

CALAMOS INVESTMENTS LLP (“Calamos”)

FINANCIAL CONDUCT AUTHORITY (“FCA”) REMUNERATION CODE POLICY

09 June 2017

The Remuneration Code

As a BIPRU Firm, Calamos is subject to the Remuneration Code set out in Chapter 19C of the FCA’s Systems and Controls handbook (the “Code”). The aim of the Code is to ensure that the remuneration policies operated by the BIPRU Firms to which it applies, including Calamos, promote effective risk management. The Code is principally concerned with the risks created by the way remuneration arrangements are structured, not with the absolute amounts payable. As such, a firm’s Remuneration Policy must define (a) staff it considers to be captured under the Code and how they have been categorised as Code Staff; (b) the Code principles/ rules which are being applied and disapplied in the firm’s policy; and (c) the process by which the firm will deal with remuneration matters under the Code.

Code Staff

Calamos is required to identify those persons who fall within the category of Code Staff, and as such will have their remuneration governed by this policy. Calamos considers the following to be Code Staff:

- Senior Management – all individuals who are members in the firm and have been registered with the FCA under controlled function CF4 (the partner function) and any other individuals registered with the FCA under another significant influence controlled function – including CF10 (the compliance oversight function) and CF11 (the money laundering reporting function) – unless, in either case, Calamos has determined in reliance on FCA guidance not to classify the individual as Code Staff on the basis that the individual is based overseas, is employed by another group company, spends only a limited amount of time working on issues related to Calamos and does not otherwise qualify as a material risk taker.
- Risk Takers – those individuals who have a material impact on the firm’s risk profile, being any portfolio managers and individuals who are the head of a support or control function, such as operational risk and compliance.
- Control – those individuals who perform a “control” function, such as risk management or compliance.
- Other staff whose professional activities have a material impact on the firm’s risk profile and who also receive total remuneration in the same remuneration bracket as the firm’s senior management and risk takers.

A list of Code Staff is attached hereto and will be maintained by Calamos’ Compliance Officer and the implications of this status will be explained to those persons.

Notification

All Code Staff are to be notified of their status and to receive a copy of this Policy.

The Remuneration Principles

The Code comprises twelve Remuneration Principles, some of which should be applied generally to firm wide remuneration matters. Those that are potentially applicable to Calamos are as follows:

- Principle 1: Risk management and risk tolerance;
- Principle 2: Supporting business strategy, objectives, values and long-term interests of the firm;
- Principle 3: Avoiding Conflicts of interest;
- Principle 4: Governance;
- Principle 5: Control functions;
- Principle 6: Remuneration and capital;
- Principle 7: Exceptional government intervention;
- Principle 8: Profit-based measurement and risk adjustment;
- Principle 9: Pension policy;
- Principle 10: Personal investment strategies;
- Principle 11: Avoidance of the Code; and
- Principle 12: Remuneration Structures.

Calamos is required to comply with the Code in a way and to the extent that is proportionate to its size, internal organisation and the nature, scope and complexity of its activities. Under the FCA's guidance on this proportionality rule applicable to BIPRU Firms, Calamos may disapply, and has disapproved, the following Code Principles and the associated requirements:

Principle 4: Governance

- To have in place a formal Remuneration Committee who oversee all remuneration matters (SYSC 19C.3.12R).

Principle 7: Exceptional government intervention.

- Calamos is disapplying the Rules under Principle 7 as they relate to exceptional government intervention and are not relevant to the firm.

Principle 12: Remuneration Structures for Code Staff

- To set a maximum ratio between fixed and variable remuneration (SYSC 19C.3.44R);
- To pay at least 50% of variable remuneration in shares, non-cash instruments or other share-equivalent instruments (SYSC 19C.3.47R);
- To defer at least 40% (or 60%, for very senior or highly paid individuals) of variable remuneration for a period of not less than three years (vesting no quicker than on a pro rata basis) (SYSC 19C.3.49R); and
- To adjust variable remuneration to reflect the performance of the firm, the business unit and the individual concerned (SYSC 19C.3.51R and SYSC 19C.3.52E).

Remuneration Policy

Calamos' Remuneration Policy is built around the FCA's applicable Code Principles and reflects how remuneration matters are dealt with by the Firm. The policy also demonstrates our compliance with the Code Rules (SYSC 19C) and explains which Rules we are applying and dis-applying:

Principle 1: The Remuneration Policy must be consistent with and promote effective risk management, and must not expose the Firm to excessive risk taking.

Calamos currently engages in the distribution of funds sponsored by its corporate affiliates and in the marketing of the discretionary managed account services of its corporate affiliates. Calamos also has FCA Part 4A permission to engage directly in investment management.

Calamos does not take principal positions, and it is not currently exposed to position risks or counterparty risks (other than to its affiliates).

Principle 2: A Firm must ensure that its remuneration policy is in line with the business strategy, objectives, values and long-term interests of the Firm.

Calamos' current business is marketing the funds and services of its corporate affiliates. Parts of this business are carried out under the terms of a global services agreement where Calamos is remunerated by Calamos Advisors LLC on a "cost plus" basis; although other parts of Calamos' fund distribution services may provide it with income in addition to these arrangements.

In providing its investment management services, Calamos delegates the performance of each investment management mandate to Calamos Advisors LLC or another of its affiliates. Calamos retains a portion of the fees paid by these clients, with the remainder paid over to Calamos Advisors LLC and/or its affiliates managing the client portfolios under delegation. Calamos' income from this service is dependent upon the client funds under management, and therefore the profit available to pay any additional variable remuneration under this Policy in respect of investment management services is dependent upon overall performance. As such, the fulfilment of Calamos' objectives is interlinked with the best interests of its clients, which in turn is in line with this Policy.

The remuneration of Calamos' Code Staff includes both a fixed portion and a fully discretionary variable portion (with the maximum amount of the variable portion capped as a percentage of the fixed portion). Accordingly, Code Staff remuneration should either be paid out of Calamos' income from fund distribution or investment management services or, if such income is insufficient to fully offset Calamos' costs, it should generally form part of the overall costs for which Calamos will, in turn, be remunerated on a "cost plus" basis by Calamos Advisors LLC on behalf of the corporate affiliates that are its "clients".

Principle 3: The remuneration policy should avoid conflicts of interest

Calamos has a conflicts of interest policy in line with requirements in the FCA rules (SYSC 10.1). Calamos is aware of the need to ensure that its Remuneration Policy will not give rise to any conflicts of interest.

Principle 4: A Firm must ensure that its governing body in its supervisory function adopts and periodically reviews the general principles of its Remuneration Policy and is responsible for its implementation.

As detailed above, Calamos has disapplied Rule SYSC 19C.3.12R, as we do not believe that we are of a significant size and internal organisation to establish a formal Remuneration Committee. However, Calamos' Designated Members are responsible for Code Staff remuneration matters within the firm and when dealing with remuneration issues, will act in accordance with this Policy. The Policy will be approved by the members and reviewed annually by Calamos' human resources staff, who will consult with the compliance officer, Calamos' compliance consultants (Cordium Ltd) and/or Calamos' legal advisers (Dechert LLP) as necessary to ensure compliance with the applicable requirements of the Code.

Principle 5: A Firm must ensure that individuals in "control functions" are remunerated (a) adequately to attract qualified and experienced staff, and (b) in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

When setting remuneration levels, Calamos recognises the importance of attracting and retaining experienced staff to perform control functions. As a small firm with a limited number of personnel it is inevitable that it will not always be possible for control staff to be independent of the business areas they control. However this is recognised by Calamos and, where relevant, is referenced in its conflicts policy.

Principle 6: The firm must ensure that total variable remuneration does not limit its ability to strengthen its capital base.

Calamos' Designated Members are responsible for deciding upon the level of variable remuneration, if any, paid to Code Staff. As noted above, variable remuneration paid to Code Staff will generally, in the absence of any offsetting/additional income from fund distribution or investment management services, be a cost to Calamos for which it will, in turn, be remunerated on a "cost plus" basis by Calamos Advisors LLC. Accordingly, any such variable remuneration awards should not impact upon the firm's capital base. Moreover, as required by the FCA, Calamos monitors its capital base as part of its ICAAP process and provides information to the FCA in this respect.

Principle 8: Variable remuneration should be based principally on profits and be adjusted for risk and the cost of capital. Calamos is required to base its assessment of financial performance for the purposes of calculating variable remuneration principally on profits. Calamos is also required to ensure that, when measuring performance, it (a) includes adjustments for current and future risks (b) takes into account the cost and quantity of the capital and liquidity required and (c) takes into account the need for consistency with the timing and likelihood of Calamos receiving potential future revenues incorporated into current earnings. Calamos would be required to contract considerably its variable remuneration in times of poor financial performance and, if it were to make a loss in any particular year, the expectation would be that no variable remuneration be awarded. Calamos may take into account the specific features of its types of activities when adhering to this Principle.

As noted above, variable remuneration paid to Code Staff will generally, in the absence of any offsetting/additional income from fund distribution or investment management services, be a cost to Calamos for which it will, in turn, be remunerated on a "cost plus" basis by Calamos Advisors LLC. Moreover, the award of any variable remuneration would be at the complete discretion of Calamos' Designated Members. Accordingly, any such variable remuneration would necessarily be covered by Calamos' own "profits". In awarding any variable remuneration to Code Staff, Calamos' Designated Members will take account, where appropriate, of the overall performance and business needs of the firm and its group, including their current and future risks, the cost and quantity of their capital, their liquidity requirements and their potential future revenues.

Principle 9: A Firm must ensure that its pension policy is in line with its business strategy, objectives, values and long-term interests.

Calamos currently provides an auto-enroll group pension scheme. Calamos will ensure that any such payments are in line with its business strategy, objectives, values and long-term interests.

Principle 10: A Firm must ensure that its employees do not undertake personal hedging strategies or liability-related contracts of insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

Calamos does not award share based remuneration. As such, this Principle and the underlying rules are not applicable to our general Remuneration Policy.

Principle 11: A Firm must not pay remuneration using methods designed to avoid the Code.

Calamos supports both the regulatory obligations and the ethics of the Code. As required under SYSC19C.3.32R, no variable remuneration awards will be paid through any vehicles or methods that would facilitate the avoidance of the Code.

Principle 12: A firm must ensure that an employee’s remuneration structure is consistent with and promotes effective risk management. The firm must ensure that where remuneration is performance-related: (1) the total amount of remuneration is based on a combination of the assessment of the performance of (a) the individual; (b) the business unit; and (c) the Firm's overall results; and (2) when assessing individual performance, financial as well as non-financial criteria are taken into account. The assessment process should be set in a multi-year framework in order to ensure that the assessment process is based on longer terms performance.

As noted above, the award of any variable remuneration to Calamos’ Code Staff is entirely discretionary. In awarding it, Calamos’ Designated Members will take into account, where appropriate, the performance of the individual Code Staff, the firm's overall results (which, given its small size will generally be closely aligned with the individual performance of Code Staff) and appropriate financial and non-financial aspects of Code Staff performance.

No guaranteed variable remuneration should be paid unless it is exceptional, occurs when hiring new Code Staff, and is limited to the first year of service.

Calamos does not generally award guaranteed variable remuneration. However, in exceptional circumstances such payments might need to be considered in the context of new Code Staff or as a retention award. In such cases Calamos will consider and document whether such an award would be in keeping with Code Principle 12 and SYSC 19C.

Moreover, in certain circumstances and when considered appropriate to do so, Calamos may exercise its discretion under the proportionality provisions within the Code and apply the “de minimis” concession in relation to guaranteed variable remuneration, where an individual has total remuneration which is no more than £500,000 and variable remuneration which is no more than 33% of total remuneration.

Payments made on early termination of a contract must reflect performance over time and must not reward failure.

In the case of early termination of a contract any payments will reflect performance achieved over the relevant time period; Calamos does not reward failure.

REMUNERATION CODE LISTS

1. List of Code Staff

Dennis Cogan

Joe Mariano

Laura Calamos Nasir

Terry O'Malley

2. List of staff based overseas and performing a Significant Influence Function but not classified as Code Staff

Jacqueline Sinker – Ms. Sinker performs the compliance oversight function (CF10) for Calamos; however, she is based overseas, where she is employed by another group company (Calamos Advisors LLC), and spends only a limited amount of her time (currently, about 20%) working on issues related to Calamos. Calamos does not consider Ms. Sinker otherwise to be a material “risk taker” in relation to its relevant business – i.e. an individual whose professional activities have a material impact on the firm’s risk profile. Amongst other things, Ms. Sinker’s compliance oversight role is substantially supported by Calamos’ external compliance consultants Cordium Ltd, its legal advisers Dechert LLP and by other staff of Calamos’ group compliance function. Accordingly, on the basis of the FSA’s guidance published in “Remuneration Code FAQs” (August 2011) at pp. 3-4, Calamos has determined not to classify Ms. Sinker as Code Staff.