

DEFENSIVE EQUITY VS. FIXED INCOME ALTERNATIVE

Ask **the** PORTFOLIO
MANAGER

What is the difference between Calamos Hedged Equity Income Fund and Calamos Market Neutral Income Fund?

Transcript of a video recorded on May 1, 2018

The two hedging strategies have different risk profiles and return expectations.

We've been using a covered call strategy inside of Market Neutral since 2006, and we like the way it's performed and we like the way it blends with convertible arbitrage, but we also see the validity of using it as a separate standalone strategy. It's a little bit higher up the risk curve, a little bit higher return expectation.

Normally, the two portfolios and the two strategies will look fairly similar. They're going to have similar equity names, and the same philosophy will go into our option hedging. But at the end of the day, they're two different strategies with two different return expectations, two different risk profiles, and two different investor bases, and we need to manage them accordingly.

Market Neutral is going to have a steady, stable, low-volatility, fixed income-like return stream whereas Hedged Equity is really a defensive equity product. While we always want to make sure we outperform in down markets and deliver protection, we need to make sure we also focus on capturing equity upside because at the end of the day, we need to deliver equity-like returns over time.



DAVE O'DONOHUE
Senior Vice President,
Co-Portfolio Manager

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Video recorded 5/1/18.

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.

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. The material has been prepared for informational purposes only, and is not intended to provide, and should not be relied upon for, accounting, legal or tax advice. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Any forecasts contained herein are for illustrative purposes only and care not to be relied upon as advice or interpreted as a recommendation.

Important Information About Risk: 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. More detailed information regarding these risks can be found in the Fund's prospectus.

Alternative investments are not suitable for all investors.

The principal risks of investing in the **Market Neutral Income Fund** include: equity securities risk consisting of market prices declining in general, convertible securities risk consisting of the potential for a decline in value during periods of rising interest rates and the risk of the borrower to miss payments, synthetic convertible instruments risk, convertible hedging risk, covered call writing risk, options risk, short sale risk, interest rate risk, credit risk, high yield risk, liquidity risk, portfolio selection risk, and portfolio turnover risk.

The principal risks of investing in the **Calamos Hedged Equity Income 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.

Options Risk: The Fund's ability to close out its position as a purchaser or seller of an over-the-counter or exchange-listed put or call option is dependent, in part, upon the liquidity of the option market. There are significant differences between the securities and options markets that could result in an imperfect correlation among these markets, causing a given transaction not to achieve its objectives. The Fund's ability to utilize options successfully will depend on the ability of the Fund's investment adviser to predict pertinent market movements, which cannot be assured.

Covered Call Writing involves selling (or "writing") a call option against an equity the writer holds. When managers sell a call option, they earn a premium from the option sale. If the shares trade below the strike price, the option will expire worthless and they keep the premium from the option and retain the security. If the share price exceeds the strike price, the buyer will likely exercise the option and the seller must sell the shares at the strike price. To hedge additional risk, managers could also purchase put options to protect against significant equity market declines.

CALAMOS[®]
INVESTMENTS

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