

# Merger Arbitrage Strategy

CALAMOS<sup>®</sup>  
INVESTMENTS

## STRATEGY OVERVIEW

Merger Arbitrage seeks to capture the completion risk premium—the price difference between the stock price of a company being acquired and the announced acquisition price. Merger arbitrage seeks to provide lower volatility than equity markets with a high probability of a positive return over long time horizons in most market environments.

## KEY FEATURES

- » Calamos is a pioneer in convertible and options investing, where analysis of public acquisitions and opportunities to alter risk reward through structure is an ingrained part of the investment process
- » Our merger strategy is a natural extension of our experience managing hedged equity and convertible arbitrage strategies for more than 20 years on average as a team
- » Because of this, we believe one of our main edges resides in public acquisitions where there are convertible bonds, liquid options or other securities within a target company's capital structure that allow us to alter risk reward through trade structure

## PORTFOLIO MANAGEMENT

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

## ANNUALIZED TOTAL RETURNS (%)

	1-YEAR	3-YEAR	SINCE INCEPTION (1/15)
Merger Arbitrage (Gross)	4.41	5.08	3.78
Merger Arbitrage (Net)	3.58	4.24	2.96
ICE BofA US 3 Month Treasury Bill Index (G001)	2.50	0.89	1.01

## CALENDAR YEAR RETURNS (%)

	YTD 2023	2022	2021	2020	12/1/19 - 12/31/19
Merger Arbitrage (Gross)	0.78	5.18	2.04	3.71	0.92
Merger Arbitrage (Net)	0.58	4.35	1.22	2.88	0.85
ICE BofA US 3 Month Treasury Bill Index (G001)	1.07	1.46	0.05	0.67	0.14

## REPRESENTATIVE PORTFOLIO LARGEST 10 HOLDINGS<sup>1</sup>

COMPANY	SECTOR	PORTFOLIO WEIGHTING %
VMware, Inc. - Class A	Information Technology	11.3
PNM Resources, Inc.	Utilities	9.1
Black Knight, Inc.	Information Technology	7.6
Horizon Therapeutics, PLC	Health Care	7.5
Activision Blizzard, Inc.	Communication Services	7.5
iRobot Corp.	Consumer Discretionary	7.2
ForgeRock, Inc.	Information Technology	6.8
Oak Street Health, Inc.	Health Care	6.7
Albertsons Companies, Inc.	Consumer Staples	5.0
Seaspan Corp.	Industrials	4.7

<sup>1</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 broad-based index hedging securities the portfolio may hold.

# Calamos Merger Arbitrage Strategy

## CHARACTERISTICS

	REPRESENTATIVE PORTFOLIO
Assets in Strategy <sup>2</sup>	\$451.3M
# of Holdings	40

<sup>2</sup> Strategy AUM reflects all assets that are currently being managed (collectively) under the Calamos Merger Arbitrage Strategy.

## SECTOR ALLOCATION<sup>4</sup>

	% OF PORTFOLIO
Information Technology	26.6
Health Care	22.2
Communication Services	15.5
Utilities	10.7
Industrials	10.0
Consumer Discretionary	7.2
Consumer Staples	5.0
Financials	0.9
Energy	0.6
Materials	0.0
Real Estate	0.0
Other	1.4

<sup>4</sup>Sector Allocation percentages are based on invested portfolio and are subject to change. Other includes securities that do not have a sector classification.

## ASSET ALLOCATION (%)

	% OF PORTFOLIO
Common Stock	49.4%
Convertibles	20.1%
Corporate Bonds	4.1%
Options	-0.2%
Cash	26.5%

## MARKET CAPITALIZATION<sup>5</sup>

	% OF PORTFOLIO
<=\$0.10bil	0.0
>\$0.10bil<=\$5bil	44.0
>\$5bil<=\$30bil	32.9
>\$30bil<=\$200bil	34.0
>\$200bil	-10.8

<sup>5</sup> Market Capitalization statistics are based on common stock holdings.

## SINCE INCEPTION RISK/REWARD STATISTICS<sup>3</sup>

	REPRESENTATIVE PORTFOLIO %	ICE BOFA US 3 MONTH TREASURY BILL INDEX (G001) (%)
Alpha	5.92%	N/A
Beta	-1.87	1.00
Annualized Standard Deviation	5.46%	0.43%
Sharpe Ratio	0.51	0.00
Information Ratio	0.50	N/A

<sup>3</sup>All risk-adjusted statistics are relative to the Ice BofA US 3 Month Treasury Bill Index (G001) on an annualized basis versus the Calamos Merger Arbitrage Composite. Past performance is no guarantee of future results. Source: Calamos Advisors LLC

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.

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 Merger Arbitrage Strategy. 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 and Risk/Reward statistics presented reflect the Calamos Merger Arbitrage Composite, which is an actively managed composite that seeks capital appreciation by generating absolute, uncorrelated returns to equity and fixed income markets. The Composite was created December 1, 2019 calculated with an inception date of December 1, 2019. The Composite 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. Data Source: Calamos Advisors LLC

Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average assuming reinvestment of dividends and capital gains distributions.

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 measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Annualized standard deviation is a statistical measure of the historic volatility of a mutual fund or portfolio. 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 is. Information ratio is the measurement of the performance returns of a portfolio against the performance volatility of an index or benchmark. The information ratio is generally used as a gauge to measure the ability of a portfolio to generate excess returns of the index or benchmark.

**Alternative Strategy Risk:** Alternative investment strategies are speculative and entail substantial risks. The investment practices of these strategies could result in substantial losses. There can be no assurance that the alternative strategies will be profitable or the investment objective will be achieved. **Equity Securities Risk:** The securities markets are volatile, and the market prices of the securities may decline generally. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. If the market prices of the securities owned fall, the value of your investment will decline. **Short Positions Risk:** A short sale of an instrument entails the theoretical risk of an unlimited increase in the market price of that instrument, which can in turn result in significant losses to a client. Purchasing instruments to close out a short position in such instruments can itself cause the price of the instrument to rise further, increasing losses. Furthermore, a client may be forced to close out a short position in a security prematurely if a lender of such security demands the return of the security sold short. **Derivatives Risk:** Options, futures and other derivatives involve risks and are not suitable for everyone. Such trading can be speculative in nature and carry substantial risk of loss, including the loss of principal.

The ICE BofA 3-Month US Treasury Bill Index G001 is an unmanaged index that measures the performance of a single US Treasury issue with approximately three months to final maturity. The issue is purchased at the beginning of each month and held for one full month. At the end of the month, that issue is sold and rolled into a newly selected issue. Unmanaged index returns, unlike fund returns, do not reflect 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:

Calamos Advisors LLC  
2020 Calamos Court  
Naperville, IL 60563-2787  
Attn: Compliance Officer

**CALAMOS**  
INVESTMENTS

Calamos Advisors LLC  
2020 Calamos Court | Naperville, IL 60563-2787  
800.582.6959 | www.calamos.com/institutional

© 2023 Calamos Investments LLC. All Rights Reserved.  
Calamos® and Calamos Investments® are registered trademarks of Calamos Investments LLC.

MASTRFCT 821056 0323Q II