

U.S. Opportunities Strategy

CALAMOS[®]

INVESTMENTS

Market Overview

The U.S. equity market delivered its best first quarter performance in four years with the S&P 500 Index's 6.07% gain*. This increase represented a continuing a generally positive trend that began in November 2016, as investors were heartened by both the end of election uncertainty and overall improvements in economic data. While the quarter's performance may seem to paint a rosy picture, the quarter was filled with potentially jarring events, including pre-Inauguration tweets from then-President-Elect Trump that moved stocks and sectors, a post-Inauguration executive order regarding international travel and visas, Fed Chair Janet Yellen's intentions regarding whether to serve out her term, Senate confirmation hearings for cabinet and Supreme Court appointees, failed plans to change national health care, a Fed rate hike, and the initiation of Brexit. Yet, despite a non-stop news cycle, political wrangling, and modifications to monetary and potential fiscal policy, U.S. equity market volatility—as measured by the CBOE Volatility Index (VIX)—largely traded near historically low levels. According to the S&P 500 Index, U.S. equities saw Q4 2016 earnings grow approximately 4.9%, which in turn provided support for equity investors. The posting of first quarter results

marked the first time the index had seen two consecutive quarters of year-over-year earnings growth in nearly two years.

While the U.S. equity market continued to deliver impressive returns, the leadership rotated a bit away from the "Trump Trade" winners of late 2016—cyclical and value stocks buoyed by prospects for a combination of higher economic growth, lower taxes, a pivot toward fiscal policy and overall deregulation. Investors favored defensive growth in Q1 2017, as economic data was strong but not overwhelmingly robust. Optimism that had marked the beginning of the quarter waned, as it became evident that the political process for future policy changes would be difficult.

Growth stocks easily outperformed value stocks, as represented by the Russell 3000 Growth Index's 8.63% return and the Russell 3000 Value Index's 2.99% gain for the quarter—a strong reversal of leadership from Q4 2016. Within the S&P 500 Index, information technology (+12.6%), consumer discretionary (+8.5%) and health care (+8.4%) led the market, while energy (-6.7%), telecom services (-4.0%) and financials (+2.5%) lagged.

FIGURE 1. CALAMOS U.S. OPPORTUNITIES STRATEGY RETURNS

	QTR	1-YEAR	3-YEAR	5-YEAR	10-YEAR	15-YEAR	SINCE INCEPTION (3/16/05)
Calamos U.S. Opportunities Composite							
Gross of Fees	4.97%	14.10%	7.93%	8.52%	7.16%	8.28%	12.97%
Net of Fees	4.79	13.34	7.22	7.81	6.45	7.56	12.19
S&P 500 Index	6.07	17.17	10.37	13.30	7.51	7.09	10.04

Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC

Past performance is no guarantee of future results.

Data as of 3/31/17.

Calamos U.S. Opportunities Strategy

FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS S&P 500 INDEX
FIRST QUARTER 2017

	CONTRIBUTORS	DETRACTORS
Telecom Services	21	
Real Estate	10	
Industrials	5	
Financials	0	
Materials		-1
Consumer Staples		-2
Utilities		-6
Energy		-11
Health Care		-13
Consumer Discretionary		-21
Information Technology		-45

Attribution represented in basis points and is 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 3/31/17.

All economic sectors in the convertible market posted positive quarterly results with the exception of energy (-1.29%).

Convertibles with the strongest economic sector results included materials (+8.92%), health care (+8.68%), and consumer discretionary (+7.71%). Convertibles joining energy with the weakest quarterly results were telecommunication (+2.15%) and industrials (+2.19%). Speculative grade convertibles (+6.16%) narrowly outperformed investment grade rated issues (+5.52%) with non-rated convertibles lagging behind their rated counterparts. Convertibles with the most equity sensitivity (+7.92%) strongly outperformed convertibles with more balanced risk-reward attributes (+5.04%) and credit sensitivity (+3.73%).

Performance Review

In this strategy, we own equities and equity-sensitive securities, including convertible bonds that we believe are positioned to take advantage of upward equity movements and potentially limit losses on the downside. During the first quarter's rapid gain (S&P 500 Index +6.07%), the risk-conscious strategy aligned well with the all-equity S&P 500 Index.

While the quarter was broadly characterized by gains, the portfolio showed its resilience during market weakness in March. Portfolio sector allocations provided in-line performance vis-à-vis the all-equity S&P 500 Index during the quarter, while security selection and cash were a slight drag during the equity market's rapid rise.

Information Technology. The portfolio's holdings selection underperformed the sector as convertibles in Internet software and services, communications equipment, and systems software lagged equities. The portfolio's investments in information technology are fairly balanced between equity and convertible securities, demonstrating an opportunity to manage the risk/reward in a fairly large and diverse sector.

Telecom Services. Our relative underweight allocation to and security selection in telecom services supported the quarterly return. For example, the portfolio was significantly underweight to the poorly performing integrated telecommunication services industry.

Energy. The underweight to energy was additive to relative performance during the quarter. Energy was the S&P 500 Index's laggard for the quarter, suggesting that investors may have reined in expectations for growth after a strong second half of 2016. Further, a revival in U.S. shale has effected OPEC's ability to be a price setter. Unfortunately, the portfolio's holdings in oil and gas exploration and production underperformed those of the S&P 500 Index. The portfolio had more investments in convertible securities in an effort to reduce risk, but the sell-off in energy securities was widespread after a strong recovery in 2016.

Positioning

The portfolio's largest sector weights remain in the information technology, consumer discretionary and financials sectors,

Calamos U.S. Opportunities Strategy

FIGURE 3. SECTOR ALLOCATIONS VERSUS S&P 500 INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	S&P 500 INDEX %	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/16 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	22.7	22.1	1.3	0.6
Consumer Discretionary	17.3	12.3	-0.2	5.0
Financials	12.6	14.4	-0.5	-1.8
Health Care	11.8	13.9	0.1	-2.1
Industrials	11.0	10.1	-0.5	0.9
Consumer Staples	8.8	9.3	0.4	-0.5
Energy	6.4	6.6	-1.0	-0.2
Utilities	3.5	3.2	-0.6	0.3
Real Estate	2.7	2.9	0.3	-0.2
Telecom Services	2.2	2.4	0.0	-0.2
Materials	1.0	2.8	0.7	-1.8

Source: Calamos Advisors LLC.

Data as of 3/31/17.

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.

reflecting the portfolio's bias toward high and stable growth businesses. The portfolio is underweight health care, which reflects uncertainty about potential changes to national health care and drug pricing. The portfolio is also underweight materials and financials, based on our cautious view of the reflation trade and how quickly the market has climbed relative to fundamental economic improvements. We will monitor the changes in fundamentals and the potential for policies that provide an upside to economic growth forecasts and increase sensitivity to the reflation trade. The portfolio's tilt to stable-yet-high growth and use of convertible securities in effort to manage risks should place the portfolio in good standing during a volatile political environment.

Outlook

We remain constructive on equities, driven by the growing likelihood that global GDP growth will be sustainable and balanced through 2018. Corporate profits are recovering visibly

from the mid-cycle recession in corporate profits that occurred in 2015 and 2016. This implies more growth opportunities beyond defensive growth sectors. We see policy as a source of upside risk for markets. We do not believe the potent mix of tax reform and less regulation has been fully priced into equities. In the same vein, we are confident that our convertible holdings are well positioned to participate in further equity market advances while also providing a measure of downside protection should there be unforeseen volatility. We also believe that convertibles should be a favored asset class given their strong historical performance in a rising rate, higher equity market backdrop. Because market changes and new convertible issuance can alter the profile of the convertible market over time, we believe that our actively managed approach will allow us to take advantage of these opportunities while maintaining an attractive risk/reward profile over full market cycles.

Calamos U.S. Opportunities Strategy

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 U.S. Opportunities 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 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.

Performance returns presented reflect, unless otherwise noted the Calamos U.S. Opportunities Composite which is an actively managed composite investing in equity, convertible and high yield securities seeking long term total return through growth and current income. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

The BofA Merrill Lynch All U.S. Convertibles Index (VXA0) measures the return of all U.S. convertibles.

The S&P 500 Index is a market-value weighted index and is widely regarded as the standard for measuring U.S. stock-market performance. 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 Growth or the Russell 2000 Growth indexes. The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. 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. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest. Chart Data Sources: 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
800.582.6959 | www.calamos.com/institutional

Calamos Investments LLP
62 Threadneedle Street | London, EC2R 8HP, UK
Tel: +44 (0)20 3178 8838 | www.calamos.com

© 2017 Calamos Investments LLC. All Rights Reserved.
Calamos[®] and Calamos Investments[®] are registered trademarks of Calamos Investments LLC.