

Interval Fund Overview

POTENTIAL BENEFITS:

Access to illiquid assets

Private less-liquid investment opportunities

No accreditation

Broad investor eligibility with no accreditation requirement

Liquidity flexibility

Maintain a fully invested asset base, without the need to manage daily redemptions

Lower investment minimums

Compared to private funds

Enhanced yield potential

Supported by illiquidity premiums

Offering

Simplicity of point-and-click daily subscriptions

Pricing

Shares sold and repurchased at NAV

Simple tax treatment

Mutual fund tax treatment via a 1099-DIV

What is an interval fund?

An interval fund is an investment vehicle structured to provide individual investors access to private, less liquid investments in a fund that operates under the same regulations and tax treatments as mutual funds. Like open-end funds, interval funds offer daily purchases of fund shares, and like closed-end funds, they offer limited liquidity and the ability to hold higher allocations to illiquid assets.

Repurchase structure

An interval fund periodically offers to repurchase a stated portion of its shares at NAV from shareholders at stated intervals, often quarterly. Repurchase offers must be made for between 5% and 25% of the interval fund's common shares outstanding; if repurchase requests received are in excess of the stated repurchase amount, shares generally will be repurchased on a pro rata basis. This limited redemption process allows interval funds to invest in nonpublic, illiquid, and potentially higher-yielding securities that are otherwise inaccessible via traditional mutual funds.

Combined attributes of open-end and closed-end mutual funds

Interval funds may offer a “best of both worlds” approach for some investors. Investors who choose interval funds are willing to redeem shares only at stated intervals in exchange for providing the fund managers with greater latitude for pursuing returns—this is often referred to as the “illiquidity premium.”

An interval fund can sell additional shares daily at NAV like an open-end fund. However, interval funds do not have to redeem shares daily like an open-end fund. Although interval funds are like closed-end funds in that both types of funds have relatively stable bases of capital, they differ in that interval funds sell additional shares and can grow the number of shares invested over time. Interval funds also do not trade on a secondary exchange, so they never trade at a discount or premium to NAV.

	CLOSED-END MUTUAL FUND	INTERVAL FUND	OPEN-END MUTUAL FUND
Offering	One-time IPO raise	Continuous	Continuous
Liquidity	Exchange traded	Periodic repurchase	Daily redemption
Pricing	Market	Net asset value	Net asset value
Valuation	Daily	Daily	Daily
Maximum illiquid assets	No limit	No limit	15%
Tax treatment	1099 tax form	1099 tax form	1099 tax form

Opportunity of Interval Funds

What are some of the benefits of interval funds? Interval funds provide individual investors with access to illiquid securities that are otherwise only available to institutions or high-net-worth individuals via private funds. For many years, institutional investors have taken advantage of access to private markets to seek increased income, reduced volatility, and lower correlations to swings in public market movements. Through the interval fund structure, individual retail investors are now able to invest in the same illiquid strategies as institutional investors, gaining access to additional yield and capital appreciation opportunities.

In addition, interval funds may be less correlated to most other stock and bond investments, which can help smooth volatility in an overall portfolio. Because interval funds cater to individuals and not institutions, many have low investment minimums, and tax reporting on distributions is simple and done through a 1099 tax form, just like other open- and closed-end mutual funds.

How do investors redeem their interval fund shares?

- > Interval fund shares make periodic repurchase offers to shareholders at a price based on NAV.
- > The fund will specify a date by which shareholders must submit a repurchase request. The actual repurchase will occur at a later specified date.
- > An interval fund's repurchase notice will disclose all details of a particular repurchase offer, including the amount the fund is open to buyback during a repurchase offer, typically between 5% and 25% of outstanding shares.
- > If repurchase requests exceed the amount of shares allotted for repurchase during a given repurchase offer, the shares are generally bought back on a pro rata basis.



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