

Session 1

Global Trends & The Issues Currently Facing Family Offices

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CALAMOS[®]
INVESTMENTS



About Calamos Investments

- » A pioneer in using convertible securities to achieve a range of asset allocation goals
- » Experience dating to the 1970s
- » Nearly \$21 billion in assets under management
- » Offers compelling historical results through full and multiple market cycles

Outlook: Cautious Optimism

- » Global economy likely to stay on a modest growth track
- » Global central bank policy remains accommodative on the whole
- » The U.S. is not facing an imminent recession
- » A hard landing in China is not likely in the near term
- » Positive economic surprises on the upswing in EMs, Euro area, Japan

Drivers of Potential Volatility Remain Formidable

- » Risk-off, risk-on sentiment
- » Elections and referendums
- » Fiscal policy unknowns, regulation and barriers to entrepreneurship
- » Negative interest rate policies
- » Global refugee crisis

Opportunities in a Slow Growth Environment

Positioning is cautious but not defensive, with emphasis on:

- » Increasing quality characteristics (strong balance sheets, high ROIC)
- » Technology and consumer opportunities
- » Companies less subject to overregulation

Opportunities in:

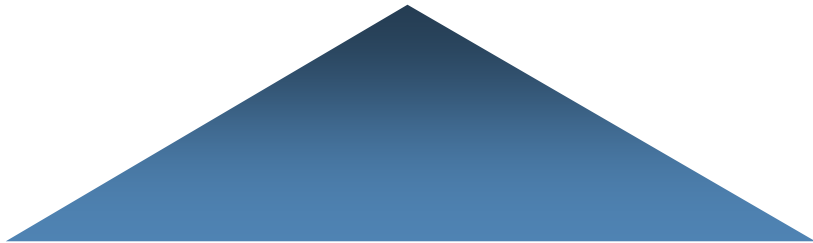
- » Lower volatility equity strategies
- » Convertible strategies
- » Alternatives
- » High yield

Convertibles' Hybrid Characteristics Provide Unique Advantages

- » Technically a debt instrument, with attributes of a bond or preferred stock
 - » Interest payment/dividend and bond maturity date
- » Most often issued as senior debt and subject to credit default risk
- » A convertible can be exchanged (converted) into a specific number of shares of common stock, at the option of the holder

UPSIDE POTENTIAL

When the underlying stock rises, convertibles may capture a portion of the capital appreciation



DOWNSIDE PROTECTION

If the underlying stock price drops, convertibles provide consistent income and other fixed income characteristics (e.g., principal repayment)

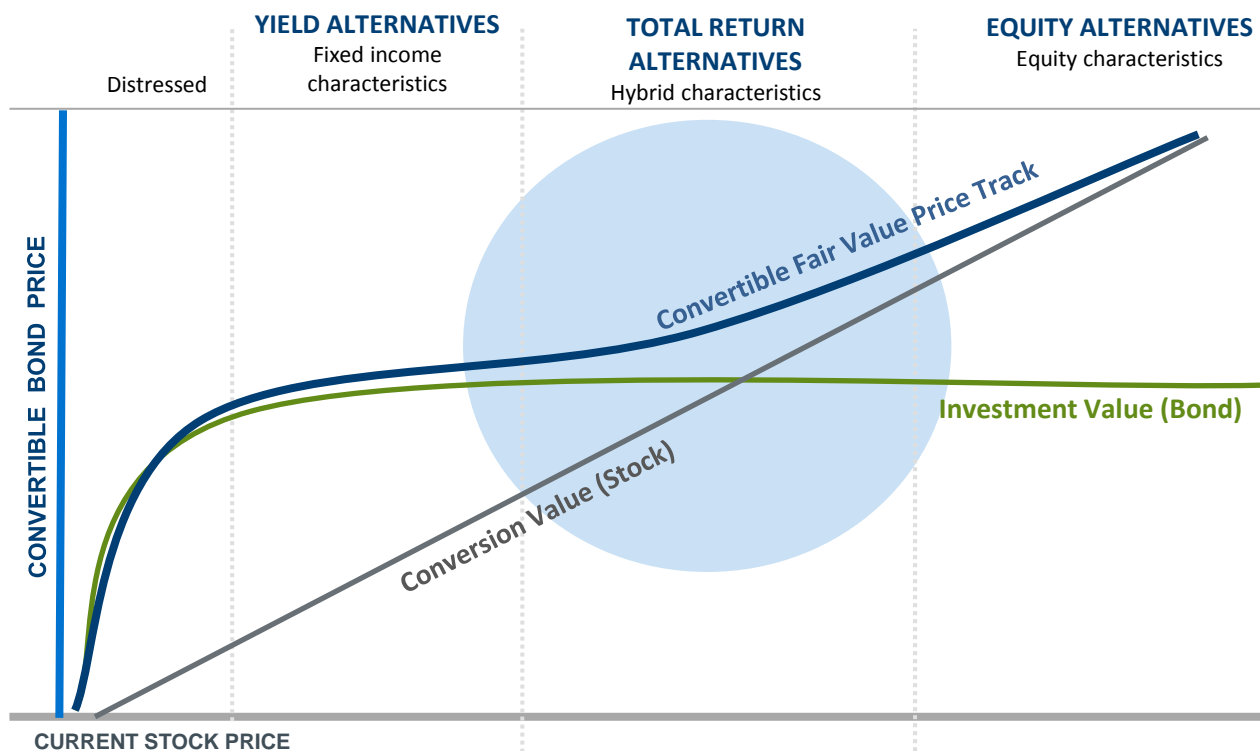


Convertible Securities Offer Many Potential Benefits

- » Reduced vulnerability to rising interest rates
- » Enhanced capital appreciation potential versus traditional fixed-income asset classes
- » Equity upside participation, supported by conversion feature
- » Downside protection, due to bond floor
- » Performance that has not directly correlated to either the stock or bond market

Convertibles Demand Experienced Active Management

CHARACTERISTICS OF THE CONVERTIBLE UNIVERSE



- » **Yield Alternatives:** Exhibit more fixed income characteristics and lower levels of equity sensitivity
- » **Total Return Alternatives:** Offer a favourable balance of equity and fixed income characteristics
- » **Equity Alternatives:** Exhibit higher levels of equity sensitivity

CONVERTIBLE MARKET COMPOSITION

	Yield Alternatives	Total Return Alternatives	Equity Alternatives
MAR 2000	18.9%	27.8%	53.3%
FEB 2009	67.4%	20.9%	11.7%
MAR 2016	36.9%	38.3%	24.8%

Active management does not guarantee investment returns and does not eliminate the risk of loss. 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. Percentages shown represent the proportion of convertible bonds in the BofA Merrill Lynch, All U.S. Convertibles Index (VXAO) that fall into each classification. Source: BofA Merrill Lynch, All U.S. Convertibles Index (VXAO). Data as of 31/3/16.

Actively Managed, Convertibles Can Address Many Asset Allocation Needs

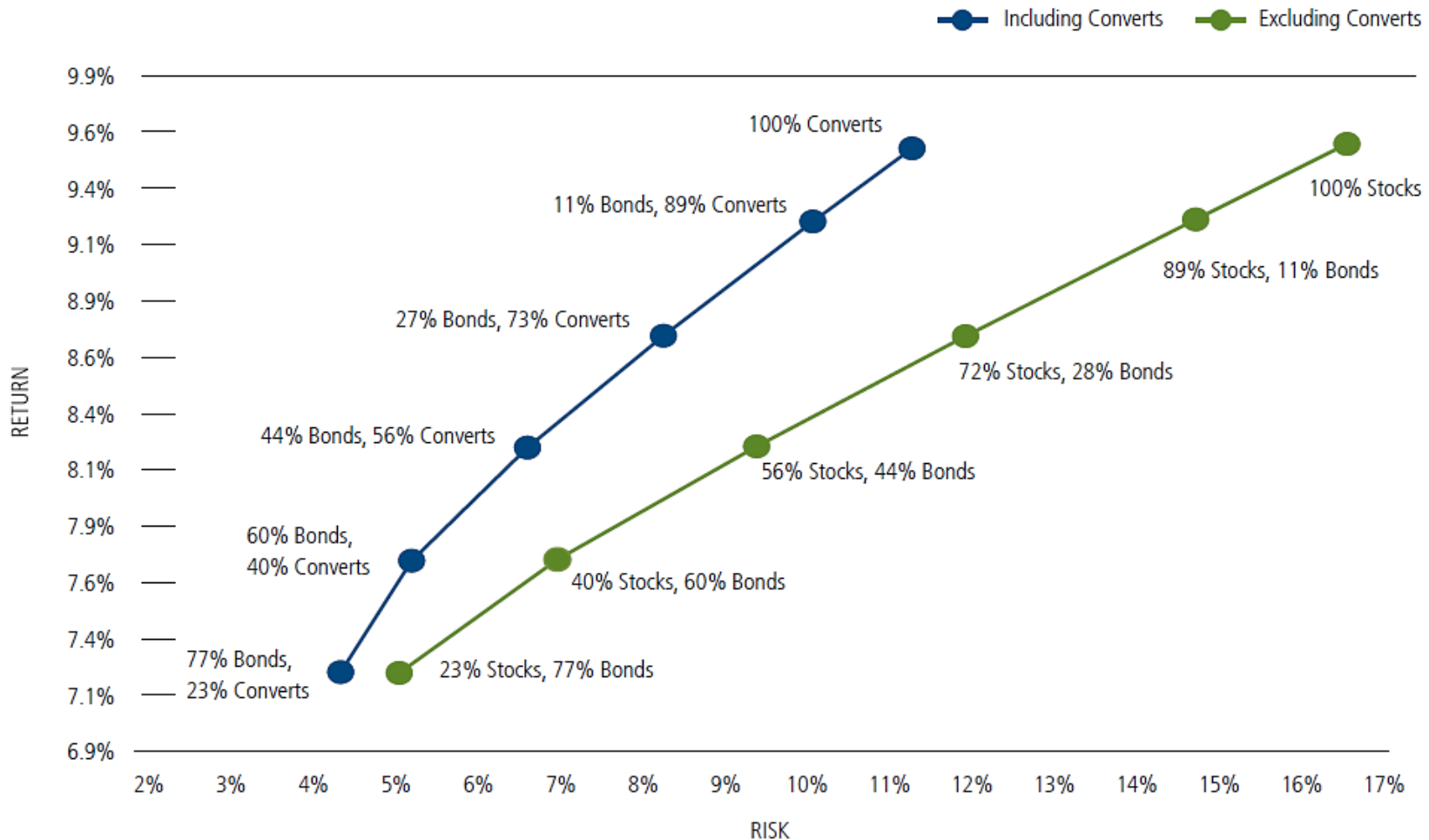
Due to their structural complexities, we have found that convertibles can support a wide range of asset allocation goals:

FIXED INCOME	SEPARATE ASSET CLASS	EQUITY	ALTERNATIVE
<p>Enhanced Fixed Income</p> <p>Convertibles Used: Generally, where option is severely out of the money or where yield is very high.</p> <p>Managed with the aim of broadening the high yield universe and providing a high yield portfolio with better risk/reward characteristics.</p>	<p>Convertible</p> <p>Convertibles Used: Full spectrum of convertible universe.</p> <p>Managed with the aim of a consistent risk/reward profile regardless of the characteristics of the market (e.g., overly fixed income or equity sensitive).</p>	<p>Risk-Managed/Lower Volatility</p> <p>Convertibles Used: Hybrid or more equity sensitive convertibles.</p> <p>Convertibles are used to provide an improved risk/reward profile in more speculative or overpriced equity sectors, managed with the aim of equity-like returns with less risk.</p>	<p>Convertible Arbitrage</p> <p>Convertibles Used: Full spectrum of convertible universe.</p> <p>The ability to hedge equity or credit risk is an important concern and allows us to invest in convertibles we may not wish to own on a long-only basis.</p>

Adding Convertibles to Either Stock or Bond Portfolios May Lead to Compelling Results

HYPOTHETICAL ILLUSTRATION

Efficient Frontier: U.S. Stocks, Bonds and Convertibles



Source: BofA Merrill Lynch Convertibles Research.

The data shown is for illustrative purposes only and is not intended to represent or predict the performance of any investment. The risk and returns shown for Convertibles, Stocks and Bonds are represented by the standard deviation and the annualized returns from December 1989 to December 2014 for the BofA ML All Traditional Convertibles Index (VOAO), S&P 500 Index and the BofA ML Corporate & Government Master Index, respectively. Indexes are unmanaged, do not entail fees or expenses and are not available for direct investment.

Convertibles Have Been More Resilient to Rising Rates than Bonds

- » Using the 10-year U.S. Treasury as an example, over the past 25 years there have been 9 occasions where the yield increased by 100 bps
- » During these 9 periods of rising interest rate markets, convertibles outperformed equities 4 times and bonds 9 times

RETURNS IN RISING INTEREST RATE ENVIRONMENTS

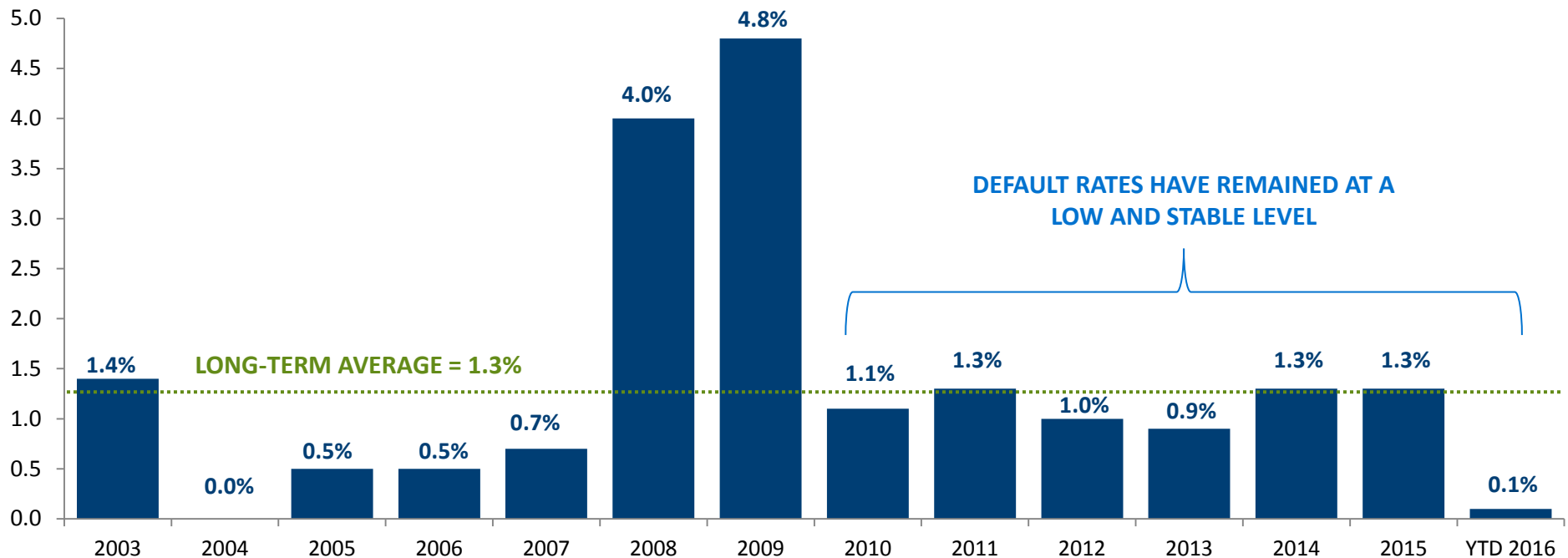
	OCT '93- NOV '94	JAN '96- JUN '96	OCT '98- JAN '00	NOV '01- APR '02	JUN '03- JUN '04	JUN '05- JUN '06	DEC '08- JUN '09	OCT '10- FEB '11	JUL '12- DEC '13
YIELD INCREASE (bps)	286	150	263	122	176	134	187	134	157
CONVERTIBLES BofA Merrill Lynch All U.S. Convertibles Index	-2.28%	11.97%	68.85%	2.29%	11.49%	9.46%	24.68%	11.63%	35.49%
STOCKS S&P 500 Index	2.22	11.42	46.59	3.07	14.66	6.71	9.41	14.89	42.09
BONDS Barclays Capital U.S. Government/Credit Index	-5.15	-4.08	-3.38	-3.09	-3.64	-1.49	-2.08	-3.94	-2.14

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. Indexes are unmanaged, do not reflect fees or expenses and are not available for direct investment. The BofA ML All U.S. Convertibles Index is a measure of the U.S. convertible market. The S&P 500 Index is a measure of the U.S. stock market. The Barclays U.S. Govt/Credit Index is comprised of long-term government and investment grade corporate debt securities. Source: Morningstar Direct and Bloomberg. Most recent data as of 31/3/16. Rising rate environment periods from troughs to peak from October 1993 to December 2013.

U.S. Convertible Market Defaults Remain Low

- » Since a peak in 2008/2009, the overall default rate in the U.S. convertible market has remained relatively low and stable

ANNUAL DEFAULT RATE



Calamos Thought Leadership: Convertibles and Asset Allocation

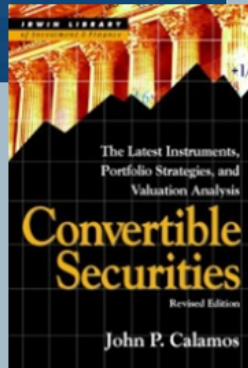
Books, guides and white papers by world-recognized convertible pioneer John P. Calamos, Sr.



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Chairman, CEO and Global Co-CEO,
Calamos Investments

with and featuring John
B. Fair, CFA, Co-CEO, Senior Co-Portfolio Manager

Blogs by our Investment Team

Convertible Defaults Remain Muted



Chart Talk Videos
Why Big Market Swings Can Be Good News for Gamma Trading

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Indexes are unmanaged, not available for direct investment and do not include fees and expenses. The **S&P 500 Index** is considered generally representative of the U.S. equity market. The **BofA Merrill Lynch All U.S. Convertible Index (VXA0)** is a measure of the U.S. convertible market.

Convertibles entail interest rate risk and default risk.

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