

US All Cap Growth Strategy Quarterly Commentary

CALAMOS[®]
INVESTMENTS

Market Overview

The US equity market soared in the fourth quarter of 2023 as investors believed the dramatic rise in interest rates may be over. During the quarter, the Fed paused for a second and third time, with the last pause not much of a surprise to the market. However, in mid-December, investors were surprised when Federal Reserve Chairman Powell hinted at rate cuts in the future. As measured by the S&P 500 Index, the US equity market climbed an impressive 11.69%. Overall equity performance continued to be tightly linked to 10-year US Treasury bond yields. When yields rose in October, stocks fell sharply. When yields collapsed in November and December, stocks rallied. Investors felt more optimistic when they saw positive data, such as lower consumer spending (the first drop since early 2020), more orders for long-lasting goods, and a strong job market. Oil prices declined for the quarter despite the military conflict in the Middle East. The S&P 500 Index was within 0.06% of a new all-time high in late December, narrowly missing the mark that hadn't been crossed in nearly two years. For the quarter, cyclical, value stocks, and small caps led the way when viewed through S&P's size and style indices, in a reversal of leadership for the prior three quarters.

Within the S&P 1500 Growth Index, which advanced 10.18% for the quarter, every sector saw sizable gains except energy, which fell -7.3%. Real estate (+18.4%), information technology (+16.5%), financials (+12.2%), industrials (+11.6%), and consumer discretionary (+10.5%) outgained the index for the quarter. Utilities (+9.4%), materials (+7.4%), communication services (+6.8%), consumer staples (+5.7%), and health care (+5.5%) all lagged the index but delivered strong performance.

Performance Review

For the quarter ended December 31, 2023, the portfolio returned 13.48% (gross of fees) versus the S&P 1500 Growth Index return of 10.18%.

Positive Influences on Performance

Energy. The portfolio benefitted from an average underweight stance in energy. Specifically, positions in the integrated oil & gas industry and the oil & gas exploration & production industry helped drive relative performance.

Negative Influences on Performance

Real Estate. Over the period, lack of representation within the real estate sector weakened return.

Positioning and Portfolio Changes

The broadening of market participation did not lead us to significantly change the overall portfolio positioning, but we did implement several changes related to health care holdings. One theme in the health care sector has been particularly noteworthy: the emergence of breakthrough therapeutics in the battle against obesity. These medicines, known as GLP-1s, have the potential to change the landscape of health care overall and provide substantial long-term benefits to patients. Investors were quick to speculate on widescale implications for the broader economy. They questioned what a world with less

obesity would mean for diabetes treatments, medical devices, and fast-food restaurants. This disruption has created quite a dispersion among the market's predicted winners and losers, and we have used this quarter to adjust portfolio holdings in an effort to manage risks while maintaining a slight overweight to the sector.

We believe that in an environment where growth may prove increasingly scarce, asset-light companies with the flexibility and financial strength to continue funding their growth initiatives—regardless of the economic backdrop—should be able to outperform. As a result, we continue to favor quality growth companies with stellar balance sheets and attractive free cash flows.

From a sector perspective, the largest portfolio weights are in information technology, consumer discretionary, and health care on an absolute basis. Conversely, materials and energy represent the smallest absolute sector weights with holdings. The portfolio had no exposure to the utilities and real estate sectors. We maintain overweight allocations to the systems software (information technology) and health care equipment (health care) industries. The largest industry underweight positions are biotechnology (health care) and integrated oil & gas (energy).

Outlook

Looking ahead, we believe easing financial conditions and a soft-but-still-positive macroeconomic environment should provide a constructive backdrop for growth stocks. The fundamentals for the technology sector remain strong, with enterprise spending in the early phase of recovery and the semiconductor inventory correction entering its latter stages.

Given the recent surge in stocks and valuations, almost back to early 2022 levels, we believe it is reasonable to expect more muted returns ahead. Ultimately, we expect the new year to be more of a stock picker's market, with individual stock price appreciation driven by company-specific factors.

Although growth leadership will likely continue to broaden, the portfolio maintains its emphasis on profitable companies with good balance sheets and self-funding business plans.

As the past year has shown, being a successful growth investor requires a long-term orientation, a disciplined approach to risk management, and the ability to see past the ever-present wall of worry. We believe our approach meets these criteria. Whatever the new year brings, growth equities have earned their place in a well-diversified portfolio.

For additional information, please visit the strategy's profile page:

<https://www.calamos.com/strategies/us-all-cap-growth/>

DATA AS OF 12/31/23

US ALL CAP GROWTH AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INDEX INCEPTION (7/95)	SINCE COMPOSITE INCEPTION (1/91)
US All Cap Growth (gross of fees)	13.48	39.31	5.54	16.01	11.16	14.25	14.09
US All Cap Growth (net of fees)	13.24	38.10	4.60	15.00	10.25	13.35	13.18
S&P 1500 Growth Index	10.18	29.01	6.47	15.85	12.97	10.43	N/A
S&P 500 Index	11.69	26.29	10.00	15.69	12.03	9.94	N/A

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 information portrayed is for the Calamos All Cap Growth 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 statistics presented reflect the **Calamos All Cap Growth Composite**, which is an actively managed composite that invests in common stocks, preferred stocks, securities convertible into US common stocks, and US dollar denominated American Depositary Receipts, primarily in high growth industries and companies across all market capitalizations. The Composite was created July 1, 2010, calculated with an inception date of January 1, 1991. The Composite results include all fully discretionary accounts, including those no longer with the Firm.

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.

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.

The **S&P 1500 Growth Index** consists of the growth segment of the securities found in the S&P 1500 Index. The S&P 1500 combines the S&P 500, S&P MidCap 400 and the S&P SmallCap 600. The **S&P 500 Index** is generally considered representative of the US stock market.

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:

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
866.363.9219 | calamos.com | calamos.com/institutional

© 2024 Calamos Investments LLC. All Rights Reserved.
Calamos[®] and Calamos Investments[®] are registered
trademarks of Calamos Investments LLC.

8829 1223Q R