

APRIL 3, 2023

Calamos Investment Team Outlooks

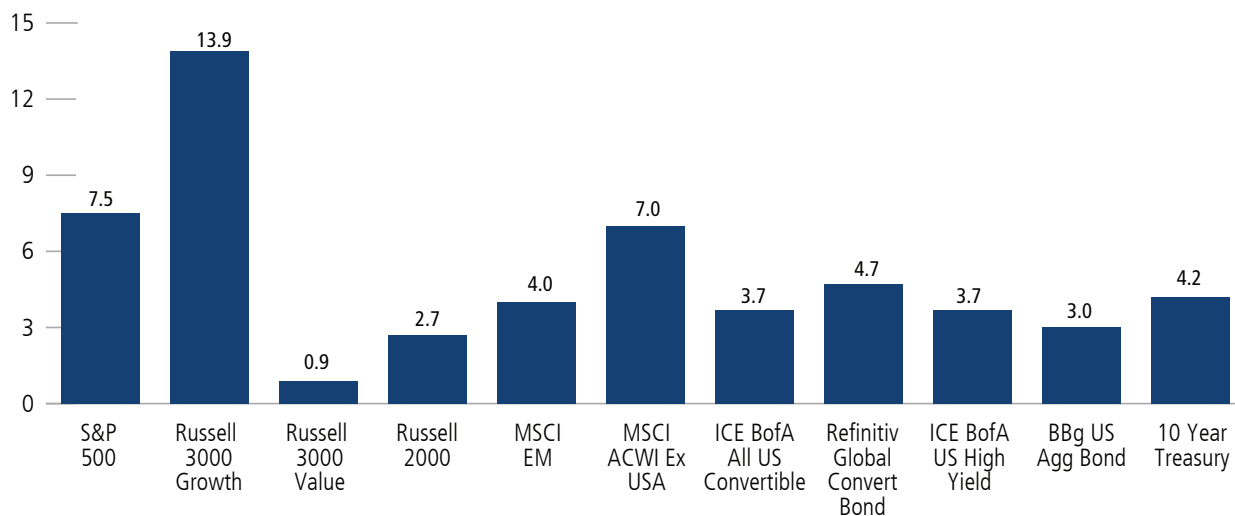
Introduction from John P. Calamos, Sr.

Founder, Chairman and Global Chief Investment Officer

The first quarter delivered plenty of volatility and rotation, but by the time the dust settled, market participants seemed to be taking things in stride. The failures of Silicon Valley Bank and Signature Bank created a burst of fear and raised the specter of widespread bank runs, but coordinated action by the Federal Reserve, the US Treasury, and the FDIC soon dampened anxiety. Similarly in Switzerland, the collapse of Credit Suisse was met with quick action from regulators, resulting in the beleaguered bank's acquisition by UBS. (For more on these events and why we believe the economy will be resilient in spite of them, see our calamos.com posts, ["The Panic Seems to Be Running Out of Steam"](#) and ["The Fed Finally Broke Something."](#))

For the quarter, many stock, convertible security and fixed income indexes advanced, but it was US growth stocks that set a blistering pace. In a reversal of fortunes from 2022, growth stocks bested their value counterparts by a wide margin. Technology and communication services companies dominated the leaderboards, including many of the bellwether companies that struggled in 2022.

GLOBAL ASSET CLASS RETURNS (%), 1Q 2023



Past performance is no guarantee of future results. Source: Morningstar.

Where do we go from here? As we enter the second quarter, the stock and bond markets seem to be focused on different things. The bond market reflects concerns that the Fed may have gone too far and higher rates and tighter lending conditions may impact future growth. The equity market seems more upbeat about the economy's momentum and the benefits of lower longer-term rates on valuations. In addition to the quick action in response to the bank failures, the Fed's decision to raise short-term interest rates by 25 basis points in March left investors with a growing expectation of a pause in tightening with increased speculation for rate cuts in the second half of 2023. Global manufacturing is also moving in a favorable direction, supported by China's economic reopening and trends in Europe.

We remain in an environment that favors individual security selection and an understanding of risks, which our teams will discuss in their outlooks. Broadly, however, fiscal policy casts a shadow as both sides in Washington gear up for what will surely be another contentious election. There's also a debt ceiling standoff that could come to head as early as this summer. We expect inflation to continue to moderate through the summer months in an on-again, off-again fashion, punctuated by bouts of volatility in oil prices. Additionally, although financial conditions remain reasonable, we are vigilantly monitoring the possibility that banks, particularly smaller ones, may adopt more

conservative lending standards, which could have a ripple effect on both households and businesses.

Markets are likely to prove challenging day-to-day, and we encourage taking a long-term perspective. As our teams will discuss in their individual posts, opportunities exist across asset classes, market caps and geographies, from alternatives, short-term bonds and convertible securities to small caps, emerging market equities, and sustainable strategies. We believe our long-term approach and attention to managing risk will serve our funds well, and we thank investors for their continued trust.

CALAMOS PHINEUS LONG/SHORT FUND (CPLIX)

The Storm Clouds Keep Gathering, but Where is the Storm?

We believe:

- » US economic momentum entering 2023 remains strong as 2022's negative supply shocks fade.
- » Financial markets have rightly concluded that the Fed's 25 basis point hike in March signals the end of monetary tightening.
- » Equity returns will be muted, characterized by a new set of winners and losers as the era of "free money" is not returning anytime soon.

The past quarter was remarkable for a banking crisis that has added momentum to the consensus fear that a US recession is inevitable in 2023.

In contrast, we believe economic resilience will be the surprise in coming quarters as robust balance sheets across the private sector add staying power to the US consumer. Meanwhile, the trajectory of inflation through H2 2023 remains the primary determinant for whether a hard or soft economic landing should be the base case for 2024.

The aftermath of the Silicon Valley Bank (SVB) collapse has convinced many that the lending impulse of US banks will contract materially. Of course, credit plays an important role

in economic cycles. Compared with robust growth of 12% in 2022, any projected slowdown in lending will surely be felt. Yet, the SVB crisis may prove less systemic for the business cycle than widely perceived.

As interest rates normalize to higher levels, banks must pay more to their depositors and, thus, net interest margins are being squeezed. Banks are caught between paying more for deposits or watching their deposits flee to higher return vehicles like money market funds. This liquidity turmoil is negative for the franchise value of banks as they lose a key support of the post-2008 era: cheap and plentiful deposits.

However, what matters more for the business cycle is creditworthiness and the availability of credit. This repricing of funding costs should be viewed as a transfer of income from banks to their customers rather than the incentive for banks to stop lending. This is different from the typical credit cycle where banks restrict lending as the creditworthiness (i.e. the balance sheet) of their borrowers deteriorates.

The banking system is repricing its deposit base to account for new competitive pressures. This is far less dangerous than perceptions of credit risk. These two forces are incomparable.

The solution for today's pressures on net interest margins is for banks to make more loans at today's higher level of interest rates. Whatever rates must be paid on today's deposits, that dollar of deposit must eventually be lent at an attractive rate. If the creditworthiness of their customers is healthy (as we believe), today's shock is likely to be tempered rather than magnified by current business cycle conditions.

To put this creditworthiness in perspective, the cash balances held by consumers, either in money market funds or directly in banks have surged over the past three years. Balance sheet liquidity measured relative to incomes is at 60-year highs. The same is true for home equity values. Until the employment markets show signs of cracking, the US consumer has critical staying power.

This distinction between a liquidity crisis and a classic credit cycle is visible in the resiliency of BBB credit spreads, which barely budged in March. High yield spreads reacted more severely to recent events but are still below the levels of stress witnessed last June and October. These spreads are the early signal for whether the US economy manages through today's crisis or becomes more severely impacted.

Our conclusion is that the economic momentum at the start of 2023 remains strong as last year's negative supply shocks fade from the scene. Equally important, the pandemic has produced an improvement in private balance sheets—both consumer and corporate—that has almost certainly reduced the sensitivity of demand to higher interest rates and thus, to the kind of shocks witnessed in March.

Investors are viewing all of this through the prism of Fed policy. The FOMC hike in March was perceived as "dovish" because Chairman Powell acknowledged that the banking crisis would prove disinflationary. In short, Powell's "hair on fire" policy hikes of the past year are producing the desired result. Financial markets have rightly concluded that this

slow-motion pause represents an inflection in monetary policy nonetheless.

Directionally, the banking crisis will add to the disinflationary forces across the US economy, but the order of magnitude is unknown.

Turning to inflation, March data appear to support the narrative of broadening disinflation. Core CPI ex-shelter is below 4% versus more than 10% in Q2 2022. This will decelerate further given recent events. Reconfiguring the core CPI for today's data around asking rents rather than the Fed's lagging survey implies the core CPI is already moving near a 3% pace. Disinflation has not unfolded as fast as Chairman Powell would like, but the direction of travel is clear.

Summary

The second and third largest bank failures in US history have come and gone. The first-ever failure of a "global systematically important bank" was fully resolved without a hiccup. And the Federal Reserve again raised its Fed funds rate. If all of this could be absorbed by equity markets, what is the likely outcome when the Fed formally pauses, corporate profits prove resilient through the April reporting season and bank funding stresses gradually recede?

For now, the outlook for equities is largely unaltered. Equities can grind higher, but returns will be muted, characterized by a new set of winners and losers as the era of "free money" is not returning anytime soon. Yes, the earnings cycle is mature, but economic resilience will be the surprise. This implies no imminent recession and no collapse of US profitability. The world is simply not ending in 2023.

Michael Grant

Co-CIO and Senior Co-Portfolio Manager

April 4, 2023

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

Alternative Funds Updates

- » During the quarter, we increased CMNIX's allocation to convertible arbitrage.
- » We see an attractive opportunity set for convertible arbitrage continuing, supported by rising overnight interest rates and increased convertible issuance.
- » CIHEX and the hedged equity sleeve of CMNIX have benefited from a relatively tight trading range in the S&P 500 Index and higher interest rates.

Calamos Market Neutral Income Fund (CMNIX) is designed to enhance a traditional fixed income allocation. The fund combines two complementary strategies—arbitrage and hedged equity—to pursue absolute returns and income that is not dependent on interest rates. During the first quarter, both the arbitrage and hedged equity strategies gained ground.

We actively manage allocations to the strategies based on our view of market conditions and relative opportunities. The fund's current allocation to the arbitrage strategy is 55%, with 45% in the hedged equity strategy. At the start of the year, the fund's allocation to the arbitrage strategy was 51%, with 49% allocated to the hedged equity strategy.

Within the arbitrage strategy, we have the flexibility to utilize different strategies, including convertible arbitrage, merger arbitrage and special purpose acquisition company arbitrage. We continue to like the opportunity in convertible arbitrage most, and the fund's allocation to convertible arbitrage grew from 39% at the start of the quarter to 45% at quarter end. We expect to continue adding to convertible arbitrage, particularly if we see the attractive new convertible issuance that we anticipate.

A principal driver for growing convertible arbitrage is our heightened return expectations for the strategy on the back of the rise in overnight interest rates. Convertible arbitrage returns have historically been correlated with overnight rates. This is partly because of the direct linkage of the rebate the fund receives on its short stock positions, which is directly tied to the fed funds rate. Although returns don't necessarily go up tick-for-tick with rates, we expect a meaningful tailwind in 2023 and beyond.

The relatively tight trading range of the S&P 500 Index during the quarter also benefited the hedged equity side of the fund. Elevated call volatility has allowed us to generate more income from the options strategy while still having a significant degree of downside risk mitigation. Higher interest rates also have flowed through to the hedged equity strategy in the form of higher call prices and lower put prices, making our collar strategy more attractive.

Calamos Hedged Equity Fund (CIHEX) is an equity alternative designed to help investors dampen the impact of equity market volatility and drawdowns. As discussed above, the S&P 500's relatively tight trading range proved advantageous for CIHEX, with elevated call volatility allowing us to generate more income from the options strategy without sacrificing significant downside risk mitigation. We have been taking advantage of this bid on call volatility 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. Finally, as noted above, higher call prices and lower put prices have made our collar strategy more attractive.

Eli Pars, CFA

Co-CIO and Senior Co-Portfolio Manager

April 4, 2023

CALAMOS CONVERTIBLE FUND (CICVX)

Equity Market Resets Provide Opportunities for Rebalancing Risk/Reward

- » CICVX continues to emphasize balanced convertibles that offer attractive levels of upside participation and potential downside risk mitigation.
- » We've found opportunities to invest in convertibles with more pronounced bond characteristics; these offer attractive yields, compelling structures, and the potential to benefit from spread compression.
- » Holdings include issuers positioned to benefit from secular growth themes, in areas such as cybersecurity, automation, and productivity enhancements.

Given the macro backdrop, our focus continues to be on actively managing the risk/reward tradeoffs within [Calamos Convertible Fund \(CICVX\)](#). As we have discussed in the past, the characteristics of convertible securities vary. Some are more bond-like, some are more equity-like and others offer a balance. To take advantage of equity valuation resets, we have maintained a preference for the balanced portion of the convertible market. Balanced convertibles provide a favorable asymmetric payoff profile by offering attractive levels of upside equity participation with less exposure to downside moves. We also see opportunities within the bond-like segment of the convertible market in issues that can benefit from spread compression while offering attractive yields and good structural risk mitigation from further equity market weakness. Within this segment of the convertible market, most issuers retain strong cash balances along with minimal near-term refinancing risk. We are avoiding the group's most distressed names.

Technology and health care remain the largest sector allocations in CICVX. Reflecting our strong focus on bottom-up company analysis, we favor companies that are executing well despite macro uncertainties; those that are best-in-class; and long-term winners benefiting from lasting secular

themes such as cybersecurity, automation, and productivity enhancement. These long-term themes serve as a beacon in turbulent times such as now and help us identify innovative firms whose valuations are most likely to be rewarded over time. Many of these are growth firms that have shifted focus from growth at all costs to improving margins, generating free cash flow and increasing profitability, which should prove advantageous as higher quality growth becomes scarce as the era of free money ends. Financials and REITs are the largest relative underweight in the fund. In our view, the risk/reward characteristics in this space are generally unfavorable, and many issuers are susceptible to the negative impact of higher rates. Also, in our view, the financial names in CICVX do not share the same deposit risk seen in other currently stressed financials.

Convertible new issuance was subdued in 2022 but has improved in 2023 with higher coupons and lower conversion premiums that are more favorable to investors. For the first quarter of 2023, global convertible issuance totaled \$19.7 billion, more than double the \$7.9 billion issued during the first quarter of 2022. We are optimistic about issuance prospects going forward. We believe the pace will accelerate once macro uncertainty subsides and as companies increasingly recognize the benefits of issuing lower-coupon convertibles rather than traditional bonds in an environment of higher interest rates.

Jon Vacko, CFA

SVP and Senior Co-Portfolio Manager

Joe Wysocki, CFA

SVP and Senior Co-Portfolio Manager

April 3, 2023

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

We See Strengthening Tailwinds for Companies with Fundamental Momentum

We believe:

- » The investment style headwinds that have challenged CTSIX and CTIGX over recent months (e.g., a market preference for lower growth and for companies with murky fundamentals) show signs of abating.
- » Falling correlations bode well for savvy, fundamentally driven approaches.
- » Companies with above-average growth and fundamental strength provide the most compelling opportunities.

What a wild quarter. January started strong with a short-covering surge in beaten down stocks. Cyclical stocks in industries relating to semiconductors, retail, transportation, homebuilding and building products led the way. Throughout February, macro data points had investors continuing to fret about the trajectory of Federal Reserve interest rate hikes. By early March, a banking crisis was born, and regional bank stocks were significant loss leaders, triggering investors to rotate toward high-quality growth stocks and away from cyclicals.

Although the banking crisis is likely to result in tighter lending standards, the upshot is that the Federal Reserve likely won't need to hike interest rates as much to achieve its goals. Ending the hikes could have a sustained positive impact on equity valuation multiples.

That's a lot of twisting and turning—but quietly, in the background, something very important is happening:

Correlations among stocks are trending lower and are back to near-average levels. Why is this important? When correlations are high, it means stocks are all moving together and are being driven largely by macro developments. Falling correlations mean the macro impact is lessening and that company-specific developments are driving more of the stock price action. This can often be a favorable backdrop for savvy stock pickers who focus on company-specific fundamentals.

We believe [Calamos Timpani Small Cap Growth Fund \(CTSIX\)](#) and [Calamos Timpani SMID Growth Fund \(CTIGX\)](#) are well positioned for the current environment. Both funds struggled over the past several months, mostly because of investment stylistic headwinds. In the first half of 2022, the market punished high growth small cap stocks; and in the fourth quarter of 2022 and January of 2023, companies with murky fundamentals rallied the most.

Our funds are tilted toward stocks with above-average growth and very visible fundamental strength. Oddly enough, those were bad places to be in 2022 and early 2023. However, we believe the markets are on the verge of appreciating companies with fundamental momentum once again and we began to see evidence of this change for the better in early February.

Brandon Nelson, CFA

SVP and Senior Portfolio Manager

April 3, 2023

CALAMOS FIXED INCOME FUND UPDATES:

**Calamos High Income Opportunities Fund (CIHYX), Calamos Total Return Bond Fund (CTRIX),
Calamos Short-Term Bond Fund (CSTIX)**

We believe:

- » Inflation will decline through the third quarter of 2023.
- » Although the Fed may hike short-term rates once more, its hiking campaign is largely complete. However, the Fed will be hesitant to cut rates unless the economic picture deteriorates significantly.
- » Elevated interest rate volatility should continue.
- » Tighter financial conditions from here will be driven by banks' changing lending standards.

It's remarkable that only three months have passed since our last outlook. It feels as though a year's worth of events is getting packed into each quarter. With pandemic-era protocols being rolled back in most Western countries alongside coordinated tightening of global monetary policy, stress in the banking system, and continued inflation, there are many issues at play. We expect elevated uncertainty and high volatility to persist as the market digests the impact of tighter policy and financial conditions. Market liquidity remains adequate, but execution costs have increased across asset classes due to significantly higher volatility. The FDIC takeover of Silicon Valley Bank and Swiss National Bank's sale of Credit Suisse to UBS have the market on high alert, but we expect that the steps taken by regulators to calm the market (reassurance from the US Treasury Department, the Bank Term Funding Program, and the possibility of further deposit guarantees) will result in a continuation of tight monetary policy for the balance of the calendar year.

One area of growing concern is the potential for lending activity to slow, given the newly uncovered stressors on bank balance sheets. Lending standards were tightening before March's bank headlines. A further tightening of lending standards will result in lower access to credit, reducing the availability and increasing the cost of capital for the expansion and incubation of new businesses, which in turn could impact labor demand. Additional regulations out of Washington could further exacerbate the issue.

Market expectations change quickly. Investors should remember that in February the market was questioning whether the Fed would need to accelerate its rate-hiking campaign (employment conditions were very tight, and inflation reaccelerated in January). It takes time for changes in lending standards to impact the economy overall. Given the economic momentum we have seen so far, we do not see a 2023 recession as inevitable.

We believe the Fed is nearing completion of its policy-tightening campaign. The possible risks to growth associated with further shocks to the financial system are now balanced with inflation pressure and concerns about the tightness of the labor market. An additional quarter-point hike is possible in May, but we expect the Fed has completed the bulk of its work and will now pause to see how data develops from here.

Although the credit market remains fundamentally strong with modest leverage and solid interest coverage, measures of revenue and earnings from high-yield companies are beginning to roll over. Through the Covid era, management teams wisely locked in fixed-rate funding at historically cheap levels. Refinancing needs are modest until 2025. Although default rates remain below long-term averages, they are increasing from the unsustainable pandemic-era lows, and we expect them to migrate to above 3% by year-end.

Positioning Implications

In this environment, we believe the market's pricing of multiple cuts in 2023 is too aggressive. If further liquidity pressures do not materialize in the banking industry, our bias continues to be in favor of short-duration positions because the curve must steepen further to reflect the reality of 5% overnight rates for the balance of the year. As such, we continue to position portfolio durations modestly short of benchmarks. We also recognize that the conviction behind our view on rates and the economy is relatively low given we are in the very late innings of this cycle. The next move for portfolio duration is likely to be longer, specifically a move longer than benchmark durations.

Our relatively optimistic view of macroeconomic activity should not be confused with complacency. We agree with the market that the next move for fundamentals is in a weaker direction, and the time to prepare for that environment is underway. We are actively reducing exposure to credits that we consider to be more exposed to a downturn in cyclical activity, and those with weak contingent liquidity or exposure to rapid deterioration of asset value. We are maintaining allocations to select high-yield issuers where we believe we

are being well-compensated for the risks taken as we follow our disciplined research process to identify value.

Matt Freund, CFA

Co-CIO and Senior Co-Portfolio Manager

Christian Brobst

VP and Co-Portfolio Manager

Chuck Carmody, CFA

VP and Co-Portfolio Manager

April 3, 2023

CALAMOS GLOBAL AND INTERNATIONAL FUNDS:

Calamos Evolving World Growth Fund (CNWIX), Calamos Global Opportunities Fund (CGCIX), Calamos Global Equity Fund (CIGEX), Calamos International Growth Fund (CIGIX), Calamos International Small Cap Growth Fund (CSGIX)

The Case for Emerging Markets is Strong

The following is an adaptation of our recent commentary, "Global Opportunities: The Case for Emerging Markets is Strong."

- » We remain optimistic about global risk assets in 2023 and maintain our preference for non-US exposure.
- » We see growth opportunities for emerging markets (EMs) supported by a reopening of ASEAN¹ economies, and a reorientation of global supply chains (nearshoring and friendshoring).
- » There is a fundamental case for relative stability in many high-quality EM banks in countries such as India, Indonesia, Mexico and the Philippines.

Although unpleasant, the rolling shocks and volatility we are seeing now in global markets are normal at this stage of the cycle, as the excesses that built up when monetary conditions were very easy are now being worked out of the system. Typically, these excesses are within the emerging markets. However, during this tightening cycle, most emerging markets are in a much better position. Below, we highlight three key themes supporting global opportunities, especially in emerging markets.

ASEAN Reopening

In the ASEAN region, we are extremely optimistic about the pent-up demand being released and the economic health of countries that faced years of Covid lockdowns.

Still, our analysis (including recent research trips to the region) indicates reopening and revenge spending may be much slower than what occurred in the United States and Europe. Also, there's a bifurcation of demand in EMs similar to what we saw in developed markets. High-end hotels, shops, and restaurants are full, and company managements are reporting a sharp recovery and steady demand. The rebound has been considerably more muted within segments that rely more on middle-class spending, including air travel. We believe these challenges will be resolved and have invested selectively in the domestic mass-travel recovery. However, we are focusing our near-term efforts on beneficiaries of a high-end outbound travel recovery.

Nearshoring and Friendshoring Provide Growth Tailwinds

We are identifying companies in the manufacturing, capital goods, engineering and construction, transportation, semiconductor, and real estate industries that are positioned to benefit from nearshoring and friendshoring.²

Although both trends were in place before 2020, global supply chain disruptions caused by Covid and the war in Ukraine have materially accelerated these trends across regions and industries. In North America, the United States is

¹ ASEAN: Association of Southeast Asian Nations, including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

² Nearshoring refers to the reorientation of supply chains by companies seeking to move production closer to the customer and diversify their dependence on concentrated regions of production. Although there is often overlap with nearshoring, friendshoring refers to moving production to a country with a favorable relationship to diversify production. This new location may not be geographically close to the customer as it is with nearshoring.

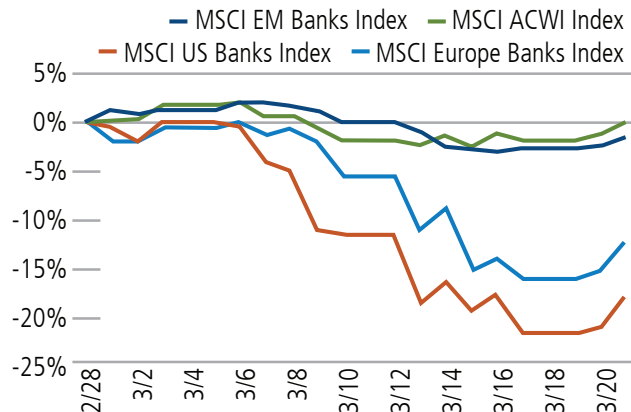
aggressively building semiconductor capacity and multiple auto companies are establishing or expanding capacity in Mexico, providing tailwinds for many capital goods and technology companies and economic support for Mexico overall. In Asia, India's Make in India initiative continues to drive increased local manufacturing of products consumed in India while positioning India to become a larger manufacturing hub for Asia. Other ASEAN countries, such as Vietnam, should benefit as companies diversify manufacturing capacity.

Emerging Market Bank Stocks Have Demonstrated Resilience

What's interesting about the recent spate of banking failures is the extent to which US banks have been disproportionately hurt. The conventional perception post-GFC has been that US banks were the safest globally, but year-to-date share price performance conflicts with this view. Indeed, the EM banks have held up best globally, and this is not entirely surprising on a fundamental level.

EM BANK STOCKS HAVE HELD UP BETTER THAN THOSE IN EUROPE AND THE UNITED STATES

2/28/23 – 3/21/23



Increasing consumer wealth and access to financial services and products are powerful—but relatively early-stage—growth themes across many emerging economies. Consequently, local savers have fewer alternatives for deploying and redeploying savings. On the liability side, term deposits (e.g., certificates of deposit) tend to represent a much higher percentage of funding for banks in developing economies. As a result, the deposit betas in emerging markets are comparatively lower than in developed markets. On the asset side, EM banks tend to be more “vanilla.” Loans as a percentage of deposits tend to be much higher than

for developed market banks, so mark-to-market losses and resulting capital adequacy issues may be less of an issue.

Of course, underwriting standards and loan quality matter, but the highest quality banks in countries such as India, Indonesia, Mexico and the Philippines have demonstrated strength in this regard. Put it together, and there is a fundamental case for relative stability in many of these EM banks. Clearly, these banks are in economies that are still vulnerable to global shocks and would not be immune to severe recessions in the United States or Europe. However, we believe there is good reason to be more optimistic about EMs. If we look back at financial crises across EMs over the past 30 years, three important points emerge:

1. EM financial crises tend to be preceded by periods of large capital inflows, and particularly portfolio inflows, into EMs. We have not seen such inflows over the past several years.
2. A US dollar liquidity squeeze has been the catalyst for capital flight. We have seen the US dollar weaken since the third quarter of 2022.
3. China, a significant end market for many of these emerging economies, is in the process of reopening after years of zero-Covid-policy lockdowns and is easing monetary conditions.

Conditions can change, and the US dollar will be a critical signpost to monitor, but at this point we aren't seeing the types of conditions that preceded previous periods of economic and financial weakness in EMs. Against this backdrop, EM banks versus developed market banks look like a microcosm of the broader positive case for higher exposure to EMs.

Nick Niziolek, CFA

Co-CIO and Senior Co-Portfolio Manager

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April 3, 2023

CALAMOS GLOBAL CONVERTIBLE FUND (CXGCX)

Taking Advantage of New Global Convertible Issuance to Enhance Risk/Reward

- » CXGCX's positioning reflects our expectation for continued volatility.
- » We are encouraged by global convertible issuance trends, including new investment-grade paper coming to market during the first quarter.

Well, the Fed finally broke something. There has been a lot of conversation about tightening cycles ultimately triggering financial accidents. The collapse of Long-Term Capital Management and Lehman are top of mind. Does Silicon Valley Bank's implosion signal the bottom of this cycle? It's hard to say, but quite possibly it's at least the start of a bottoming process. With signs of weakness in the real economy popping up, it's reasonable to think we are close to the end of the Fed's tightening cycle. Whether we are close to the start of the next Fed easing cycle may determine the path the market takes from here.

During the first quarter, \$19.7 billion in new global convertible issuance came to market, including many attractively structured deals. This uptick in new issuance

gave us the opportunity to marginally increase [Calamos Global Convertible Fund's](#) risk level closer to the level of risk in the global convertible market. Overall, however, we remain cautious and are prepared for continued volatility.

In our January commentary, we noted that higher interest rates could bring investment-grade issuers back to the market. The addition of several investment-grade names to the convertible market was a welcome sight this quarter. We took advantage of this new issuance to modestly upgrade both the risk/reward and credit quality of the portfolio. The fund remains overweight to the United States and the technology sector and underweight to Europe.

Eli Pars, CFA

Co-CIO and Senior Co-Portfolio Manager

April 3, 2023

CALAMOS GROWTH FUND (CGRIX)

An Improved Backdrop for Growth Stocks

We believe:

- » The Fed is largely done with its rate hiking cycle and has the necessary tools to fight any future bank runs should they arise.
- » Inflation should fall through the summer months, and a debt ceiling impasse should not be a long-term negative for the markets.
- » The combination of the current rate environment, moderating inflation and reasonable global growth provides a solid backdrop for secular growth companies.

The quarter began in a fairly typical way. Last year's winners (primarily value stocks) started off well but quickly weakened as lower energy prices and global economic worries took center stage. While the economy continued to show surprising momentum, fears of an overly aggressive Federal Reserve dominated financial headlines. Large-cap growth stocks, which underperformed in 2022, gained back some of their losses as margin improvement and efficiency themes replaced growth at any price.

March was a game changer. The sudden and unexpected collapse of Silicon Valley Bank caught markets off guard, and fears quickly spread globally. January's rate hike expectations were quickly replaced by fears of tighter lending standards and a broad collapse in market liquidity. Interest rates fell as markets anticipated a Fed rescue (after all, in 2008 the Fed increased liquidity and lowered rates to unprecedented levels). Banks quickly joined energy as market underperformers.

Growth stocks, on the other hand, continued to outperform. As the global growth outlook grew more tenuous, investors gained a renewed appreciation for the defensive characteristics of profitable large-cap growth stocks. While smaller, unprofitable companies (many of whom were customers of Silicon Valley Bank) continued to struggle,

companies with positive earnings and cash flow, strong balance sheets and well-defined growth prospects were rewarded as safe havens.

Lower rates also helped as valuations were seen as more reasonable. By the end of the quarter, most of the overall market's positive performance could be attributed to the largest growth names.

Looking ahead, a major focal point will be whether the recent developments in the banking sector will precipitate a further tightening in lending standards, in an effort by the banks to take a more conservative approach with their balance sheets. Any such action would weigh negatively on business and consumer spending and raise the prospects for an economic slowdown in the second half of the year.

In any event, it is clear the Fed is largely done with its rate hiking cycle, and we believe it has the necessary tools to fight any future bank runs should they arise. Inflation should fall through the summer months, and a debt ceiling impasse, while headline grabbing, should not prove to be a long-term negative for the markets. As investors turn their attention back to corporate fundamentals, we believe companies with solid balance sheets and strong cash flows can benefit from the tighter financial conditions that pressure their weaker peers. Attractive growth opportunities can be found in many places, and we believe the trend toward services will continue and travel and leisure sectors will benefit as a result. We believe the current rate environment, coupled with moderating inflation and reasonable global growth, provides a solid backdrop for secular growth companies.

Matt Freund, CFA

Co-CIO and Senior Co-Portfolio Manager

Michael Kassab, CFA

SVP and Chief Market Strategist

April 3, 2023

CALAMOS GROWTH AND INCOME FUND (CGIIX)

Selective Risk Exposure Remains Our Target

- » We continue to believe the optimal portfolio positioning includes selective risk positioning in specific areas that have real growth tailwinds, in companies with improving returns on capital in 2023 and 2024, and in equities and fixed income with valuations at favorable expected risk-adjusted returns.
- » The events during 1Q 2023 have in aggregate supported CGIIX's current risk profile but have also increased our selectivity in risk taking.
- » We see attractive long-term upside in the US equity market from current market levels.

Last quarter, we outlined the case for modestly increasing the risk in the fund focused on selective areas of the economy that we believe should show improving economic growth in 2023 and 2024 as well as on companies that can improve returns of capital during that time. Our premise to selectively add risk was based on several factors, including our conviction in the long-term US economic growth trajectory, positive policy changes, as well as improvement in certain parts of the economy. The events of 1Q 2023 (banking issues, a slowing of central bank rate increases, continued moderate slowing of inflation and economic growth, and corporate cost-cutting measures) have in aggregate supported our current risk profile, but have also increased our selectivity in risk taking with a further focus on growth and return improvement areas. Finally, we combine our risk profile with a focus on security valuation to target an appropriate return for the risk in this volatile environment.

We remain confident that the positive long-term growth trajectory of the US economy and the cash flow generation capabilities of US companies are intact. The ability of management teams to identify emerging short- and long-term trends and the adaptability of business models and cost structures are central to our long-term favorable view. We see attractive long-term upside in the

US equity market from current market levels, which we believe are at fair value or below fair value for a majority of US companies.

Policy changes are often a catalyst for economic improvement, although that improvement may require time to appear. Positive policy changes that occur toward the end of an economic slowdown have historically caused equity markets to rally even though the economy continues to deteriorate during that time. We believe several recent policy changes will be catalysts for future growth in certain parts of the economy. These policies include recently passed US legislation, such as the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and the CHIPS and Science Act; and increased US fiscal discipline from a divided government. There is also the potential for additional bank regulation and FDIC insurance limits changes that could improve the stability of the banking industry while increasing compliance costs. Global policy shifts are also having an impact, most notably, China's decision to lift Covid restrictions and reopen its economy, and the slowing of global central bank interest rate increases. Although these policies will take time to have a direct positive impact, we believe equities will reflect these positives in the short term.

Finally, we continue to identify a divergence in growth in different parts of the economy as well as in corporate returns on capital. Some parts of the economy have been slowing for quarters and may be nearing their individual cyclic bottom, while other parts of the economy are still showing improvement from pre-Covid levels. Many companies are focused on improving their returns on capital through improved efficiencies, normalized supply chains, clarity on the interest rate environment, and in the case of multinationals, an improved currency environment. The pace of corporate cost-cutting and restructuring has increased over the past several months

across several areas, providing more opportunities to identify companies with improving returns on capital. The dispersion of cost-cutting measures through time should also provide some cushion to overall economic growth. Over the short- and intermediate-term, improved real returns on capital should drive higher equity prices.

We believe the best positioning for this environment still begins with a defensive posture with additional risk in specific areas that have real growth tailwinds, in companies with improving returns on capital in 2023 and 2024, and in equities and fixed income with valuations at favorable expected risk-adjusted returns. We see compelling prospects for companies that have exposure

to new products and geographic growth opportunities, specific infrastructure spending areas and policy change areas (including companies with exposure to China), and the normalization of supply chains and parts of the service economy. We are still favoring higher credit quality companies with improving free cash flow. We are selectively using options to gain exposure to some higher risk areas. From an asset class perspective, cash and short-term Treasuries remain useful tools to lower volatility in a multi-asset-class portfolio given their yields.

John Hillenbrand, CPA

Co-CIO and Senior Co-Portfolio Manager

April 3, 2023

CALAMOS ANTEKOUNMPO SUSTAINABLE EQUITIES FUND (SROIX)

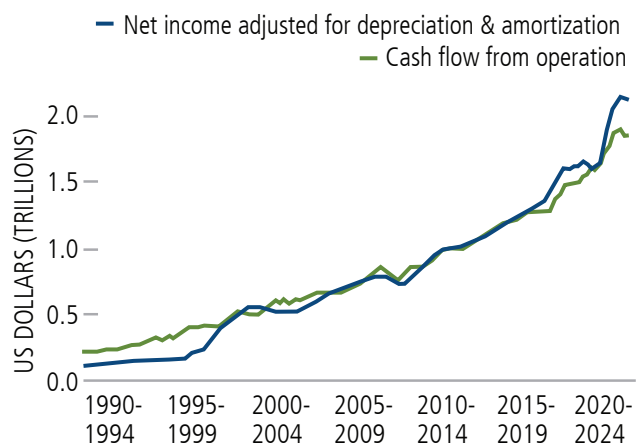
Quality for Uncertain Times

- » As markets adjust to higher rates and assets begin to reprice, downside volatility does not come as a surprise.
- » Many companies' deteriorating corporate earnings only reaffirms our conviction in our portfolio of what we believe are high-quality stocks.
- » Despite the political debate over ESG, we believe both sides can agree with our philosophy of analyzing material nonfinancial information in pursuit of superior financial returns.

With bank failures adding another variable to an already complex economic equation, policymakers worldwide continue to walk a tightrope in 2023. Strong equity returns in the early part of Q1 seemed to indicate that investors were convinced, or were convincing themselves, inflation had peaked, interest rates would be coming down sooner than expected, and that corporate earnings would show good growth. The sudden, unexpected wobble of faith in the financial system proved sentiment can change quickly.

Looking back, the unprecedented liquidity and continued suppression of interest rates since the Great Financial Crisis fueled a boom in many asset classes. As a result, it is not surprising that we are seeing some downside volatility as markets adjust to higher rates and assets begin to reprice. The rest of the year could give rise to more unpleasant surprises based on charts like the one below:

CORPORATE AMERICA'S EARNINGS QUALITY WORSENS



Past performance is no guarantee of future results.

Source: Morningstar.

Corporate America's Earnings Quality Worsens

The chart shows earnings quality (net income) worsening while the number of firms operating at a loss (cash flow) nears a record high. These conditions bolster our conviction in our high-quality approach—seeking companies that can withstand high inflation, rising rates and slowing growth better than their peers.

Meanwhile, the ESG political debate raged on in Q1 with both sides claiming the moral high ground. However, when cutting through the rhetoric, there is actually little difference between the “Biden Rule” and the “Trump Rule” concerning ESG as highlighted by the Harvard Law School Forum on Corporate Governance:

“Neither final rule singled out ESG investing for favored or disfavored treatment. The final Trump Rule did not use the term ‘ESG.’ The regulatory text of the final Biden Rule refers once to ESG investing, but only to state that ESG factors ‘may’ be ‘relevant to a risk and return analysis,’ depending ‘on the individual facts and circumstances.’ This statement is true for all investment factors, ESG or otherwise.”

It would seem that our philosophy of analyzing material nonfinancial information in pursuit of superior financial returns is something both sides can agree on.

Jim Madden, CFA

SVP and Co-Portfolio Manager

Tony Tursich, CFA

SVP and Co-Portfolio Manager

Beth Williamson

*VP, Head of Sustainable Equity Team Research
and Associate Portfolio Manager*

April 3, 2023

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 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.

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.

Duration is a measure of interest rate risk. **Hawkish** refers to a Federal Reserve stance favoring the raising of interest rates. In financial terminology, **Delta** is a gauge of a convertible security's sensitivity to changes in the price of its underlying stock. It expresses the change in the convertible price per unit of change in the underlying stock price.

Option implied volatility is the expected volatility of a stock over the life of the option.

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

Environmental, Social and Governance (ESG) represent the three pillars of sustainability. In a business context, sustainability refers to how well a company's business model contributes to enduring development.

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 in 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 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.

The principal risks of investing in the **Calamos International 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, foreign securities risk, emerging markets risk, small and mid-sized company risk 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 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, US Government security risk, foreign securities risk, non-US Government obligation risk and portfolio selection risk.

Indexes are unmanaged, do not include fees or expenses and are not available for direct investment. The **US Dollar Index** measures the value of the US dollar relative to a basket of foreign currencies, including Euro Area, Canada, Japan, United Kingdom, Switzerland, Australia, and Sweden. The **S&P 500 Index** is considered generally representative of the US equity market and is market cap weighted. The **MSCI All Country World Index** represents the performance of global equities. The **MSCI All Country World ex USA Index** represents the performance of global equities, excluding the US. The **MSCI Emerging Markets Index** is a measure of the performance of emerging market equities. The **ICE BofA US High Yield Index** is an unmanaged index of US high yield debt securities. The **ICE BofA All US Convertible Index (VXA0)** is a measure of the US 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 US 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. The **Russell 2000 Index** is a measure of US small cap performance. The **Russell 1000 Index** is a measure of US large cap performance. The **Russell 1000 Growth Index** is representative of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 3000 Index** measures the performance of 3,000 publicly held US companies based on total market capitalization, which represents approximately 98% of the investable US equity market. The **Russell 3000 Growth Index** is representative of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 3000 Value Index** is representative of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values. The **MSCI Japan Index** is designed to measure the performance of the large and mid cap segments of the Japanese market.

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The principal risks of investing in the **Calamos Antetokounmpo Sustainable Equities 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, large-capitalization stocks as a group could fall out of favor with the market, small and mid-sized company risk, sector risk, portfolio turnover risk, and portfolio selection risk. The Fund's ESG policy could cause it to perform differently compared to similar funds that do not have such a policy. The application of the social and environmental standards of Calamos Advisors may affect the Fund's exposure to certain issuers, industries, sectors, and factors that may impact the relative financial performance of the Fund-positively or negatively-depending on whether such investments are in or out of favor.

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 Gianni Sina Ugo Antetokounmpo.

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

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

CALAMOS[®]
INVESTMENTS

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