Hedged Equity Fund Quarterly Commentary

CALAMOS INVESTMENTS

Fund Overview

Calamos Hedged Equity Fund's investment approach, which blends a core long-equity portfolio with an actively managed options overlay, can be highly responsive to dynamic market conditions and serve as a portfolio diversifier. The fund is often considered alongside more systematic or defined outcome peers. Defined outcome products are designed to capture a certain amount of downside or upside each quarter, depending on where the market moves. However, there are disadvantages to not being nimble in these turbulent markets. A significant drawback is a capped upside that cannot cover successive losses to the downside.

Compared to our mechanistic peers, the Calamos tactical management approach attempts to create opportunities to generate alpha via option market dynamics and equity market volatility. The fund seeks to exploit these opportunities by being favorably positioned for many outcomes.

Market Overview

The equity markets have moved higher on the back of earnings and increasing risk appetite by market participants. Earnings come out of the gutter, and shareholders are under-allocated to stocks. This alone is a potent backdrop for equity markets, but adding a Federal Reserve potentially cutting short-term

Commentary continues page 2…

DATA AS OF 3/31/24

CALAMOS HEDGED EQUITY FUND AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	SINCE INCEPTION
Calamos Hedged Equity Fund					
I Shares - at NAV (Inception—12/31/14)	5.92	17.52	6.11	7.84	6.58
A Shares - at NAV (Inception—12/31/14)	5.83	17.13	5.85	7.56	6.29
A Shares Load adjusted	0.82	11.59	4.15	6.52	5.73
S&P 500 Index	10.56	29.88	11.49	15.05	12.73
Bloomberg US Aggregate Bond Index	-0.78	1.70	-2.46	0.36	1.24
Morningstar Options Trading Category	4.36	16.22	6.02	6.78	4.58

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 1.17%, C Shares 1.92% and I Shares 0.92%.

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.

rates later this year would be rocket fuel for this upside dynamic. Lower rates feed into equity valuations as a positive. The Fed removed its tightening bias as of late last year. Wobbly inflation data in Q1 has led them to adopt a wait-and-see approach to lowering rates. Expectations of the quantity and timing around rate cuts have increased, decreasing market vulnerability on this score.

With higher rates, moving yields continue to challenge our equity basket. The collapse in volatility to near pre-pandemic levels has made calls cheaper and put spreads less attractive in the short term. The Cboe Volatility Index (VIX), aka the fear index, is trading around 13%, much lower than its average of 19.5% and lower than the Covid pandemic average of 23.5%. This lethargy means that investors are not expecting a lot of market swings. However, volatility this depressed—just above the year-to-date low of 12.78—could indicate that the market is too calm and could face a sudden spike in volatility. Therefore, it is essential to keep an eye on the VIX and the market conditions.

Performance Review

In Q1 2024, Calamos Hedged Equity Fund returned 5.92% (Class I shares at net asset value), capturing most of the S&P 500 Index's 10.56% return. At the end of the quarter, the markets faced higher for longer rates and crumbling volatility, which is a recipe for risk assets to underperform as risk-free yields potentially continue to increase. Let's be clear: trading markets do not care about our opinion on yields and whether the Fed may be overshooting. The price is the price, and there is no denying that yields present a speed bump for stocks and bonds. Higher yields pressure equity prices because they create a higher discount rate and a higher cost of capital, and they pressure bond prices, which must mathematically reprice to the downside. In other words, the market backdrop is rate-driven, with equities and bonds being highly correlated.

The interest rate environment, high for longer, has allowed us to continue to shape the trade we identified in the second half of 2023, where we have structured a trade that leaves open ~65% of the market's upside and ~35% of its downside participation with expiration in December 2024. We're calling it the 17-year cicada trade because that's the last time the markets aligned for this event in 2007. This opportunistic trading window has allowed us to position Calamos Hedged Equity Fund (CIHEX)for a higher-than-normal level of asymmetric upside/downside capture through late December 2024.

Positioning and Portfolio Changes

The flexibility to take advantage of the most attractive trades is the core of our approach.

We believe Q1 2024 demonstrated the potential benefits of our approach in constructing CIHEX's option hedge. As the S&P 500 Index gained more than 10% this quarter, CIHEX was positioned to capture 67% of the market's upside, as it did during the first nine months of 2023.

However, strategies with static, rules-based approaches may have found Q1 2024 less accommodating. For example, some strategies may have found that their upside participation was capped when the equity markets took off suddenly during the fourth quarter. Although our current 65/35 trade could be considered a rules-based strategy, our ability to adjust it as market conditions warrant makes the difference. We believe this trade has rarely been as appealing as recently. Our call positioning included a call write ending the year with net -44% short calls and 68% long puts as of March 28, 2024.

At the end of the reporting period and relative to the S&P 500 Index, our sector positioning was slightly overweight in the consumer discretionary and information technology sectors. In contrast, we had underweight positions in the materials, financials, consumer staples, real estate, and materials sectors. Relative to the S&P 500 Index, the fund's market-cap positioning maintained a heavier relative weight to larger-capitalization (>$25 billion) holdings and a lighter weight to small- and mid-capitalization ($1 to $25 billion) holdings.

Outlook

If interest rates come down at some point this next quarter, the risk appetite will only grow. This increasing risk appetite is already apparent with the unrelenting grind to the upside. Where does the dry powder come from for the upside? Well, imagine what happens when all that cash is parked in the money market and suddenly earns less. Said another way, this is a return to FOMO, fear of missing out. Portions of the equity market are priced cheaper than domestic large caps, and money will naturally be looking for added exposure beyond high-priced domestic large caps, which could be a drag on the portfolio. Well-run hedging strategies, such as those utilized by Calamos Hedged Equity Fund, continue to capture a high level of equity market upside while limiting drawdown.

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

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 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. The fund can generate income from option premiums by writing calls on securities held in the portfolio. A put option gives the purchaser the right to sell a security to the writer at a predetermined price. Put options rise in value as the underlying securities decline. Through put options, the fund seeks to offset some of the risks of a potential decline in a portfolio holding.

Alpha is a measurement of performance on a risk-adjusted basis. A positive alpha shows that performance of a portfolio was higher than expected given the risk. A negative alpha shows that the performance was less than expected given the risk. **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. **Sharpe ratio** is a calculation that reflects the reward per each unit of risk in a portfolio. The higher the ratio, the better the portfolio's risk-adjusted return. Sortino ratio differentiates harmful volatility from total overall volatility. It is calculated similarly to the Sharpe ratio, except it uses downside deviation instead of total standard deviation.

Index Definitions

The **Bloomberg US Aggregate Bond Index** covers the US-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 US 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 mitigation with collar trades on the S&P 500 Index. The **Morningstar Options Trading Category** is comprised of funds that use a variety of options trades, including put writing, options spreads, options-based hedged equity, and collar strategies, among others.

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 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. 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.

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.

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 that 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.

CALAMOS® INVESTMENTS

Calamos Financial Services LLC, Distributor
2020 Calamos Court | Naperville, IL 60563-2787
866.363.9219 | calamos.com | caminfo@calamos.com

HEQCOM 209 0324