

# Calamos Convertible Equity Alternative ETF (CVRT)

CALAMOS<sup>®</sup>  
INVESTMENTS

## Investment Team Commentary

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Jon Vacko, CFA, and Joe Wysocki, CFA

### Summary Points:

- » The economic backdrop can set the stage for additional upside in the convertible market in 2024, although gains may be more modest versus 2023 while market volatility is likely to persist.
- » We believe continued economic growth, a broadening of equity market leadership, and a more normal interest rate environment will drive healthy convertible issuance in 2024.
- » CVRT's portfolio includes equity-sensitive convertible securities from a range of sectors.

### A Soft Landing for the US Economy Looks Likely

Markets ended 2023 on a high note with risk assets, including convertible securities, benefiting from a perceived US central bank policy pivot toward a more balanced monetary approach. Heading into 2024, we are cautiously optimistic that the Fed's inflation-fighting efforts have largely achieved its goal, and the economy remains on a solid footing. We believe this most likely sets up a soft-landing scenario that can provide a further tailwind for risk assets.

That said, we will continue to monitor conditions closely as soft landings have been historically difficult to achieve, and investors have recently been quick to overshoot to both the up and down, which can contribute to heightened volatility in markets. Additionally, the New Year carries unique risks, including what will likely be a contentious US presidential election that could impact fiscal policies for years to come.

Equity markets ended 2023 on a strong note, with the S&P 500 gaining more than 26% for the year. Although we see additional upside in the equity and convertible markets, we would not be surprised to see more modest returns in 2024 versus 2023.

### Tailwinds for Convertible Issuance in 2024

We are excited to see that convertible new issuance accelerated to longer-term historical trends in 2023. We believe the issuer base in the convertible market will broaden in 2024 as a sizable amount of bonds in traditional debt markets mature in the coming years. Much of this debt carries low coupons, and companies will face higher refinancing costs, given increased interest rates across the curve. We believe the stage is set for win-win scenarios because issuers can benefit from lower borrowing costs by issuing convertibles instead of traditional bonds, and investors can benefit from more normal coupon rates and lower conversion premiums.

### CVRT's Portfolio: A Closer Look

Convertible securities are hybrids, blending characteristics of stocks and traditional nonconvertible bonds. The levels of equity sensitivity and credit sensitivity change over time for individual convertibles as well as for the convertible universe as a whole.

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CVRT invests in equity-sensitive convertibles. At 15% of the US convertible market (as measured by the BofA All US Convertibles Index), the equity-sensitive segment is smaller than either the balanced or credit-sensitive segments of the convertible market (33% and 52%, respectively). However, an array of sectors are included among the equity-sensitive universe. CVRT's portfolio includes established innovators and household names, as well as companies that may be less well-known today but have the potential to be the leaders of tomorrow.



**Information technology**

Cybersecurity



**Consumer discretionary**

Cruise ships



**Consumer discretionary**

Electric vehicles



**Information Technology**

Database systems,  
cloud computing services



**Utilities**

Wind and solar power



**Consumer discretionary**

Online travel services

As of 12/31/2023, CVRT's largest holdings were as follows Palo Alto Networks (0.38% Cv Due 2025), 9.8%; Royal Caribbean Cruises, Inc. (6.00% Cv Due 2025), 5.3%; MongoDB, Inc. (0.25% Cv Due 2026), 3.9%; Rivian Automotive Inc. (3.63% Cv Due 2030), 3.6%; Rivian Automotive, Inc. (4.63% Cv Due 2029), 3.6%; Zscaler, Inc. (0.13% Cv Due 2025), 3.0%; Booking Holdings, Inc., (0.75% Cv Due 2025), 2.8%; Apollo Global Management, Inc. (6.75% Cv Pfd), 2.8%; Nextera Energy, Inc. (6.93% Cv Pfd), 2.6%; Akamai Technologies, Inc. (0.13% Cv Due 2025), 2.5%.

## CVRT SECTOR ALLOCATION

% OF ASSETS, AS OF 12/31/2023

Information Technology	39.0%
Consumer Discretionary	24.1%
Industrials	7.7%
Energy	6.2%
Utilities	5.2%
Health Care	4.8%
Financials	3.6%
Materials	3.5%
Real Estate	2.6%
Communication Services	1.8%
Consumer Staples	1.0%

Holdings and weightings are subject to change daily. Holdings are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned.

# Calamos Convertible Equity Alternative ETF (CVRT)

***Before investing carefully consider the fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information which can be obtained by calling 1-866-363-9219. Read it carefully before investing.***

**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.

**Authorized Participant Concentration Risk** – Only an Authorized Participant may engage in creation or redemption transactions directly with the Fund, and none of those Authorized Participants is obligated to engage in creation and/ or redemption transactions. **Convertible Securities Risk**–The value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. **Debt Securities Risk** – Debt securities are subject to various risks, including interest rate risk, credit risk and default risk. **Equity Securities Risk** – The securities markets are volatile, and the market prices of the Fund's securities may decline generally. **Foreign Securities Risk** – Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in U.S. markets. **High Yield Risk** – High yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit and liquidity risks. **New Fund Risk** – The Fund is a recently organized investment company with a limited operating history. As a result, prospective investors have a limited track record or history on which to base their investment decision. **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. **Non-Diversification Risk** – The Fund is classified as "non-diversified" under the 1940 Act. As a result, the Fund is only limited as to the percentage of its assets which may be invested in the securities of any one issuer by the diversification requirements imposed by the Internal Revenue Code of 1986, as amended. **Portfolio Turnover Risk** – The portfolio managers may actively and frequently trade securities or other instruments in the Fund's portfolio to carry out its investment strategies. **Small and Mid-Sized Company Risk** – Small and mid-sized company stocks have historically been subject to greater investment risk than large company stocks. **Synthetic Convertible Instruments Risk** – The value of a synthetic convertible instrument will respond differently to market fluctuations than a convertible security because a synthetic convertible instrument is composed of two or more separate securities, each with its own market value.

The **ICE US Core Equity Alternative Convertible Index (VXCEQALT)** tracks the performance of equity sensitive (>0.65 delta) publicly issued US dollar denominated convertible securities of US companies. The **ICE BofA All US Convertibles Index (VXA0)** measures the return of all US convertibles.

Unmanaged index returns assume reinvestment of any and all distributions and, unlike fund returns, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

**Foreside Fund Services LLC, Distributor**

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Calamos Advisors LLC  
2020 Calamos Court | Naperville, IL 60563-2787  
866.363.9219 | www.calamos.com | caminfo@calamos.com

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