Hedged Equity Strategy*

CALAMOS INVESTMENTS

Performance Review

U.S. markets posted the best Q2 return, S&P 500 Index 4.30%, since 2009 and best first-half return, the S&P 500 Index 18.54%, in 22 years. The catalysts centered more around policy than economic fundamentals: potential Fed rate cuts and more fluid trade talks to name several topics. However, the fourth-quarter dip and subsequent first-quarter "V" bounce were an excellent reminder that a key to growing and preserving wealth is to harvest both on the upside and downside, and not simply react by selling. One can only imagine how much wealth was destroyed for investors who sold equities at the end of 2018 or in May of 2019 due to fear and to avoid the possibility of mark-to-market losses.

The market is acutely aware that we are later in the cycle, and investors should expect a bumpy ride for the foreseeable future. The U.S. markets have and continue to rally in response to a more accommodative Fed, lower bond yields, and seemingly positive progress in the U.S.-China trade negotiations. The key in these uncertain environments is to be positioned to capture as much upside as possible while offering meaningful potential downside protection. Calamos Hedged Equity Strategy participated in the upside of the equity market in the second quarter with significantly less risk thanks to its hedging strategy (the portfolio had a since inception beta of 0.41 versus the S&P 500 Index).

Strategy Performance Drivers

Equity Performance. The strong 4.30% quarterly return of the S&P 500 Index was supportive of our equity basket return. The tracking error of the equity basket near 0.1% during the period was significantly below the goal of 0.5%.

Volatility. Volatility, measured by the Cboe Volatility Index VIX®, dropped about 31% (23.69 on April 2 down to 16.09 on June 29). This contraction in volatility during the quarter made premium capture less favorable, but it did give us trade rebalancing opportunities, optimizing upside/downside capture rates to 60%/35% respectively.

Option Skew†. The Cboe SKEW Index ("SKEW") measures the probability of the S&P 500 delivering potential outlier log-returns. The prices of the "SKEW" Index range from 100 to 150. A "SKEW" Index level of 100 means that the apparent distribution of S&P 500 log-returns is normal and the probability of outlier returns is minor. When SKEW rises above 100, the probabilities of potential outlier log-returns or "tail risk" in the S&P 500 is more significant. As of

FIGURE 1. CALAMOS HEDGED EQUITY STRATEGY RETURNS

	QTR ENDING 6/30/19	1-YEAR	3-YEAR	SINCE INCEPTION (1/1/15)
Calamos Hedged Equity Composite				
Gross of Fees	1.98%	4.98%	7.99%	6.09%
Net of Fees	1.94	4.82	7.40	5.45
S&P 500 Index	4.30	10.42	14.19	10.50
BBgBarc US Agg Bond Index	3.08	7.87	2.31	2.83

Source: Calamos Advisors LLC
Past performance is no guarantee of future results.
Data as of 6/30/19.
*Effective March 1, 2019, the Covered Call Strategy was renamed Hedged Equity Strategy.

All portfolio positioning and sector information is for a representative portfolio. All values are in USD terms unless otherwise indicated. Please see last page for additional information.
†Option Skew is the difference in implied volatility between out-of-the-money options, at-the-money options, and in-the-money options. Volatility skew, which is affected by sentiment and the supply-and-demand relationship, provides information that helps investment managers determine whether to write calls or puts.

Calamos Hedged Equity Strategy

CHARACTERISTICS

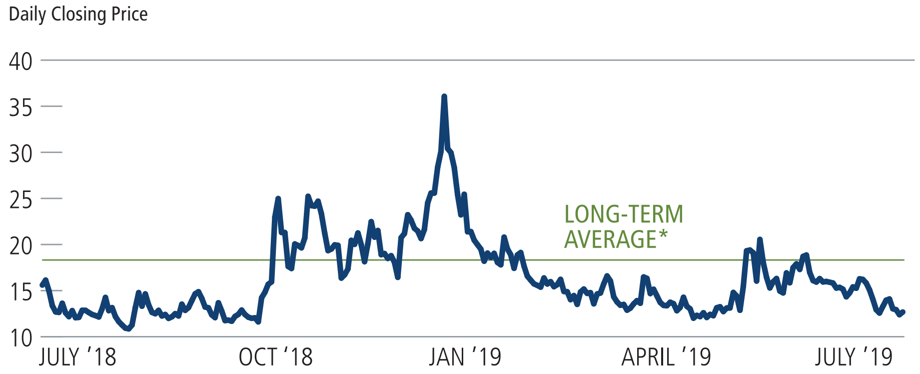
	REPRESENTATIVE PORTFOLIO	S&P 500 INDEX
# of Holdings	295	505
Portfolio Turnover (12 Month)	137.3%	N/A
Median Market Cap (mil)	$42,596	$22,707
Weighted Average Market Cap (mil)	$251,992	$242,661

SECTOR ALLOCATION

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

Sector weightings exclude any government/sovereign bonds or options on broad market indices the portfolio may hold.

CBOE VOLATILITY INDEX



* The CBOE Volatility Index (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

June 28, 2019, the SKEW Index reading was 118.12, indicating a moderate probability of outlier returns, or tail risk, increasing.

Positioning

The decline in volatility and interest rates along with increased option skew improved the attractiveness of call and put spreads during the quarter and made our traditional "North Star" positioning (consisting of writing 80% calls and buying 40% puts) less attractive. The call spread positioning involved writing calls that were in the money while at the same time purchasing out of the money calls. In addition to the long puts that we traditionally maintain in the portfolio, we also found it attractive to utilize put spreads by selling deep out of the money puts and buying closer to the money puts. The positioning provided an attractive upside/downside risk portfolio.

Outlook

The market is later in the cycle and there is an increasing likelihood of volatility versus a smooth ride to higher highs. If the S&P 500 is to resume its climb to new heights, the last two quarters of 2019 will need to show earnings growth improvements, resolution or less noise around the U.S.-China stand-off, and clarification on what type of monetary and fiscal policy we can expect. If most or all of this happens, the market could effectively extend this cycle even further, given that the fundamentals of the economy seem buoyant. With all of that said and given that markets remain acutely aware of being later in the cycle, however, investors should expect a bumpy ride. We believe that the strategy can help smooth that ride out.

All portfolio positioning and sector information is for a representative portfolio. Please see last page for additional information.

Calamos Hedged Equity Strategy

ASSET ALLOCATION ROLE: EQUITY ALTERNATIVE

Calamos Hedged Equity Strategy is designed to serve as a volatility dampener for an equity allocation.

Strategy	Hedged Equity
Inception	1/1/2015
AUM	$4,067.2 Million
Beta	0.41 vs. S&P 500 Index Since Inception
Sortino Ratio	1.58 Since Inception
Sharpe Ratio	0.92 Since Inception

» Our investment approach is highly responsive to dynamic market conditions, a key differentiator versus many less active option-based strategies.

» 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.

» As an equity substitute, the strategy seeks to provide better upside/downside asymmetry than long-only equities.

» The investment team seeks to take advantage of opportunities the market presents, with a focus on being as favorably positioned for as many outcomes as possible.

Calamos Hedged Equity Strategy

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.

For Institutional Use Only

The results portrayed are for the Calamos Hedged Equity Composite (inception date: 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 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.

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

It should not be assumed that any of the securities transactions or holdings discussed 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 discussed herein.

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 Composite was created January 13, 2015 and calculated with an inception date of January 1, 2015. Results include all fully discretionary accounts, including those no longer with the firm.

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. The **Credit Suisse Fear Barometer** essentially tracks the willingness of investors to pay up for downside protection with collar trades on the S&P 500 Index. The **S&P 500 Index** is generally considered representative of the U.S. 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.

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.

Fees include the investment advisory fee charged by Calamos Advisors LLC. Returns greater than 12 months are annualized. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest. Chart 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.

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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Attn: Compliance Officer

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