US Opportunities Strategy Quarterly Commentary

CALAMOS INVESTMENTS

Strategy Overview

A lower-volatility equity strategy that leverages Calamos' capital structure research by investing in equities and equity-sensitive securities of growth companies, in order to generate alpha and manage downside volatility versus the S&P 500 Index over a full market cycle.

Market Overview

The US equity market soared in the fourth quarter 2023, mainly as investors grew hopeful that 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 coming as much of a surprise to the market. But in mid-December, Chairman Powell did surprise investors with a pivot—speaking to the potential for proactive cuts to rates. 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. Positive data such as a monthly decline in headline PCE (the first negative reading since early 2020), higher-than-expected durable goods orders, and continued strength in the labor market also boosted investors' moods. 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, cyclicals, value stocks, and small caps led the way when viewed through the S&P 500's size and style indices, in a reversal of leadership from the prior three quarters. The S&P 500 Value Index (+13.63%) outgained the S&P 500 Growth Index (+10.09%) for the quarter.

Within the S&P 500 Index (+11.69%) for the quarter, every sector saw sizable gains, with the exception of energy, which fell -7.0%. Real estate (+18.9%), information technology (+17.2%), financials (+14.0%), industrials (+13.0%), and consumer discretionary (+12.4%) outgained the index for the quarter. Communication services (+11.0%), materials (+9.8%), utilities (+8.6%), health care (+6.4%), and consumer staples (+5.5%) all lagged the index but delivered strong performance.

Performance Review

For the quarter ended December 31, 2023, the portfolio returned 9.70% (gross of fees) versus the S&P 500 Index return of 11.69%.

Positive Influences on Performance

Materials. The portfolio's security selection in materials contributed to relative performance. Specifically, industrial gases and our lack of exposure to fertilizers & agricultural chemicals promoted relative returns.

Consumer Staples. An average underweight stance in consumer staples added to the portfolio's performance. Specifically, packaged foods & meats and our lack of representation in agricultural products & services promoted relative returns.

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

Negative Influences on Performance

Information Technology. Over the quarter, security selection and an average underweight allocation within the information technology sector negatively affected performance. Specifically, positions in the semiconductors industry and the application software industry lagged.

Consumer Discretionary. Security selection and an average underweight stance in consumer discretionary, specifically in the automotive parts & equipment and apparel, accessories & luxury goods industries, lagged on a relative basis.

Positioning and Portfolio Changes

Our approach pursues lower-volatility equity participation through an equity-oriented, multi-asset-class approach. We believe the best positioning for this environment is a neutral risk posture, focusing on specific areas with real growth tailwinds, companies with improving returns on capital in 2024, and equities and fixed income with valuations at favorable expected risk-adjusted returns. We see compelling prospects for companies with exposure to new products and geographic growth opportunities (examples can be found in health care, electric vehicles, and AI-related infrastructure and software); specific infrastructure spending areas (in materials and industrial sectors); and the normalization of supply chains and parts of the service economy.

In terms of economic sectors, the largest allocations reside in information technology and financials on an absolute basis, whereas holdings within real estate and utilities constitute the smallest sector weights. We maintain relative overweight positions in communication services and materials, with movies & entertainment (in communication services) and copper (in materials) among the overweight industries. We also maintain underweight allocations to information technology and consumer staples, with semiconductors (in information technology) and packaged foods & meats (in consumer staples) among the underweight industries.

The information technology (systems software) allocation increased during the period, and the weight to financials (transaction & payment processing services) also rose modestly. The energy allocation (integrated oil & gas) decreased while the weight to consumer staples (soft drinks & non-alcoholic beverages) also decreased modestly.

Outlook

Given our expectation of slowing but positive economic growth over the next year, we are assessing investment opportunities with a continued focus on real growth and return-improvement areas. In addition to favorable cyclical factors, we believe companies that can improve profitability in a slower-growth environment are good investments. Many companies are focused on improving their returns on capital through improved efficiencies, normalized supply chains, and revised investment strategies based on the current interest-rate environment. The pace of corporate cost-cutting and restructuring has increased over the past several quarters, providing more opportunities to identify companies with improving returns on capital. Over the short- and intermediate-term, improved real returns on capital should drive higher equity prices.

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

DATA AS OF 12/31/23

US OPPORTUNITIES AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (1/91)
US Opportunities (gross of fees)	9.70	21.54	7.04	14.07	10.31	12.70
US Opportunities (net of fees)	9.51	20.71	6.31	13.30	9.57	11.92
S&P 500 Index	11.69	26.29	10.00	15.69	12.03	10.63
ICE BofA All US Convert Ex Mand Index	6.64	13.77	-1.60	12.22	9.43	10.07

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 US Opportunities 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 US Opportunities Composite**, which is an actively managed Composite that invests in equity, convertible and fixed-income securities seeking long term total return through growth and current income. The Composite was created August 31, 2013, calculated with an inception date of January 1, 1991. The Composite results include all fully discretionary accounts, including those no longer with the Firm.

Convertible Securities Risk: The value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also may have an effect on the convertible security's investment value.

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 **ICE BofA All US Convertibles Index** (VXA0) is comprised of approximately 700 issues of only convertible bonds and preferreds of all qualities and measures the return of all US convertibles. The **ICE BofA All US Convertibles Ex Mandatory Index** (V0A0) represents the US convertible market excluding mandatory convertibles. Source ICE Data Indices, LLC, used with permission. ICE permits use of the ICE BofA indices and related data on an 'as is' basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofA Indices or data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing and does not sponsor, endorse or recommend Calamos Advisors LLC or any of its products or services. 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. The **Russell 3000 Growth Index** measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000 or the Russell 2000 Growth Indexes. The **Russell 3000 Value Index** measures the performance of those companies in the Russell 3000 Index with lower price-to-book ratios and lower forecasted growth values. The **S&P 500 Index** is a market value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. It is widely regarded as the standard for measuring US stock market performance. The **S&P 500 Growth Index** measures the performance of stocks within the S&P 500 Index that have growth-oriented characteristics, such as higher earnings growth rates and higher price-to-earnings ratios. The **S&P 500 Value Index** measures the performance of stocks within the S&P 500 Index that have value-oriented characteristics, such as lower price-to-earnings ratios and price-to-book ratios. 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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