U.S. Opportunities Strategy

CALAMOS INVESTMENTS

KEY FEATURES

Historically, the Calamos U.S. Opportunities Strategy has provided:

- » Strong excess returns versus the S&P 500 Index with less volatility
- » Downside risk protection in most periods
- » Alpha generation throughout market cycles

CALAMOS U.S. OPPORTUNITIES STRATEGY

Peer Group	U.S. Equity
Benchmark	S&P 500 Index
Primary securities used	Equity-sensititve securities
Style	Growth bias
Capitalization focus	Multi-cap
Inception date	January 1, 1989
Strategy AUM	$4.9 billion*

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* Strategy AUM reflects all assets that are currently being managed (collectively) under the Calamos U.S. Opportunities Strategy as of December 31, 2016

Managing Risk Using a Lower-Volatility Equity Strategy

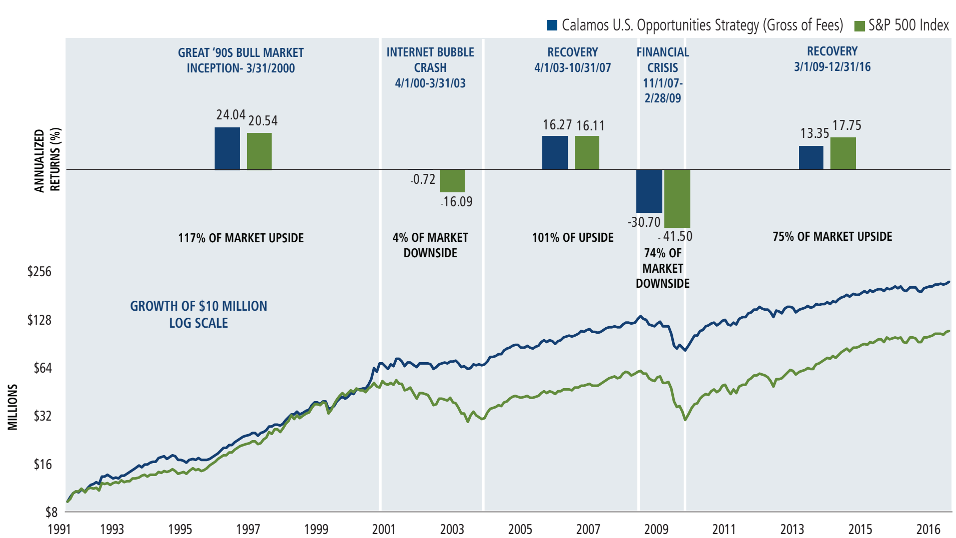
The investment objective of the Calamos U.S. Opportunities strategy is to outperform the S&P 500 Index with less downside risk over a full market cycle. To achieve this investment objective, the portfolio invests in U.S. equities and convertible securities, which we believe provides a more attractive risk/return profile. By allowing our investment team to invest in a broader, equity-sensitive opportunity set, we believe we can generate alpha versus the U.S. equity benchmark and peer universe.

The U.S. Opportunities strategy seeks equity-like performance over full market cycles while reducing equity market risk. Figure 1 below shows how the strategy has performed versus the benchmark S&P 500 Index during significant market eras.

A Broader Opportunity Set to Manage Risk

The U.S. Opportunities strategy's investment universe expands upon the equity market to include convertible securities. By broadening the opportunity set to include convertible securities, we believe we can better manage the portfolio's overall risk/reward profile through market cycles, while maintaining the attractive upside potential of an all-stock portfolio. The broader opportunity set also provides the investment team with the ability to incorporate more of their research insights into the portfolio.

FIGURE 1. MANAGING RISK OVER MARKET CYCLES: U.S. OPPORTUNITIES STRATEGY VERSUS U.S. EQUITY MARKET



Past performance is no guarantee of future results. Index data shown is from 1/1/91, since comparative index data is available only for full monthly periods. Logarithmic scales can be useful when looking at performance data over a long period of time. Common percent changes are represented by an equal spacing between the numbers in the scale. For example, the distance between $1 and $2 is equal to the distance between $2 and $4 because both scenarios represent a 100% increase in price. Source: Mellon Analytical Solutions LLC.

FIGURE 2. ASSET CLASS CORRELATIONS WITH U.S. CONVERTIBLES[1]

	BofA Merrill Lynch All U.S. Convertible Index
U.S. Equity	0.83
Global Equity	0.79
Emerging Markets	0.70
U.S. Bonds	0.13

Source: Calamos Advisors, LLC, Mellon Analytical Solutions, LLC.
[1] Since inception of the BofA Merrill Lynch All U.S. Convertible Index (January 1, 1988). Data as of December 31, 2016. Calculated with monthly returns.
Asset classes represented by the following indices: U.S. equity: S&P 500 Index; Global equity: MSCI World Index; Emerging markets equity: MSCI Emerging Markets Index; and U.S. bonds: Bloomberg Barclays U.S. Aggregate Bond Index.

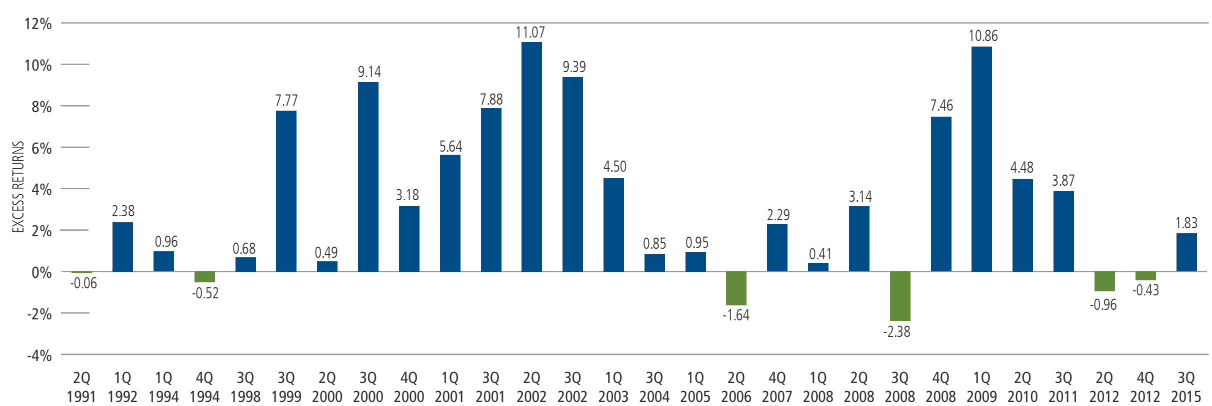
The use of convertibles within this portfolio is supported by historical correlations. Figure 2 shows the correlation of U.S. convertibles to four asset classes. Correlations range from a low of 0.13 with U.S. bonds to a high of 0.83 with U.S. equities.

Convertible securities offer investors advantages particular to both equities and bonds. Like equities, convertibles have the potential for capital appreciation; and like bonds, they offer the potential for interest income and the potential for downside protection. Because convertibles can be exchanged for a specific number of shares of stock, they tend to gain or lose value along with the underlying equity. When the price of the underlying stock rises, the price of the convertible tends to rise as well. When a stock's price falls, however, the convertible bond price typically declines only as far as the "floor" established by the convertible's bond component. While convertibles are sensitive to their underlying equity's price movements, as bondholders, convertible investors still receive the interest income and the guarantee of principal that bonds offer (except in cases of default).

However, the convertible universe is not uniform as characteristics of individual securities can vary widely from fixed income-like to more equity-sensitive. This variability adds flexibility, allowing investors to structure portfolios to meet a range of investment objectives. We can include convertibles that maintain equity-like returns while providing the desired downside protection.

The potential for downside protection can be illustrated by looking at quarters in which the S&P Index reported negative returns, which is shown in Figure 3. The benchmark has recorded 28 quarters of negative

FIGURE 3: STRATEGY'S EXCESS RETURNS FOR QUARTERS IN WHICH THE S&P 500 INDEX HAD NEGATIVE RETURNS



Source: Calamos Advisors, LLC, Mellon Analytical Solutions, LLC. Returns are excess returns. Returns during some of the quarters shown were negative. Excess returns are calculated from gross of fee returns. Inception 1/1991. The inception dates and performance results shown are for the composite.

Past performance is no guarantee of future results.

performance since the composite's inception. Of those, the U.S. Opportunities strategy has seen positive excess returns in 22 quarters. The strongest outperformance, gross of fees, was 11.07% (2Q 2002) and the most significant underperformance was -2.38% (3Q 2008).

Another advantage of a broader opportunity set is that it allows us to find underpriced convertibles that have little equity exposure or "upside," and pair them with the issuing company's common equity. This provides the advantage of appreciation of the bond component if it comes back to fair value, as well as the coupon interest from the bond and the appreciation of the equity if the stock rallies. By pairing the two securities together, the portfolio maintains the desired equity exposure or upside potential, often with less risk than the straight equity. While this is not the predominate means of generating returns, it illustrates one of the benefits of combining the securities in a portfolio.

We believe the inclusion of convertible securities, and the potential for downside protection that they historically have provided investors, differentiates the strategy from other U.S. equity portfolios. This dynamic creates a risk/reward profile that is compelling to an investor who desires equity participation but is willing to exchange maximum upside for potential downside protection.

Risk and Reward

Returns. A comparison of performance of the Calamos U.S. Opportunities strategy to its benchmark, the S&P 500 Index, provides a frame of reference for understanding half of the risk/reward profile. Figure 4 shows the rolling five-year returns for the U.S. Opportunities strategy and the S&P 500 Index for each quarter since the strategy's inception through December 31, 2016. The x-axis shows the index returns and the y-axis shows the strategy's returns for the corresponding time period. Dots above the bold diagonal line are periods when the portfolio outperformed and below the line are periods in which the portfolio underperformed.

CASE STUDY: CAPITALIZING ON THE HYBRID BENEFITS OF CONVERTIBLES

We believe our positioning during recent years in the energy and material sectors serve as an excellent example of how convertible securities can be incorporated advantageously into a strategy. While we believed a sustained period of oil prices in the $100-plus range was unlikely, we did not presume to be capable of forecasting energy prices with certainty. This is also true with the run-up in materials companies that benefitted from the increasing prices of commodities during the first half of 2008. Accordingly, we wished to maintain opportunistic exposure and appropriate diversification while limiting our downside risk. Given their defensive characteristics, convertibles provided an excellent means for accomplishing these goals.

FIGURE 4. ROLLING FIVE-YEAR RETURNS

Source: Calamos Advisors, LLC, Mellon Analytical Solutions, LLC. Performance shown since inception of the Calamos U.S. Opportunities Composite 1/1991. Gross of fee returns. Returns are calculated from monthly returns and shown for every three-month interval. Data as of December 31, 2016.

Past performance is no guarantee of future results.

Since its inception, the strategy has outperformed the S&P 500 Index 71% of the time, gross of fees, on a rolling five-year basis. The greatest period of outperformance provided excess returns of 17.2% (gross of fees, annualized). The greatest period of relative underperformance saw the strategy lag the benchmark by 6.5% (gross of fees, annualized).

Not surprisingly, the period that saw the most excess returns was from the second quarter of 1999 through the first quarter of 2004. During this period, equity markets saw steep declines while the portfolio had positive annualized returns of about 10% due, in part, to the inclusion of convertibles. The portfolio's defensive characteristic is evident in the chart. The excess returns tend to be highest when the index is experiencing negative or single digit returns and decreases as the market returns grow stronger.

Risk. The portfolio's volatility, as measured by the standard deviation of returns, is nearly two percentage points less on an annualized basis, since inception, then the S&P 500 Index. The U.S. Opportunities strategy has seen annual volatility of 12.5%, versus the S&P 500, which has had an annual volatility of 14.3%.

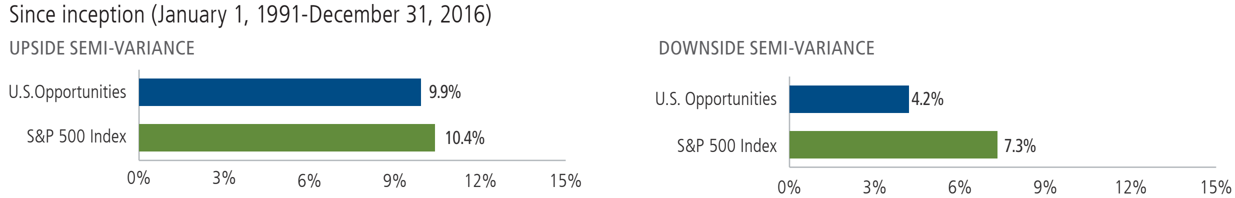
Another risk metric, upside/downside semi-variance is particularly valuable for understanding the type of volatility experienced by the portfolio and the index. Risk is generally thought of in negative terms but not all risk is undesirable. If the risk is asymmetric, with more expected upside volatility than downside, then the probability of a positive return outcome is increased. The upside/downside semi-variance looks at risk in this framework, and is more consistent with how the U.S. Opportunities strategy is managed. As Figure 5 illustrates, since inception, upside semi-variance has been about the same as the benchmark, 9.9% for the strategy and 10.4% for the index. The downside semi-variance of the portfolio has been notably less, with 4.2% for the strategy versus 7.3% for the index.

CASE STUDY: A BENEFIT OF A BROADER OPPORTUNITY SET

An electronics retailer's convertible security was trading significantly below fair value, based on proprietary Calamos estimate, and trading more like a straight bond than a hybrid security. At the same time, the issuing company's common stock also was priced significantly below our fair value estimate. The common stock, like much of the equity market, was exhibiting high volatility. By adding both the convertible and common stock to the portfolio, we helped improve the risk/reward profile of investing in this company. We also provided a means to take advantage of the undervalued nature of its securities, allowing ourselves to participate in the upside while limiting downside risk.

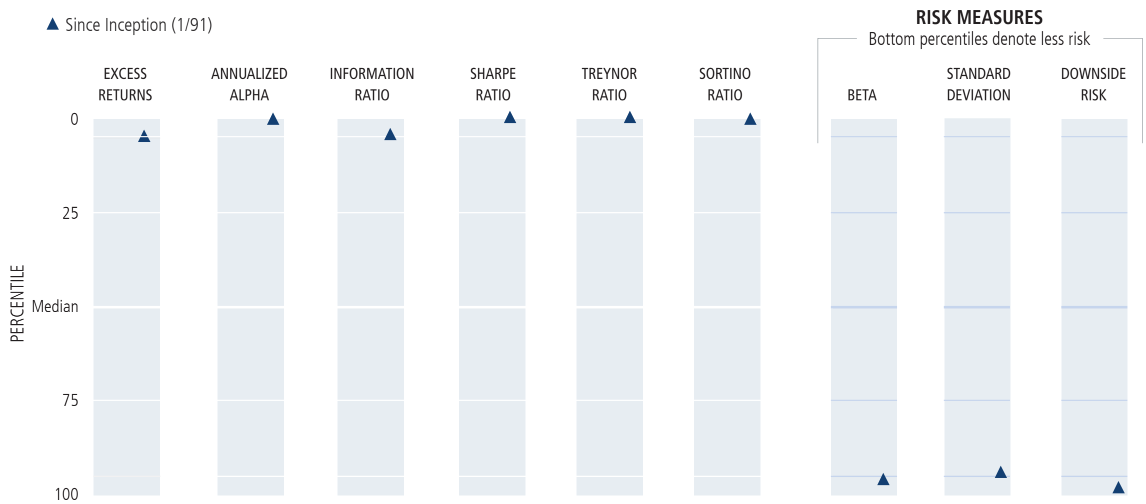
FIGURE 5. UPSIDE/DOWNSIDE SEMI-VARIANCE

Since inception (January 1, 1991-December 31, 2016)



Source: Calamos Advisors, LLC and Mellon Analytical Solutions, LLC.

FIGURE 6. SINCE INCEPTION PEER GROUP RANKINGS WITHIN THE U.S. EQUITY UNIVERSE



	Excess Returns	Annualized Alpha	Information Ratio	Sharpe Ratio	Treynor Ratio	Sortino Ratio	Beta	Standard Deviation	Downside Risk
Since Inception	7	5	9	3	4	3	93	91	100

Source: eVestment Alliance. Benchmark: S&P 500 Index. The Calamos U.S. Opportunities Strategy is ranked within the U.S. Large Cap Equity peer group. Data based on monthly returns of 143 investment portfolios for the since inception rankings. Data as of December 31, 2016.

Past performance is no guarantee of future results. *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.*

One final risk measure worth noting is beta, or market exposure. The beta of U.S. Opportunities strategy in relation to the S&P 500 Index is 0.73, since inception. The lower beta is largely a result of the potential for downside protection inherent in the U.S. Opportunities portfolio.

U.S. Large Cap Equity Peer Group Rankings

In Figure 6, we provide the U.S. Opportunities strategy's peer group rankings since inception. In most categories the strategy falls in the first quartile. Notable exceptions are in the risk measures, such as beta, standard deviation, and downside risk, where it falls into the desirable bottom decile. Figure 7 on the following page provides the strategy's performance over standard time periods.

Conclusion

The Calamos U.S. Opportunities strategy seeks to outperform the S&P 500 Index over a full market cycle with less downside volatility. Since the composite's inception, gross of fees, it has provided excess positive returns in 71% of the rolling five-year periods, and in 22 of the 28 quarters that the S&P 500 Index has experienced negative returns. By broadening the investment universe to include convertibles, the portfolio has historically provided upside appreciation, downside protection, and dampened volatility. We believe that by loosening the security constraint, the portfolio is able to achieve its investment objective and provide investors an equity investment with the potential for lower volatility that seeks to enhance their overall equity allocation.

FIGURE 7. U.S. OPPORTUNITIES ANNUALIZED TOTAL RETURNS

	1-YEAR	3-YEAR	5-YEAR	10-YEAR	15-YEAR	SINCE INCEPTION (1/91)
Calamos U.S. Opportunities Strategy						
Gross of Fees	8.38%	6.50%	9.33%	6.66%	8.09%	12.89%
Net of Fees	7.65	5.80	8.61	5.95	7.37	12.11
S&P 500 Index	11.96	8.87	14.66	6.95	6.69	9.89

Performance as of December 31, 2016.

Source: Calamos Advisors, LLC and Mellon Analytical Solutions LLC.

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Index Information: The BofA Merrill Lynch All U.S. Convertibles Index measures the return of all U.S. convertibles with a market value of $50 million or more at issuance. The MSCI World Index is a market capitalization weighted index composed of companies representative of the market structure of developed market countries in North America, Europe, and the Asia/Pacific region. 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 MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The Bloomberg Barclays U.S. Aggregate Bond Index comprises long-term government and investment grade corporate debt securities and is generally considered representative of the performance of the broad U.S. bond market. Indexes are unmanaged and returns assume reinvestment of dividends and do not reflect any fees, expenses or sales charges. Investors cannot invest directly in an index.

Composite Information: The composite was created August 31, 2013, calculated with an inception date of January 1, 1991. Returns presented are based on 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. The composite includes all taxable, fully discretionary, fee-paying accounts. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest. The results portrayed on the preceding pages are supplemental information to the Calamos U.S. Opportunities composite. Portfolio characteristics are specific to the composite at that point in time. Individual portfolios will vary in composition and characteristics, and will experience different investment results.

Terms

Alpha: The incremental return of a manager when the market is stationary, or the return due to non-market factors. Beta: a measure of the sensitivity of a portfolio's rate of return to fluctuations in the benchmark index. Downside risk: semi-variance breaks total variability into two segments—risk and uncertainty—and shows the degree to which a portfolio's returns have fluctuated around the mean return in down markets. It differentiates between "good risk" (upside volatility or "uncertainty") and "bad risk" (downside volatility or "risk"). Semi-variance only measures the periods where the portfolio returns underperform the target, whereas standard deviation treats both upside and downside risk the same. Excess returns: Returns in excess of the benchmark. A positive excess return indicates that the manager outperformed the benchmark for that period. Information ratio: A measure of the value added per unit of active risk by a manager over the index. A positive ratio indicates "efficient" use of risk by the manager. Sharpe ratio: This ratio is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. Sortino Ratio: a downside risk-adjusted measure of value added. This ratio is calculated by first finding the portfolio's excess return of the target and then dividing the portfolio's semi-deviation of active returns. An important benefit of this measure is that it offers an indication of both the likelihood of failing to achieve the target return and also the consequences of the shortfall. Standard deviation: a measure of the variability or volatility of monthly rates of return of a portfolio; standard deviation shows the degree to which a portfolio's returns have fluctuated around the mean. Tracking error: A measure of the amount of active risk that is being taken by a manager. Tracking error accounts for the deviation away from the benchmark and does not indicate in which direction it occurred, either positive or negative. Treynor Ratio: This ratio is calculated by first finding the portfolio's return in excess of the risk-free return and then dividing by the portfolio's beta. Source: eVestment Alliance.

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