Emerging Market Equity Strategy

CALAMOS® INVESTMENTS

Market Overview

Emerging market equities experienced a turbulent period, initially declining over 13% to their January low before rallying sharply in the two subsequent months of the quarter. Overall, emerging market equities returned 5.75% in the quarter (in USD) as represented by the MSCI Emerging Markets Index. Emerging markets responded positively to signs of stabilization in commodity prices, a modest decline in the U.S. dollar, and a more dovish stance on interest rates from the Federal Reserve.

China continued to navigate more moderate economic growth and formally announced a target of 6.5% to 7% economic growth for 2016. At the National People's Congress, Premier Li Keqiang reiterated the country's commitment to capital markets, supply-side reforms and stabilizing economic growth. Brazil delivered the strongest equity gains globally on the heels of a robust rally in the energy, materials and financials sectors despite a lack of much improvement in fundamentals. Continued weak earnings reflected the depth of Brazil's recession, and the worsening political scandal and fiscal outlook reinforced the government's inability to implement reforms.

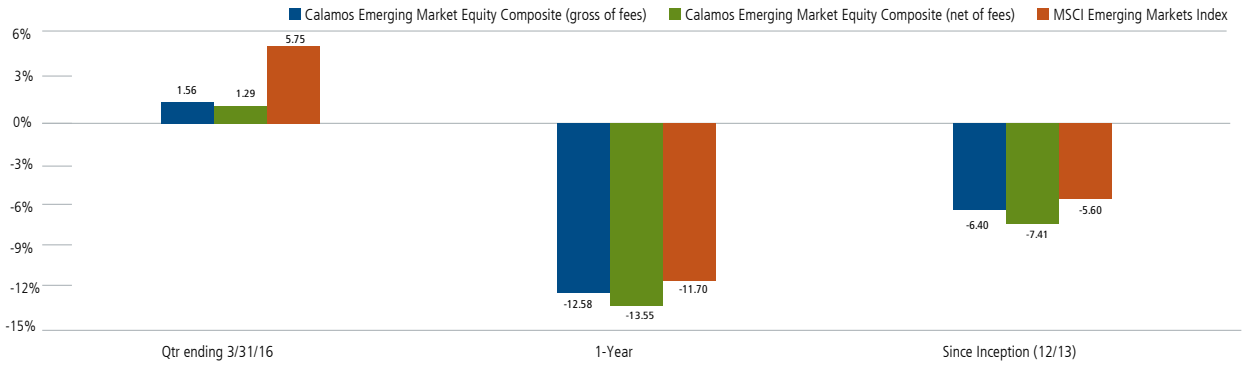
In India, Reserve Bank Governor Raghuram Rajan called for an overhaul of the global monetary policy system and spoke out against competitive currency devaluations. Indian equities and the rupee appreciated significantly versus the dollar in March and the country has continued to face weakness in exports. More generally, India continues to deliver strong economic growth and make progress on further reducing its fiscal deficit. The top performing countries in the period included Brazil (+28.58%) and Peru (+27.02%) in USD terms, while the worst performers included Greece (-12.23%) and Egypt (-5.79%).

Performance Review

The strategy returned 1.56% (gross of fees), moving in a positive direction with the emerging markets but not keeping up with the rally of what we consider lower quality companies in February and March.

Our overweight to and selection in the consumer discretionary sector hindered performance during the quarter. Specifically, holdings in auto manufacturers underperformed. In the sector, we own companies in growing categories and those well positioned to access rising demand from emerging market consumers. Recent

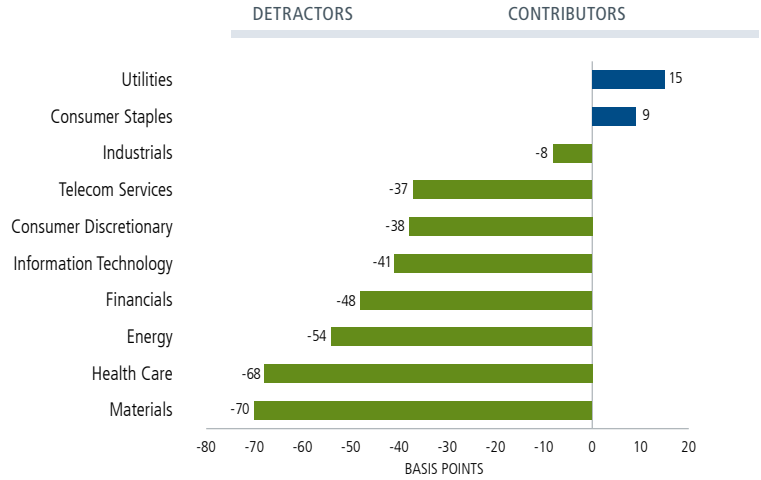
FIGURE 1. CALAMOS EMERGING MARKET EQUITY STRATEGY RETURNS



Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC.
Past performance is no guarantee of future results.
Data as of 3/31/16.

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

FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE MSCI EMERGING MARKETS INDEX
FIRST QUARTER 2016



Attribution based on gross of fee performance with dividends reinvested. Performance attribution excludes any government/sovereign bonds or options on broad market indexes the portfolio may hold.

Past performance is no guarantee of future results.

Source: Calamos Advisors LLC

Data as of 3/31/16.

holdings within the sector span a number of industries including Internet retail, cable and satellite, apparel and textiles, and autos.

Our underweight to and selection in energy also detracted. Holdings in the integrated oil and gas industry underperformed as companies with lower quality, higher leverage attributes rallied. We hold a cautious and patient view of the sector, reflected in our underweight position. Pressures from global supply and the strong dollar have pressured oil prices but we have seen more recent signs of stabilization. We will continue to be highly selective in choosing companies with better quality balance sheets, attractive production profiles, and the potential for earnings improvement.

Our selection in utilities added value. Specifically, holdings in the electric utilities industry outperformed those in the index. The portfolio holds a small weight in the electric utilities industry based on our view of its low growth potential and highly regulated businesses.

Further, our selection in consumer staples added value, in particular in the personal products industry.

Positioning

We are highly selective in emerging markets. We positioned the fund toward commodity-consumers and economies benefiting from positive economic and fiscal reforms. We favor investments in India, the Philippines, Mexico, and select China opportunities benefiting from exposure to economic reforms and more positive growth conditions. We remain underweight the most commodity-intensive economies, including Russia, Brazil, South Africa and Malaysia.

From a sector perspective, the fund is overweight opportunities in information technology, consumer discretionary, consumer staples and health care, while we are underweight commodity-intensive areas including energy and materials. In addition, the fund holds selectively lower weights in financials, utilities and telecommunication services.

From a bottom-up perspective, we favor companies with strong balance sheets and high or increasing return on invested capital, which directly reflect their competitive positioning and capital efficiency. In line with our process, we emphasize companies benefiting from secular themes that provide a tailwind for potential growth.

Outlook

While selective with our investments, we are incrementally becoming more positive as we have seen signs of stabilization in currencies and commodities, in addition to improving economic data and capital inflows. We favor investments in India, the Philippines, Mexico, and select China opportunities benefiting from exposure to economic reforms or low commodity prices. We have a positive yet selective view on China, as we have seen improvement in key guideposts, including more recent purchasing data and export volumes. In recent months, monetary policy has become more accommodative, additional infrastructure stimulus has been announced, and fiscal stimulus has been targeted to support

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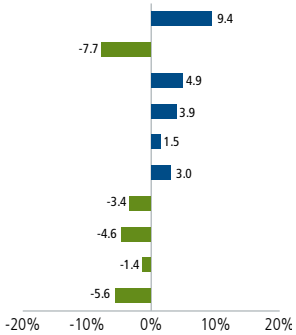
FIGURE 3. SECTOR ALLOCATIONS VERSUS THE MSCI EMERGING MARKETS INDEX

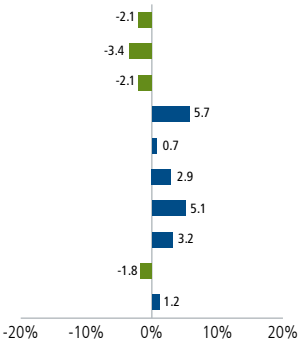
SECTOR	REPRESENTATIVE PORTFOLIO %	MSCI EMERGING MARKETS INDEX	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/15 (PCT. POINTS)
Information Technology	30.1%	20.7%	2.9%
Financials	19.8	27.5	-6.5
Consumer Discretionary	14.7	9.8	-1.6
Consumer Staples	12.1	8.2	4.7
Industrials	8.4	6.9	-0.6
Health Care	5.6	2.6	0.3
Telecom Services	3.5	6.9	0.9
Energy	3.0	7.6	-0.1
Utilities	1.8	3.2	-0.3
Materials	1.0	6.6	0.3



Source: Calamos Advisors LLC.
Data as of 3/31/16.
This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or broad based index hedging securities/options the portfolio may hold.

FIGURE 4. COUNTRY WEIGHTS VERSUS THE MSCI EMERGING MARKETS INDEX*

COUNTRY	REPRESENTATIVE PORTFOLIO %	MSCI EMERGING MARKETS INDEX	PORTFOLIO COUNTRY WEIGHTING CHANGE SINCE 12/31/15 (PCT. POINTS)
China	17.0%	19.1%	-4.1%
South Korea	12.2	15.6	0.7
Taiwan	10.3	12.4	0.2
Mexico	10.2	4.5	1.1
India	8.8	8.1	-1.3
Hong Kong	7.6	4.7	0.2
Philippines	6.5	1.4	1.3
Indonesia	5.9	2.7	1.4
Brazil	4.8	6.6	-0.4
Turkey	2.8	1.6	-0.3
Developed Markets	11.1	5.3	1.8
Emerging Markets	88.9	94.7	-1.8



Source: Calamos Advisors LLC
*Excludes cash weighting. Companies are classified geographically according to their country of domicile.
Data as of 3/31/16.
This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Companies are classified geographically according to their country of domicile. Geographical distribution tables exclude any options on broad market indexes the portfolio may hold.

key industries. Generally, we still see more positive conditions in consumption-led portions of the economy relative to industrial demand.

With respect to the commodity complex, several emerging market economies face significant headwinds from lower prices, while many other markets benefit from these trends by virtue of reduced input costs and increased policy flexibility. We remain underweight key commodity-producing economies. While Russia and Brazil are as examples of economies that benefitted from the commodity super-cycle, they are now unable to implement the policies necessary to support more sustainable growth. While the first quarter saw a robust lower quality, cyclical-led rally, we expect companies with stronger balance sheets, higher return on invested capital, and growing markets to regain leadership over time. Ultimately, we believe there will be a broader dispersion of returns among countries that will benefit our active and risk-aware investment approach.

The representative portfolio information described in both charts above represents a representative account managed in the Emerging Market Equity Strategy. Other clients' portfolios may differ mainly due to individual restrictions and timing of purchases and sales. All portfolio positioning and sector information is for a representative portfolio. Please see last page for additional information.

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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 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.

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.

All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

Investments in overseas markets pose special risks, including currency fluctuation and political risks, and the strategy is expected to be more volatile than that of a U.S. only strategy. These risks are generally intensified for investments in emerging markets.

The results portrayed on the preceding pages are for the Calamos Emerging Market Equity 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 represents the investment strategy as a whole.

The Calamos Emerging Market Equity Composite is an actively managed composite investing predominantly in common stocks of emerging market domiciled companies. Under normal market conditions, portfolios in the strategy will invest at least 80% of net assets in equity issuers whose principle activities are in a developing market or economically tied to a developing market country. The Composite was created December 1, 2013 calculated with an inception date of December 1, 2013 and includes all fully discretionary fee paying accounts, including those no longer with the Firm.

Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are annualized. Chart Data Sources: Mellon Analytical Solutions, LLC and Calamos Advisors LLC.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The index is calculated without dividends, with net or with gross dividends reinvested, in both US dollars and local currencies. 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.

The information in this report should not be considered a recommendation to purchase or sell any particular security. There is not assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent the account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

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