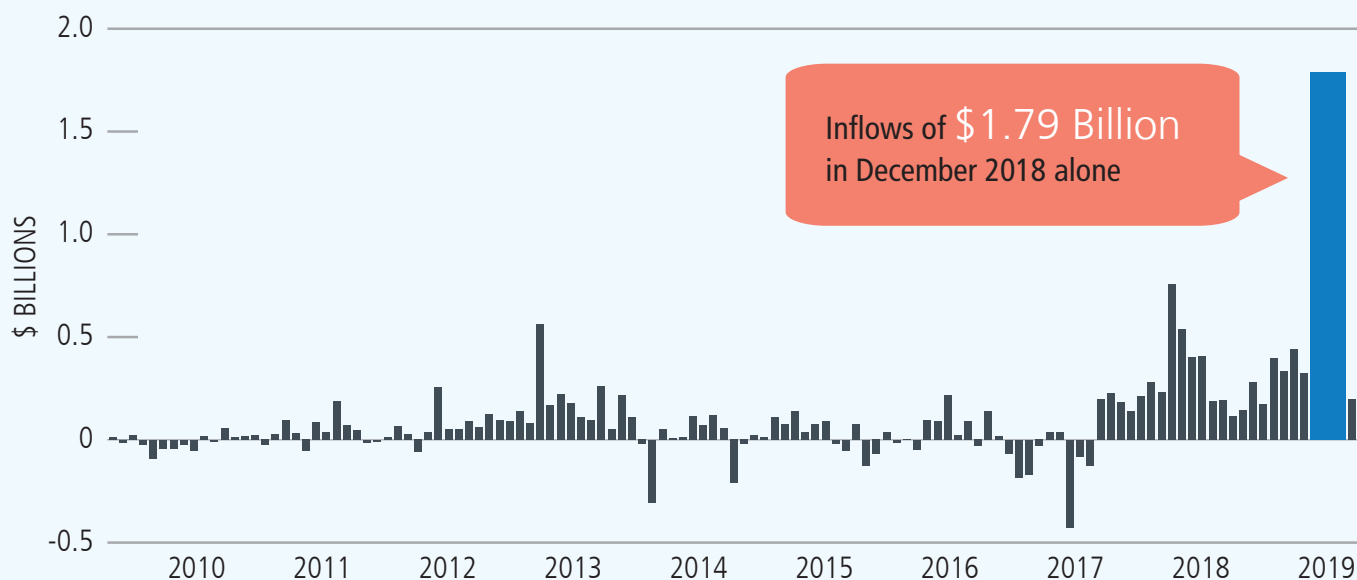


# UNDERSTANDING THE MORNINGSTAR Options-Based Funds CATEGORY



More and more, financial advisors recognize that certain approaches within the diverse **options-based funds** category can help investors **capitalize on volatility** and favorably shape the risk/return profile of an equity allocation.

## THE FASTEST GROWING ALTERNATIVES CATEGORY FOR THE LAST TWO YEARS (AS OF 1/31/19)



Source: Morningstar data, 1/31/19

## THE MORNINGSTAR OPTIONS-BASED CATEGORY EXPLAINED

Funds in this category **use options** as a significant and consistent part of their overall investment strategy.

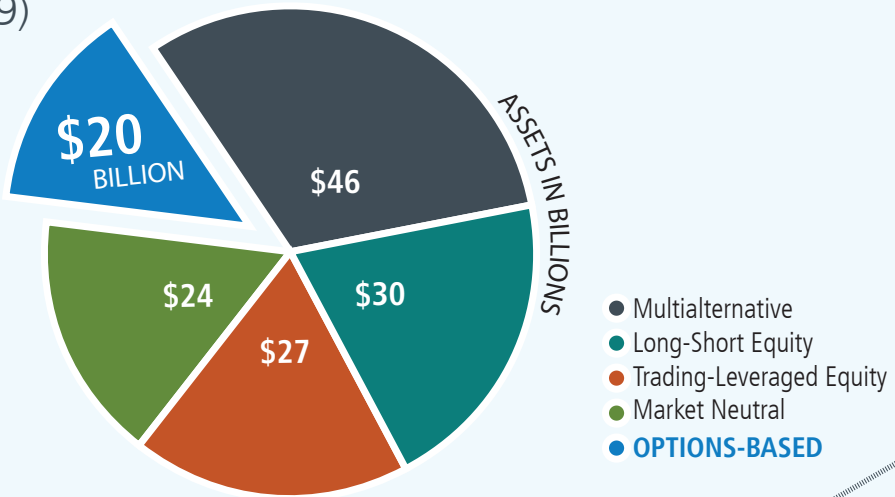
These investments may use a variety of strategies, including but not limited to:

- put writing
- covered call writing
- option spreads
- collar strategies
- options-based hedged equity
- options trading strategies

Option writing funds seek to generate a portion of their returns, either directly or indirectly, from the volatility risk premium associated with options trading strategies.

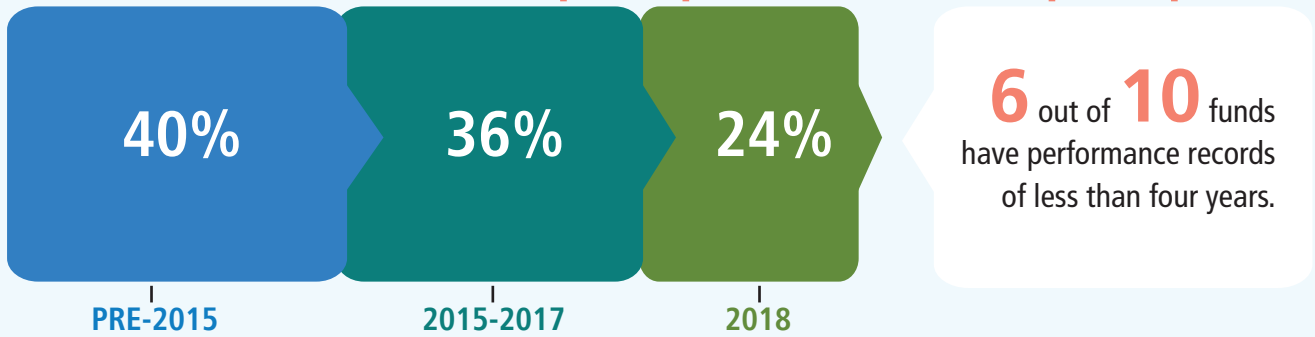
THE OPTIONS-BASED CATEGORY IS THE 5TH LARGEST CATEGORY  
(AS OF 1/31/19)

Top 5 Liquid Alternative Fund Categories



NEARLY ONE-QUARTER (21 OF 89) OF ALL OPTIONS-BASED FUNDS WERE ADDED IN 2018

INCEPTION YEAR



THE BROAD MIX OF OPTIONS-BASED FUNDS...



## ...CAN BE CATEGORIZED INTO 3 TYPES...

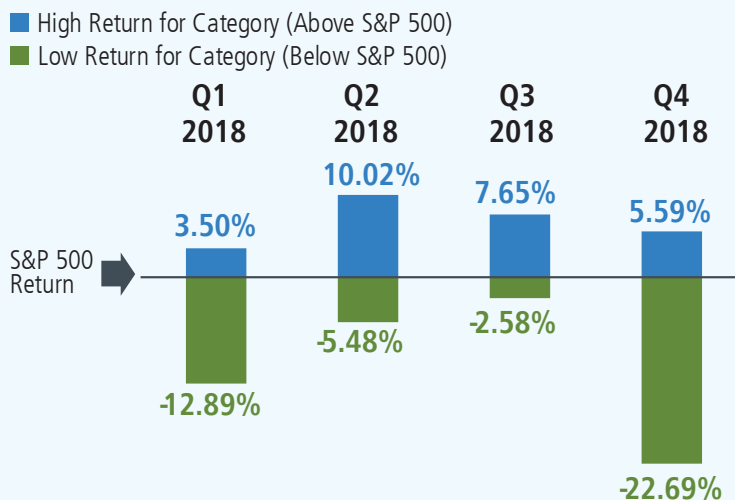
	INCOME STRATEGIES	HEDGING STRATEGIES	ALPHA/TACTICAL TRADING STRATEGIES
Description	Typically long equity strategy combined with selling/writing short-term options to generate incremental income.	Typically long equity core portfolio that normally sells upside calls to pay for potential downside protection.	Endeavor to generate returns from the tactical trading of options. The strategy may hold cash as "core." Maximum flexibility.
Variations	<ul style="list-style-type: none"> <li>• Covered call/buy-write</li> <li>• Put-write</li> </ul>	<ul style="list-style-type: none"> <li>• Degree of hedge protection/upside forfeit</li> <li>• Rules-based vs. discretion</li> <li>• Time to expiration of hedges</li> <li>• Use of additional trades to offset cost (put spreads, collars)</li> </ul>	<ul style="list-style-type: none"> <li>• Nearly endless variations on positioning</li> <li>• Can position for up, down, sideways markets</li> <li>• Can position for rising/falling/sideways volatility</li> </ul>
Ideal market conditions for relative performance	Gently rising or range bound equity markets	Falling equity markets Moderate volatility	Varies by implementation but potential to profit from normal-high volatility
Expected to underperform	Strong up or down trending markets	Strong up trending markets	Varies by implementation but generally susceptible to compressed or low volatility
Potential equity downside protection (relative)	No	Yes	Yes
Net shorting of options	Yes	Permissible	Permissible
Reaction to rising vol/vol of vol:	Negative	Varies by implementation	Varies by implementation

Source: Calamos Investments

## ...WITH DIFFERENT REACTIONS TO VOLATILITY

### Range of Returns Within Options-Based Category Relative to S&P 500 Index

Faced with varied levels of volatility throughout 2018, the range of fund performance across the category was wide.



Performance data quoted represents past performance, which is no guarantee of future results.

Buyer beware: Advisors will need to [dig deeper to find the true differentiation](#) between one fund and the next.

Identify the differences. Visit [www.calamos.com/zephyr](http://www.calamos.com/zephyr)

Ask your Calamos Investment Consultant for help understanding the range of choices within the Options-Based Category and about running a free, exclusive Zephyr Competitive Analysis to compare returns, rankings, and MPT statistics for any mutual fund and any benchmark.

Subscribe at [www.calamos.com/weeklyalts](http://www.calamos.com/weeklyalts)

Subscribe to the Calamos Alternatives Snapshot newsletter delivered to your email inbox every Monday.

The Snapshot includes:

- Alternative Categories weekly, MTD, QTD, YTD performance and correlations
- Estimated net flows by category
- Market news

Visit [www.calamos.com/CIHEX](http://www.calamos.com/CIHEX)



## Calamos Hedged Equity Fund (CIHEX)

The fund:

- Aims to achieve the total return of equity markets with lower volatility
- Draws on more than a decade of experience in options investing and more than two decades in equity investing
- Earned a 4-star Overall Morningstar Rating\* in the Options-Based category through 3/31/19

Calamos is the fourth largest alternatives manager by assets under management (Morningstar, 3/31/19) and #1 in alternative flows for 2018 (Morningstar data, 12/31/18).

\*Overall Morningstar rating among 94 Options-based Funds: The fund's load-waived Class I shares had 4 stars for 3 years out of 94 Options-based Funds for the period ended 3/31/19.

Before investing carefully consider the fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information which can be obtained by calling 1-800-582-6959. Read it carefully before investing.

Data as of 3/31/19

AVERAGE ANNUAL RETURNS	1-YEAR	3-YEAR	SINCE A SHARE INCEPTION	SINCE I SHARE INCEPTION
<b>Calamos Hedged Equity Fund</b>				
I Shares - at NAV (Inception-12/31/14)	3.70%	7.14%	N/A	5.11%
A Shares - at NAV (Inception-12/31/14)	3.43	6.83	4.81%	N/A
A Shares - Load adjusted	-1.52	5.09	3.62	N/A
S&P 500 Index	9.50	13.51	10.06	10.06
Bloomberg Barclays U.S. Aggregate Bond Index	4.48	2.03	2.27	2.27

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. The principal value and return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance reflected at NAV does not include the Fund's maximum front-end sales load of 4.75%. Had it been included, the Fund's return would have been lower. For the most recent fund month-end performance information visit [www.calamos.com](http://www.calamos.com).

EXPENSE INFORMATION	A SHARES	C SHARES	I SHARES
Total Expense Ratio <sup>†</sup>	1.48%	2.31%	1.27%
Total Expense Ratio Excluding Dividend & Interest Expense	1.26	2.01	1.01

<sup>†</sup>The Fund's investment advisor has contractually agreed to reimburse Fund expenses through March 1, 2020 to the extent necessary so that Total Annual Fund Operating Expenses (excluding taxes, interest, short interest, short dividend expenses, brokerage commissions, acquired fund fees and expenses, and extraordinary expenses, if any) of Class A, Class C and Class I shares are limited to 1.25%, 2.00% and 1.00% of average net assets, respectively. amos Advisors may recapture previously waived expense amounts within the same fiscal year for any day where the respective Fund's expense ratio falls below the contractual expense limit up to the expense limit for that day. <sup>†</sup>As of prospectus dated 3/1/19.

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors. Opinions are subject to change due to changes in the market, economic conditions or changes in the legal and/or regulatory environment and may not necessarily come to pass. This information is provided for informational purposes only and should not be considered tax, legal, or investment advice. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations.

Alternative investments may not be suitable for all investors.

An investment in the Fund(s) is subject to risks, and you could lose money on your investment in the Fund(s). There can be no assurance that the Fund(s) will achieve its investment objective. Your investment in the Fund(s) is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The risks associated with an investment in the Fund(s) can increase during times of significant market volatility. The Fund(s) also has specific principal risks, which are described below. More detailed information regarding these risks can be found in the Fund's prospectus.

The principal risks of investing in the Calamos Hedged Equity Fund include: covered call writing risk, options risk, equity securities risk, correlation risk, mid-sized company risk, interest rate risk, credit risk, liquidity risk, portfolio turnover risk, portfolio selection risk, foreign securities risk, American depository receipts, and REITs risks.

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.

S&P 500 Index is generally considered representative of the U.S. stock market.

Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

Morningstar Options-based Category funds use options as a significant and consistent part of their overall investment strategy. Trading options may introduce asymmetric return properties to an equity investment portfolio. These investments may use a variety of strategies, including but not limited to: put writing, covered call writing, option spread, options-based hedged equity, and collar strategies. In addition, option writing funds may seek to generate a portion of their returns, either indirectly or directly, from the volatility risk premium associated with options trading strategies.

\*Overall Morningstar rating among 94 Options-based Funds: The fund's load-waived Class I shares had 4 stars for 3 years out of 94 Options-based Funds for the period ended 3/31/19.

Morningstar Ratings™ are based on risk-adjusted returns and are through 3/31/19 for Class I shares and will differ for other share classes. Morningstar ratings are based on a risk-adjusted return measure that accounts for variation in a fund's monthly historical performance (reflecting sales charges), placing more emphasis on downward variations and rewarding consistent performance. Within each asset class, the top 10%, the next 22.5%, 35%, 22.5%, and the bottom 10% receive 5, 4, 3, 2 or 1 star, respectively. Each fund is rated exclusively against U.S. domiciled funds. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Source: ©2019 Morningstar, Inc.

**CALAMOS**  
INVESTMENTS

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