

# Hedged Equity Strategy

CALAMOS<sup>®</sup>  
INVESTMENTS

## PORTFOLIO MANAGEMENT

- » Eli Pars, CFA, Co-CIO, Head of Alternative Strategies and Co-Head of Convertible Strategies, Senior Co-Portfolio Manager
- » Jason Hill, Co-Portfolio Manager
- » David O'Donohue, Co-Portfolio Manager
- » Jimmy Young, Co-Portfolio Manager

The team leverages the insights and analysis of the Calamos Investment Committee, as well as dedicated research, risk management, trading and portfolio specialist team support.

## CALAMOS PROFILE

- » Multi-disciplined, global asset manager
- » Headquartered in Chicago-metro area, with offices in New York, San Francisco and London
- » Founded in 1977
- » AUM of U.S. \$24.5 billion
- » Institutional Assets<sup>1</sup> of U.S. \$12.3 billion
- » 335 employees<sup>2</sup>, 75 investment professionals

## TARGET PORTFOLIO STATISTICS

- » 200 to 300 holdings
- » Calls written against 60% to 100% of portfolio
- » Calls written out of the money at 0% to 5%
- » Puts purchased against 20% to 60% of portfolio
- » Puts purchased out of the money at 0% to 10%

<sup>1</sup>Institutional Assets include institutional share classes of open-end funds as well as assets managed for institutions.

<sup>2</sup>Information as of 6/30/19. Total represents full-time employees of the operating subsidiaries of Calamos Asset Management, Inc. Part-time employees and consultants are excluded.

The Hedged Equity Strategy draws upon nearly a decade of Calamos experience in hedging options and two decades in equity investing. The option-based strategy seeks to provide a unique mix of downside protection and equity upside participation—with more consistent returns even in a higher-volatility environment.

## Key Features

- » Designed to serve as a volatility dampener within an equity allocation, the strategy is an attractive equity substitute for investors expecting normal or above-normal levels of volatility.
- » The strategy 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.
- » An experienced investment team aims to capture uncorrelated, better risk-adjusted returns.
- » The strategy seeks to provide better upside/downside asymmetry than long-only equities.

## Calamos Investment Process

The Hedged Equity Strategy involves constructing a long portfolio of common equities and writing (selling) call options against the equity holdings to generate income. The long stock portfolio is an actively managed portfolio of about 250 to 270 companies, optimized to reflect the characteristics of the S&P 500 Index. Call options are primarily written on the broad equity index and opportunistically against individual equity holdings. Protective puts are used to balance the risk/reward profile and to protect against significant equity market declines. In addition, the investment team actively manages the options strategies to generate income.



There can be no assurance the strategy will achieve its investment objective. **Correlation** is a statistical relationship between two variables. A positive correlation occurs when two variables move in tandem—one variable increases as the other increases and vice versa. Negative correlation occurs when they move in opposite directions—one variable increases as the other decreases and vice versa. **Moneyness** refers to the intrinsic value of an option in its present state. It is a description of a derivative relating the price of its underlying asset to its strike price. A call or put option is out of moneyness when it is a call option with a strike price that is higher than the market price of the underlying asset, or a put option with a strike price that is lower than the market price of the underlying asset.

# Calamos Hedged Equity Strategy

## CHARACTERISTICS

	REPRESENTATIVE PORTFOLIO	S&P 500 INDEX
Assets in Strategy (mil) <sup>1</sup>	\$4,067	N/A
# of Holdings	295	505
Portfolio Turnover (12 Month)	137.3%	N/A
Median Market Cap (mil)	\$42,596	\$22,707
Weighted Average Market Cap (mil)	\$251,992	\$242,661

<sup>1</sup>Strategy AUM reflects all assets that are currently being managed (collectively) under the Calamos Hedged Equity Strategy.

## SECTOR WEIGHTINGS<sup>2</sup>

SECTOR	REPRESENTATIVE PORTFOLIO %	S&P 500 INDEX %
Information Technology	21.4	21.5
Health Care	14.3	14.2
Financials	12.9	13.1
Consumer Discretionary	10.5	10.2
Communication Services	10.1	10.2
Industrials	9.4	9.4
Consumer Staples	7.3	7.3
Energy	5.3	5.0
Utilities	3.2	3.3
Real Estate	3.0	3.1
Materials	2.5	2.8

<sup>2</sup>Sector weightings exclude any government/sovereign bonds or options on broad market indexes the portfolio may hold.

## REPRESENTATIVE PORTFOLIO LARGEST 10 HOLDINGS<sup>3</sup>

COMPANY	SECTOR	PORTFOLIO WEIGHTING %
Microsoft Corp.	Information Technology	4.4
Apple, Inc.	Information Technology	4.0
Spdr S&P 500 Etf Trust	Other	3.7
Amazon.Com, Inc.	Consumer Discretionary	3.5
Facebook, Inc. - Class A	Communication Services	2.4
Jpmorgan Chase & Company	Financials	1.7
Berkshire Hathaway, Inc. - Class B	Financials	1.7
Johnson & Johnson	Health Care	1.6
Visa, Inc. - Class A	Information Technology	1.5
Bank Of America Corp.	Financials	1.4

<sup>3</sup>The information provided should not be considered a recommendation to purchase or sell any security. There is no assurance that any securities presented herein will remain in the portfolio at the time you receive information or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any securities transactions or holdings presented were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities presented herein. Largest 10 Holdings exclude any government/sovereign bonds or options on broad market indexes the portfolio may hold.

## ANNUALIZED TOTAL RETURNS

	1-YEAR	3-YEAR	SINCE INCEPTION (1/15)
Calamos Hedged Equity (gross of fees)	4.98%	7.99%	6.09%
Calamos Hedged Equity (net of fees)	4.82	7.40	5.45
S&P 500 Index	10.42	14.19	10.50
BBgBarc U.S. Aggregate Bond Index	7.87	2.31	2.83

## CALENDAR YEAR RETURNS

	YTD 2019	2018	2017	2016	2015
Calamos Hedged Equity (gross of fees)	6.56%	3.33%	9.36%	6.53%	1.74%
Calamos Hedged Equity (net of fees)	6.48	2.87	8.55	5.73	0.98
S&P 500 Index	18.54	-4.39	21.83	11.96	1.38
BBgBarc U.S. Aggregate Bond Index	6.11	0.01	3.54	2.64	0.55

Past performance does not guarantee or indicate future results. Current performance may be lower or higher than the performance quoted. 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.

The results portrayed are for the Calamos Hedged Equity Composite (inception date: 1/1/2015). The inception dates and performance results shown are for the composite. Representative holdings and portfolio characteristics are specific only to the portfolio shown at that point in time. Other portfolios will vary in composition, characteristics, and will experience different investment results. The representative portfolio shown has been selected by the advisor based on account characteristics that the advisor feels accurately represent the investment strategy as a whole.

The Calamos Hedged Equity Composite is an actively managed composite which seeks to generate total return with lower volatility than equity markets. The strategy invests in a broadly diversified portfolio of equity securities while also writing (selling) index call options and/or entering into other options strategies on equity securities and/or broad based indices. The Calamos Hedged Equity Composite was formerly named the Calamos Covered Call Composite. This name change was effected March 1, 2019. The Composite was created January 13, 2015 calculated with an inception date of January 1, 2015. Results include all fully discretionary accounts, including those no longer with the firm. Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are annualized. Chart Data Sources: Mellon Analytical Solutions LLC and Calamos Advisors LLC.

The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, 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 pass-throughs), ABS, and CMBS sectors. 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 U.S. stock-market performance. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect any fees, expenses, or sales charges. Investors cannot invest directly in an index.

The information in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent the account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

Calamos Advisors LLC is a federally registered investment advisor. Form ADV Part 2A, which provides background information about the firm and its business practices, is available upon written request to:

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