

# Hedged Equity Fund\* Second Quarter 2019 Report

CALAMOS  
INVESTMENTS



## MORNINGSTAR OVERALL RATING™†

Among 95 Options-based Funds

The fund's load-waived Class I shares had 4 stars for 3 years out of 95 Options-based Funds for the period ended 6/30/19.

## OVERVIEW

The fund is an alternative strategy that invests in equities and sells options with the aim of achieving the total return of equity markets with lower volatility. It utilizes a covered call strategy, which involves investing in a diversified portfolio of equities and at the same time using options to generate income and manage risk.

## KEY FEATURES

- » Draws on more than a decade of experience in covered call writing and more than two decades of equity investing
- » Option-based risk management strategy aims to lower the volatility of equity investments
- » An alternative approach potentially provides upside participation in equity markets while limiting downside volatility

## PORTFOLIO FIT

The fund provides an alternative strategy that can generate income and provide equity exposure with potentially lower volatility than an equities-only allocation.

## FUND TICKER SYMBOLS

A Shares    C Shares    I Shares  
CAHEX    CCHEX    CIHEX

\*Effective March 1, 2019, Calamos Hedged Equity Income Fund was renamed Calamos Hedged Equity Fund.

There can be no assurance that the Fund will achieve its investment objective.

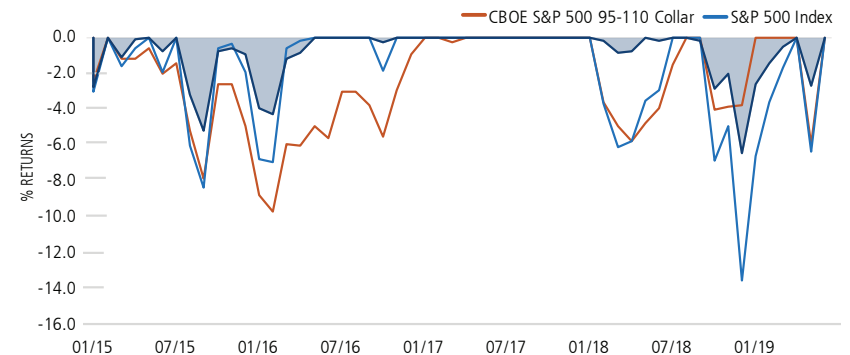
## Summary

"It's tough to make predictions, especially about the future." –Yogi Berra

U.S. markets posted the best Q2 return, S&P 500 Index +4.30%, since 2009 and best first-half return, the S&P 500 +18.54%, in 22 years. The catalysts centered more around policy than economic fundamentals: potential Fed rate cuts and more fluid trade talks to name several topics. However, the fourth-quarter dip and subsequent first-quarter "V" bounce were an excellent reminder that a key to growing and preserving wealth is to harvest both on the upside and downside, and not simply react by selling. One can only imagine how much wealth was destroyed for investors who sold equities at the end of 2018 or in May of 2019 due to fear and to avoid the possibility of mark-to-market losses.

The market is acutely aware that we are later in the cycle, and investors should expect a bumpy ride for the foreseeable future. The U.S. markets have and continue to rally in response to a more accommodative Fed, lower bond yields, and seemingly positive progress in the U.S.-China trade negotiations. The key in these uncertain environments is to be positioned to capture as much upside as possible while offering meaningful potential downside protection. Calamos Hedged Equity Fund participated in the upside of the equity market in the second quarter with significantly less risk thanks to its hedging strategy (the fund had a since inception beta of 0.50 versus the S&P 500 Index).

## CALAMOS HEDGED EQUITY FUND: DEMONSTRATED LESS DRAWDOWN AND QUICKER REBOUND



AVERAGE ANNUAL RETURNS	QTD	YTD	1-YEAR	3-YEAR	SINCE INCEPTION (12/31/14)
Calamos Hedged Equity Fund					
I shares – at NAV	2.03%	8.54%	4.90%	7.29%	5.29%
A shares – at NAV	1.99	8.42	4.63	6.99	5.00
A shares – Load adjusted	-2.85	3.24	-0.34	5.27	3.87
S&P 500 Index	4.30	18.54	10.42	14.19	10.50
BBgBarc U.S. Aggregate Bond Index	3.08	6.11	7.87	2.31	2.84
Morningstar Options-Based Category	2.19	9.02	2.78	4.91	2.83

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. The principal value 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. For the most recent month-end fund performance information visit [www.calamos.com](http://www.calamos.com).

Calendar year returns measure net investment income and capital gain or loss from portfolio investments for each period specified. Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average. All performance shown assumes reinvestment of dividends and capital gains distributions. The Fund also offers Class C shares, the performance of which may vary. In calculating net investment income, all applicable fees and expense are deducted from the returns.

Class I shares are offered primarily for direct investment by investors through certain tax-exempt retirement plans (including 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans, defined benefit plans and nonqualified deferred compensation plans) and by institutional clients, provided such plans or clients have assets of at least \$1 million. Class I shares may also be offered to certain other entities or programs, including, but not limited to, investment companies, under certain circumstances.

†Morningstar ratings shown are for Class I shares and do not include any front-end sales load. Not all investors have access to or may invest in the share class shown. Other share classes with front-end or back-end sales charges may have different ratings than the ratings shown.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

# Calamos Hedged Equity Fund Second Quarter 2019 Report

## Strategy Performance Drivers

**Equity Performance.** The strong 4.30% quarterly return of the S&P 500 Index was supportive of our equity basket return. The tracking error of the equity basket near 0.1% during the period was significantly below the goal of 0.5%.

**Volatility.** Volatility, measured by the Cboe Volatility Index VIX®, dropped about 31% (23.69 on April 2 down to 16.09 on June 29). This contraction in volatility during the quarter made premium capture less favorable, but it did give us trade rebalancing opportunities, optimizing upside/downside capture rates to 60%/35% respectively.

**Option Skew†.** The Cboe SKEW Index (“SKEW”) measures the probability of the S&P 500 delivering potential outlier log-returns. The prices of the “SKEW” Index range from 100 to 150. A “SKEW” Index level of 100 means that the apparent distribution of S&P 500 log-returns is normal and the probability of outlier returns is minor. When SKEW rises above 100, the probabilities of potential outlier log-returns or “tail risk” in the S&P 500 is more significant. As of June 28, 2019, the SKEW Index was reading 118.12, indicating a moderate probability of outlier returns, or tail risk, in the S&P 500 increasing.

## Positioning

The decline in volatility and interest rates along with increased option skew improved the attractiveness of call and put spreads during the quarter and made our traditional “North Star” positioning (consisting of writing 80% calls and buying 40% puts) less attractive. The call spread positioning involved writing calls that were in the money while at the same time purchasing out of the money calls. In addition to the long puts that we traditionally maintain in the portfolio, we also found it attractive to utilize put spreads by selling deep out of the money puts and buying closer to the money puts. The positioning provided an attractive upside/downside risk portfolio.

†Option Skew is the difference in implied volatility between out-of-the-money options, at-the-money options, and in-the-money options. Volatility skew, which is affected by sentiment and the supply-and-demand relationship, provides information that helps fund managers determine whether to write calls or puts.

## CBOE VOLATILITY INDEX

Daily Closing Price



\* From 2004, since the VIX instituted new methodology, through the present. The CBOE Volatility Index (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

## Outlook

The market is later in the cycle and there is an increasing likelihood of volatility versus a smooth ride to higher highs. If the S&P 500 is to resume its climb to new heights, the last two quarters of 2019 will need to show earnings growth improvements, resolution or less noise around the U.S.-China stand-off, and clarification on what type monetary and fiscal policy we can expect. If most or all of this happens, the market could effectively extend this cycle even further, given that the fundamentals of the economy seem buoyant. With all of that said and given that markets remain acutely aware of being late in the cycle, however, investors should expect a bumpy ride. We believe that Calamos Hedged Equity Fund can help smooth that ride out.

## Calamos Hedged Equity Fund Second Quarter 2019 Report

FUND INFORMATION	A SHARES	C SHARES	I SHARES
Inception Date	12/31/14	12/31/14	12/31/14
Ticker Symbol	CAHEX	CCHEX	CIHEX
CUSIP Number	128120698	128120680	128120672
Minimum Initial/Subsequent Investment	\$2,500/\$50	\$2,500/\$50	\$1 million/\$0
IRA Initial Investment	\$500	\$500	N/A
Sales Load/Maximum Sales Charge	Front-End/4.75%	Level-Load/1.00%	N/A
Gross Expense Ratio	1.48%	2.31%	1.27%
Net Expense Ratio	1.26%	2.01%	1.01%
Distributions	Quarterly dividends; annual capital gains		
Objective	Total return with lower volatility than equity markets		
Benchmark	S&P 500 Index, BBgBarc U.S. Aggregate Bond Index		

The Fund's investment advisor has contractually agreed to reimburse Fund expenses through March 1, 2022 to the extent necessary so that Total Annual Fund Operating Expenses (excluding taxes, interest, short dividend expenses, brokerage commissions, acquired fund fees and expenses, and extraordinary expenses, if any) of Class A, Class C, and Class I are limited to 1.25%, 2.00%, and 1.00% of average net assets, respectively. Calamos Advisors may recapture previously waived expense amounts within the same fiscal year for any day where the respective Fund's expense ratio falls below the contractual expense limit up to the expense limit for that day. This undertaking is binding on Calamos Advisors and any of its successors and assigns. This agreement is not terminable by either party. As of the prospectus dated 3/1/19.

SECTOR WEIGHTINGS*	FUND %
Information Technology	21.6
Health Care	14.4
Financials	13.0
Consumer Discretionary	10.6
Communication Services	10.2
Industrials	9.5
Consumer Staples	7.4
Energy	5.4
Utilities	3.2
Real Estate	3.0
Materials	2.5

FUND FACTS	FUND	S&P 500 INDEX
Number of Holdings	295	505
Total Net Assets	\$204,684,443	N/A

LARGEST 10 HOLDINGS*	INDUSTRY	%
Microsoft Corp.	Systems Software	4.3
Apple, Inc.	Technology Hardware, Storage & Peripherals	3.9
SPDR S&P 500 ETF Trust	Other	3.7
Amazon.com, Inc.	Internet & Direct Marketing Retail	3.4
Facebook, Inc. - Class A	Interactive Media & Services	2.3
JPMorgan Chase & Company	Diversified Banks	1.7
Berkshire Hathaway, Inc. - Class B	Multi-Sector Holdings	1.6
Johnson & Johnson	Pharmaceuticals	1.5
Visa, Inc. - Class A	Data Processing & Outsourced Services	1.4
Bank of America Corp.	Diversified Banks	1.3
TOTAL		25.2

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.

\*Largest 10 Holdings and Sector Weightings are calculated as a percentage of net assets. The tables exclude cash or cash equivalents, any government/sovereign bonds or broad based index hedging securities the portfolio may hold. You can obtain a complete listing of holdings by visiting [www.calamos.com](http://www.calamos.com).

# Calamos Hedged Equity Fund Second Quarter 2019 Report

## Asset Allocation Role: Equity Alternative

Calamos Hedged Equity Fund is designed to serve as a volatility dampener for an equity allocation.

- » Our investment approach is highly responsive to dynamic market conditions, a key differentiator versus many less active option-based strategies.
- » The fund blends a core long equity portfolio with an actively managed option overlay. Tactical management creates opportunities to add alpha from option market dynamics and equity market volatility.
- » As an equity substitute, the fund seeks to provide better upside/downside asymmetry than long-only equities.
- » The investment team seeks to take advantage of opportunities the market presents, with a focus on being as favorably positioned for as many outcomes as possible.

Strategy	Hedged Equity
Inception	12/31/2014
AUM	\$204.7 Million
Ticker Symbols	1 Shares CIHGX, A Shares CAHEX
Beta	0.49 vs S&P 500 Since Inception
Sortino Ratio	0.63 Since Inception
Sharpe Ratio	0.43 Since Inception

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.

**Important Risk Information.** A Covered Call Writing strategy begins with a portfolio of stocks, most of which pay dividends (stock provisions include securities convertible into the underlying stocks). We then write (sell) calls and buy protective puts against a portion of this basket. A call option gives the buyer the right to purchase stocks at a predetermined strike price. If these securities rise above the strike price, the buyer may exercise the option and the fund (seller) must pay the buyer the difference as determined by the option contract. By writing calls on securities held in the portfolio, the fund can generate income from option premiums. A put option gives the purchaser the right to sell a security to the writer at a pre-determined price. Put options rise in value as the underlying securities decline in value. Through put options, the fund seeks to offset some of the risk of a potential decline in a portfolio holding.

**Additional Information:** Past performance does not indicate future results. No investment strategy or objective is guaranteed and a client's account value can fluctuate over time and be worth more or less than the original investment. 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. An

investment in the Fund is subject to risks, and you could lose money on your investment in the Fund. There can be no assurance that the Fund 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 can increase during times of significant market volatility. The writer of a covered call may be forced to sell the stock to the buyer of the covered call and be precluded from benefiting from potential gains above the strike price.

The principal risks of investing in the Calamos Hedged Equity Fund include: covered call writing risk, options risk, 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 option market. There are significant differences between the securities and options markets that could result in an imperfect correlation among these markets, causing a given transaction not to achieve its objectives.

The Fund's ability to utilize options successfully will depend on the ability of the Fund's investment adviser to predict pertinent market movements, which cannot be assured.

**Covered Call Writing Risk:** As the writer of a covered call option on a security, the fund foregoes, during the option's life, the opportunity to profit from increases in the market

value of the security, having to cover the call option above the sum of the premium and the exercise price of the call.

The **Bloomberg Barclays U.S. Aggregate Bond Index** covers the U.S.-denominated, investment-grade, fixed-rate, taxable bond market of SEC registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors. The **S&P 500 Index** is generally considered representative of the U.S. stock market. 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. The **Credit Suisse Fear Barometer** essentially tracks the willingness of investors to pay up for downside protection with collar trades on the S&P 500 Index. **Morningstar Options-Based Category** represents funds that generate a significant portion of their returns from the collection of premiums on options contracts sold. Morningstar Ratings™ are based on risk-adjusted returns for Class I shares and will differ for other share classes. Morningstar ratings are based on a risk-adjusted return measure that accounts for variation in a fund's monthly historical performance (reflecting sales charges), placing more emphasis on downward variations and rewarding consistent performance. Within each asset class, the top 10%, the next 22.5%, 35%, 22.5%, and the bottom 10% receive 5, 4, 3, 2 or 1 star, respectively. Each fund is rated exclusively against U.S. domiciled funds. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither

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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.

**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.**

# CALAMOS INVESTMENTS

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