Emerging Economies Strategy Quarterly Commentary

CALAMOS INVESTMENTS

Strategy Overview

A risk-managed, emerging market equity strategy that seeks to gain exposure to emerging economies and outperform the MSCI Emerging Markets Index over a full market cycle by mitigating volatility and downside risk.

Market Overview

Emerging markets rallied in the fourth quarter amid moderating global inflation, less-hawkish central bank policy, and a weaker US dollar. Emerging markets continued to see wide dispersion in country returns, reflecting a range of macro conditions, capital flows, and earnings fundamentals. Stocks in India generated returns of nearly 12% in the quarter. India's economy grew robustly, with positive composite PMI data reflecting an expansion supported by manufacturing and services. The Reserve Bank held interest rates unchanged at several consecutive policy meetings, reflecting moderating inflation underscored by lower fuel and housing prices. Chinese equities sold off in the quarter, continuing their relative underperformance over the year. From a macro perspective, China's economic growth has been below expectations, with retail sales, factory activity, and fixed investment reflecting subdued demand. Regarding policy developments, Presidents Xi and Biden met at the APEC Summit in November. The meetings marked increased communication between the powers but resulted in only incremental progress on technology and security issues.

Mexico and Brazil equities rallied and outperformed in the quarter, adding to the strong returns of both markets for the full year. Mexican shares reflected the positive effects of nearshoring and evolving supply chains, contributing to a sustained lift in business confidence, factory activity, and retail sales. Brazil's economy benefited from its growth in exports and private sector activity in addition to moderating inflation, which enabled Brazil's central bank to pivot and cut interest rates. Among the larger emerging markets, the leaders in the quarter included Mexico (+18.81%) and Brazil (+18.05%) in USD terms, while the laggards included China (-4.21%) and Indonesia (+2.04%).

Performance Review

Emerging markets advanced in the fourth quarter, reflecting more supportive economic conditions, a weaker dollar, and investor risk appetite. Calamos Emerging Economies Strategy returned 7.43% (gross of fees) in the quarter versus the 7.93% return of the MSCI Emerging Markets Index (USD terms).

Pursuant to our risk-managed objective, the strategy generated positive returns in the quarter and captured most of the upside in the all-equity benchmark index. Over the full year, the strategy navigated the uncertainty and volatility in emerging markets. Still, it trailed the return of the index due primarily to the outperformance of value-oriented sectors, including financials and energy, relative to the portfolio's growth-oriented holdings.

All portfolio positioning and sector information is for a representative portfolio. Please see additional information that follows commentary.

Positive Influences on Performance

Consumer Discretionary. The portfolio benefited from leading security selection in consumer discretionary, specifically positions in broadline retail and the apparel, accessories & luxury goods industry.

Real Estate. Security selection in real estate, notably in real estate development and operating companies, contributed to performance.

Negative Influences on Performance

Health Care. Over the period, security selection and an average overweight stance within health care sector negatively affected performance, as holdings in the life sciences tools & services and health care equipment industries were detrimental.

Communication Services. Security selection within the interactive home entertainment and interactive media & services industries of the communication services sector lost ground on a relative basis.

Geographic Performance

The portfolio benefited from favorable security selection and an average underweight allocation in Emerging Asia, where positions in India and Taiwan contributed. Moreover, security selection and an average overweight allocation in Emerging Latin America added value, particularly in Brazil and Mexico.

In contrast, an average overweight allocation in the United States detracted from performance. Moreover, security selection and an average underweight stance in EMEA dampened relative results. Specifically, our lack of representation in Poland and South Africa hindered results.

Positioning and Portfolio Changes

From a sector perspective, we hold significant weights in technology, consumer discretionary, industrials, real estate, higher-quality financials, and energy. We own holdings within key industries, including semiconductors, real estate development, broadline retail, interactive media & services, autos, construction machinery, and diversified banks. We are underweight in utilities, materials, financials, and traditional telecoms, reflecting our view of lesser opportunities in these sectors. From a geographic perspective, we favor investments in India, Brazil, Mexico, China, Taiwan, Korea, and Indonesia.

Allocations to real estate and information technology rose with increased weights in real estate development and semiconductors. By contrast, allocations to financials and consumer discretionary decreased over the period with reductions to diversified banks and restaurants.

Outlook

We see increased opportunities ahead for investors in emerging markets. We are analyzing multiple forces, including evolving monetary policy, the path of the US dollar, domestic policy reforms, and corporate earnings. Given evolving global monetary policy and a mixed economic backdrop, financial markets remain uncertain, and we expect volatility will continue until these risks are resolved. Against this complex backdrop, we continue to identify ways to capitalize on volatility, including a range of sector, thematic, and market-cap opportunities.

In terms of portfolio positioning, we favor companies with advantaged business models, relative pricing power, and higher-quality balance sheets. From a sector perspective, we see opportunities in consumer discretionary, technology, industrials, and real estate with attractive fundamentals. Our active investment approach and long-term perspective position us to take advantage of the volatility and opportunities in emerging markets.

For additional information, please visit the strategy's profile page:
https://www.calamos.com/strategies/emerging-economies/

DATA AS OF 12/31/23

EMERGING ECONOMIES AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (12/08)
Emerging Economies (gross of fees)	7.43	7.30	-8.28	8.05	3.92	8.34
Emerging Economies (net of fees)	7.15	6.17	-9.26	6.91	2.82	7.17
MSCI Emerging Markets Index	7.93	10.27	-4.71	4.08	3.05	7.42
MSCI Emerging Markets Index (Local)	5.65	10.29	-2.15	5.82	5.60	8.83

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.

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The information portrayed is for the Calamos Emerging Economies 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 represents 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.

Returns and risk/reward presented reflect the **Calamos Emerging Economies Composite**, which is an actively managed composite that invests in a globally diversified portfolio of equity, convertible and debt securities. In general, at least 35% of constituent portfolio assets are invested in securities of issuers that are organized in emerging market countries. Investments in securities of developed market companies are generally limited to those companies which derive 20% or more of assets or revenues from emerging market countries. The Composite was created December 1, 2010, calculated with an inception date of December 1, 2008. The Composite results include all fully discretionary accounts, including those no longer with the Firm. Investments in overseas markets pose special risks, including currency fluctuation and political risks, and the strategy is expected to be more volatile than that of a US-only strategy. These risks are generally intensified for investments in emerging markets.

Foreign, Emerging Markets Risk: Investments in these types of securities have considerable risks. Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the US dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about the issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the US markets.

Emerging Market Country Risk: Some of the exchanges in which a strategy may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a strategy may liquidate positions to meet redemption requests or other funding requirements. Investment in emerging markets may also give rise to currency risks. Emerging market countries involve risks such as immature economic structures, national policies restricting investments by foreigners, and different legal systems. The marketability of quoted shares in emerging market countries may be limited as a result of wide dealing spreads, the restricted opening of stock exchanges, a narrow range of investors and limited quotas for foreign investors. Therefore, a strategy may not be able to realize its investments at prices and times that it would wish to do so. Some emerging market countries may also have different clearance and settlement procedures, and in certain countries there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct transactions. Costs associated with transactions in developing country or emerging market country securities are generally higher than those associated with transactions in developed country securities.

Growth Investing Risks: Growth companies are generally more susceptible than established companies to market events and sharp declines in value. Additionally, growth stocks typically lack the dividend yield that can cushion stock prices in market downturns**.**

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.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The index is calculated on a total return basis, which includes reinvestment of gross dividends before deduction of withholding taxes.

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. 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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