

Asset allocation strategies for 2019: The importance of long-term perspective

Investors are likely to remember 2018 as a challenging year. Stocks gyrated and rising interest rates put pressure on the bond markets. We asked John P. Calamos, Sr. for his thoughts about how investors can position their portfolios for the road ahead. John is the Founder, Chairman, and Global Chief Investment Officer of Calamos Investments and has been navigating volatile markets for nearly 50 years.

Q. Why have financial markets been so volatile in 2018?

A. Markets hate uncertainty. Even though the U.S. economy has been strong and corporations have performed well, markets have been volatile due to political unknowns, such as trade policy. There has also been a lot of market apprehension about the Federal Reserve's intentions and how higher short-term U.S. interest rates will influence the global economy and corporate profitability. These concerns are likely to distract markets next year, too. Investors should be prepared for continued volatility.

Q. Should investors be worried that a U.S. recession is right around the corner?

A. I believe the U.S. economy can continue to grow. Although a slowing global economy and geopolitical issues pose potential risks, I don't see recession in 2019 as the probable outcome. I expect a lot of gridlock in Washington, which means that pro-business fiscal policies are more likely to remain in place and provide tailwinds for corporate profitability and economic expansion.

Q. With volatility likely to continue, what are the biggest risks you see for investors in 2019?

A. The biggest risk is having a short-term mindset. Investors need to recognize that short-term swings in the market are normal. Historically, it's been quite common for the stock market to pause or retreat before moving upward again. Investors who continually shift their asset allocations around to avoid short-term downturns are likely to miss market rebounds. In contrast, investors who put time on their side—and stay invested—are better positioned for the long term (see sidebar). I'm also concerned about the potential risks of passively managed investment strategies, like index funds. Our investment teams are continually seeking out ways to enhance the balance of risk and return in the Calamos funds, in keeping with each fund's objective. Passive strategies can't respond to evolving market conditions the way actively managed funds like ours can.

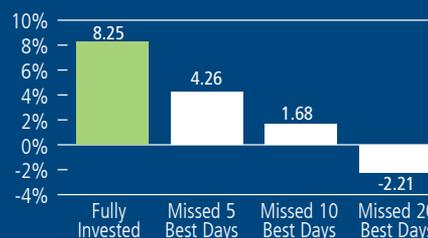
Before investing, carefully consider the fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information, which may be obtained by calling 1-800-582-6959. Read it carefully before investing.

Alternatives entail added risks and are not suitable for all investors. Diversification and asset allocation do not guarantee a profit or protect against a loss.

THE DANGERS OF MARKET TIMING

Investors who jump in and out of the market risk catching the downside and missing the upside.

S&P 500 INDEX, 2008-11/30/18 RETURNS %



Source: Morningstar. Data from 1/1/08 through 11/30/18. Returns are annualized.

Q. What advice do you have for investors about asset allocation in 2019?

A. When it comes to asset allocation, risk management is always important. I see many opportunities for active managers in 2019, but as I noted, volatility is likely to continue. Funds that can play both defense and offense will have a real advantage in 2019.

Q. What are some examples of funds that can be used to enhance defensive positioning in an equity allocation?

A. We have two alternative strategies that can enhance stock fund allocations. Calamos Hedged Equity Income Fund seeks to achieve the total return of equity markets, but with lower volatility. The fund incorporates strategies we've used for decades to pursue risk-managed stock market exposure. Calamos Phineus Long/Short Fund seeks strong risk-adjusted and absolute returns across the global equity universe. It has many tools at its disposal, including the flexibility to short stocks. Shorting stocks offers the potential to profit when stocks are going down, as well as when they are going up.

Q. In addition to alternatives, what other choices do investors have for more defensive participation in the equity market?

A. Since our founding in the 1970s, we've used convertible securities to provide risk-managed exposure to the stock market. Convertible securities combine characteristics of stocks and bonds, and they have been a compelling choice for defensive equity participation over many market cycles. With active management, convertible securities can be a welcome addition for investors who are apprehensive about being in the markets but don't want to be on the sidelines either. We offer several funds that include convertibles, such as two U.S. offerings, Calamos Convertible Fund and Calamos Growth and Income Fund. For global allocations, we have Calamos Global Convertible Fund and Calamos Global Growth and Income Fund.

Q. Investors often include bond funds to mitigate the impact of stock market volatility, but rising rates have historically created headwinds for some types of fixed income investments. In this environment, are there ways to enhance fixed income allocations?

A. Investors historically have turned to fixed income funds to provide income and dampen volatility, and fixed income is an important strategic component for many asset allocations. But in a rising rate environment, investors may want to include funds that are less exposed to interest rate risk. The good news is that there are ways to do this. For example, our flagship liquid alternative fund, Calamos Market Neutral Income Fund, can serve as a fixed income alternative. To generate income, the Fund uses strategies that haven't demonstrated high correlation to interest rates. The Fund also seeks consistent returns with lower volatility, which risk-aware investors may appreciate in the coming year. Our convertible funds can also be used to enhance a fixed income allocation. Historically, convertibles have been more resilient to rising rates than traditional investment grade bonds.

Q. Do you have any closing thoughts for investors?

A. After a volatile year, your asset allocation may have drifted from where you want it. Talk with your financial advisor about whether your asset allocation aligns with your risk tolerance. If you're concerned about continued volatility, ask about ways you can incorporate Calamos funds to help manage the risk and reward characteristics of your portfolio.

HIGHLY RATED ALTERNATIVES FOR ASSET ALLOCATION

EQUITY ALTERNATIVE: CALAMOS HEDGED EQUITY INCOME FUND (CIHEX)



MORNINGSTAR OVERALL RATING™
Among 87 Options-based Funds

The fund's load-waived Class I shares had 4 stars for 3 years out of 87 Options-based Funds for the period ended 11/30/18.

FIXED INCOME ALTERNATIVE: CALAMOS MARKET NEUTRAL INCOME FUND (CMNIX)



MORNINGSTAR OVERALL RATING™
Among 128 Market Neutral Funds

The fund's load-waived Class I shares had 4 stars for 3 years, 5 stars for 5 years, and 5 stars for 10 years out of 128, 88 and 31 Market Neutral Funds, respectively, for the period ended 11/30/18.



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There can be no assurance that any Calamos Fund will achieve its investment objective.

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. For the most recent month-end fund performance information visit www.calamos.com.

Important Risk Information

An investment in the Fund is subject to risks, and you could lose money on your investment in the Fund. There can be no assurance that the Fund will achieve its investment objective. Your investment in the Fund 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 can increase during times of significant market volatility. The writer of a covered call may be forced to sell the stock to the buyer of the covered call and be precluded from benefiting from potential gains above the strike price.

The principal risks of investing in the **Calamos Hedged Equity Income Fund** include: covered call writing risk, options risk, equity securities risk, correlation risk, mid-sized company risk, interest rate risk, credit risk, liquidity risk, portfolio turnover risk, portfolio selection risk, foreign securities risk, American depository receipts, and REITs risks.

Options Risk — The Fund's ability to close out its position as a purchaser or seller of an over-the-counter or exchange-listed put or call option is dependent, in part, upon the liquidity of the options market. There are significant differences between the securities and options markets that could result in an imperfect correlation among these markets, causing a given transaction not to achieve its objectives. The Fund's ability to utilize options successfully will depend on the ability of the Fund's investment adviser to predict pertinent market movements, which cannot be assured.

The principal risks of investing in the **Calamos Market Neutral Income Fund** include: equity securities risk consisting of market prices declining in general, convertible securities risk consisting of the potential for a decline in value during periods of rising interest rates and the risk of the borrower to miss payments, 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, portfolio selection risk, and portfolio turnover risk.

The principal risks of investing in the **Calamos Convertible Fund** include: convertible securities risk consisting of the potential for a decline in value during periods of rising interest rates and the risk of the borrower to miss payments, synthetic convertible instruments risk consisting of fluctuations inconsistent with a convertible security and the risk of components expiring worthless, foreign securities risk, equity securities risk, interest rate risk, credit risk, high yield risk, portfolio selection risk and liquidity risk.

The principal risks of investing in the **Calamos Global Growth and Income Fund** include: convertible securities risk consisting of the potential for a decline in value during periods of rising interest rates and the risk of the borrower to miss payments, synthetic convertible instruments risk consisting of fluctuations inconsistent with a convertible security and the risk of components expiring worthless, foreign securities risk, emerging markets risk, equity securities risk, growth stock risk, interest rate risk, credit risk, high yield risk, forward foreign currency contract risk, portfolio selection risk, and liquidity risk.

The principal risks of investing in the **Calamos Global Convertible Fund** 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, foreign securities risk, emerging markets risk, currency risk, geographic concentration risk, American depository receipts, mid-size company risk, small company risk, portfolio turnover risk and portfolio selection risk.

The principal risks of investing in the **Calamos Phineus Long/Short Fund** include: equity securities risk consisting of market prices declining in general, short sale risk consisting of the potential for unlimited losses, leverage risk and foreign securities risk.

The principal risks of investing in the **Calamos Growth and Income Fund** include: convertible securities risk consisting of the potential for a decline in value during periods of rising interest rates and the risk of the borrower to miss payments, synthetic convertible instruments risk consisting of fluctuations inconsistent with a convertible security and the risk of components expiring worthless, equity securities risk, growth stock risk, small and midsize company risk, interest rate risk, credit risk, liquidity risk, high yield risk, forward foreign currency contract risk and portfolio selection risk.

Morningstar Data: Morningstar Ratings™ are based on risk-adjusted returns and are through 11/30/18 for Class I shares and will differ for other share classes. Morningstar ratings are based on a risk-adjusted return measure that accounts for variation in a fund's monthly historical performance (reflecting sales charges), placing more emphasis on downward variations and rewarding consistent performance. Within each asset class, the top 10%, the next 22.5%, 35%, 22.5%, and the bottom 10% receive 5, 4, 3, 2 or 1 star, respectively. Each fund is rated exclusively against U.S. domiciled funds. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Source: ©2018 Morningstar, Inc.

Funds in the Options-based category use options as a significant and consistent part of their overall investment strategy. Trading options may introduce asymmetric return properties to an equity investment portfolio. These investments may use a variety of strategies, including but not limited to: put writing, covered call writing, option spread, options-based hedged equity, and collar strategies. In addition, option writing funds may seek to generate a portion of their returns, either indirectly or directly, from the volatility risk premium associated with options trading strategies.

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.

Index definitions: The S&P 500 Index is considered generally representative of the U.S. large cap stock market. The MSCI World Index is considered generally representative of the market for developed market stocks. Indexes are unmanaged, do not entail fees or expenses and are not available for direct investment.

About Class I shares: Class I shares are offered primarily for direct investment by investors through certain tax-exempt retirement plans (including 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans, defined benefit plans and non-qualified deferred compensation plans) and by institutional clients, provided such plans or clients have assets of at least \$1 million. Class I shares may also be offered to certain other entities or programs, including, but not limited to, investment companies, under certain circumstances.

IN VOLATILE MARKETS, CONSISTENCY COUNTS. LOOK TO CALAMOS GROWTH AND INCOME FUND

We understand that investors want funds that can navigate all types of market environments—the good, the bad and the ugly. By combining stocks and convertible securities, Calamos Growth and Income Fund offers an innovative, risk-managed approach for pursuing growth and income.

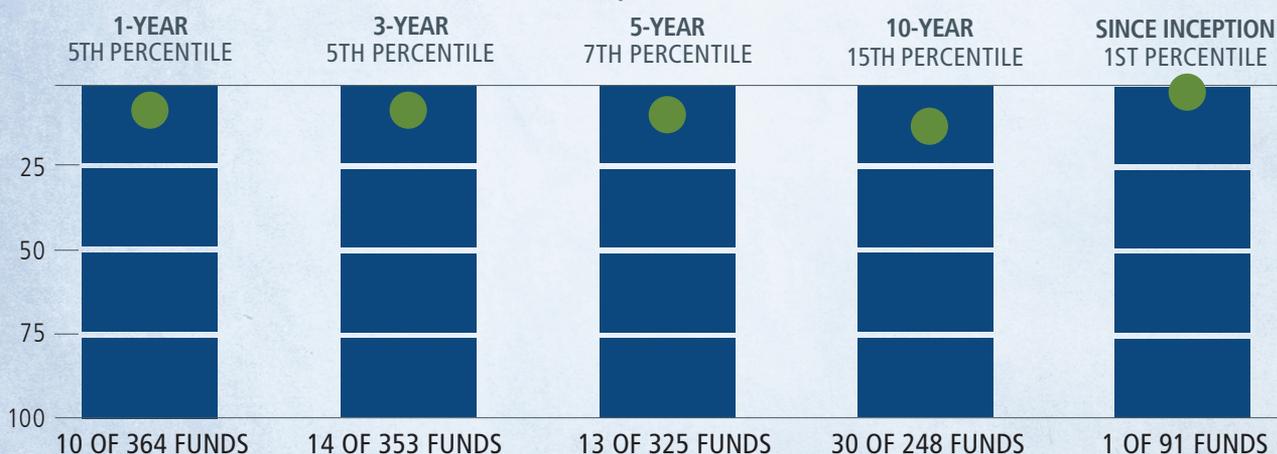
Take a look at our results over long and short periods:

MORNINGSTAR OVERALL RATING™
Among 322 Allocation—70% to 85% Equity Funds.

The fund's load-waived Class I shares had 5 stars for 3 years, 5 stars for 5 years, and 5 stars for 10 years out of 322, 274, 197 Allocation—70% to 85% Equity funds, respectively, for the period ended 11/30/18.

CGIIX: PERFORMANCE THROUGH MARKET VOLATILITY

RANKINGS WITHIN MORNINGSTAR ALLOCATION—70% TO 85% EQUITY CATEGORY



Data as of 11/30/18. 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. For the most recent month-end fund performance information, visit www.calamos.com. Morningstar Allocation—70% to 85% Equity Category funds seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds and cash. These portfolios are dominated by domestic holdings and have equity exposures between 70% and 85%.

Your financial advisor can tell you more about how Calamos Growth and Income Fund can help you diversify and potentially enhance your asset allocation.

You can also visit us at www.calamos.com/CGIIX or call 800.582.6959 (M-F, 8:00 am-6:00 pm, CT.)

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 may be obtained by calling 1-800-582-6959. Read it carefully before investing.

Diversification and asset allocation cannot guarantee a profit or protect against a loss.

For the one-, three-, five-, 10-year and since inception periods ending 9/30/18, Calamos Growth and Income Fund I shares returned 14.41%, 12.96%, 9.81%, 9.61%, and 9.65%, respectively.

The inception date of Calamos Growth and Income Class I shares is 9/18/97.

As of the prospectus dated 3/1/18, the gross expense ratio for Class I shares was 0.87%.

Important risk information: The principal risks of investing in the Calamos Growth and Income Fund include: convertible securities risk consisting of the potential for a decline in value during periods of rising interest rates and the risk of the borrower to miss payments, synthetic convertible instruments risk consisting of fluctuations inconsistent with a convertible security and the risk of components expiring worthless, equity securities risk, growth stock risk, small and mid-sized company risk, interest rate risk, credit risk, liquidity risk, high yield risk, forward foreign currency contract risk and portfolio selection risk.

Please see preceding page for additional information about Class I funds, Morningstar Ratings, and indexes.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

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