Hedged Equity Strategy

CALAMOS INVESTMENTS

Strategy's Approach and Role in a Portfolio

The strategy blends a core long-equity portfolio with an actively managed options overlay. Tactical management creates opportunities to generate alpha via option market dynamics and equity market volatility. The strategy seeks to take advantage of these opportunities by being favorably positioned for many outcomes.

In Q1 of 2022, Calamos Hedged Equity Strategy—positioned as an equity substitute—sought to provide better upside/downside asymmetry than long-only equities while dampening volatility within its equity sleeve. The strategy's investment approach was highly responsive to dynamic market conditions; this past quarter served as a critical differentiator versus peers who utilized less actively managed options-based strategies.

How has the strategy performed?

True to its risk-managed design and our hedging strategy, the strategy participated in the equity market's upside with significantly less risk versus long-only equities. The strategy maintained a beta of 0.49, less than the historical beta of 0.52, versus the S&P 500 Index as of March 31, 2022.

For the quarter ending March 31, 2022, Calamos Hedged Equity Strategy lost -1.95% (gross of fees) versus the S&P 500 Index loss of -4.60%, and the Bloomberg Barclays US Aggregate Bond Index -5.93% decline. Since its inception on January 1, 2015, the strategy gained 6.48% annualized (gross of fees) versus 13.65% for the S&P 500 Index and 2.03% for the Bloomberg Barclays US Aggregate Bond Index.

What factors influenced performance during the quarterly period?

The S&P 500 market returned -4.60% in Q1, and by in large returns were choppy with equities and bonds experiencing a great deal of volatility. Although the S&P 500 Index closed at 4288 on February 24 when Russia invaded Ukraine, the index repeatedly and successfully retested its market low around 4200 over the first quarter. This occurred in late January, late February and during the second week of March. At their lowest, equities have been down as much as -12.82%.

Although we have positioned the portfolio for a choppy and volatile environment, we remain positive and believe that "risk-on" asset returns stand to capture further upside. Given this dynamic volatility, we expect that the S&P 500 Index could experience +/-1.5% intra-day ranges. The higher volatility and skew, in turn, make put and call spreads more appealing as well as lighter short calls as we look to capture 50% to 60% upside and limit downside capture to 30% to 40%, ultimately driving better risk-adjusted returns for the strategy. While further market strength could continue, the market still faces challenges from the escalating conflict in Ukraine, fluid interest rate/fiscal & monetary policies, and, most importantly, rising inflation.

FIGURE 1. CALAMOS HEDGED EQUITY STRATEGY RETURNS (%)

	QTR ENDING 3/31/22	1-YEAR	3-YEAR	5-YEAR	SINCE INCEPTION (1/15)
Calamos Hedged Equity Composite					
Gross of Fees	-1.95	5.35	7.22	7.07	6.48
Net of Fees	-2.06	4.86	6.85	6.63	5.93
S&P 500 Index	-4.60	15.65	18.92	15.99	13.63
Bloomberg US Aggregate Bond Index	-5.93	-4.15	1.69	2.14	2.03

Source: Calamos Advisors LLC

Past performance is no guarantee of future results.

Data as of 3/31/22.

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.

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SECTOR ALLOCATION

SECTOR	REPRESENTATIVE PORTFOLIO %	S&P 500 INDEX %
Information Technology	28.5	28.0
Health Care	13.8	13.6
Consumer Discretionary	12.3	12.0
Financials	11.2	11.1
Communication Services	9.3	9.4
Industrials	8.0	7.9
Consumer Staples	6.2	6.1
Energy	4.0	3.9
Utilities	2.6	2.7
Materials	2.5	2.6
Real Estate	2.5	2.7
Other	-0.8	0.0

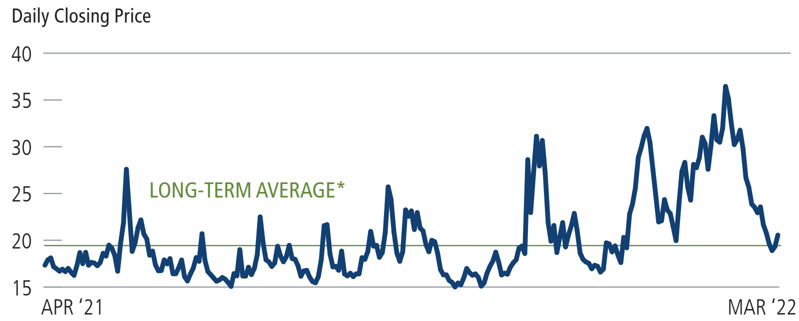
Sector Allocation percentages are based on invested portfolio and are subject to change. Other includes securities that do not have a sector classification. Data as of 3/31/22.

CHARACTERISTICS

	REPRESENTATIVE PORTFOLIO %	S&P 500 INDEX %
# of Holdings	279	505
Portfolio Turnover (12 Month)	39.7%	N/A
Median Market Cap (mil)	$60,728	$31,892
Weighted Average Market Cap (mil)	$656,691	$646,631

Data as of 3/31/22.

CBOE VOLATILITY INDEX



*From 2004, since the VIX instituted new methodology, through the present. 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.

How is the strategy positioned?

A high-volatility market further supports hedging strategies. This approach generated better results in the first quarter than either long-only stocks or bonds1. The options market's recent landscape allowed us to structure our hedge, emphasizing better performance on the tails. This positioning provided additional mitigation over and above our average 40% to 50% put notional minimum while also adding upside participation potential. The tradeoff was a reduction in the net income we received from selling calls above our put cost. With the strategy's defensive mandate, moderate volatility, and high skew in the options market, we felt this tradeoff was warranted and opportunistic. More recently, higher volatility (with the VIX at 34) and high option skew made our "North Star" baseline trade less appealing at quarter-end and heading into Q2 2022. We continue to use rallies to replace some of our put hedges with long-put spreads, which appeared attractive. At the end of the period, the strategy's net put representation was 86%, with an average strike of 3980 (15% OTM).

Our call positioning included a call write of -22%, gross short calls of -74%, and gross long calls of 52% at the end of the period. In this case, gross long calls were in line with past positioning. At the end of the reporting period and relative to the S&P 500 Index, our sector positioning was slightly overweight in the consumer discretionary and information technology sectors. The portfolio had slight underweight positioning in the materials, financials,

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consumer staples, real estate, and materials sectors. Relative to the S&P 500 Index, the strategy's market-cap positioning maintained a heavier relative weight to larger capitalization (>$25 billion) holdings and a lighter weight to small and mid-capitalization ($1 to $25 billion) holdings.

What closing thoughts do you have for strategy investors?

Time will only tell whether the shift in implied volatility represents investors' overshooting because of the conflict in Ukraine, inflation, and rising rates. However, growth momentum remains strong in the US We expect taper talk, rate hikes, inflation, and war to continue spurring a spike in volatility, which is not unexpected or unprecedented. Some of the volatility spikes seemed to be synchronized with the Fed tapering asset purchases and can be characterized as overreactions, while other spikes-initiated phases of above-average volatility. The most significant market decline has been -12%, March 4 through March 11, and during that period, the expected intraday range expanded from +/-1.5% to roughly 4.5%. Should equity markets continue to improve on their momentum, conditions appear favorable for the S&P 500 Index to challenge its next resistance point, which is its previous high of 4820. We expect equity markets to stay volatile well into 2022, giving us reason to be enthusiastic about our current strategy positioning. The strategy is poised to participate in any upside while also providing an enhanced income stream from well-positioned call spreads and our tracking portfolio's equity dividends. Conversely, should markets retreat, the dividend income stream, the put spreads, and outright long puts used in the strategy will serve to provide potential downside mitigation.

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*	$10,585 Million
Beta	0.37 vs. S&P 500 Index Since Inception
Sortino Ratio	1.64 Since Inception
Sharpe Ratio	0.98 Since Inception

*Strategy Assets reflect all assets that are currently being managed (collectively) under the strategy, which may contain multiple performance composites

» 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 Strategy. 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.

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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 statistics presented reflect the Calamos Hedged Equity Composite, which is an actively managed composite that 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 calculated with an inception date of January 1, 2015. The composite results include all fully discretionary accounts, including those no longer with the Firm.

The Bloomberg US Aggregate Bond Index is a broad-based benchmark that measures the investment grade, US 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 US 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.

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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