Covered Call Strategy

CALAMOS INVESTMENTS

Performance Review

For the third quarter, the strategy had a positive return of 2.50%. The strategy benefited from the strong 7.71% return of the S&P 500 Index, as the value of our equity basket increased and the long calls purchased as part of our call spreads appreciated in value.

Volatility

After seeing increased volatility in the first quarter amid President Trump's tariff talk, volatility declined for a second consecutive quarter (3Q). The CBOE Volatility Index (VIX) finished the quarter at 12.12, 3.97 lower than where it began at 16.09, and well below its long-term average (near 20). Lower volatility impeded premium capture and trade rebalancing opportunities during the quarter.

Positioning

Our use of call and put spreads was opportunistic during the quarter, given the high amount of option skew and low volatility in the market. We continue to find call spreads that provide a more attractive risk/reward outcome than just selling calls as a part of our traditional "North Star" positioning (which consists of writing 80% calls and buying 40% puts). Our call spread positioning involves writing calls that are near or in the money while purchasing out of the money calls. In addition to the long puts that we always maintain in the portfolio, we also found it beneficial to utilize put spreads by selling deep out of the money puts and buying closer to the money puts. The current positioning provides a favorable upside/downside risk profile, especially if the market breaks out of its current range.

At the end of September, our notional hedge positioning averaged 73% calls overwritten versus 104% puts purchased excluding long calls and short puts. With long calls and short puts included, the positioning reflected 6% calls sold short versus 47% puts purchased long on a net basis. The net long call positioning reflected the fact that given the low volatility, the portfolio held deeply out of the money calls purchased at a very low cost. Additionally, due to steep option skew, the portfolio was able to sell deep out of the money puts and used the proceeds to buy closer to the money puts which significantly improved the portfolio's downside protection. The following table is a snapshot of the portfolio on the last trade date of the quarter and is subject to revision as it is actively managed. Positioning can change quickly depending on market conditions.

FIGURE 1. CALAMOS COVERED CALL STRATEGY RETURNS

	QTR ENDING 9/30/18	1-YEAR	3-YEAR	SINCE INCEPTION (1/1/15)
Calamos Covered Call Composite				
Gross of Fees	2.50%	10.23%	9.43%	6.67%
Net of Fees	2.46	9.58	8.67	5.92
S&P 500 Index	7.71	17.91	17.31	11.98
BBgBarc US Agg Bond Index	0.02	-1.22	1.31	1.35

Source: Calamos Advisors LLC
Past performance is no guarantee of future results.
Data as of 9/30/18.

Calamos Covered Call Strategy

CHARACTERISTICS

	REPRESENTATIVE PORTFOLIO	S&P 500 INDEX
# of Holdings	303	505
Portfolio Turnover (12 Month)	97.9%	N/A
Median Market Cap (mil)	$45,417	$21,789
Weighted Average Market Cap (mil)	$257,749	$247,407

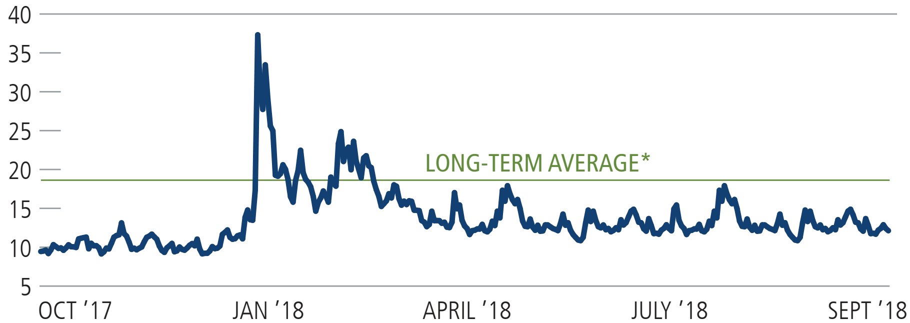
SECTOR ALLOCATION

SECTOR	REPRESENTATIVE PORTFOLIO %	S&P 500 INDEX %
Information Technology	26.2	26.2
Health Care	15.3	15.0
Financials	13.2	13.3
Consumer Discretionary	13.1	13.1
Industrials	9.8	9.7
Consumer Staples	6.8	6.7
Energy	6.0	6.0
Utilities	2.8	2.8
Real Estate	2.6	2.7
Materials	2.1	2.4
Telecom Services	2.1	2.0

Sector weightings exclude any government/sovereign bonds or options on broad market indices the portfolio may hold.

CBOE VOLATILITY INDEX

Daily Closing Price



* From 2004, since the VIX instituted new methodology, through the present. The CBOE Volatility Index (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

OPTION POSITIONING

9/30/18

Short Calls	%	Short Calls Avg Strike	Long Calls	%	Long Calls Avg Strike	Net Calls	%
-271	-72.93%	2,760	250	67.28%	2,988	-21	-5.65%

Long Puts	%	Long Puts Avg Strike	Short Puts	%	Short Puts Avg Strike	Net Puts	%
385	103.61	2,720	-210	56.52%	2,548	175	47.10%

Source: Calamos.

All portfolio positioning and sector information is for a representative portfolio. Please see last page for additional information.

Calamos Covered Call Strategy

Covered Call Writing: A Closer Look

This strategy is designed to achieve lower volatility than equity markets or long-only funds, while also providing income. We believe adept covered call writing may provide enhanced return potential throughout a market cycle.

Covered Call Writing involves selling (or "writing") a call option against an equity the writer holds. When managers sell a call option, they earn a premium from the option sale. If the shares trade below the strike price, the option will expire worthless and they keep the premium from the option and retain the security. If the share price exceeds the strike price, the buyer will likely exercise the option and the seller must sell the shares at the strike price. To hedge the risk, managers could also purchase put options to protect against significant equity market declines.

POTENTIAL BENEFITS OF COVERED CALL WRITING

Diversification. Managers can write calls against a wide range of investments, including long equity positions or broad-based indices.

Multifaceted Return Potential. Covered call writing can generate returns through several sources, including:

» The option premium.

» Dividends and capital appreciation on long equity positions.

» Call and put options enabling participation in equity upside with less downside susceptibility.

» Rebalancing/trading profits.

Call Option. A call option is an agreement that gives the purchaser the right to buy shares of a stock at a certain price during a pre-specified period.

Covered Call Writing Risk. As the writer of a covered call option on a security, the portfolio foregoes, during the option's life, the opportunity to profit from increases in the market value of the security, covering the call option above the sum of the premium and the exercise price of the call.

Put Option. A put option is an agreement that gives the purchaser the right to sell shares of stock at a certain price, during a pre-specified period.

Option Premium. An option premium is the money that the seller of an option receives from a buyer. If the stock price falls, the premium can offset a portion of the stock price decline. The writer keeps the premium regardless of whether the buyer exercises the option or not.

Strike Price. The strike price is the price the stock must reach before the buyer can exercise the option.

Calamos Covered Call Strategy

Outlook

We expect heightened volatility coming from a variety of sources going forward. Investor speculation over the mid-term elections and President Trump's recent focus on balancing trade through tariffs will fuel volatility as investors attempt to determine the magnitude of impending tariffs and future retaliatory measures. Investor speculation on the timing and degree to which central banks will join the U.S. Federal Reserve in quantitative tightening may also lead to volatility in both the equity and fixed income markets.

We believe the current market environment is favorable for the strategy, as it allows us to structure a hedge that can perform well on the wings, while also providing a low-but-stable return should the market trade in a bounded range. We believe that this profile is a good fit for investors who are looking to participate in the equity market with a lower risk level, should market volatility increase as the markets move later into the cycle. As such, it is an attractive fit for investors who want to participate in any continued potential market upside while having a measure of downside protection in the event of an equity market sell-off.

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

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

2922 0918Q II