CALAMOS INVESTMENTS

SEPTEMBER 2020

Finding Opportunity in Uncertain Times

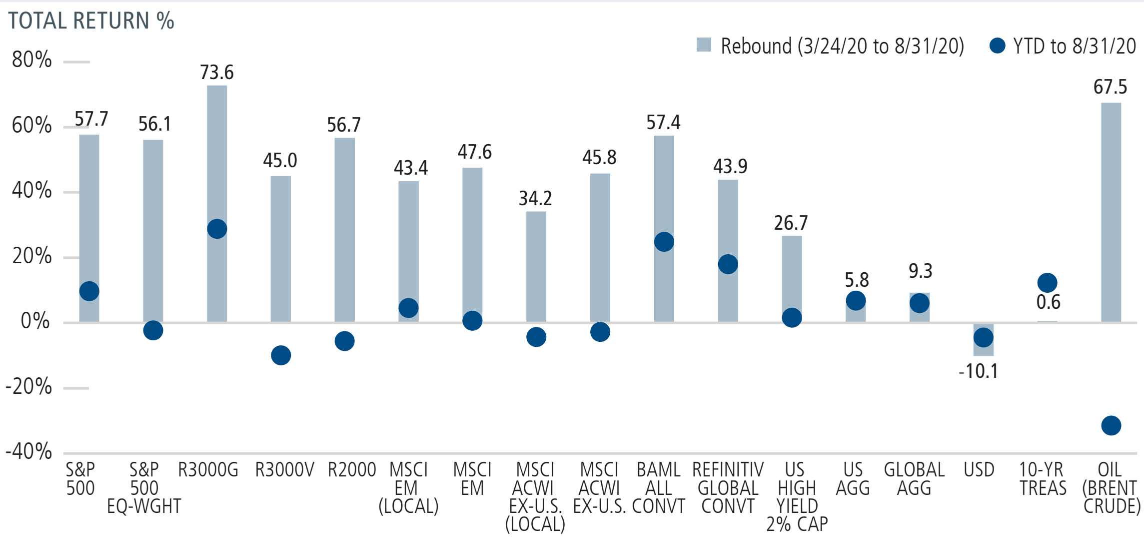
Introduction by John P. Calamos, Sr.
Founder, Chairman and Global Chief Investment Officer

2020 continues to be an unprecedented year for investors. Since global markets plunged in the first quarter, they have come roaring back. Many asset classes are now in positive territory or quite close (see Figure 1). Growth-oriented stocks have performed particularly well, led by the technology and consumer discretionary sectors. We've also seen remarkable performance in the convertible market and healthy advances in many areas of the fixed-income market.

In fact, some investors are worried if the rebound is too good to be true. I believe there is more upside opportunity across asset classes, but heightened uncertainty will bring saw-toothed markets, elevated volatility and leadership rotation. It's important to remember that market pullbacks are common, even those in the range of 10%. Episodic selloffs are likely as jittery investors react to headline news. This environment may not be comfortable for investors, but corrections are typical in sustained, long-term rallies. Over my 50 years in the investment industry, I have learned that volatility creates opportunity for those who are prepared, disciplined and guided by long-term focus. We are in a period where active management and bottom-up security selection are absolutely essential.

The case for additional market upside is supported by stronger corporate earnings guidance, accommodative monetary policy and fiscal stimulus, which are providing a foundation for rapid economic rebounds. Both the U.S. and global economies have demonstrated their resilience and are in recovery mode. Even so, not all segments of the economy are healing at an even pace and many households and businesses remain under pressure. Overall, however, economic data is coming in better than expected, with economic surprise indicators trending up briskly in the U.S., as they are around the world. Driven by autos and housing, U.S. GDP is expected to quickly regain much of the ground lost in the second quarter, sharing the road to recovery with economies around the world.

FIGURE 1. IMPRESSIVE REBOUNDS HAVE PUSHED MANY ASSET CLASSES INTO POSITIVE TERRITORY FOR 2020



Past performance is no guarantee of future results. Source: Morningstar. Data shown in USD, unless otherwise noted.

Investors should be prepared for turbulence. It's a well-known saying that "markets hate uncertainty," and there is plenty on the horizon—whether related to the pandemic, the election, social unrest, or foreign policy. The potential outcomes of November's elections open the door to vastly different scenarios for fiscal policy, taxes, regulation and geopolitics. The presidential election is as close as it is contentious and recent history gives us every reason to be ready for the unexpected. It's entirely possible that the ballot counting process will take longer than either party would like.

When we consider the future opportunities in the market, it's helpful to remember that not all companies have rebounded at an equal pace. For example, there is a significant disparity between the positive year-to-date return of the market-cap weighted S&P 500 Index and the negative return for the equal-weighted S&P 500 Index. To me, this highlights a few important points. First, the rally has not been indiscriminate, as investors have rewarded companies that have adapted most quickly to the challenges of the period, especially large growth companies with strong balance sheets. Also, it signals that there still may be overlooked opportunities that are positioned to lead as the economic cycle evolves. Finally, while some securities trade at high valuations, many are priced quite attractively given their long-term potential.

There is more upside opportunity across asset classes, but heightened uncertainty will bring saw-toothed markets, elevated volatility and leadership rotation.

Asset Allocation Considerations

The volatility and uncertainty of 2020 has added to the anxiety many investors feel, but there is opportunity in every environment. Capturing this opportunity requires being positioned ahead of market turns instead of trying to chase performance. Accordingly, now is an excellent time to schedule a portfolio check-up with a trusted investment professional to determine if your asset allocation is appropriately diversified to address your unique circumstances. Having confidence in how your portfolio is allocated can help avoid the dangerous temptation to time the market or respond with panic due to short-term moves.

To aid investors and investment professionals in their asset allocation decisions, our senior investment team members share their insights in the pages that follow. They discuss their views of the opportunities they are seeing in the markets and how the Calamos funds are positioned to capitalize on them. Although the objectives and investment processes of the Calamos funds vary, the teams that manage them share a commitment to active, risk-conscious investing and above all—a dedication to serving our clients.

On behalf of all of us at Calamos Investments, thank you for your continued trust, and we look forward to serving you in the years to come.

CALAMOS CONVERTIBLE FUND (CICVX)

After slowing in July, U.S. convertible issuance surged again in August with another $10.7 billion coming to market, which brings year-to-date issuance to $80.8 billion. Issuance continues to be a combination of secular growth companies as well as cyclical firms, and we've seen more than 50 new issuers come to the convertible market this year, providing attractive new diversification. Given the strong issuance, the U.S. convertible market has expanded to $307 billion, just shy of the $313 billion record seen in 2007.

While overall equity sensitivity in the market has marginally increased, there remains significant opportunities in the balanced portion of the convertible market where we prefer to have our greatest exposure. We're positive on new issue prospects as firms shift from the first half of 2020 focus of firming-up balance sheets, accessing liquidity, and pushing-out debt maturities toward growth, expansion, mergers, and innovation through increased R&D into the end of this year and beginning of 2021.

We also remain positive on the overall stock market, but we expect continued volatility and market rotations. Significant fiscal stimulus, accommodative monetary policy and Covid vaccine progress are balanced by the political uncertainty associated with the U.S. presidential election and strained U.S./China relations. We're encouraged by the slowly improving economy, business re-openings, pent-up consumer demand, people returning to work, high saving rates, and low mortgage rates.

Our focus during this time continues to be improving the overall risk/reward of **Calamos Convertible Fund** and maintaining a balanced profile—preferring names that provide a healthy measure of upside equity participation while also offering potential downside resilience. In terms of positioning, we are seeking fundamentally sound businesses that can navigate and capitalize on these turbulent times. Our focus includes companies exposed to long-term secular themes that have been accelerated during our national quarantine, such as working from home, learning from home, medical treatment from home, shopping from home, and entertainment at home (e.g. gaming, streaming, online media), along with all the technologies needed to make those happen, such as cloud computing, internet security, communication infrastructure, and e-payments.

Balancing the high-growth names, the convertible market has broadened and benefited from a significant issuance of cyclically oriented companies that we believe can profit as the economy recovers (such as airlines, cruise lines, retail and restaurants). As a complement to the fund's growth exposure, we've selectively increased cyclical exposure, as we believe cyclical firms can provide as good, if not better, long-term returns than many growth companies at certain times. This new cyclical issuance has increased the fund's exposure to the consumer discretionary sector, although its largest allocation remains to secular growth companies within the technology and healthcare sectors.

Looking out over the next 12 months, we're optimistic on an economic recovery, but expect choppiness in the market and believe convertible securities remain a compelling opportunity to seek further upside participation in equities while managing downside risk.

By Jon Vacko, CFA
SVP, Senior Co-Portfolio Manager

Joe Wysocki, CFA
SVP, Co-Portfolio Manager

CALAMOS GLOBAL CONVERTIBLE FUND (CXGCX)

While U.S. companies have brought the majority of new convertible issuance to market this year, non-U.S. companies have also been active, with $33 billion in issuance contributing to a global year-to-date total of $114 billion through August (Figure 2).

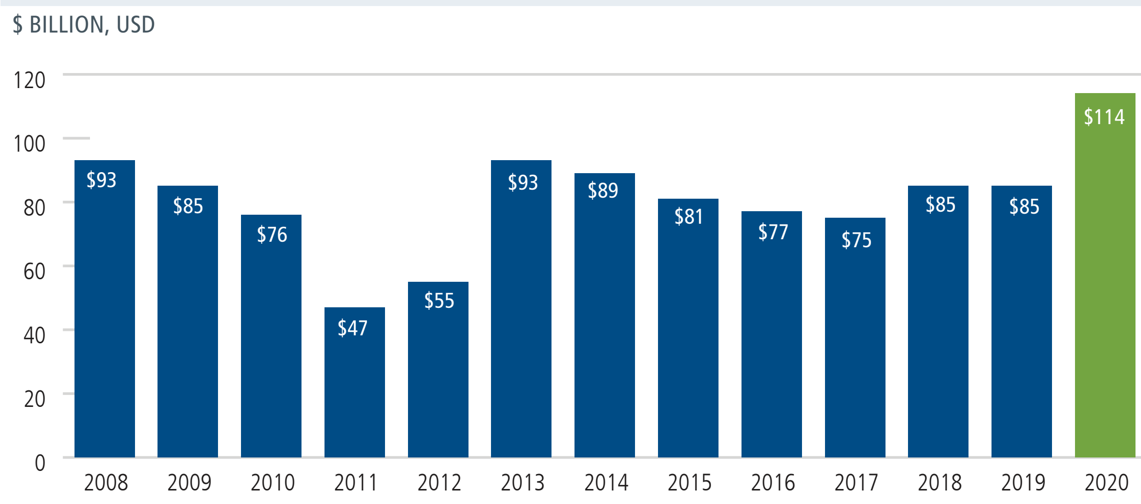
In regard to the pandemic, we are encouraged by progress in vaccine development, especially as treatments seem to be getting incrementally better as well. With the potential for a vaccine to start becoming widely available as soon as late Q1 or early Q2 of 2021, we don't anticipate another round of widespread lockdowns. Therefore, we expect travel and leisure (airlines, cruise ships, Vegas) to start normalizing by Q2 of 2021, in turn driving improvements in the economy and employment. Pairing this with very loose fiscal and monetary policies should propel equities higher, despite some serious potential headwinds, including civil unrest, the election and instability in commercial real estate. Additionally, while the election is impossible to call, the market seems less apprehensive than it once was about a Biden presidency, perhaps viewing the Fed's money creation and the likely 2021 Covid recovery as sufficient to offset anticipated tax and regulatory changes.

In terms of positioning **Calamos Global Convertible Fund**, we have been actively rebalancing risk/reward. Even with high levels of issuance, the global convertible market's overall level of equity sensitivity has crept up, leaving the fund with relatively less equity sensitivity. However, the fund's level of equity sensitivity is not out of line with where it was in prior periods.

Relative to the Refinitiv Global Convertible Bond Index, the fund is neutral to the U.S. and is underweight Europe. This underweight reflects our assessment of bottom-up convertible opportunities versus a macro call. From a sector standpoint, the fund is overweight cruises and airlines—both industries that we believe can benefit from an eventual containment of the pandemic and economic recovery. A large part of our rebalancing activity has been in the technology sector, the fund's largest weighting in absolute terms although the allocation is in line with its index.

By Eli Pars, CFA
Co-CIO, Senior Co-Portfolio Manager

FIGURE 2. GLOBAL CONVERTIBLE ISSUANCE MAINTAINS EXCEPTIONAL PACE



Source: BofA Global Research. Year to date through August 31, 2020.

CALAMOS GROWTH AND INCOME FUND (CGIIX)

We have positioned **Calamos Growth and Income Fund** for a transitional and volatile macro environment with expected positive risk asset returns.

More specifically, U.S. and global economies are transitioning from the re-opening phase of the pandemic recovery to a “living with Covid without a vaccine” phase. The re-opening phase was characterized by a sharp improvement of economic activity, although activity was still below pre-virus levels. This process was aided by better knowledge and handling of the virus and highly accommodative fiscal and monetary policies. The next stage, living with the virus without a vaccine or effective treatment, is characterized by slower, more uneven improvement in economic activity shaped by the variable path of the virus spread, the slowing of physical location re-openings, the winding down of some U.S. fiscal programs which have not yet been renewed, the higher level of unemployment and bankruptcies/restructurings.

We expect modest economic improvement in this environment until we move to the next recovery stage. This stage would include the implementation of a widespread, effective vaccine and/or treatment regimen, which in our opinion is likely a 2H21 event. At that point, we expect a return to a more normal economic environment with a diminished need for fiscal and monetary policy support (including higher interest rates), although some changes from the pandemic will last for a longer time. Until this stage occurs, another round of fiscal spending combined with improved public health measures should continue to support the economy.

We also characterize this current stage of the recovery as multi-speed with some parts of the economy growing faster than pre-virus levels, while others are significantly below those levels. Some examples include an accelerated transition to online retailers from physical retail, and a transition away from consumer services (like travel and leisure) toward consumer goods. As we transition to the next post-vaccine stage of the recovery, we expect some of these trends to continue (further transition to e-commerce), while others to reverse (increased demand for consumer services from depressed levels). As we monitor the current and expected economic transitions, the U.S. elections may also present a policy transition and source of additional volatility. Our base case is that a divided government remains, but that view can change depending on the economic and social environment at the time of the election.

In terms of positioning, we have become more selective in the growth areas of the equity market (information technology, consumer and healthcare) by focusing on longer-term, sustainable cash flow growers and avoiding growth names that do not have sustainable competitive advantages. We continue to selectively add cyclical exposure for our vaccine base case, which should favor companies that can rapidly grow cash flows from depressed bases. We have taken a laddered approach on economic recovery areas, owning some areas that are currently recovering (selective retail and transports) and owning some areas which recovery will take longer (travel, leisure and financials).

We continue to utilize convertibles in many higher-risk areas of the market, including more aggressive growth companies as well as deeper cyclical areas, seeking to provide positive asymmetric returns in lower-risk structures. As volatility has also declined over the past several months, the fund is selectively utilizing calls and puts as we seek to further manage downside risk and provide opportunity for upside. We believe the use of convertibles and options can dampen downside volatility in case our base case scenario does not materialize. The fund has a very small allocation to traditional fixed income, as we believe the risk-adjusted return profile is below average, and the historical diversification benefits may not exist in the near-zero interest rate environment. The fund has a modest exposure to non-U.S. assets, as we have sought to add some global cyclical exposure and provide some additional diversification.

By John Hillenbrand, CPA
Co-CIO, Senior Co-Portfolio Manager

CALAMOS TIMPANI SMALL CAP GROWTH FUND (CTSIX), CALAMOS TIMPANI SMID GROWTH FUND (CTIGX)

We remain very constructive on small and mid-cap growth companies, and believe that continued economic recovery can provide a powerful tailwind. However, as active managers with a disciplined and tested process, we believe we can generate strong performance regardless of the market backdrop. We are fully invested and continue to find new opportunities in fast-growing companies that are poised to exceed expectations for the next several quarters. Our fundamental analysis seeks out robust and sustainable growth that is underestimated by the market, with support from positive market sentiment indicators.

FIGURE 3. INVESTMENT THEMES IN THE CALAMOS TIMPANI FUNDS

Secular Growth Themes	Cyclical Growth Themes
E-commerce	Outdoor Leisure
Cloud Communications	Housing
Healthcare: Covid Tailwind	Semiconductors
Healthcare: Tools for Drug Development	Trucking

We provide additional details about a number of these favorite themes and company examples in our blog post: *Small Cap Growth Opportunities: Investment Themes For a Changing World.*

The **Calamos Timpani Small Cap Growth Fund** and **Calamos Timpani SMID Growth Fund** remain tilted toward secular growth stocks. Low interest rates for longer likely means sustained high valuations and potentially more valuation expansion for long-duration stocks like many secular growth stocks. We continue to have exposure to numerous secular themes like e-commerce, cloud-based communication, and software security that have seen trends accelerate since Covid hit the United States. In addition, we own stock in numerous healthcare secular growers that are also seeing business trends accelerate as a result of Covid. Examples include telemedicine, medical devices, and diagnostic tools.

Additionally, in recent months, we have ramped up exposure to several consumer discretionary stocks that are benefiting from fresh changes in consumer behavior. For instance, one emerging trend we see is that consumers are spending more time outdoors, in safe, less crowded settings. Families are still going on vacation but instead of flying to theme parks, they are renting or buying RVs and are choosing to go camping, fishing, or boating. Another trend we see is that consumers are moving from cities to suburbs in order to be in less crowded, safer, and less expensive downtown locations, especially if they now have more flexibility to work from home. This, along with exceptionally low mortgage rates, is providing a boost to several companies including certain home builders, building products companies, and residential real estate brokers.

By Brandon Nelson, CFA
SVP, Senior Portfolio Manager

CALAMOS GROWTH FUND (CGRIX)

Calamos Growth Fund is positioned with healthy exposure to secular growth companies poised to continue their rapid revenue and earnings expansion (in spite of the pandemic) and cyclical growth companies that the portfolio management team believes should benefit from the continued recovery in the U.S. economy.

More specifically, the portfolio is overweighted to both technology and tech-related growth companies where secular growth and Covid-impact themes should continue to perform, and to cyclical recovery companies where earnings should re-accelerate as we experience a broader re-opening of businesses. The fund also has an overweight exposure to SMID-cap growth, which adds significantly more exposure to the secular growth themes.

Secular Growth. Within secular growth segments, the fund is invested in U.S. companies with characteristics of strong or improving business fundamentals and revenue growth, strong or improving margins and cash flow, and good or improving balance sheets. Analyst recommendation list ranks are key factors in positioning, and quantitative/timeliness traits are important considerations.

Extremely low rates help technology and other long duration growth assets and businesses. The team assumes short-term rates stay pinned down, while longer-term rates will edge upward, but not enough to cause a wholesale shift in investor/market appetite for growth. Hence, exposure to both sides of this outlook is prudent. Overall, the fund has a significant overweight to technology and technology-driven companies that have benefited from transformative trends, such as migration to the cloud, software as a service (SaaS), stay-at-home work, e-commerce, and digital payments.

Cyclical Growth. The fund also has exposure to a handful of important cyclical growth stocks that the team believes should see improved fundamentals as fiscal stimulus and monetary accommodation continue to work their way through the economy. While the majority of the fund's exposure is centered on secular growers, present circumstances afford the opportunity to participate in upside potential as certain industries attempt to "return to normal" over the coming months and quarters. Current examples of cyclical growth holdings include semiconductor companies, travel and leisure companies, and food and beverage staples with significant on-premise exposure.

By Matt Freund, CFA
Co-CIO, Senior Co-Portfolio Manager

Brad Jackson, CFA
SVP, Associate Portfolio Manager

Michael Kassab, CFA
SVP, Chief Market Strategist

Bill Rubin
SVP, Associate Portfolio Manager

CALAMOS GLOBAL AND INTERNATIONAL FUNDS:

Calamos Global Growth and Income Fund (CGCIX), Calamos Evolving World Growth Fund (CNWIX), Calamos International Growth Fund (CIGIX), Calamos Global Equity Fund (CIGEX)

We have a bullish outlook on global risk assets, predicated on the global monetary and fiscal response to the pandemic, a response which we believe can fuel a global synchronized recovery. This recovery scenario provides tailwinds for equities around the world but particularly overseas equities.

The recent weakness in the U.S. dollar makes sense to us given relative valuations, the growth of Federal Reserve's balance sheet, and the different Covid responses we have seen play out from country to country. While we don't expect the dollar to take a straight-line path downward, we believe conditions support a multi-year period of continued dollar weakness, which historically has been a good environment for non-U.S. equities.

The Calamos global and international funds are positioned to benefit in an environment of global recovery. Our process combines our top-down insights with bottom-up analysis guided by comprehensive capital structure research. From a bottom up perspective, we are investing in companies with good business models, durable balance sheets, capable management, and industry leadership positions with wide moats keeping competitors at bay.

From a top-down perspective, each portfolio includes significant exposure to secular themes that are thriving in this crisis, such as bioprocessing, global payments and e-commerce. Figure 4 illustrates the near-term and longer-term outperformance that some of our favorite themes have delivered versus broad equity market benchmarks. (For more detailed commentary, see our blog.)

FIGURE 4. SECULAR GROWTH THEMES PROVIDE A WIND IN THE SAILS, % RETURNS AS OF 9/3/2020

Theme	6 MO	1 YR	2 YR	3 YR	5 YR
Cloud	67%	96%	144%	385%	446%
E-commerce	116%	161%	396%	383%	1413%
Online Services	64%	112%	128%	110%	349%
Payments	63%	85%	91%	256%	330%
Bioprocessing	65%	84%	136%	246%	331%
MSCI ACWI Index	16%	17%	18%	32%	67%
S&P 500 Index	20%	22%	25%	50%	96%

Past performance is no guarantee of future results. Source: Calamos Investments and Bloomberg. Baskets shown are equal weighted average returns. Companies included are: Cloud: CRM, 268 HK, COUP, NOW, WDAY, MSFT; Payments: V, MA, ADYEN NA, PYPL, SQ; Bioprocessing: LONN SW, DHR, 2269 HK, RGEN; E-commerce: AMZN, SE, SHOP, BABA, MELI; Online Services: 700 HK, NTES, 035720 KS, 035420 KS, EDU, 1833 HK.

The funds also include complementary allocations to higher quality cyclical growth names, providing a barbell with our secular growth positions. Examples of these cyclical companies include European and Asian banks and auto manufacturers. Many of these have not benefited from the recovery that is underway, and therefore offer particularly attractive valuations. Consistent with our expectation for global recovery, we are underweight defensive names.

In this period of accelerated disruption, we believe it is important to differentiate between industries and companies that are likely to be the highest beta in a vaccine/herd-immunity recovery scenario (Covid-recovery) and those may initially bounce from such a recovery but are more likely to be permanently impaired (disrupted). Cruise lines are an example of the Covid-recovery theme and traditional retail is an example of the disrupted category. We expect both industries to rally very strongly once a vaccine is distributed, but we believe cruise lines can outperform beyond the initial rally as the industry benefits from the secular theme of "experiences over things." The funds have more exposure to Covid-recovery names, and more selective exposure to the companies and industries that we would classify as "disrupted."

Although we have been gradually adding exposure to companies in industries that can benefit from a reflationary environment, we do not believe conditions currently warrant leaning heavily into cyclicals. However, looking longer term, we believe reflation presents a real risk—or opportunity. We are closely watching for macro-level signposts marking a shift to a multi-year reflationary regime from the persistent low growth and disinflation seen over the past decade. The Covid shock and the unprecedented fiscal and monetary stimulus response have increased the likelihood of inflation, and the weakening dollar is a signpost. Other important signposts include money supply growth and bank credit growth and whether they can sustain their recent acceleration or will turn back as they did during the Great Financial Crisis.

Geographic positioning. Turning to regional positioning, we are most constructive on investment opportunities in emerging Asia, given the region's effective handling of the pandemic and its strong growth prospects in a global recovery. We believe emerging markets, including China, provide many compelling growth opportunities which may be misunderstood due to headline noise. (See our blog post on U.S.-China relations for more on this topic.)

Convertible Securities. Convertible securities are a core allocation in **Calamos Global Growth and Income Fund**, providing us with enhanced opportunities to achieve a favorable risk/reward skew that includes exposure to the best global growth businesses. In addition to actively participating in the new issue and secondary markets, we have created synthetic convertible structures to manage our exposure to large-cap U.S. growth equities. This approach has allowed the fund to generate more income than it would have otherwise in a pure-equity structure while enhancing downside risk mitigation in the event of a more significant correction or rotation. We have also used convertibles to build risk-conscious exposure to Covid-recovery companies. **Calamos Evolving World Growth Fund** also includes convertibles, albeit on a more opportunistic basis (approximately 23% as of August 31, 2020). Although convertibles are not a mainstay of this fund, they have been a valuable tool for creating the optimal skew.

Option Strategies. We have sought to enhance returns and manage risks through the selective use of options. For example, in Calamos Evolving World Growth Fund and Calamos Global Growth and Income Fund, we have utilized put spreads as a way to reduce tail risk while still allowing us to take advantage of the many upside opportunities we see. In these funds, we also pair call options with bonds to create synthetic convertibles, which provide an additional way to pursue improved risk/reward.

By Nick Niziolek, CFA
Co-CIO, Senior Co-Portfolio Manager

Dennis Cogan, CFA
SVP, Co-Portfolio Manager

CALAMOS FIXED INCOME FUNDS:
Calamos High Income Opportunities Fund (CIHYX), Calamos Total Return Bond Fund (CTRIX), Calamos Short-Term Bond Fund (CSTIX)

Fixed income funds continue to provide important diversification opportunities in an environment that is likely to see elevated equity volatility. And of course, fixed income funds remain a cornerstone for income-oriented investors. We have seen abundant issuance in both the investment-grade and high-yield corporate bonds, including many securities that have come to market with plump coupons. However, as companies work their way through a difficult and uncertain solvency phase, a smaller subset of issuers offer attractive compensation for the risks they may entail. Indeed, what we are seeing now exemplifies our belief that "it is a market of bonds, not a bond market." We are clearly in a period where active management—and active ***risk*** management—are paramount. This sets up well for our bond-by-bond, fundamentally driven approach.

Calamos High Income Opportunities Fund. We believe the high yield class remains an attractive choice for long-term investors. We think of high-yield as a hybrid asset class that blends characteristics of smaller-cap stocks and high grade bonds, with the potential for reduced downside volatility versus stocks and increased income and interest rate sensitivity than investment grade bonds. As the economy continues to recover, we would expect stocks to rebound and high yield to continue to recover, too. Given that the Fed is not even thinking about raising rates anytime soon and the historic resources being poured into an economic recovery from both monetary and fiscal responses, we believe high yield is positioned favorably versus other fixed income asset classes.

Yet, security selection will be key to results as the solvency phase wears on. Few businesses are set up to succeed with the significant revenue losses caused by shutdowns and partial re-openings. Companies with access to Fed programs find themselves on a firmer footing, but many companies in the retail and energy sectors are pricing to an expected restructuring. We expect defaults to move considerably higher from where they are, potentially peaking at 8% to 9% on a trailing 12-month basis, up from roughly 6.5% currently but still below the levels seen during the Great Financial Crisis.

In terms of positioning, we continue to invest in idiosyncratic opportunities that offer reliable debt servicing and reasonable levels of leverage. The fund includes investments across the high-yield credit quality we have increased the fund's overall credit quality over recent months, including through investments in "fallen angels" (investment grade bonds that have seen their credit ratings downgraded into below-investment-grade credit tiers). We have also invested selectively in preferred securities offering attractive yields for their level of credit risk.

Meanwhile, both **Calamos Total Return Bond Fund** and **Calamos Short-Term Bond Fund** are overweighted to corporate bonds and asset backed securities versus their respective benchmarks, and underweight to U.S. Treasury bonds. We believe this overweight makes sense given the Fed's involvement in the front end of the credit markets and the significant yield advantage credit offers relative to other assets. For Calamos Total Return Bond Fund, we have increased our emphasis on higher quality credits.

Each fund's duration positioning reflects our wariness about making large duration bets. Calamos Total Return Bond Fund's duration is approximately 0.30 years shorter than its benchmark, with a significant underweight to securities with durations exceeding 10 years.* We believe this stance is especially prudent as we anticipate that concerns around inflation and significant long-dated issuance will lead to continued pressure on the long end of the Treasury curve. Calamos Short-Term Bond Fund's duration is neutral versus its benchmark given the limited compensation offered for extending out the curve.

By Matt Freund, CFA
Co-CIO, Senior Co-Portfolio Manager

Chuck Carmody, CFA
VP, Co-Portfolio Manager

Christian Brobst
VP, Associate Portfolio Manager

*As of 8/31/20

CALAMOS MARKET NEUTRAL INCOME FUND (CMNIX), CALAMOS HEDGED EQUITY FUND (CIHEX)

In **Calamos Market Neutral Income Fund**, we invest in two complementary strategies with different responses to volatility—convertible arbitrage and hedged equity. Our team adjusts the allocation to each based on our view of market opportunity, with the goal of being prepared for as many different scenarios as possible. Currently, our allocation to the convertible arbitrage sleeve is approximately 60%, our highest weighting in years. This is mainly driven by bottom-up convertible arbitrage opportunity, but is also influenced by market appreciation we've seen in some in-the-money convertibles. Continued strong new issuance is likely until October when earnings blackouts and the election slow things down.

Our level of equity sensitivity is also at a low (as measured by a weighted average delta hedge of 80), even though we have been very active in the new issue market and refinancing in-the-money convertibles with issuers, both of which pull the fund's delta hedge down. The fund's convertible arbitrage sleeve includes a significant but manageable allocation to areas that have faced the stiffest Covid pressures, such as travel and retail names. Many of these came to market with some of the cheapest valuations seen since 2009 and are still attractive despite the appreciation they've seen since.

Turning to the hedged equity sleeve in Calamos Market Neutral Income Fund and **Calamos Hedged Equity Fund**, we are hedged to the highest end of our historic range. This is a function of the tremendous volatility we have seen over recent months. We expect that this level of hedge will remain broadly similar through the end of the year, barring a major change in equity or option markets. We would also note that conditions in the option market are quite unusual. There has been high demand from call buyers for options on retail tech companies, with sellers covering these calls by purchasing options on the Nasdaq, in turn pushing volatility upward. Although this environment limits our flexibility versus prior periods, we believe Calamos Hedged Equity Fund remains well positioned to provide long-term defensive equity participation.

By Eli Pars, CFA
Co-CIO, Senior Co-Portfolio Manager

CALAMOS PHINEUS LONG/SHORT FUND (CPLIX)

The global economy continues to heal, probably more than generally appreciated. Global short rates made a new low in late August and monetary policy typically works with a one- to two-year lag. Looking into 2021, we can imagine the fruition of this stimulus combined with the end of Covid and vaccines ***as driving a much better economic backdrop than is currently embedded in risk asset prices.*** As long as China is recovering and U.S. housing is robust, we will lean into the economy recovery theme.

Fiscal stimulus has been a decisive factor. Yet, U.S. equities have not wobbled despite the failure (so far) of the CARES Act Part 2 negotiations in Washington. Does this resilience signal a similar resilience of the economic recovery unfolding? Could equities surprise everyone by continuing to rise amidst the U.S. election uncertainties as well? We assume further reopening and some eventual fiscal package will support demand while cost cuts will drive operating leverage. This is a powerful combination to support earnings growth into 2021.

2020 has been the "perfect storm" for duration, and long duration growth has been the winner up to now. The risk/reward of this trade looks very tired and thus, we believe stocks that have been largely valuation winners should be avoided. In other words, equity multiples are peaking ***now***. For this reason, **Calamos Phineus Long/Short Fund** emphasizes stocks where we can see material earnings recovery in the context of a global economic recovery. This is a contrary bet to what has been working since early June. On a 12-month horizon, the risk/reward is almost entirely in favor of the more cyclical, higher beta and value opportunities where an acceleration in earnings will emerge.

One feature of today's pandemic is the dramatic shift in consumer spending patterns due to shelter in place. When consumers can no longer travel and go out to restaurants, they have more disposable income to upgrade computers and mobile phones, spend on home grocery and focus on home improvement projects. However, consumers are not happy with how Covid is impacting their lives, which implies a shift again in spending behavior when the Covid fears pass. We suspect there is considerable pent-up demand for renewed spending shifts when normalization occurs.

How long can Covid last? Our answer is "not forever." It seems plausible that the FDA could approve a vaccine by November. The media keeps pointing to Covid "re-accelerations," but these fade quickly and death rates are stable or falling everywhere. The market may be telling us that the Covid crisis is over.

Between now and November, we think the S&P 500 will stay above 3000 and possibly trade as high as 3700. It could eventually peak between 3800 and 4000 by early 2021.

By Michael Grant
Co-CIO, Senior Co-Portfolio Manager

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

Alternative strategies entail added risks and may not be appropriate for all investors.

Indexes are unmanaged, not available for direct investment and do not include fees and expenses. The **U.S. Dollar Index** measures the value of the U.S. dollar relative to a basket of foreign currencies, including Euro Area, Canada, Japan, United Kingdom, Switzerland, Australia, and Sweden. The **Russell 3000 Growth Index** and **Russell 3000 Value Index** measure U.S. growth and value equities, respectively. The **Russell 2000 Index** measures U.S. small cap stock performance. The **S&P 500 Index** is considered generally representative of the U.S. equity market and is market cap weighted. The **S&P 500 Equal Weighted Index** is considered generally representative of the U.S. equity market, but is not market-cap weighted. The **MSCI All Country World Index** represents the performance of global equities. The **MSCI All Country World ex U.S. Index** represents the performance of global equities, excluding the U.S. The **MSCI Emerging Markets Index** is a measure of the performance of emerging market equities. The **ICE BofA U.S. High Yield Index** is an unmanaged index of U.S. high yield debt securities. The **ICE BofA All U.S. Convertible Index (VXA0)** is a measure of the U.S. convertible market. The **Refinitiv Global Convertible Bond Index** measures the performance of the global convertible market. **Oil** is represented by current pipeline export quality Brent blend. The **Bloomberg Barclays U.S. Aggregate Bond Index** is a broad based benchmarks of the U.S. investment grade and global investment grade bond market, respectively. They include Treasury, government related, corporate and securitized fixed-rate bonds. ICE Data: Source ICE Data Indices, LLC, used with permission. ICE permits use of the ICE BofA indices and related data on an `as is' basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofA Indices or data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing and does not sponsor, endorse or recommend Calamos Advisors LLC or any of its products or services.

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.

Delta measures how much the convertible value rises or falls for a given stock move.

Duration is a measure of interest rate risk.

Source for issuance and market size data (high yield and convertible): Bank of America.

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.

Foreign security risk (all funds excluding Calamos Hedged Equity Fund, Calamos Total Return Bond Fund, and Calamos Growth and Income Fund): 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 potential for greater economic and political instability in less developed countries.

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 the **Calamos Hedged Equity Fund** include: covered call writing risk, options risk (see definition below), 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 advisor to predict pertinent market movements, which cannot be assured.

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 potential for unlimited losses, foreign securities risk, currency risk, geographic concentration risk, other investment companies (including ETFs) risk, derivatives risk,

Alternative investments may not be suitable for all investors. The fund takes long positions in companies that are expected to outperform the equity markets, while taking short positions in companies that are expected to underperform the equity markets and for hedging purposes. The fund may lose money should the securities the fund is long decline in value or if the securities the fund has shorted increase in value, but the ultimate goal is to realize returns in both rising and falling equity markets while providing a degree of insulation from increased market volatility.

The principal risks of investing in the **Calamos Convertible Fund** include a potential decline in the value of convertible securities during periods of rising interest rates and the possibility of the borrower missing payments. The credit standing of the issuer and other factors may also affect a convertible security's investment value. Synthetic convertible instruments may fluctuate and perform inconsistently with an actual convertible security, and components of a synthetic convertible can expire worthless. The Fund may also be subject to foreign securities risk, equity securities risk, credit risk, high yield 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, midsize company risk, small company risk, portfolio turnover risk and portfolio selection risk.

The principal risks of investing in the **Calamos Timpani Small Cap Growth 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, and portfolio selection risk. The Fund invests in small capitalization companies, which are often more volatile and less liquid than investments in larger companies.

The principal risks of investing in the **Calamos Timpani SMID Growth 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, and portfolio selection risk. The Fund invests in small and mid capitalization companies, which are often more volatile and less liquid than investments in larger companies.

The principal risks of investing in the **Calamos Growth 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, mid-sized company risk, foreign securities risk and portfolio selection risk.

The principal risks of investing in the **Calamos Growth and Income Fund** include the potential for convertible securities to decline in value during periods of rising interest rates and the possibility of the borrower missing payments; synthetic convertible instruments risks include fluctuations inconsistent with a convertible security and components expiring worthless. Others include 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.

The principal risks of investing in the **Calamos International Growth 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, small and mid-sized company risk and portfolio selection risk.

The principal risks of investing in the **Calamos Evolving World Growth 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, 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, and portfolio selection risk.

The principal risks of investing in the **Calamos Global Equity 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, value stock risk, foreign securities risk, forward foreign currency contract risk, emerging markets risk, small and mid-sized company risk and portfolio selection 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 the **Calamos Total Return Bond Fund** include: interest rate risk consisting of loss of value for income securities as interest rates rise, credit risk consisting of the risk of the borrower missing payments, high yield risk, liquidity risk, mortgage-related and other asset-backed securities risk, including extension risk and portfolio selection risk.

The principal risks of investing in the **Calamos High Income Opportunities Fund** include: high yield risk consisting of increased credit and liquidity risks, 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, interest rate risk, credit risk, liquidity risk, portfolio selection risk and foreign securities risk. The Fund's fixed income securities are subject to interest rate risk. If rates increase, the value of the Fund's investments generally declines. Owning a bond fund is not the same as directly owning fixed income securities. If the market moves, losses will occur instantaneously, and there will be no ability to hold a bond to maturity.

The principal risks of investing in the **Calamos Short-Term Bond Fund** include: interest rate risk consisting of loss of value for income securities as interest rates rise, credit risk consisting of the risk of the borrower to miss payments, high yield risk, liquidity risk, mortgage-related and other asset-back securities risk, including extension risk and prepayment risk, U.S. Government security risk, foreign securities risk, non-U.S. Government obligation risk and portfolio selection risk.

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