

# Market Neutral Income

# CALAMOS<sup>®</sup>

## INVESTMENTS

## A Hypothetical Illustration Using an Alternative Approach for Retirement Assets

Rising interest rates are the enemy of investors intending to retire on a portfolio of traditional fixed income assets. Many advisors are seeking alternatives for their clients to generate returns but also reduce interest rate sensitivity. Alternative strategies such as the Calamos Market Neutral Income Fund may offer a solution.

The hypothetical illustration below shows how a \$500,000 investment at the fund's inception in September 1990 compares with the performance of the Bloomberg Barclays U.S. Aggregate Bond Index over the same time period. In both scenarios, withdrawals of \$30,000 (plus 3% for inflation) are made each year, providing an identical source of total income of \$1,356,547 for each strategy. But while the fund was equally capable of funding the retirement portfolio needs, look at the difference between the two ending values—there was \$134,675 remaining in the the fund portfolio, or more than seven times as much as in the bond portfolio. Calamos Market Neutral Income Fund may, in fact, be a better idea.

### WITHDRAWAL EXAMPLE: MARKET NEUTRAL INCOME FUND VERSUS BLOOMBERG BARCLAYS U.S. AGGREGATE BOND INDEX

\$500,000 INITIAL INVESTMENT, \$30,000 END-OF-YEAR WITHDRAWALS, 3% ANNUAL INFLATION

**TOTAL INVESTMENT: \$500,000**

**TOTAL WITHDRAWALS: \$1,356,547**

**MARKET NEUTRAL INCOME FUND ENDING VALUE: \$134,675**

**BLOOMBERG BARCLAYS U.S. AGGREGATE BOND INDEX ENDING VALUE: \$17,934**

| DATE | INITIAL INVESTMENT AT INCEPTION 9/4/90 | END-OF-YEAR WITHDRAWALS | MARKET NEUTRAL INCOME FUND YEAR-END VALUE | BBGBARC U.S. AGGREGATE BOND INDEX YEAR-END VALUE |
|------|----------------------------------------|-------------------------|-------------------------------------------|--------------------------------------------------|
| 1990 | 500,000                                | 30,000                  | 484,519                                   | 500,166                                          |
| 1991 | 0                                      | 30,900                  | 521,323                                   | 549,308                                          |
| 1992 | 0                                      | 31,827                  | 552,992                                   | 558,141                                          |
| 1993 | 0                                      | 32,782                  | 587,304                                   | 579,773                                          |
| 1994 | 0                                      | 33,765                  | 510,013                                   | 529,101                                          |
| 1995 | 0                                      | 34,778                  | 548,973                                   | 592,068                                          |
| 1996 | 0                                      | 35,821                  | 558,007                                   | 577,743                                          |
| 1997 | 0                                      | 36,896                  | 599,221                                   | 596,622                                          |
| 1998 | 0                                      | 38,003                  | 621,370                                   | 610,445                                          |
| 1999 | 0                                      | 39,143                  | 667,268                                   | 566,288                                          |
| 2000 | 0                                      | 40,317                  | 695,846                                   | 591,808                                          |
| 2001 | 0                                      | 41,527                  | 713,399                                   | 600,250                                          |
| 2002 | 0                                      | 42,773                  | 717,741                                   | 619,033                                          |
| 2003 | 0                                      | 44,056                  | 740,850                                   | 600,385                                          |
| 2004 | 0                                      | 45,378                  | 732,057                                   | 581,056                                          |
| 2005 | 0                                      | 46,739                  | 670,292                                   | 548,428                                          |
| 2006 | 0                                      | 48,141                  | 678,558                                   | 524,055                                          |
| 2007 | 0                                      | 49,585                  | 669,199                                   | 510,979                                          |
| 2008 | 0                                      | 51,073                  | 529,250                                   | 486,682                                          |
| 2009 | 0                                      | 52,605                  | 549,654                                   | 462,939                                          |
| 2010 | 0                                      | 54,183                  | 522,423                                   | 439,041                                          |
| 2011 | 0                                      | 55,808                  | 479,707                                   | 417,661                                          |
| 2012 | 0                                      | 57,482                  | 450,076                                   | 377,783                                          |
| 2013 | 0                                      | 59,206                  | 417,205                                   | 310,932                                          |
| 2014 | 0                                      | 60,982                  | 364,577                                   | 268,499                                          |
| 2015 | 0                                      | 62,811                  | 305,514                                   | 207,165                                          |
| 2016 | 0                                      | 64,695                  | 255,224                                   | 147,954                                          |
| 2017 | 0                                      | 66,636                  | 200,231                                   | 86,559                                           |
| 2018 | 0                                      | 68,635                  | 134,675                                   | 17,934                                           |

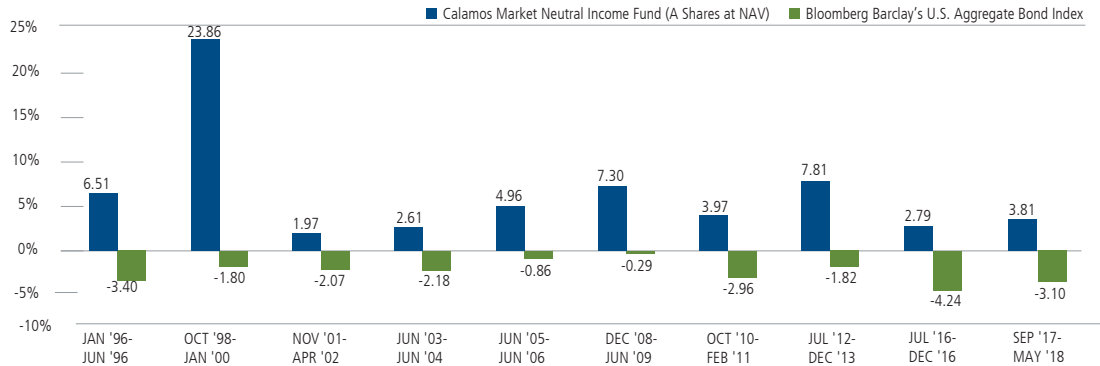
Source: Morningstar

**Past performance does not guarantee future results.** Growth of hypothetical \$500,000 assumes reinvestment of dividends and annual \$30,000 (plus 3% inflation) withdrawals, as stated in each table's title, at the end of December each year. The purchase of Class A Shares pursuant to the \$500,000 order privilege is subject to an up front sales charge of 2%, resulting in a net initial investment of \$490,000. For information on how to achieve a breakpoint, please reference the Fund's prospectus. These illustrations should be read along with the average annual total returns for the 1-, 5- and 10-year periods on the next page. Bloomberg Barclays U.S. Aggregate Bond Index: Unmanaged index returns assume reinvestment of any and all distributions and, unlike fund returns, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

# Calamos Market Neutral Income Fund

## CALAMOS MARKET NEUTRAL INCOME FUND RETURNS VERSUS BLOOMBERG BARCLAYS U.S. AGGREGATE BOND INDEX CUMULATIVE RETURNS

Since inception, the Market Neutral Income Fund has outperformed the index in every period when the 10-year Treasury yield has increased more than 100 basis points (1 percentage point). As shown in the table below, rising rates can be bad news for fixed income investors because government bonds and investment grade corporate bonds are vulnerable to declining values in such an environment. An alternative strategy may be a creative way to potentially reduce interest rate sensitivity without increasing direct equity exposure.



| Interest Rate Move (bps)                     | 150   | 263   | 122   | 176   | 134   | 187   | 134   | 157   | 123   | 106   |
|----------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Market Neutral Income Fund (A Shares at NAV) | 6.51  | 23.86 | 1.97  | 2.61  | 4.96  | 7.30  | 3.97  | 7.81  | 2.79  | 3.81  |
| Bloomberg Barclays U.S. Aggregate Bond Index | -3.40 | -1.80 | -2.07 | -2.18 | -0.86 | -0.29 | -2.96 | -1.82 | -4.24 | -3.10 |

Source: Morningstar and Bloomberg

Data as of 12/31/18. Rising rate environment periods from troughs to peak from January 1996 to May 2018.

Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average. All performance shown assumes reinvestment of dividends and capital gains distributions. Performance shown is for Class A (or equivalent) shares at net asset value and do not take into account any sales loads. Performance would have been reduced had such loads been included. The Funds offer multiple other share classes, the performance of which may vary.

### AVERAGE ANNUAL RETURNS

| AS OF 12/31/18                            | 1-YEAR | 3-YEAR | 5-YEAR | 10-YEAR | SINCE A SHARE INCEPTION | SINCE I SHARE INCEPTION |
|-------------------------------------------|--------|--------|--------|---------|-------------------------|-------------------------|
| <b>Calamos Market Neutral Income Fund</b> |        |        |        |         |                         |                         |
| I Shares – at NAV (Inception – 5/10/00)   | 1.80%  | 3.85%  | 3.01%  | 4.88%   | N/A                     | 4.42%                   |
| A Shares – at NAV (Inception – 9/4/90)    | 1.54   | 3.60   | 2.76   | 4.62    | 6.14%                   | N/A                     |
| A Shares – Load Adjusted                  | -0.71  | 1.92   | 1.76   | 4.11    | 5.96                    | N/A                     |
| BBgBarc U.S. Government/Credit Bond Index | -0.42  | 2.19   | 2.53   | 3.46    | 5.91                    | 4.96                    |
| Citigroup Treasury Bill - 30 Days         | 1.82   | 0.94   | 0.57   | 0.32    | 2.50                    | 1.52                    |
| Morningstar Market Neutral Category       | -0.26  | 1.05   | 0.49   | 1.30    | 3.79                    | 1.81                    |

The Bloomberg Barclays U.S. Government/Credit Index and Citigroup 30-Day T-Bill Index return "Since A share Inception" start date is 8/31/90. The Bloomberg Barclays U.S. Government/Credit Index, Citigroup 30-Day T-Bill Index, and Morningstar Category return "Since I share Inception" start date is 4/30/00. The Market Neutral Income Fund's gross expense ratio as of the prospectus dated 3/1/18 is as follows: A 1.28%, C 2.03% and I 1.02%.

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. The principal value and return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance reflected at NAV does not include the Fund's maximum front-end sales load of 2.25%. Had it been included, the Fund's return would have been lower. For the most recent fund performance information visit [www.calamos.com](http://www.calamos.com).

For more information on CMNIX, please visit [www.calamos.com/CMNIX](http://www.calamos.com/CMNIX) or contact us at 800.582.6959

### FUND TICKER SYMBOLS

A Shares    C Shares    I Shares  
CVSIX      CVSCX      CMNIX

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

**CALAMOS**  
INVESTMENTS

Calamos Financial Services LLC, Distributor  
2020 Calamos Court | Naperville, IL 60563-2787  
800.582.6959 | [www.calamos.com](http://www.calamos.com) | [caminfo@calamos.com](mailto:caminfo@calamos.com)  
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The Bloomberg Barclays U.S. Aggregate Bond Index consists of Treasuries, government related, corporate, mortgage-backed, asset-backed and commercial mortgage securities. Unmanaged index returns assume reinvestment of any and all distributions and, unlike fund returns, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

The Citigroup 30-Day T-Bill Index is generally considered representative of the performance of short-term money market instruments. The Morningstar Market Neutral Category represents funds that attempt to eliminate the risks of the market by holding 50% of assets in long positions in stocks and 50% of assets in short positions.

**Important Risk Information.** 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, which are described below. More detailed information regarding these risks can be found in the Fund's prospectus.

The principal risks of investing in Calamos Market Neutral Income Fund include: 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, non-US government obligation risk and portfolio selection risk.

**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 which can be obtained by calling 1-800-582-6959. Read it carefully before investing.**