

## Inflation and Your Asset Allocation

Over recent months, investors have been hearing more about inflation—and wondering what it means for their asset allocations. We asked John Calamos, Sr., the Founder, Chairman and Global Chief Investment Officer of Calamos Investments, to share his thoughts on inflation and asset allocation. An inflationary environment may be new for many investors, but not for John, who draws on more than 50 years of investment industry experience.

### Q. What's behind the headlines about inflation?

**A.** While it's true that inflation can erode the spending power of a nest egg and too much inflation can disrupt an economy, it's important to keep the noise of recent headlines in perspective. Inflation has been unusually low for many years. The rise in inflation that we've seen so far this year in the U.S. is the result of broad economic conditions that are positive on the whole. Supported by a successful Covid-19 vaccination effort, the U.S. economy is reopening and people are going back to work. Many consumers have plenty of savings, and they are ready to spend. There also have been some event-driven supply chain disruptions—for example, in the energy sector—that have contributed to inflation pressures. Long-term interest rates have also moved upward off historic lows.



**JOHN P. CALAMOS, SR.**  
FOUNDER, CHAIRMAN  
AND GLOBAL CHIEF  
INVESTMENT OFFICER

Inflation is often measured as a year-over-year change, and investors should be prepared for year-over-year numbers to continue rising over these next quarters. Where inflation goes after that depends on how monetary and fiscal policies evolve. In terms of monetary policy, the Federal Reserve has indicated a willingness to let the U.S. economy “run hot” coming out of the pandemic, which could contribute to longer-lasting inflationary pressures. On the fiscal policy side, changes to tax codes and the regulatory environment could have a significant effect on corporations and in turn, employment, consumer activity and the overall economy.

Inflation is a word that spooks a lot of people, but moderate inflation is generally not a danger to a healthy economy. Deflation is actually worse than contained inflation. When deflation takes hold, broad-based price declines can lead to falling profitability for companies, job losses, less consumer activity and recession. It can be hard for an economy to break a deflationary cycle.

***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.***

Diversification and asset allocation do not guarantee a profit or protect against a loss. Alternative investments may not be suitable for all investors.

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FUND REPORT INSIDE

**Q. How has your perspective on inflation been shaped by your past experiences?**

**A.** I began my investing career in the 1970s, a decade notable for “stagflation.” There was double-digit inflation and economic stagnation, high unemployment, soaring long-term interest rates and a stock market that was in tatters. Inflation moved higher still as the 1980s began against the backdrop of a painful global recession. So, the conditions in place today are much more hospitable.

However, one important lesson from these challenging markets is that there is opportunity in all economic environments for active managers. An inflationary environment plays out differently across companies, industries and regions. Inflation can be a tailwind for some businesses and a headwind for others. Active managers can manage risks and pursue opportunities associated with inflation in ways that passive strategies cannot.

**Q. How should investors adjust their asset allocations in response to inflation?**

**A.** Inflation data provides valuable information, especially over time, but it’s just one part of a bigger picture. Asset allocation should be guided by a broader view that considers overall economic conditions and market opportunities—and of course, each investor’s personal circumstances. So, I’d caution investors against fixating on inflation and certainly not on one month’s inflation number.

I’d encourage investors to focus on diversification. Stocks tend to perform well during periods characterized by moderate inflation, economic growth and job gains. However, we’ve also seen considerable market rotation over recent months—and that’s likely to continue. In this shifting environment, I believe there’s a strong case for a range of stock funds, diversified by geographic focus, market capitalization and investment style. Your investment professional can help you determine which Calamos Funds are most appropriate for your needs.

**Q. From an asset class standpoint, are there opportunities investors may be overlooking?**

**A.** Convertible securities are less well known than stocks and bonds, but it’s an asset class that offers significant potential for helping investors navigate market volatility, inflation and rising interest rates. Calamos has used

**With active management, convertible securities can help address the challenges of market volatility, inflation and rising interest rates. Our funds include:**

**Convertible-centric**

- » Calamos Convertible Fund (**CICVX**)
- » Calamos Global Convertible Fund (**CXGCX**)

**Multi-asset class**

- » Calamos Growth and Income Fund (**CGIIX**)
- » Calamos Global Opportunities Fund (**CGCIX**)

**Fixed-income alternative**

- » Calamos Market Neutral Income Fund (**CMNIX**)

convertible securities since the difficult financial markets of the 1970s, and we launched our first convertible offering, **Calamos Convertible Fund**, in 1985. Today, we offer a number of funds that use convertibles.

Convertibles are compelling because they combine attributes of stocks and fixed-income securities and can be actively managed to address a variety of asset allocation needs. For one, convertible securities can be used to provide lower-volatility participation in the stock market. That’s because bond characteristics can help mitigate stock market downside. Also, convertibles have outperformed traditional bonds during periods of rising long-term interest rates, which are generally associated with inflationary environments. **Calamos Market Neutral Income Fund**, for example, is designed to serve as a potential enhancement to a fixed-income allocation.

I’d also note that during inflationary periods, it’s particularly important to revisit the amount of cash you have on the sidelines. Because the value of cash is especially vulnerable to inflation erosion, your investment professional may guide you toward a short-term bond portfolio, such as **Calamos Short-Term Bond Fund**, that offers a relatively conservative risk profile with the potential for greater returns versus cash.

**Q. Do you have any closing thoughts?**

**A.** Our investment teams have extensive experience navigating the ever-changing investment landscape, and the return of inflation is no exception. I’m confident that the Calamos Funds are well positioned, benefiting from our teams’ extensive experience and time-tested security selection processes.

# Go Paperless

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The opinions referenced are as of the date of the publication, are subject to change due to changes in the market or economic conditions, and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

Past performance is no guarantee of future results. There can be no assurance that any Calamos Fund will achieve its investment objective.

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: 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.

**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 option 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 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-backed 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.

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.

The principal risks of investing in the **Calamos Global Opportunities 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.

Note: The Calamos Global Opportunities Fund was formerly named the Calamos Global Growth and Income Fund. This name change was effective April 1, 2021.

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 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.

**Foreign Security Risk: Calamos Short-Term Bond Fund, Calamos Global Opportunities Fund, Calamos Global Convertible Fund, Calamos Convertible 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.

### Closed-End Fund Distribution Details, paid 5/20/2021

	Distribution	Ordinary Income	Short-term Capital Gains	Long-term Capital Gains	Return of Capital
CHI	\$0.0950	\$0.0153	\$0.0797	\$0.0000	\$0.0000
CHY	\$0.1000	\$0.0159	\$0.0841	\$0.0000	\$0.0000
CHW	\$0.0700	\$0.0700	\$0.0000	\$0.0000	\$0.0000
CSQ	\$0.1025	\$0.0061	\$0.0000	\$0.0964	\$0.0000
CCD	\$0.1950	\$0.0000	\$0.1950	\$0.0000	\$0.0000
CGO	\$0.1000	\$0.1000	\$0.0000	\$0.0000	\$0.0000
CPZ	\$0.1300	\$0.0272	\$0.1028	\$0.0000	\$0.0000

Each Fund's payable date was May 20, 2021; their record dates were May 14, 2021, and their ex-dividend dates were May 13, 2021. Ordinary income includes net investment income and short-term capital gains. The distribution tables provided here are for informational purposes only. Estimates are calculated on a tax basis rather than on a generally accepted accounting principles (GAAP) basis, but should not be used for tax reporting purposes. Distributions may be subject to re-characterization for tax purposes after the end of the fiscal year. Individual (non-corporate) shareholders with taxable accounts will receive written notification regarding the components and tax treatment for distributions via Form 1099-DIV. If your distributions are reinvested in additional shares, you will receive a statement reflecting the reinvestment of the distribution. This information is not legal or tax advice. Consult a professional regarding your specific legal or tax matters.

# CALAMOS CLOSED-END FUNDS

## Innovative Solutions for the Search for Income

Since 2002, we have sought to provide investors with consistent income as well as capital appreciation. By dynamically allocating to investments that are potentially less vulnerable to the pressures facing traditional bonds, Calamos closed-end funds can serve as a fixed-income alternative. Our multi-asset funds offer a unique way to navigate rising long-term interest rates, increasing inflation and stock market volatility.

### ENHANCED FIXED INCOME: POSITIONED TO PURSUE HIGH CURRENT INCOME AND INCOME FROM CAPITAL GAINS

<b>CHW</b> Calamos Global Dynamic Income Fund	<b>8.03%</b> Current Annualized Distribution Rate <sup>1</sup>	<b>CHI</b> Calamos Convertible Opportunities & Income Fund	<b>7.65%</b> Current Annualized Distribution Rate <sup>1</sup>	<b>CHY</b> Calamos Convertible & High Income Fund	<b>7.57%</b> Current Annualized Distribution Rate <sup>1</sup>
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### TOTAL RETURN: POSITIONED TO SEEK CURRENT INCOME, WITH INCREASED EMPHASIS ON CAPITAL GAINS POTENTIAL

<b>CPZ</b> Calamos Long/Short Equity & Dynamic Income Trust	<b>7.57%</b> Current Annualized Distribution Rate <sup>1</sup>	<b>CGO</b> Calamos Global Total Return Fund	<b>7.49%</b> Current Annualized Distribution Rate <sup>1</sup>	<b>CCD</b> Calamos Dynamic Convertible & Income Fund	<b>7.13%</b> Current Annualized Distribution Rate <sup>1</sup>
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<b>CSQ</b> Calamos Strategic Total Return Fund	<b>6.94%</b> Current Annualized Distribution Rate <sup>1</sup>
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Your investment professional can tell you which Calamos closed-end funds are most appropriate for your search for income. Or, visit us at [www.calamos.com](http://www.calamos.com) to learn more.

As of May 31, 2021. Please see preceding page for distribution details.

**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 of an investment will fluctuate so that your shares, when sold, may be worth more or less than their original cost. You can purchase or sell common shares daily. Like any other stock, market price will fluctuate with the market. Upon sale, your shares may have a market price that is above or below net asset value and may be worth more or less than your original investment. Shares of closed-end funds frequently trade at a discount, which is a market price that is below their net asset value. Please see the preceding page for important information.**

<sup>1</sup> Current Annualized Distribution Rate is the Fund's most recent distribution, expressed as an annualized percentage of the Fund's current market price per share. Information regarding the Fund's most recent distribution can be found in the table titled "Distribution Details," which appears on the preceding page. Estimates are calculated on a tax basis rather than on a generally accepted accounting principles (GAAP) basis, but should not be used for tax reporting purposes. Distributions are subject to re-characterization for tax purposes after the end of the fiscal year. This information is not legal or tax advice. Consult a professional regarding your specific legal or tax matters. Under the Fund's managed distribution policy, distributions paid to common shareholders may include net investment income, net realized short-term capital gains and return of capital. When the net investment income and net realized short-term capital gains are not sufficient, a portion of the level rate distribution will be a return of capital. In addition, a limited number of distributions per calendar year may include net realized long-term capital gains. Distribution rate may vary.



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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