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CALAMOS®

*Investor*  
**Insights**



# Dear Investors,

At Calamos, we believe investors should always be prepared for what's around the next corner. What makes this challenging is the near-term uncertainties in the global economy, whether it's the pace of recovery in the U.S., the Federal Reserve's plans for interest rates, the next election cycle, or geopolitical disruptions.

**These past few months serve as a reminder of the benefit of long-term perspective.** Over recent months, the market has seen plenty of ups and downs. Companies with more pronounced growth characteristics led until concerns about monetary policy contributed to a sharp rotation in the markets. Many growth stocks have since regained their footing. Taking a short-term "market timing" approach may cause investors to miss out on upside and still feel the brunt of the downturns. Try not to let short-term volatility sway you from a long-term plan.



**We believe the current environment provides a favorable backdrop for stocks and especially for our research-intensive, high-conviction approach.** The U.S. economic expansion looks set to maintain its steady pace, neither too hot nor too cold. The euro zone is also recovering and there are exciting growth trends coming out of many emerging markets. However, while we have a positive outlook on equities, we believe bond investments are vulnerable to an eventual rise in interest rates.

**Your financial advisor can assess your portfolio to help ensure you are prepared for the road ahead,** including which Calamos funds are most suited to your asset allocation needs. You can also visit us at [www.calamos.com](http://www.calamos.com) for more information.

Sincerely,

John P. Calamos, Sr.  
CEO and Global Co-CIO

Gary Black  
EVP and Global Co-CIO

Diversification does not guarantee against a loss. This information is provided for informational purposes only and nothing presented herein is or is intended to constitute investment advice, and no investment decision should be made based on any information provided herein.

***Before investing, carefully consider the fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information or call 800.582.6959. Read it carefully before investing.***

An investment in the Fund(s) is subject to risks, and you could lose money on your investment in the Fund(s). There can be no assurance that the Fund(s) will achieve its investment objective. Your investment in the Fund(s) is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The risks associated with an investment in the Fund(s) can increase during times of significant market volatility. The Fund(s) also has specific principal risks, and more detailed information regarding these risks can be found in the Fund's prospectus.

# Navigating the Stock Market:

## *The Long and the Short of Opportunity*

Q&A WITH GARY BLACK, EVP AND GLOBAL CO-CIO  
& BRENDAN MAHER, CFA, SVP AND CO-PORTFOLIO MANAGER

To enhance their asset allocations, investors and financial advisors are increasingly turning to alternative strategies, including long/short equity funds. We sat down with Calamos Global Co-CIO Gary Black and Co-Portfolio Manager Brendan Maher, CFA, to learn more about alternatives and long/short equity funds. They discussed what differentiates the Calamos approach and the firm's extensive history with alternative strategies.

### Q) To begin, what is an alternative strategy?

**Gary Black:** "Alternative" is a broad term for investment strategies that fall outside the traditional asset allocation categories: namely, stocks, corporate and government bonds, and cash. Hedge funds, private equity, real estate, commodities

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The manager seeks to achieve the stated objectives. There can be no assurance that the Fund will achieve its investment objective.

Some of the risks associated with investing in alternatives may include hedging risk, derivative risk, short sale risk, interest rate risk, credit risk, liquidity risk, non-U.S. government obligation risk and portfolio selection risk. Alternative investments may not be suitable for all investors.

### OUR LONG/SHORT EQUITY EDGE:

- » We aim to generate alpha\* through both long and short positions within a high-conviction approach
- » Our investment team includes seasoned professionals with deep expertise in hedge funds, long/short strategies and the industries they cover
- » We follow a catalyst-driven and bottom-up fundamental equity investment approach
- » A collaborative investment process supports a best ideas portfolio
- » Alternative strategies are a core capability of our firm

\*Alpha is a measure of risk-adjusted performance

and currencies are examples of alternative investments. Typically, these types of alternatives are not structured to provide daily liquidity (the flexibility to sell on a day's notice), and command investment minimums that put them out of reach for most individual investors. They are also generally subject to less regulation and oversight versus mutual funds.

In recent years, we've seen growing demand from individual investors for different types of alternative investments—what we call "liquid alternatives." These include mutual funds that utilize sophisticated strategies that once were the near-exclusive domain of hedge funds. Compared with the alternative strategies favored by hedge funds and institutions, liquid alternatives generally offer greater transparency and liquidity as well as more reasonable investment minimums.

Some alternative strategies may entail higher levels of risk based on the strategies they use, but in Calamos Long/Short Fund, we guard against risks in many ways, including reducing market risk through holding "short" positions and rigorous daily monitoring. Above all, we believe that fully understanding a company is the best way to manage potential risks. We also make sure we understand how each investment is likely to work within the portfolio as a whole. In addition, we benefit from the expertise of a dedicated risk manager.

### Q) How does Calamos Long/Short Fund work?

**Brendan Maher:** In this fund, we seek to produce equity-like returns with less volatility than the equity

market. If we believe a stock will rise in value, we will buy the stock outright, as we would in a traditional equity fund. This is called a "long" position.

However, if we believe a stock will decline in value, we "short" the stock. In simplest terms, we borrow the stock and sell the borrowed shares to another buyer. We later buy back shares in the open market and return them to the lender, according to the terms we agreed upon. Shorting a stock is profitable if the stock price falls between the time we borrow the stock and when we return it. If the stock appreciates in value, the position would potentially lose money.

## LONG/SHORT STRATEGIES OFFER ENHANCED RETURN POTENTIAL

Compared with long-only funds that profit when stocks appreciate, long/short equity funds may generate returns through shorting stocks and potentially protect against market declines.



“Our long/short approach gives us more opportunities to generate returns from our fundamental research and insights.”

Overall, our goal is to generate alpha—higher than expected performance given the risk—on both our long and short investments.

### Q) How might Calamos Long/Short Fund benefit an asset allocation?

**GB:** Our long/short approach gives us more opportunities to generate returns from our fundamental research and insights. Because we can profit from identifying both winners and losers, Calamos Long/Short Fund may be particularly beneficial when there are wide disparities in stock performance.

Also, difficult markets can create headwinds for long-only funds. Long/short equity funds have greater flexibility over full market cycles, including when the stock market is overvalued and highly volatile.

### Q) What led Calamos to introduce a long/short equity fund?

**GB:** Alternative strategies are a long-standing capability of the firm, so a long/short equity strategy was a natural extension of our expertise.

When Global Co-CIO John P. Calamos, Sr., founded the firm, he was using convertible securities to enhance the risk and return characteristics of his clients' portfolios. At that point, convertible securities could have been viewed as an alternative asset class because they weren't well

known or broadly used. In 1990, we launched Calamos Market Neutral Income Fund, a liquid alternative fund designed to provide access to strategies that were not widely available to individual investors.

### Q) What sets the Calamos team apart?

**GB:** While we launched Calamos Long/Short Fund in 2013, the fund draws upon an established research process and team. The co-portfolio managers on our team have an average of more than 10 years of industry experience. The team has been running similar strategies since before the launch of the Calamos mutual fund.

Historically, many alternative strategies have been run by a “star” manager—a single individual with high name recognition in the investment industry or financial press. But a star system lacks the stability of a team approach. With a team approach, we are better positioned to identify opportunities in a complex market environment.



Fundamental research requires time and specialization. We combine our comprehensive analysis of companies with deep understanding of the drivers unique to a given industry or sector. We call this specialized knowledge “domain expertise,” and I believe the depth of our domain expertise sets this fund apart. For example, the co-portfolio manager responsible for the fund’s health care sector research was once a practicing physician.

**BM:** In addition to this domain expertise, the fund is further differentiated by our highly collaborative investment process. As a group, we assess the best ideas each sector head brings. The entire team vets, reviews and analyzes each position within the portfolio. Here, we’re trying to identify signposts, catalysts, potential hidden correlations and risks within the portfolio. We also benefit from the investment infrastructure of our firm, including a large research team and enhanced risk management capabilities.

## Q) How else does Calamos Long/Short Fund differ from other long/short equity funds?

**GB:** We are high-conviction managers. Some long/short equity funds use short positions exclusively as a hedge against potential downside, often in the form of exchange traded funds that track an index. In our approach, we seek to actively profit from shorting individual companies. We also use options to hedge against risk or to pursue an improved return profile.

## Q) What opportunities do you see for the Fund today?

**GB:** I believe Calamos Long/Short Fund is well positioned for this environment. As economic recovery continues, we expect an increasing dispersion in companies’ returns as investors give greater weight to fundamentals. In this environment, we believe our research expertise will serve us in good stead as we seek to identify the stocks with the brightest prospects, as well as those most challenged.

**To learn more about Calamos Long/Short Fund, please visit:  
[www.Calamos.com/LongShort](http://www.Calamos.com/LongShort)**

Diversification does not guarantee against a loss.

The principal risks of investing in Calamos Long/Short Fund include: equity securities risk consisting of market prices declining in general, short sale risk consisting of potential for unlimited losses, leverage risk, and foreign securities risk. The use of options presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. There is no assurance that any option strategy used by the Fund will succeed. One of the risks associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised.

***Before investing carefully consider the fund’s investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information or call 1-800-582-6959. Read it carefully before investing.***

# Capturing Opportunity, Managing Risk

## An Active Approach to Emerging Markets Investing



### CALAMOS EVOLVING WORLD GROWTH FUND



### MORNINGSTAR OVERALL RATING™

Among 424 Diversified Emerging Markets Funds

The fund's load-waived Class A shares (CNWGX.lw) received 4 stars for 3 years and 4 stars for 5 years out of 424 and 317 Diversified Emerging Markets funds respectively, for the period ended 3/31/14.

For more than 35 years, we have provided investors with risk-managed strategies that pursue growth in the global economy. Calamos Evolving World Growth Fund continues this tradition of innovation, using a range of strategies to unlock the growth potential of emerging markets with potentially less volatility.

» **Contact your financial advisor**

» **Visit [EvolvingWorldGrowth.com](http://EvolvingWorldGrowth.com)**

» **Call 800.582.6959, (M–F, 8 am–6 pm, CT)**

Morningstar Ratings are not representative of the Fund's annualized performance. Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance shown.

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The principal risks of investing in the fund include: equity securities risk consisting of market prices declining in general, growth stock risk consisting of potential increased volatility due to securities trading at higher multiples, foreign securities risk, emerging markets risk, convertible securities risk consisting of the potential for a decline in value during periods of rising interest rates and the risk of the borrower to miss payments, and portfolio selection risk.

Morningstar Ratings™ are based on risk-adjusted returns for Class A shares and will differ for other share classes. Morningstar Ratings based on a risk-adjusted return measure that accounts for variation in a fund's monthly historical performance (reflecting sales charges), placing more emphasis on downward variations and rewarding consistent performance. Within each asset class, the top 10%, the next 22.5%, 35%, 22.5%, and the bottom 10% receive 5, 4, 3, 2, or 1 star, respectively. Each fund is rated exclusively against U.S. domiciled funds. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Source: © 2014 Morningstar, Inc. All Rights Reserved.

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The principal risks of investing in the Calamos Market Neutral Income Fund include: equity securities risk, convertible securities risk, synthetic convertible instruments risk, convertible hedging risk, covered call writing risk, options risk, short sale risk, interest rate risk, credit risk, high yield risk, liquidity risk, portfolio selection risk, and portfolio turnover risk.

**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**



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Visit us at [www.calamos.com/connect](http://www.calamos.com/connect) or call 800.582.6959 for the latest investment commentary and fund information.

# CALAMOS®

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