

U.S. Opportunities Strategy

CALAMOS[®]

INVESTMENTS

Market Overview

U.S. equities, as represented by the S&P 500 Index, delivered a strong 4.48% return in the period. The market's rally was broad based, as each of the major U.S. equity indices reached new highs at quarter-end, with the S&P 500 Index marking its eighth straight quarter of gains. Market participants were heartened by strong corporate earnings, continued manufacturing and services data vitality, as well as moderate gains in employment and wages, which held inflation quite low. Stocks endured the intermittent tension with North Korea and the catastrophic damage of multiple hurricanes, but found encouragement in the potential for tax reform. The Federal Reserve had left interest rates on hold since the June meeting, but announced its widely anticipated decision to begin balance sheet normalization in October, unwinding the multi-year program of quantitative easing. However, the more significant news was the Fed's prediction of one more interest rate hike before year-end, and potentially three or more rate increases in 2018.

Market leadership rotated somewhat from the second to the third quarter with small caps, as represented by the Russell 2000 Index (+5.67%), besting the S&P 500 Index. Value stocks rallied in September, as reflationary sectors improved—the Russell 1000 Value Index (+2.96%) was up more than double

that of the Russell 1000 Growth Index (+1.30%) for the month, yet lagged for the quarter. Information technology was the leading S&P 500 sector, gaining 8.65% in the quarter, this after dominating for the first half of 2017. Energy (+6.84%) and telecom services (+6.78%) also delivered strong quarterly returns after being in negative territory for the year's first half. Materials (+6.05%) and financials (+5.24%) were also laggards through the first six months of 2017, but outperformed the broad market in the quarter. Industrials (+4.22%), health care (+3.65%), utilities (+2.87%), real estate (+0.93%) and consumer discretionary (+0.84%) all lagged the aggregate market but delivered positive returns, while consumer staples (-1.35%) was the only sector in negative territory for the quarter.

Convertible securities, as represented by the BofA Merrill Lynch All U.S. Convertible Index (VXA0), posted a 3.77% return in the quarter. BofA Merrill Lynch Convertibles participated in the upside move of the broader equity market proxy, the S&P 500 Index, while outpacing the high yield market (+2.04%; BofA Merrill Lynch High Yield Master II Index). In terms of economic sector results in the quarter, transportation (+10.56%), materials (+8.58%) and technology (+7.95%) led the way, while benchmark laggards included health care (-1.01%), telecommunications (-0.37%) and media (+0.82%). Investment

FIGURE 1. CALAMOS U.S. OPPORTUNITIES STRATEGY RETURNS

	QTR ENDING 9/30/17	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (1/91)
Calamos U.S. Opportunities Composite						
Gross of Fees	3.62%	15.04%	8.82%	9.65%	6.66%	12.99%
Net of Fees	3.44	14.29	8.09	8.93	5.96	12.21
S&P 500 Index	4.48	18.61	10.81	14.22	7.44	10.15

Source: Calamos Advisors LLC

Past performance is no guarantee of future results.

Data as of 9/30/17.

Calamos U.S. Opportunities Strategy

FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS S&P 500 INDEX
THIRD QUARTER 2017

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Consumer Staples	16	
Utilities	10	
Real Estate	7	
Industrials	6	
Telecom Services	-2	
Materials	-2	
Financials	-3	
Energy		-8
Information Technology		-12
Health Care		-27
Consumer Discretionary		-40

Attribution based on gross of fee performance with dividends reinvested. Performance attribution excludes any government/sovereign bonds or options on broad market indices the portfolio may hold.

Past performance is no guarantee of future results.

Source: Calamos Advisors LLC. Data as of 9/30/17.

grade (+5.34%) slightly outperformed speculative grade rated issues (+5.26%), while convertibles exhibiting the most equity sensitivity (+7.79%) strongly outperformed the other segments: convertibles with more balanced risk/reward attributes (+3.25%) and credit sensitivity (+1.63%).

Performance Review

In this strategy, we own equities and equity-sensitive securities, such as convertible bonds, that we believe are best positioned to participate in upward equity movements, and potentially limit losses in the event that equity markets decline. Most of the market's return occurred during the second half of the quarter, when investments that are more reflationary assumed leadership. The portfolio demonstrated its resilience during market turbulence at the beginning of the quarter, outperforming during the downturn before gaining along with the equity surge in the second half. The portfolio's sector allocations contributed positively to the three-month return,

while security selection and cash were a drag during the equity market's rapid rise.

Consumer Staples was the market's lagging sector during the quarter, bearing the unfavorable distinction of the only sector to land in the red for the period. The portfolio's active underweight to the sector was additive to relative performance, and consequently, the portfolio's high-conviction holdings also outperformed the benchmark's consumer staples constituents.

Utilities. A slight underweight and selection helped the strategy finish ahead of the benchmark in utilities. Portfolio names in electric utilities delivered nearly double the return of benchmark peers during the quarter.

Consumer Discretionary. Both an overweight allocation and selection in consumer discretionary dragged on return. Selection in cable & satellite and automobile manufacturers proved disappointing over the quarter.

Health Care stocks rallied during the quarter yet lagged the overall U.S. equity benchmark, as strong performance in biotechnology shares drove favorable returns. Portfolio holdings lagged those of the benchmark, as pharmaceuticals and health care equipment names detracted from relative performance. Within pharmaceuticals, a convertible selection outperformed the common stock in the benchmark, but even this convertible underperformed the industry. In health care equipment, an additional convertible holding lagged as well, as higher expected growth did not come to fruition.

Positioning and Portfolio Changes

The portfolio's largest sector weights remain in the information technology and consumer discretionary sectors. Consumer discretionary includes a diverse set of industries and represents the portfolio's largest overweight to the S&P 500 Index,

Calamos U.S. Opportunities Strategy

FIGURE 3. SECTOR ALLOCATIONS VERSUS S&P 500 INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	S&P 500 INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 6/30/17 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	24.6	23.3	1.6	1.3
Consumer Discretionary	17.6	11.8	-0.9	5.8
Health Care	13.2	14.5	0.8	-1.3
Financials	12.7	14.6	0.4	-1.9
Industrials	10.3	10.2	-0.7	0.1
Consumer Staples	8.2	8.2	0.0	0.0
Energy	5.7	6.1	-0.2	-0.4
Utilities	2.3	3.1	-0.8	-0.8
Real Estate	2.2	3.0	-0.5	-0.8
Telecom Services	2.1	2.2	0.2	-0.1
Materials	1.1	3.0	0.1	-1.9

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.
Source: Calamos Advisors LLC. Data as of 9/30/17.

though that relative overweight was reduced slightly during the quarter. Information technology still offers some of the best growth opportunities in the market and has been a strong market leader for many months. Portfolio holdings include a mix of convertible securities where valuations and risk/reward can be well managed. The portfolio is underweight health care because of concerns about potential changes to national health care and drug pricing, though the underweight was reduced slightly during the quarter. The portfolio is also underweight materials and financials, which reflects a cautious view on the reflation trade and how quickly the market has climbed relative to fundamental economic improvements. We will monitor the changes in fundamentals and the potential for policy that could bolster economic growth forecasts in order to increase sensitivity to the reflation trade. The portfolio's tilt to stable-yet-high growth and the use of convertible securities to manage risks should place the portfolio in good standing during a continuously volatile political environment.

Outlook

The jury is still out on how brisk a clip of growth the U.S. can sustain, but a recession does not appear imminent. Optimism

about tax reform has revitalized the reflation narrative, and we believe the passage of new tax policies could catalyze corporate spending and earnings, as well as another leg of the equity market rally. A stable to weaker dollar and accommodative central bank policies around the world can help sustain global economic expansion, providing additional support to the U.S. economy. When the Fed does move forward with its balance sheet reduction, it will be entering uncharted waters. Even so, we expect a gradual course shaped not only by U.S. economic data but also global conditions.

As we look to upcoming quarters, we see additional upside in stocks. However, risk management and active management are increasingly important in an environment where market participants have been quick to punish any company that disappoints. We also continue to view convertibles favorably given their historical performance in rising rate environments and their ability to dampen volatility versus a pure equity exposure.

Calamos U.S. Opportunities Strategy

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.

For Institutional Use Only

The information portrayed is for the Calamos U.S. Opportunities 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 U.S. Opportunities Composite which is an actively managed composite investing in equity, convertible and high yield securities seeking long term total return through growth and current income. The Composite inception date is January 1, 1991.

The BofA Merrill Lynch All U.S. Convertibles Index (VXAO) is comprised of approximately 700 issues of only convertible bonds and preferreds of all qualities and measures the return of all U.S. convertibles. The CBOE Volatility Index or VIX (based on its CBOE ticker symbol) shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. The Russell 3000 Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000 or the Russell 2000 Growth Indexes. The Russell 3000 Value Index measures the performance of those companies in the Russell 3000 Index with lower price-to-book ratios and lower forecasted growth values. The S&P 500 Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. It is widely regarded as the standard for measuring U.S. stock-market performance. 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.

Fees include the investment advisory fee charged by Calamos Advisors LLC. Returns greater than 12 months are annualized. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest. Chart Data Source: 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:

Calamos Advisors LLC
2020 Calamos Court
Naperville, IL 60563-2787
Attn: Compliance Officer

CALAMOS[®]
INVESTMENTS

Calamos Advisors LLC
2020 Calamos Court | Naperville, IL 60563-2787
800.582.6959 | www.calamos.com/institutional

Calamos Investments LLP
62 Threadneedle Street | London, EC2R 8HP, UK
Tel: +44 (0)20 3744 7010 | www.calamos.com

© 2017 Calamos Investments LLC. All Rights Reserved.
Calamos[®] and Calamos Investments[®] are registered trademarks of Calamos Investments LLC.