

Market Neutral Income Strategy

CALAMOS[®]
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 Assets¹ of U.S. \$12.3 billion
- » 335 employees*, 75 investment professionals

¹Institutional Assets include institutional share classes of open-end funds and assets managed for institutions.

*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.

Convertible arbitrage is an investment strategy that generally involves a long position on a convertible security and a short position on the issuing company's common stock. Covered call writing is an options strategy whereby an investor holds a long position in an asset and writes (sells) call options on that same asset in an attempt to generate increased income from the asset. A long position is the buying and holding of a security and a short position is the selling of a security that the seller does not own.

**FOR INVESTMENT PROFESSIONAL
USE ONLY**

The Market Neutral Income Strategy combines two complementary strategies with differing responses to volatility: convertible arbitrage (long volatility strategy) seeks alpha and uncorrelated returns, while hedged equity (short volatility strategy) seeks to provide income from options writing and upside participation.

Key Features

- » May be a compelling choice for investors seeking income and the potential for steady performance.
- » Generates returns not dependent on interest rates—a key differentiator from traditional bond strategies.
- » Employs an absolute-return strategy with historically lower beta to fixed income and equity markets as well as lower volatility and limited drawdowns.
- » As one of the first alternative strategies, capitalizes on more than four decades of experience in the convertible space.

Calamos Investment Process

The strategy incorporates two primary underlying investment strategies to achieve its investment objective: convertible arbitrage and hedged options. Both of these complementary investment strategies employ Calamos' proprietary quantitative and fundamental convertible and equity research. Through the convertible arbitrage strategy, we seek to identify what we believe are undervalued convertible securities, which have attractive hedge characteristics. We implement the strategy by establishing long positions in the convertible security and hedging the equity exposure through short positions in the underlying common stock. By rebalancing the hedge appropriately, the strategy seeks to isolate and monetize the undervaluation and equity upside of the convertible security with limited equity exposure.

Through the hedged equity strategy, we seek to build a long portfolio of common stocks optimized to the S&P 500 Index, and generally write index options against this basket of stocks to generate income through option premium capture. We also purchase put protection through long index put options to protect principal against downside moves in the equity market. The combined option premium captured (carry) generates investment income for the strategy, with limited total equity exposure. The strategy also seeks to add alpha through bottom-up stock selection in the optimized long stock basket.

CONVERTIBLE ARBITRAGE



HEDGED EQUITY

SOURCES OF RISK/RETURN
MANAGEMENT

Calamos Market Neutral Income Strategy

CHARACTERISTICS

	STRATEGY
Assets in Strategy ¹	\$7,949.5 M
# of Holdings	701
Portfolio Turnover % (12 months)	54.6%

¹Strategy AUM reflects all assets that are currently being managed (collectively) under the Calamos Market Neutral Income Strategy.

STRATEGY ALLOCATION

Convertible Arbitrage	51.4%
Hedged Options	48.6%

RISK/REWARD STATISTICS²

	3-YEAR		5-YEAR		10-YEAR	
	STRATEGY	S&P 500 INDEX	STRATEGY	S&P 500 INDEX	STRATEGY	S&P 500 INDEX
Alpha	3.55%	N/A	2.23%	N/A	1.76%	N/A
Beta	0.15	1.00	0.21	1.00	0.27	1.00
Standard Deviation	2.03%	12.19%	2.87%	12.03%	3.81%	12.73%
Sharpe Ratio	2.16	1.05	1.30	0.82	1.41	1.12

²All risk-adjusted statistics are relative to the S&P 500 Index versus the Calamos Market Neutral Income Composite. Past performance is no guarantee of future results.

Source: Mellon Analytical Solutions LLC and Calamos Advisors LLC

ANNUALIZED TOTAL RETURNS

	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (1/91)
Calamos Market Neutral Income (gross of fees)	5.02%	5.74%	4.59%	5.82%	7.80%
Calamos Market Neutral Income (net of fees)	4.31	5.03	3.88	5.10	7.03
Bloomberg Barclays U.S. Government/Credit Index	8.52	2.41	3.11	4.09	5.90
Citigroup 30-day T-bill Index	2.27	1.31	0.81	0.44	2.45

CALENDAR YEAR RETURNS

	YTD 2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Calamos Market Neutral Income (gross of fees)	4.90%	2.84%	5.92%	6.06%	2.32%	3.28%	7.13%	7.08%	3.72%	6.15%
Calamos Market Neutral Income (net of fees)	4.55	2.15	5.21	5.34	1.63	2.58	6.39	6.37	3.02	5.41
Bloomberg Barclays U.S. Government/Credit Index	6.90	-0.42	4.00	3.04	0.15	6.01	-2.35	4.82	8.74	6.59
Citigroup 30-day T-bill Index	1.22	1.81	0.80	0.20	0.02	0.02	0.03	0.05	0.05	0.12

Source for performance data: State Street Corporation and Lipper, Inc.

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 Market Neutral Income Composite (inception date: 1/1991). 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.

Returns presented are based on the Calamos Market Neutral Income Composite, which is an actively managed "market neutral" composite which seeks to achieve maximum current income while maintaining a low correlation to the fluctuations of the U.S. equity market as a whole. The composite includes all fully discretionary accounts, including those no longer with the firm. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

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.

Alpha is the extra return of a portfolio due to nonmarket factors. 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 portfolio's primary benchmark, while a beta of 2 reflects twice the volatility. The Bloomberg Barclays U.S. Government/Credit Index comprises long-term government and investment grade corporate debt securities and is generally considered representative of the performance of the broad U.S. bond market. Unlike convertible bonds, U.S. Treasury bills are backed by the full faith and credit of the U.S. government and offer a guarantee as to the timely repayment of principal and interest. The Citigroup 30-Day T-Bill Index is generally considered representative of the performance of short-term money market instruments. 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. Sharpe ratio is a measure of the excess return per unit of risk taken by an investment strategy. Standard deviation is a statistical measure of the historical volatility of a portfolio.

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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