

US All Cap Growth Strategy Quarterly Commentary

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INVESTMENTS

Summary

- A broad, flexible strategy enables Calamos Growth Strategy to invest in the equities of US companies across all market capitalizations and sectors to attain the best potential for long-term capital growth.
- A resilient US economy and a more supportive Fed create a hospitable environment for growth stocks.
- Market participants are becoming more discerning regarding individual security fundamentals.
- Emerging themes from 2023 have multidecade potential, and we continue to uncover broadening new ways to capture growth potential.

Investment Manager Discussion

Although the calendar may have flipped to 2024, US growth stocks remain on the same upward trajectory that characterized the final months of last year. The major themes dominating financial headlines are also unchanged, with investors still rewarding companies benefiting from the remarkable emergence of game-changing artificial intelligence (AI) technologies and the introduction of groundbreaking obesity therapeutics (known as GLP-1 drugs).

The enduring nature of this market rally is not surprising given the positive backdrop. The economy continues to impress with its resilience; the US seems impervious to the pressures impacting much of the rest of the world. Importantly, the employment market remains healthy with jobs still plentiful. Inflation also continues to moderate, albeit at a slower pace than the market anticipated when this phase of the equity rally first began in late October.

All eyes remain fixed on the Federal Reserve, which is still on track to lower overnight rates as the year progresses, although at a more moderate pace of two or three cuts this year, rather than the wildly optimistic expectations of six or more that some had initially expected. At the same time, the fiscal picture remains supportive, as is common in most election years.

While traditional growth sectors have outperformed thus far in 2024, market participation has broadened further as expected, with energy, financial and industrial stocks joining technology stalwarts in delivering strong returns during the quarter. At the same time, the market is starting to become more discerning each day, even within some themes. The “Magnificent Seven” that dominated the market last year are no longer moving in lockstep. Instead, individual companies are now trading on their own merits, with some clear outperformers and notable laggards.

AI continues to draw enormous investor attention, and with good reason. Early adopters have started to get glimpses of real-world applications in text summarization, content creation, and customer analytics. To date, the initial AI winners have mostly hailed from the semiconductor, cloud, and software industries (i.e., companies enabling AI). However, we are likely in the early innings of a decades-long transformation. Ultimately, we believe the market’s focus will broaden to a wider cross-section of AI

beneficiaries, given the potential of AI to help companies of all stripes become more efficient—and by extension, more profitable.

As the year progresses, US elections will take center stage, while geopolitical risks (including two active wars) will likely continue to dominate the headlines. Despite this, being a successful growth investor requires a long-term outlook, disciplined risk management, and the ability to see beyond the ever-present wall of worry. We believe our approach meets these criteria.

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Market Environment

Within the S&P 1500 Growth Index, which advanced 12.71% for the quarter, every sector saw gains. Utilities (+43.9%), communication services (+17.7%), health care (+15.8%), industrials (+14.9%), energy (14.8%) and information technology (+14.0%) finished ahead of the overall benchmark, while materials (+12.2%), financials (+10.9%), consumer staples (+7.3%), consumer discretionary (+5.0%), and real estate (+0.9%) trailed the index but delivered positive performance.

Performance Review

For the quarter ended March 31, 2024, the strategy returned 12.81% (gross of fees) and 12.57% (net of fees) versus the S&P 1500 Growth Index return of 12.71%.

Positive Influences on Performance

Information Technology. The strategy benefited from the information technology sector, as holdings in technology hardware, storage & peripherals, and electronic manufacturing services helped drive relative results.

Consumer Discretionary. Favorable security selection in consumer discretionary added to the strategy's performance, especially names in the automobile manufacturers and restaurants industries.

Negative Influences on Performance

Communication Services. Over the period, security selection within the communication services sector dampened relative results, as holdings in the interactive media & services and wireless telecommunication services industries lost ground.

Industrials. Security selection and an average overweight position within the industrial's sector aerospace & defense and industrial conglomerates industries lagged.

Positioning and Portfolio Changes

As mentioned, individual companies are now trading on their own merits, with some clear outperformers and notable laggards, a market condition we appreciate as active managers. The

market's preference for higher-quality growth stocks has aligned well with our positioning, and as such, we have not made notable changes to the portfolio's positioning. We navigated the "Magnificent Seven" well during the quarter, with an underweight to Apple and an overweight to NVIDIA making significant contributions to performance. We maintained our relative weights in those names and are diligently mindful of these market cap leaders.

From a sector standpoint, information technology and consumer discretionary represent the largest weights on an absolute basis, while energy and materials represent the smallest sector weights with holdings. The portfolio had no exposure to the utilities and real estate sectors. We maintain relative overweight positions in the restaurants and health care equipment industries. Technology hardware, storage & peripherals and semiconductor materials & equipment are among the underweight industries.

Allocations to consumer discretionary and materials rose with increased weights in restaurants and specialty chemicals. Both health care and financials allocations decreased modestly with decreased weights in managed health care and diversified banks.

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

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

DATA AS OF 3/31/24

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)	12.81	39.28	8.67	15.35	12.44	14.60	14.39
US All Cap Growth (net of fees)	12.57	38.06	7.70	14.35	11.51	13.69	13.47
S&P 1500 Growth Index	12.71	33.17	9.81	15.42	14.17	10.80	N/A
S&P 500 Index	10.56	29.88	11.49	15.05	12.96	10.23	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.

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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.

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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 Depository 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:

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