Growth Fund Quarterly Commentary

Summary

- A broad, flexible strategy enables Calamos Growth Fund to invest in the equities of US companies across all market capitalizations and sectors to attain the best potential for long-term capital growth.
- A resilient US economy and a more supportive Fed create a hospitable environment for growth stocks.
- Market participants are becoming more discerning regarding individual security fundamentals.
- Emerging themes from 2023 have multidecade potential, and we continue to uncover broadening new ways to capture growth potential.

Investment Manager Discussion

Although the calendar may have flipped to 2024, US growth stocks remain on the same upward trajectory that characterized the final months of last year. The major themes dominating financial headlines are also unchanged, with investors still rewarding companies benefiting from the remarkable emergence of game-changing artificial intelligence (AI) technologies and the introduction of groundbreaking obesity therapeutics (known as GLP-1 drugs).

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DATA AS OF 3/31/24

CALAMOS GROWTH FUND AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARE INCEPTION	SINCE A SHARE INCEPTION
Calamos Growth Fund							
I Shares - at NAV (Inception—9/18/97)	12.53	37.87	7.53	14.16	11.44	11.44	N/A
A Shares - at NAV (Inception—9/4/90)	12.46	37.53	7.27	13.88	11.16	N/A	12.85
A Shares Load adjusted	7.12	31.00	5.54	12.77	10.62	N/A	12.69
S&P 1500 Growth Index	12.71	33.17	9.81	15.42	14.17	9.17	N/A
S&P 500 Index	10.56	29.88	11.49	15.05	12.96	8.66	10.89
Morningstar Large Growth Category	11.92	36.45	7.95	14.89	13.24	7.92	10.00

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 3/1/2024 are as follows: A Shares 1.32%, C Shares 2.07% and I Shares 1.07%.

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.

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.

The enduring nature of this market rally is not surprising given the positive backdrop. The economy continues to impress with its resilience; the US seems impervious to the pressures impacting much of the rest of the world. Importantly, the employment market remains healthy with jobs still plentiful. Inflation also continues to moderate, albeit at a slower pace than the market anticipated when this phase of the equity rally first began in late October.

All eyes remain fixed on the Federal Reserve, which is still on track to lower overnight rates as the year progresses, although at a more moderate pace of two or three cuts this year, rather than the wildly optimistic expectations of six or more that some had initially expected. At the same time, the fiscal picture remains supportive, as is common in most election years.

While traditional growth sectors have outperformed thus far in 2024, market participation has broadened further as expected, with energy, financial and industrial stocks joining technology stalwarts in delivering strong returns during the quarter. At the same time, the market is starting to become more discerning each day, even within some themes. The “Magnificent Seven” that dominated the market last year are no longer moving in lockstep. Instead, individual companies are now trading on their own merits, with some clear outperformers and notable laggards.

AI continues to draw enormous investor attention, and with good reason. Early adopters have started to get glimpses of real-world applications in text summarization, content creation, and customer analytics. To date, the initial AI winners have mostly hailed from the semiconductor, cloud, and software industries (i.e., companies enabling AI). However, we are likely in the early innings of a decades-long transformation. Ultimately, we believe the market’s focus will broaden to a wider cross-section of AI beneficiaries, given the potential of AI to help companies of all stripes become more efficient—and by extension, more profitable.

As the year progresses, US elections will take center stage, while geopolitical risks (including two active wars) will likely continue to dominate the headlines. Despite this, being a successful growth investor requires a long-term outlook, disciplined risk management, and the ability to see beyond the ever-present wall of worry. We believe our approach meets these criteria.

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SVP and Associate Portfolio Manager

Market Environment

Within the S&P 1500 Growth Index, which advanced 12.71% for the quarter, every sector saw gains. Utilities (+43.9%), communication services (+17.7%), health care (+15.8%), industrials (+14.9%), energy (14.8%) and information technology (+14.0%) finished ahead of the overall benchmark, while materials (+12.2%), financials (+10.9%), consumer staples (+7.3%), consumer discretionary (+5.0%), and real estate (+0.9%) trailed the index but delivered positive performance.

Performance Review

For the quarter ended March 31, 2024, the fund returned 12.53% (Class I shares at NAV) versus the S&P 1500 Growth Index return of 12.71%.

Positive Influences on Performance

Information Technology. The fund benefited from the information technology sector, as holdings in technology hardware, storage & peripherals, and electronic manufacturing services helped drive relative results.

Consumer Discretionary. Favorable security selection in consumer discretionary added to the fund's performance, especially names in the automobile manufacturers and restaurants industries.

Negative Influences on Performance

Communication Services. Over the period, security selection within the communication services sector dampened relative results, as holdings in the interactive media & services and wireless telecommunication services industries lost ground.

Industrials. Security selection and an average overweight position within the industrial’s sector aerospace & defense and industrial conglomerates industries lagged.

Fund Holdings - Contributors

Taiwan Semiconductor Manufacturing Company (TSM)

1.3% of fund as of 2/29/24

Profile: Taiwan Semiconductor Manufacturing Company has emerged over the past several years as the leading global semiconductor foundry (outsourced manufacturer), helping to position Taiwan Semi at the center of the semiconductor industry. Prominent companies such as Advanced Micro Devices, Apple, and NVIDIA rely on Taiwan Semi to push chip technology forward and increase transistor density. Taiwan Semi is listed under semiconductors within the information technology sector.

Analysis: Shares of Taiwan Semi (TSM) rose +31% in the quarter, realizing a nice boost after a strong earnings report early in the quarter. The company gave guidance for full-year sales higher than consensus and reported gross margins much better than expected. Additionally, AI-related businesses should continue ramping up.

Chipotle Mexican Grill Inc. (CMG)

1.5% of fund as of 2/29/2024

Profile: Based in Newport Beach, California, Chipotle Mexican Grill owns and operates restaurants in the US, Canada, and parts of Europe. Chipotle is listed in the restaurant industry within the consumer discretionary sector.

Analysis: Chipotle's stock (CMG) was up just over +27% for the quarter. The stock gained steadily over the quarter and saw a nice increase the day after they reported earnings. Chipotle's numbers included a beat on revenues, higher-than-expected restaurant profits, and a nearly 7% earnings-per-share (EPS) beat relative to consensus. Same-store sales came in higher than expected, driven by strong growth in traffic. We believe Chipotle can double its store count domestically while adding higher margin drive-thru "Chipotlanes" to ~80% of new units. In addition, Chipotle is now accelerating its unit growth in Canada, with Western Europe a future leg to growth.

Fund Holdings - Detractors

Nike Inc. (NKE)

1.0% of fund as of 2/29/2024

Profile: Nike, Inc. is a Beaverton, Oregon, athleticwear and equipment company. Nike designs, develops, manufactures, and distributes footwear and apparel, equipment, and accessories and services. Nike is classified as a footwear company within the consumer discretionary sector.

Analysis: Nike's stock (NKE) dropped -13% during the quarter, fomented by a disappointing quarterly earnings announcement late in the quarter. Nike's gross margins fell short of expectations, as did EPS. However, it should be noted that Nike has done some restructuring to improve the business going forward, including fast-tracking innovation and design as well as competing better in the wholesale channel.

Zoetis Inc. (ZTS)

1.0% of fund as of 2/29/2024

Profile: Parsippany, New Jersey-based Zoetis is a health care company focused on pets and livestock. The company was a subsidiary of Pfizer up until 2012. Zoetis is a global business that sells products in over 100 countries worldwide. Zoetis is listed among pharmaceutical companies within the health care sector.

Analysis: Shares in Zoetis (ZTS) fell -14% for the quarter. Shares struggled after the company's quarterly earnings announcement mid-quarter when Zoetis reported revenues that beat expectations but earnings that missed expectations. Although guidance was lower than expected, the long-term outlook remains strong, and its valuation seems fair. Zoetis is a market-leading provider of livestock health products, and demand is increasing with the growth of emerging markets. Growth in pets, or the animal companion segment, also shows signs of promising growth, given the increased number of pets per household and a willingness to spend on pets.

Positioning and Portfolio Changes

As mentioned, individual companies are now trading on their own merits, with some clear outperformers and notable laggards, a market condition we appreciate as active managers. The market's preference for higher-quality growth stocks has aligned well with our positioning, and as such, we have not made notable changes to the portfolio's positioning. We navigated the "Magnificent Seven" well during the quarter, with an underweight to Apple and an overweight to NVIDIA making significant contributions to performance. We maintained our relative weights in those names and are diligently mindful of these market cap leaders.

From a sector standpoint, information technology and consumer discretionary represent the largest weights on an absolute basis, while energy and materials represent the smallest sector weights with holdings. The portfolio had no exposure to the utilities and real estate sectors. We maintain relative overweight positions in the restaurants and health care equipment industries. Technology hardware, storage & peripherals and semiconductor materials & equipment are among the underweight industries.

Allocations to consumer discretionary and materials rose with increased weights in restaurants and specialty chemicals. Both health care and financials allocations decreased modestly with decreased weights in managed health care and diversified banks.

For additional information or to download a fact sheet, please visit the fund's profile page:
[CGRIX - Growth 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

EBITDA or earnings before interest, taxes, depreciation, and amortization reflects a firm's short-term operational efficiency and is used to determine operating profitability.

Index Definitions

Morningstar Large Growth Category funds invest primarily in big US companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the US equity market are defined as large cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries. The **S&P 1500 Growth Index** consists of the growth segment of the securities found in the S&P 1500 Index. The S&P 1500 combines the S&P 500, S&P MidCap 400 and the S&P SmallCap 600. The **S&P 1500 Value Index** consists of the value segment of the securities found in the S&P 1500 Index. The S&P 1500 combines the S&P 500, S&P MidCap 400 and the S&P SmallCap 600. The **S&P 500 Index** is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. It is widely regarded as the standard for measuring US stock-market performance. 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. 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. 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.

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 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 principal risks of investing in the **Calamos Growth and Income 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, midsized company risk, foreign securities risk and portfolio selection risk. More detailed information regarding these risks can be found in the Fund's prospectus.

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