SEPARATELY MANAGED ACCOUNT

US Sustainable Equities SMA Strategy Quarterly Commentary

Market Environment

- As markets adjust to higher rates and assets begin to reprice, downside volatility does not come as a surprise.
- Many companies' deteriorating corporate earnings only reaffirm our conviction in our portfolio of what we believe are high-quality stocks.
- Despite the political debate over ESG, we believe both sides can agree with our philosophy of analyzing material nonfinancial information in pursuit of superior financial returns.

With bank failures adding another variable to an already complex economic equation, policymakers worldwide continue to walk a tightrope in 2023. Strong equity returns in the early part of Q1 seemed to indicate that investors were convinced, or were convincing themselves, inflation had peaked, interest rates would be coming down sooner than expected, and that corporate earnings would show good growth. The sudden, unexpected wobble of faith in the financial system proved sentiment can change quickly.

Looking back, the unprecedented liquidity and continued suppression of interest rates following the Great Financial Crisis fueled a boom in many asset classes. As a result, it is not surprising that we are seeing some downside volatility as markets adjust to higher rates and assets begin to reprice. The rest of the year could give rise to more unpleasant surprises as earnings quality has declined. These conditions bolster our conviction in our high-quality approach—seeking companies that can withstand high inflation, rising rates and slowing growth better than their peers.

Performance Review

For the quarter ended March 31, 2023, the portfolio returned 7.02% (gross of fees) in line with the S&P 500 Index return of 7.50%.

Positive Influences on Performance

Health Care. The portfolio's leading security selection and average underweight allocation in health care lifted results. Our pharmaceuticals position was a leading contributor, and our lack of exposure in managed health care promoted the relative return.

Energy. A lack of exposure to energy also added to performance.

Negative Influences on Performance

Consumer Discretionary. Over the period, security selection within the consumer discretionary sector detracted from the return. In particular, a lack of representation in automobile manufacturers and internet & direct marketing retail proved to be detrimental.

All portfolio positioning and sector information is for a representative portfolio. Please see last page for additional information.

Communication Services. Security selection and an average underweight stance in communication services also lost ground on a relative basis, specifically in the interactive media & services and integrated telecommunication services industries.

Positioning and Portfolio Changes

From a sector standpoint, information technology and health care represent the largest weights on an absolute basis, while utilities and real estate comprise the smallest sector weights with holdings. The portfolio had no exposure to the energy sector. We favor investments in industrials and materials relative to the index. Construction & engineering represents our largest industry overweight in industrials, and metal, glass & plastic containers represents our largest industry overweight in materials. The most significant industry underweight positions are technology hardware, storage & peripherals and systems software.

The communication services allocation increased during the period, and the weight to consumer staples also rose modestly. By contrast, allocations to consumer discretionary and health care decreased over the period with reductions to apparel retail and health care services.

Outlook

Meanwhile, the ESG political debate raged on in Q1 with both sides claiming the moral high ground. However, when cutting through the rhetoric, there is actually little difference between the "Biden Rule" and the "Trump Rule" concerning ESG as highlighted by the Harvard Law School Forum on Corporate Governance:

"*Neither final rule singled out ESG investing for favored or disfavored treatment. The final Trump Rule did not use the term 'ESG.' The regulatory text of the final Biden Rule refers once to ESG investing, but only to state that ESG factors 'may' be 'relevant to a risk and return analysis,' depending 'on the individual facts and circumstances.' This statement is true for all investment factors, ESG or otherwise."*

It would seem that our philosophy of analyzing material nonfinancial information in pursuit of superior financial returns is something both sides can agree on.

CALAMOS US SUSTAINABLE EQUITIES SMA STRATEGY RETURNS (%)

	QTR	1-YEAR	3-YEAR	SINCE INCEPTION (2/20)
Calamos US Sustainable Equities SMA Composite				
Return Gross	7.02	-6.48	18.41	9.56
Return Net of Fees	6.69	-7.63	16.97	8.22
S&P 500 Index	7.50	-7.73	18.60	9.73

Source: Calamos Advisors LLC
Past performance is no guarantee of future results.

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.

The results portrayed on the preceding pages are for the Calamos US Sustainable Equities SMA 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 or Risk/Rewards statistics presented reflect the **Calamos US Sustainable Equities SMA Composite**, which is an actively managed, US focused composite that seeks long-term capital appreciation. The Composite invests primarily in the common stock of companies in the US that excel at managing environmental risks and opportunities, societal impact and corporate governance (ESG) factors and exhibit attractive financial attributes and competitive advantages. On August 25, 2021 Calamos acquired Pearl Impact Capital LLC which has managed the strategy since its inception in 2020. Firm assets shown represent assets managed by Calamos Advisors and not assets managed by Pearl Impact Capital LLC. The Calamos US Sustainable Equities Composite II was formerly named the PIC US Opportunities Composite. This name change was effected August 25, 2021. The Composite was created August 31, 2021, calculated with an inception date of February 1, 2020. Results include all fully discretionary advisory accounts, including those no longer with the Firm. Past performance is no guarantee of future results.

ESG Investing Risks: When the investment process considers environmental, social and governance factors, the adviser may choose to avoid investments that might otherwise be considered, or sell investments due to changes in ESG risk factors as part of the overall investment decision process. The use of environmental, social and governance factors may impact investment exposure to issuers, industries, sectors, and countries, which may impact a portfolio's relative performance. **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.

Net-of-fees returns reflect the gross-of-fees returns reduced by the impact of investment advisory and performance fees. Investment advisory and performance fees are calculated separately for each portfolio based upon the actual underlying fee schedule in effect for each respective portfolio and the highest fee rate for these types of portfolios is 0.75%. Net of fee returns for non-fee paying portfolios are determined using model fees based on the standard investment advisory fee schedule in effect for the respective period for each account in the composite. All returns include reinvestment of net realized gains, interest and dividend income.

The **S&P 500 Index** is a market-value weighted index and is widely regarded as the standard for measuring US stock market performance.

Unmanaged index returns assume reinvestment of any and all distributions and, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

Fees include the investment advisory fee charge 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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