

# Growth and Income Fund Quarterly Commentary

CALAMOS<sup>®</sup>  
INVESTMENTS

## Fund Overview

The fund invests primarily in US equities, convertibles, fixed income securities and options, endeavoring to balance risk/reward while providing growth and income.

## Market Overview

The US equity market soared in the fourth quarter 2023, mainly as investors grew hopeful that the dramatic rise in interest rates may be over. During the quarter, the Fed paused for a second and third time, with the last pause not coming as much of a surprise to the market. But in mid-December, Chairman Powell did surprise investors with a pivot—speaking to the potential for proactive cuts to rates. As measured by the S&P 500 Index, the US equity market climbed an impressive 11.69%. Overall equity performance continued to be tightly linked to 10-year US Treasury bond yields. When yields rose in October, stocks fell sharply. When yields collapsed in November and December, stocks rallied. Positive data such as a monthly decline in headline PCE (the first negative reading since early 2020), higher-than-expected durable goods orders, and continued strength in the labor market also boosted investors' moods. Oil prices declined for the quarter despite the military conflict in the Middle East. The S&P 500 Index was within 0.06% of a new all-time high in late December, narrowly missing the mark that hadn't been crossed in nearly two years. For the quarter, cyclical, value stocks, and small caps led the

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DATA AS OF 12/31/23

### CALAMOS GROWTH AND INCOME FUND AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARE INCEPTION	SINCE A SHARE INCEPTION
<b>Calamos Growth and Income Fund</b>							
I Shares - at NAV (Inception—9/18/97)	9.50	20.64	6.18	13.15	9.40	9.68	N/A
A Shares - at NAV (Inception—9/22/88)	9.41	20.32	5.91	12.87	9.13	N/A	10.85
A Shares Load adjusted	4.22	14.59	4.20	11.78	8.60	N/A	10.70
S&P 500 Index	11.69	26.29	10.00	15.69	12.03	8.34	10.78
ICE BofA All US Convert Ex Mand Index	6.64	13.77	-1.60	12.22	9.43	8.10	9.57
Morningstar Moderately Aggressive Allocation Category	9.38	15.36	4.44	9.17	6.58	5.54	7.94

Index and Morningstar category data shown reflects full month periods only. If share class inception date is on or before the 15th of the month, the index or category calculation inception date begins on the first day of that month. If share class inception date is after the 15th of the month, the index or category calculation inception date begins on the first day of the following month.

*The funds' gross expense ratios as of the prospectus dated 3/1/2023 are as follows: A Shares 1.05%, C Shares 1.80%, I Shares 0.80% and R6 Shares 0.73%.*

*Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. Please refer to Important Risk Information. The principal value and return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance reflected at NAV does not include the Fund's maximum front-end sales load of 4.75%. Had it been included, the Fund's return would have been lower. You can obtain performance data current to the most recent month end by visiting [www.calamos.com](http://www.calamos.com).*

Class I shares are offered primarily for direct investment by investors through certain tax-exempt retirement plans and by institutional clients, provided such plans or clients have assets of at least \$1 million. For eligibility requirements and other available share classes see the prospectus and other Fund documents at [www.calamos.com](http://www.calamos.com).

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

way when viewed through the S&P 500's size and style indices, in a reversal of leadership from the prior three quarters. The S&P 500 Value Index (+13.63%) outgained the S&P 500 Growth Index (+10.09%) for the quarter.

Within the S&P 500 Index (+11.69%) for the quarter, every sector saw sizable gains, except energy, which fell -7.0%. Real estate (+18.9%), information technology (+17.2%), financials (+14.0%), industrials (+13.0%), and consumer discretionary (+12.4%) outgained the index for the quarter. Communication services (+11.0%), materials (+9.8%), utilities (+8.6%), health care (+6.4%), and consumer staples (+5.5%) all lagged the index but delivered strong performance.

## Performance Review

For the quarter ended December 31, 2023, the fund returned 9.50% (Class I shares at NAV) versus the S&P 500 Index return of 11.69% and the ICE BofA All US Convertibles ex Mandatory Index return of 6.64%.

### Positive Influences on Performance

**Materials.** The fund's leading security selection in materials helped buoy relative performance. Specifically, industrial gases and our lack of representation in fertilizers & agricultural chemicals promoted returns.

**Consumer Staples.** An average underweight allocation in consumer staples added to the fund's performance. Our position in packaged foods & meats was a leading contributor, and our lack of exposure to agricultural products & services assisted relative returns.

### Negative Influences on Performance

**Information Technology.** Over the period, security selection and an average underweight stance within the information technology sector detracted from performance, as holdings in the semiconductors and application software industries hurt relative performance.

**Consumer Discretionary.** Security selection and an average underweight allocation in consumer discretionary, specifically in the automotive parts & equipment and apparel, accessories & luxury goods industries, lagged on a relative basis.

## Fund Holdings - Contributors

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### KKR & Co.

0.3% of fund as of 11/30/23

**Profile:** KKR & Co. (formerly known as Kohlberg Kravis Roberts & Co.) is a Manhattan-based global investment company that manages a variety of alternative asset classes and is well known for private equity and real estate investing. KKR's four business lines include Private Markets, Principal Activities, Capital Markets, and Public Markets. Notable transactions in KKR's history include the leveraged buyout of RJR Nabisco (the largest buyout in history at the time) and TXU Energy. KKR is listed among within the asset management & custody banks industry of financials.

**Analysis:** The Fund invested in KKR & Co. through common stock (KKR) which rallied 35% for the quarter. The company's solid quarterly earnings were partly to thank, although the stock rallied well before the release date. The company announced distributable earnings (DE) per share that modestly beat estimates, as did earnings. The company spoke of strong business with solid growth with fee related earnings (FRE) targets. There is speculation that the stock will be added to the S&P 500 Index.

### Royal Caribbean Cruises Ltd. (RCL)

6% Convertible due 2025 | 0.3% of fund as of 11/30/23

**Profile:** Royal Caribbean Cruise Lines. operates as a cruise company worldwide, with 64 ships under the Royal Caribbean International, Celebrity Cruises, and Silversea Cruises brands. The company was founded in 1968 and is headquartered in Miami, Florida.

**Analysis:** The portfolio invested in Royal Caribbean by means of a convertible security. The convertible and common stock of Royal Caribbean Cruises (RCL) rallied throughout Q4 2023 as cruise operators returned to full occupancy amid higher cruise prices, strong booking demand, and robust onboard spending. There are no signs of moderating consumer demand, as evidenced by 2024 bookings, load factors, and rates ahead of 2019 levels. We expect further upside to cruise ticket prices given a larger gap versus land-based vacation alternatives post-Covid. We also see operating-cost inflation easing (food, fuel), which should boost positive free cash flow and support the company's deleveraging and ability to address debt maturities. The convertible offers the opportunity to participate in the common stock's upside with an attractive yield advantage.

## Fund Holdings - Detractors

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### onsemi (ON)

0.0% Convertible due 2027 | 0.6% of fund as of 11/30/23

0.5% Convertible due 2029 | 0.6% of fund as of 11/30/23

**Profile:** onsemi provides intelligent sensing and power solutions, enabling electrification and automation in the automotive and industrial end markets. onsemi's silicon carbide portfolio provides vital technology in the powertrain of electric vehicles and charging systems, factory automation, and energy infrastructure. onsemi was incorporated in 1992 and is headquartered in Phoenix, Arizona.

**Analysis:** Shares of onsemi declined after the company's earnings came in broadly in line with expectations. However, its forward guidance showed softening revenues stemming from higher interest rates that especially impacted European auto customers. We view onsemi as a leading auto and industrial semiconductor company with secular, increasing content solutions for electric vehicles' power and intelligent sensing. When considered in combination, the two convertibles in the portfolio provide an attractive means of participating in the underlying common stock's upside with less downside.

## Aptiv PLC

0.5% of fund as of 11/30/23

**Profile:** Aptiv is a Dublin, Ireland-based business that designs, manufactures, and distributes vehicle components worldwide. The company grew out of Delphi Automotive PLC (previously a part of General Motors) and changed its name to Aptiv PLC in December 2017. Aptiv is listed as an automotive parts & equipment business within the consumer discretionary sector.

**Analysis:** The portfolio invested in Aptiv PLC through its common stock (APTV), which declined -9% for the quarter. Aptiv reported a mixed quarter due to the UAW strike in North America and slower high-voltage growth. Although adjusted EPS was above consensus, operating income struggled due to the strike. Aptiv maintained its outlook guidelines for the year and is positioned to benefit from key global auto industry themes including electrification, advanced safety, and software-defined architectures. We believe these themes will provide an attractive secular growth profile for several years. Longer-term optionality exists with Aptiv's autonomy capabilities, including divestment.

## Positioning and Portfolio Changes

Our approach pursues lower-volatility equity participation through an equity-oriented, multi-asset-class approach. We believe the best positioning for this environment is a neutral risk posture, focusing on specific areas with real growth tailwinds, companies with improving returns on capital in 2024, and equities and fixed income with valuations at favorable expected risk-adjusted returns. We see compelling prospects for companies with exposure to new products and geographic growth opportunities (examples can be found in health care, electric vehicles, and AI-related infrastructure and software); specific infrastructure spending areas (in materials and industrial sectors); and the normalization of supply chains and areas of the service economy.

From a sector standpoint, the portfolio's largest weights are within information technology and financials on an absolute basis, while the smallest sector weights with holdings are in real estate and utilities. We maintain relative overweight positions in communication services and materials, with movies & entertainment (in communication services) and copper (in materials) among the overweight industries. The information technology and consumer staples sectors constitute the most significant relative underweights. With respect to these sectors, semiconductors and packaged foods & meats are among the underweight industries.

The information technology allocation increased during the period, while the weight to financials also rose modestly with increased weights in systems software and transaction & payment processing services. The energy allocation decreased during the period, while the weight to consumer staples also decreased modestly with decreased weights in integrated oil & gas and soft drinks & non-alcoholic beverages.

## Outlook

Given our expectation of slowing but positive economic growth over the next year, we are assessing investment opportunities with a continued focus on real growth and return-improvement areas. In addition to favorable cyclical factors, we believe companies that can improve profitability in a slower-growth environment are good investments. Many companies are focused on improving their returns on

capital through improved efficiencies, normalized supply chains, and revised investment strategies based on the current interest-rate environment. The pace of corporate cost-cutting and restructuring has increased over the past several quarters, providing more opportunities to identify companies with improving returns on capital. Over the short- and intermediate-term, improved real returns on capital should drive higher equity prices.

**For additional information or to download a fact sheet, please visit the fund's profile page:**

[CGIIX - Growth and Income Mutual Fund | Calamos Investments](#)

*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.*

The opinions referenced are as of the date of publication and 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.

**Portfolios are managed according to their respective strategies which may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark(s). Portfolio performance, characteristics and volatility may differ from the benchmark(s) shown.**

#### Term Definitions

**Beta** is a historic measure of a portfolio's relative volatility, which is one of the measures of risk; a beta of 0.5 reflects half the market's volatility as represented by the strategy's primary benchmark, while a beta of 2.0 reflects twice the volatility. EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization and measures a company's overall financial performance. It is often used to derive a company's profitability and cash flow from its core operations.

#### Index Definitions

The **ICE BofA All US Convertibles Index (VXA0)** comprises approximately 700 issues of convertible bonds and preferreds of all qualities and measures the return of all US convertibles. The **ICE BofA All US Convertibles ex Mandatory Index (VOA0)** represents the US convertible market excluding mandatory convertibles. 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. The **Cboe Volatility Index or VIX** (based on its CBOE ticker symbol) shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. It is constructed using the implied volatilities of a wide range of S&P 500 Index options. **Morningstar Allocation—70% to 85% Equity** category funds seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than conservative-allocation portfolios. These portfolios typically have 50% to 70% of assets in equities and the remainder in fixed income and cash. The **Russell 2000® Index** measures the performance of the small-cap segment of the US equity universe. The growth indices are constructed to provide a comprehensive and unbiased barometer of the growth market. The value indices are constructed to provide a comprehensive and unbiased barometer of the value market. The **S&P 500 Index** is generally considered representative of the US stock market. The **S&P 500 Value Index** measures the performance of stocks within the S&P 500 Index that have value-oriented characteristics, such as lower price-to-earnings ratios and price-to-book ratios. The **S&P 500 Growth Index** measures the performance of stocks within the S&P 500 Index that have growth-oriented characteristics, such as higher earnings growth rates and higher price-to-earnings ratios.

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.

#### 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.

The principal risks of investing in the **Calamos Growth and Income Fund** include: convertible securities risk consisting of interest rate risk and credit risk, synthetic convertible instruments risk consisting of fluctuations inconsistent with a convertible security and the risk of components expiring worthless.

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.



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