

Investment Team Voices

Investing for Growth: 4 Global Megatrends

Calamos Antetokounmpo Global Sustainable Equities ETF (SROI)

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Summary points:

- > We seek out high-quality companies with strong financial and nonfinancial characteristics because we believe these companies offer the best prospects for building shareholder value over the long term.
- > Nonfinancial characteristics include exposure to thematic trends, many of which are driven by sustainable considerations, such as worker safety, environmental impact, and the energy transition.
- > SROI's portfolio includes companies we believe are at the forefront of global megatrends such as electrification, decarbonization, digitalization, and automation.

At its core, our approach seeks high-quality companies positioned for long-term growth. We believe we are best positioned to identify these companies by considering both traditional financial metrics and nonfinancial metrics, including those related to sustainability. Below, we explore four megatrends that create sustained opportunities for select companies and sustainable opportunities for investors.

MEGATREND 1: ELECTRIFICATION

Electrification and the shift away from carbon-generated electrons is a long-term secular growth trend. Multiple pathways exist to meet clean energy goals, but all require upgrading and expanding transmission infrastructure. This is happening, albeit at a pace that is currently too slow. The decarbonization of energy use is going to be a gradual process. The first step is making the grid greener by adding wind and solar. The next step involves electrifying other forms of energy use so that the grid can be decarbonized.

As we electrify processes that are now powered by fossil fuels, the supply of electricity itself needs to jump from one-fifth of the energy we consume to nearly 30% by 2030. This, in turn, means electrical transmission grids have to increase by about 2 million kilometers (1.2 million miles) each year, even though expansion projects today often take 5 to 15 years to plan, permit, and complete. The IEA estimates an annual price to upgrade the grid of more than \$600 billion by this decade's end; BNEF, working with an alternative net-zero scenario, foresees \$800 billion in yearly outlays by then.

How SROI participates: Quanta Services is helping to modernize the grid in North America and advance electrification. Based in Houston, Texas, Quanta is a leading engineering and construction contractor benefiting from a deferred need to upgrade and modernize the electric grids in the United States and Canada. Quanta has the picks and shovels (i.e., the skilled labor force) to make the energy transition a reality and participates in key electrification niches, such as grid hardening and expansion, pipeline replacement and the 5G buildout. We also like the company's strategic acquisitions. Changing the way energy flows will require many billions of dollars of investment over the next decade, and we believe Quanta and its shareholders are well-positioned to benefit.



MEGATREND 2: DECARBONIZATION

The global push to remove carbon emissions is well underway. Carbon emissions can be removed in one of two ways: at the source—such as cement, iron and steel, natural gas, and power plants—or directly from the atmosphere. The IEA lowered its expectations on this front last year, noting that heavy industry's track record has "largely been one of unmet expectations." Yet the IEA still recommends increasing carbon capture by 2,200% by 2030 and ultimately foresees a \$6.8 trillion carbon-capture-and-storage network that accounts for fully one-third of emissions reductions to 2050. If not, other technologies will have to ramp up faster to pick up the slack.

We have been able to construct trades that give us more income from call writing. We have been taking advantage of this while still maintaining a lighter-than-usual use of call writing. We also continue to layer in put spreads over and above our typical minimum level of notional long puts.

How SROI participates: Linde is a highly profitable and growing company with more than 50% of its revenue derived from sustainable products. The world's leading industrial gas producer, Linde is already engaged in clean hydrogen production projects around the world and is a leader in carbon sequestration projects that enable the oil and gas industry to mitigate environmental impact and climate change. Its carbon capture technologies are helping companies in various industries, including power, cement, chemicals, and steel, to meet CO2 emission reduction targets.



MEGATREND 3: DIGITALIZATION

Digitalization is the process of using digital technologies to transform business models and create new opportunities. This involves integrating digital tools and systems into various aspects of a business's operations. Key benefits of digitalization include increased efficiency, improved decision-making, enhanced customer experiences, and new revenue streams

Furthermore, digitalization and sustainability are increasingly intertwined, with digital technologies playing a crucial role in advancing sustainability goals. For example, digitalization enables optimal energy and resource use, and the tracking and measurement of sustainability metrics such as CO2 emissions and waste management

How SROI participates: Siemens is a leader in industrial digitalization, leveraging advanced technologies to transform various industries. Siemens' digitalization innovations include digital twin technology software to design, test, and develop virtual models prior to physical assets; process instrumentation that enables production plants to communicate data and optimize processes through connectivity; and apps and services that help businesses navigate digitalization and achieve sustainability targets.



MEGATREND 4: AUTOMATION

Automation is the use of technology to perform tasks with minimal human intervention. It aims to streamline processes, enhance efficiency and safety, and reduce human error.

How SROI participates: Epiroc is at the forefront of automation in the mining and construction industries. Its automation solutions are designed with a strong focus on improving worker safety as a driver of overall efficiency. Epiroc's technologies run a wide gamut, including remote control systems, autonomous drilling technologies that enable machines to perform drilling tasks with minimal human intervention, real-time data tracking to enhance efficiencies and reduce costs, machine automation, and deep automation to integrate different mining operation processes.



CONCLUSION

In a changing world, we see sustained demand for sustainable innovations that help businesses enhance productivity and better manage risks (e.g., worker safety and environmental impact). This demand is fueling exciting megatrends that can benefit high-quality companies across industries—and the shareholders of SROI.

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 1-866-363-9219. Read it carefully before investing.

Opinions, estimates, forecasts, and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. The views and strategies described may not be appropriate for all investors. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as recommendations.

The portfolio is actively managed. Holdings subject to change daily. As of September 19, 2024, the 10 largest holdings were: Microsoft Corp., 4.76%; Alphabet Inc.-CL A, 4.11%; Apple, Inc., 3.73%; Taiwan Semiconductor-SP ADR, 3.10%; Nvidia Corp., 2.95%; SAP SE, 1.95%; Visa Inc.-Class A Shares, 1.64%; TJX Companies, Inc. 1.48%; Costco Wholesale Corp, 1.43%; Novo Nordisk A/S-B, 1.38%. The fund's allocations to the aforementioned securities are as follows: Quanta Services, Inc., 1.04%; Siemens AG-REG, 0.88%; Linde PLC, 0.87%; Epiroc, 0.40%.

Environmental, social and governance (ESG) is based on the premise of investing in companies that have good environmental records, are ethically run and have a positive social impact.

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 the Calamos Antetokounmpo Global Sustainable Equities ETF 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, value stock risk, foreign securities risk, forward foreign currency contract risk, emerging markets risk, small and mid-sized company risk and portfolio selection risk. As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to the potential for greater economic and political instability in less developed countries.

Calamos Antetokounmpo Asset Management LLC ("CGAM"), an investment adviser registered with the SEC under the Investment Advisers Act of 1940, serves as the Fund's adviser ("Adviser"). CGAM is jointly owned by Calamos Advisors LLC and Original C Fund, LLC, an entity whose voting rights are wholly owned by Original PE, LLC which, in turn, is wholly owned by Giannis Sina Ugo Antetokounmpo. Giannis Sina Ugo Antetokounmpo is the majority shareholder of Original C, with a 68% ownership interest.

The Adviser is jointly owned and controlled by Calamos Advisors LLC and, indirectly, by Mr. Antetokounmpo, a well-known professional athlete. Unanticipated events, including, without limitation, death, adverse reputational events or business disputes, could result in Mr. Antetokounmpo no longer being associated or involved with the Adviser. Any such event could adversely impact the Fund and result in shareholders experiencing substantial losses.

Mr. Antetokounmpo serves on the Adviser's Board of Directors and has indirect control of half of the Adviser's Board.

Mr. Antetokounmpo is not a portfolio manager of the Fund and will not be involved in the day-to-day management of the Fund's investments, and neither Original C nor Mr. Antetokounmpo shall provide any "investment advice" to the Fund. Mr. Antetokounmpo provided input in selecting the initial strategy for the Fund.

Mr. Antetokounmpo will be involved with marketing efforts on behalf of the Adviser. If Mr. Antetokounmpo is no longer involved with the Fund or the Adviser then "Antetokounmpo" will be removed from the name of the Fund and the Adviser. Further, shareholders would be notified of any change in the name of the Fund or its strategy.

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