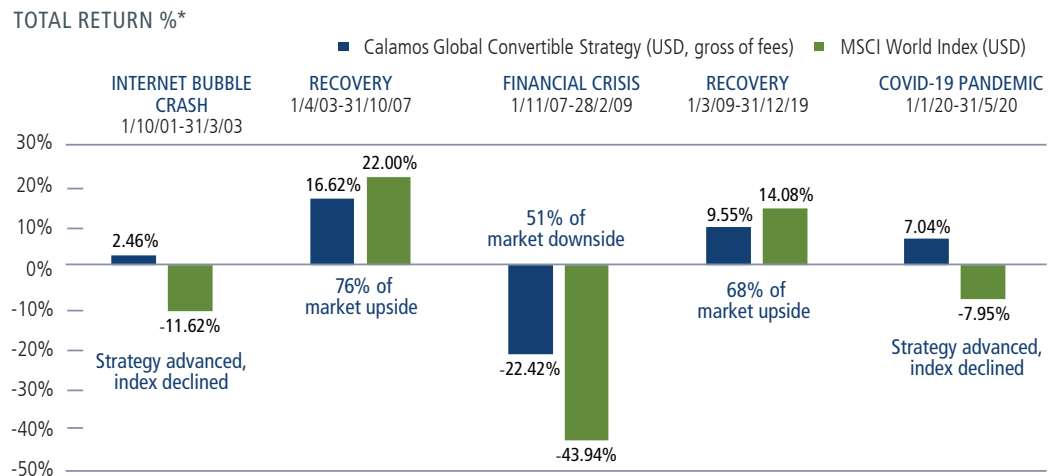
We have thus far focused on global convertibles as a strategic lower-volatility equity approach, but a global convertible strategy also may be an intriguing choice for investors seeking an alternative to traditional bonds. For those who opt for distributions, the Calamos Global Convertible Fund has a 12-month yield of 2.29%*, which we believe is compelling versus the low and negative yields offered by government bonds.

CONCLUSION

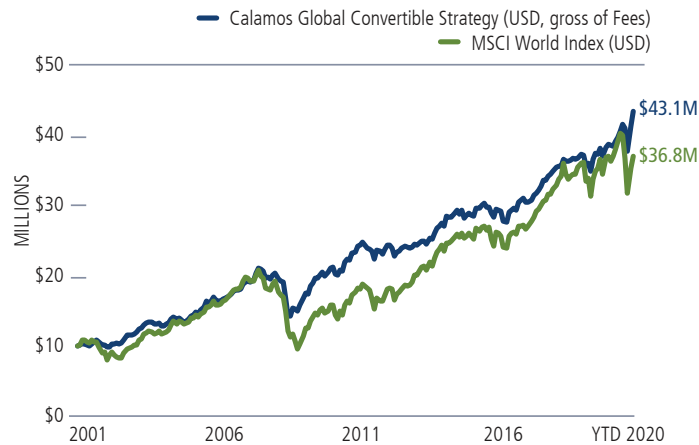
Today's investor has a renewed appreciation for capital preservation and strategies that can provide lower-volatility equity participation. With active management, global convertible securities offer a compelling approach and a breadth of growth opportunity.

For additional information about Calamos Global Convertible Fund (UCITS), please visit www.calamos.com/IPEconvertibles.

Figure 2. Calamos Global Convertible Strategy: Managing Equity Risk Over Market Cycles



GROWTH OF \$10 MILLION TO 31 MAY 2020



RISK/REWARD STATISTICS SINCE INCEPTION TO 31 MAY 2020

	Calamos Global Cvt Strategy	MSCI World Index
Annualised Return	8.13%	7.22%
Alpha	3.76%	—
Beta	0.57	1.00
Standard Deviation	9.72%	15.19%
Downside Semivariance	3.37%	9.44%
Sortino Ratio	1.04	0.54

*Returns for periods of less than one year are not annualised. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance quoted. The Calamos Global Convertible Strategy is not a registered fund available for investment. Source: Mellon Analytical Solutions LLC.

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.

Calamos convertible AUM data as of 31 March 2020.

*Source for 12 month yield: Morningstar as of 31 May 2020, for Class I shares, USD, Distributing Unmanaged index returns assume reinvestment of any and all distributions, are not available for direct investment, and do not reflect fees, expenses or sales charges.

A convertible bond is at a "distressed" valuation when it is worth significantly less than the theoretical value of a similar non-convertible bond and is highly sensitive to changes in the underlying equity price. A convertible bond has "fixed income characteristics" when it is valued at about the same level as a similar non-convertible bond and is not as sensitive to the underlying equity. A convertible bond has "hybrid characteristics" when it has fixed income characteristics as previously explained but is becoming increasingly sensitive to changes in the underlying equity price. "Equity characteristics" represents a convertible bond that is highly sensitive to movements in the underlying equity.

The Refinitiv Lipper Fund Award received is for risk-adjusted performance for the 10-year period among 24 funds in the United Kingdom in the Bond Convertibles Global category as of 31/12/19. The Refinitiv Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Refinitiv Lipper Fund Award. For more information, see lipperfundawards.com. Although Refinitiv Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Refinitiv Lipper. Used with permission by Refinitiv Lipper.

The results portrayed on the preceding pages are for the Calamos Global Convertible 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. Supplemental information has been provided for the Global Convertible Composite.

The Calamos Global Convertible Composite is an actively managed composite investing primarily in a globally diversified portfolio of convertible securities. The composite includes all fully discretionary, fee-paying accounts, including those no longer with the firm. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realised gains and interest. Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are annualised. Chart Data Sources: Mellon Analytical Solutions LLC and Calamos Advisors LLC. 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: Calamos Advisors LLC, 2020 Calamos Court, Naperville, IL 60563-2787 Attn: Compliance Officer.

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 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 U.K. 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 U.K. 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.

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, or by contacting the local Paying Agent listed by jurisdiction at www.calamos.com/global, or through the fund's Transfer Agent, RBC Investor Services Ireland Limited.

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PERFORMANCE AS OF 31/5/2020	YTD	1 YR	3 YR	5 YR	10 YR	SINCE INCEPTION
Calamos Global Convertible Strategy – Inception 01/10/01						
Gross of fees (USD)	7.04%	17.17%	8.90%	7.45%	7.90%	8.13%
Net of fees (USD)	6.44	15.61	7.45	5.98	6.66	7.02
Calamos Global Convertible Fund (UCITS) – Inception 05/10/09						
I Shares, USD Distributing	7.07	16.13	7.58	6.13	6.97	6.60
Refinitiv Global Convertible Index	0.91	10.21	5.82	4.32	6.64	NA

Performance data quoted represents past performance, and may not be a reliable guide to future results. UCITS performance shown reflects the management fee. All performance shown assumes reinvestment of dividends and capital gains distributions. Year to date returns are not annualised.