

U.S. All Cap Growth Strategy

CALAMOS[®]

INVESTMENTS

Market Overview

The U.S. equity market rebounded strongly during the quarter, gaining 13.65% as measured by the S&P 500 Index. Ironically, the quarter's return was nearly a mirror image of fourth quarter 2018's losses, when the S&P 500 dropped -13.52%. This quarter, the rally in the U.S. equity market was not only strong, but also broad-based. The S&P 500 equal-weighted index outpaced the market-cap weighted index with a +15.0% return for the quarter. The market's rally appeared to be driven by the Fed's increasingly dovish stance. In January, the Fed changed their expectation to zero rate increases for 2019 simultaneously announcing they would reduce the amount of balance sheet normalization, a series of actions that emboldened risk appetite across markets. The U.S. economy continued to grow and added fuel to the period's gains with most companies surpassing corporate earnings estimates. However, these results were tempered by downward earnings revisions for the next quarter and relatively conservative guidance for the full year.

Growth stocks outperformed value stocks during the quarter, with the S&P Composite 1500 Growth Index (+14.84%) besting the 12.32% return of the S&P Composite 1500 Value Index. Within the S&P 1500 Growth Index, the leaders included an eclectic group of sectors: information technology (+19.7%),

Industrials (+18.3%), real estate (+16.4%), energy (+16.0) and communication services (+15.7%). Health care (+8.3%) Financials (+8.9%) and consumer staples (+11.69) were the laggards despite being all positive.

Performance Review

For the quarter ended March 31, 2019, the portfolio generated a positive return of 16.07% outperforming the S&P 1500 Growth return of 14.84%.

Positive Influences on Performance

Health Care. The portfolio's security selection and an underweight position in health care helped buoy relative returns. Specifically, biotechnology and pharmaceuticals represented major contributors.

Information Technology. Leading security selection in information technology added to the portfolio's performance. The main contributors within this sector were application software and internet services & infrastructure.

Negative Influences on Performance

Real Estate. Over the period, an underweight stance within the real estate sector curbed relative results, as holdings in the specialized REITs and industrial REITs industries lagged.

FIGURE 1. CALAMOS U.S. ALL CAP GROWTH STRATEGY RETURNS

	QTR ENDING 3/31/19	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (1/91)
Calamos U.S. All Cap Growth Composite						
Gross of Fees	16.07%	8.03%	13.33%	9.59%	15.29%	14.23%
Net of Fees	15.85	7.15	12.43	8.75	14.40	13.32
S&P 1500 Growth Index	14.84	11.79	15.62	12.94	17.20	N/A*

Source: Calamos Advisors LLC

Past performance is no guarantee of future results.

Data as of 3/31/19.

*The S&P 1500 Growth Index since Inception start date is 6/30/95, representing the launch of the index.

Calamos U.S. All Cap Growth Strategy

FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS S&P 1500 GROWTH INDEX
FIRST QUARTER 2019

	CONTRIBUTORS (BPS)	DETRACTORS (BPS)
Health Care	86	
Information Technology	67	
Communication Services	37	
Industrials	22	
Utilities	6	
Consumer Discretionary	3	
Materials	1	
Energy	1	
Consumer Staples	0	
Financials		-2
Real Estate		-6

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 3/31/19.

Financials. An overweight stance in financials held back return, especially in the financial exchanges & data and investment banking & brokerage industries.

Positioning and Portfolio Changes

The portfolio is positioned to optimize opportunities based on the health of U.S. consumers, who are doing reasonably well as inflation, interest rates, and employment data all look favorable. Specifically, we are emphasizing buying opportunities created by the rolling de-rating of risk assets through 2020.

The portfolio is positioned to both preserve capital and gains. In this environment, we would hope to achieve low double-digit returns in 2019, by only assuming a fraction of the overall market risk and exposure. We hope to achieve this by largely avoiding major sell-offs and investing tactically when opportunities arise.

In terms of economic sectors, the largest portfolio weights are in information technology and health care on an absolute basis. Conversely, utilities, real estate and energy represent the smallest absolute sector weights. We favor investments in industrials and

financials relative to the index. Aerospace & defense represents our largest industry overweight in industrials, and investment banking & brokerage represents our largest industry in financials. Pharmaceuticals and semiconductors constitute the most significant underweight industries.

Allocations to health care and energy rose during the period with increased weights in pharmaceuticals and integrated oil & gas. By contrast, allocations to information technology and financials decreased over the period with reductions to technology hardware, storage & peripherals and investment banking & brokerage.

Outlook

The rapid changes in investor sentiment and dramatic moves in asset prices certainly provide strong reasons for taking a cautiously optimistic approach to the equity markets. In a few months' time, the market's pricing of the likelihood of further Fed rate hikes went from near certainty to near certainty of no hike. Volatility, as measured the VIX Index, spiked dramatically in December 2018 but has since returned to a more benign level. The Fed has indicated a more dovish and supportive stance for liquidity, and despite strong returns for U.S. equities, money flows do not point to a crowded trade. We maintain our view that the U.S. economy does not appear to be at risk of an economic recession in the near term. However, there are signs of a slow-down in fundamentals and perhaps an earnings recession. We may have seen the market attempt to price that risk during the 4Q sell-off. The U.S. is still home to the most attractive growth stocks and growth businesses globally, in our view. We will need to be tactical with regard to the valuations and opportunities present in the U.S. equity market.

Calamos U.S. All Cap Growth Strategy

FIGURE 3. SECTOR ALLOCATIONS VERSUS S&P 1500 GROWTH INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	S&P 1500 GROWTH INDEX%	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/18 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	22.3	25.2	-3.5	-2.9
Health Care	17.1	17.4	4.5	-0.3
Communication Services	16.9	13.2	1.6	3.7
Consumer Discretionary	16.9	12.6	1.3	4.3
Industrials	13.8	9.2	0.1	4.5
Financials	7.6	5.7	-3.3	1.8
Consumer Staples	2.6	5.1	0.5	-2.5
Materials	1.7	2.2	-2.2	-0.5
Energy	1.2	3.6	1.1	-2.4
Real Estate	0.0	3.9	0.0	-3.9
Utilities	0.0	2.0	-0.1	-2.0

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. Sector allocations in table are based on end weights, while commentary weightings can be based on average weights. Therefore, the sector allocations table and commentary text may reference different sector assignments.
Source: Calamos Advisors LLC. Data as of 3/31/19.

Calamos U.S. All Cap Growth 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.

The information portrayed is for the Calamos All Cap Growth 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 All Cap Growth Composite, is an actively managed strategy that invests in common stocks, preferred stocks, securities convertible into U.S. common stocks, and U.S. dollar-denominated American Depository Receipts, primarily in high growth industries and companies across all market capitalizations. Results include all fully discretionary, fee-paying accounts, including those no longer with the Firm. The Composite inception date is January 1, 1991.

The S&P 1500 Growth Index consists of the growth segment of the securities found in the S&P 1500 Index. The S&P 1500 combines the S&P 500, S&P MidCap 400 and the S&P SmallCap 600. The S&P 500 Index is an unmanaged index generally representative of the U.S. stock market, without regard to company size.

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

© 2019 Calamos Investments LLC. All Rights Reserved.
Calamos® and Calamos Investments® are registered trademarks of
Calamos Investments LLC.
8829 0319Q II