CALAMOS
WEALTH
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FROM THE DESK OF
FOUNDER'S CORNER
JOHN P. CALAMOS, SR.

What Steps Should Investors Take After February's Selloff?

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February was a brutal reminder of how much markets hate uncertainty, as coronavirus anxiety fueled a stunning selloff. However, what I've learned through my investing career is that there are always opportunities—even in volatile markets. Since the market's plunge has been thoroughly covered in the media, we'll focus on a different topic in this post: the steps that investors can take from here.

1. **Stay focused on the long term.** Although the near-term ups and downs are impossible to predict, I am confident that the market will ultimately navigate the current set of challenges. During my 50 years in the investment industry, there have been many unexpected and unprecedented events that roiled financial markets, but time after time, markets have demonstrated resilience.

2. **Be prepared for more volatility.** The coronavirus outbreak, changing corporate guidance, and reports of supply chain disruptions will result in market turbulence in the foreseeable future. And, of course, there's the U.S. elections. We expect significant daily moves and leadership changes. But, as I've said in the past, the flipside of volatility is opportunity.

3. **Don't try to time the markets—it's dangerous.** Volatility increases the temptation to make sudden shifts to your allocation, but usually investors end up getting whipsawed—catching the downside and missing the upside. Investors often regret selling into a downturn, because markets or individual stocks can rally just as suddenly as they fall.

   As I mentioned in a CNBC interview last week, we've seen a lot of panic selling going on right now, and many stocks with strong fundamentals have been oversold. In many cases, it's an over-reaction, and we could see rebounds when markets recognize this.

4. **Talk to your financial advisor about your asset allocation.** There's a big difference between making sudden and dramatic shifts to your asset allocation (like selling off everything and going to cash) versus making strategic adjustments that align with your time horizon and risk tolerance.

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5. **Re-assess any exposure to passive strategies.** Selloffs give investors a renewed appreciation for risk management and can help define the level of risk you can really stomach. One strategic adjustment to discuss with your advisor is redeploying investments into active strategies.

   Active long-term managers can be selective and can respond to risks in a targeted way. They can reduce exposure to industries and companies when fundamentals call for it. Also, active managers can use short-term volatility to their long-term advantage—for example, by adding to positions when prices fall due to overly negative short-term sentiment. In contrast, passive strategies can't take advantage of the dislocations that emerge in volatile markets. Passive strategies also have more limited tools for responding to risks—like downturns in specific regions, industries or companies.

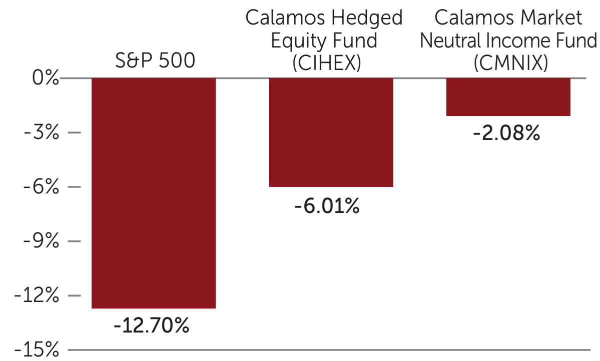
6. **Consider liquid alternative funds and lower volatility equity approaches.** Alternative funds can deploy a broader range of strategies than traditional funds, providing significant potential advantages when markets sell off. For example, the chart below shows how two of our alternative funds, Calamos Market Neutral Income Fund (CMNIX) and Calamos Hedged Equity Fund (CIHEX) held up far better than the broad equity market during the February downturn. Additionally, Calamos Market Neutral Income Fund was singled out by Barron's this past week in its article, "Coronavirus has battered the stock market. These mutual funds are still holding up."

   In addition to alternatives, investors may wish to consider strategies that utilize convertible securities to pursue lower-volatility equity exposure over full market cycles. With active management, convertibles may provide participation in stock market gains, while mitigating exposure to drawdowns.

7. **Look to short-duration bond strategies for risk management and potentially more upside than cash.** As our Co-CIO Matt Freund and Associate Portfolio Manager Christian Brobst explained in a recent post, the yield curve environment we have today bolsters the appeal of this asset class.

Calamos Liquid Alternative Funds Demonstrated Relative Resilience in the February Selloff

RETURN %, FEBRUARY 20, 2020 – FEBRUARY 28, 2020



Past performance is no guarantee of future results.
Source: Morningstar.

Conclusion

No two market downturns are exactly the same, which often adds to investor anxiety as events are unfolding. That's certainly been the case with this recent correction.

However, financial markets and the global economy have weathered all types of unprecedented events and have moved forward. We believe this will be the case once again. The volatility that lies ahead will likely test the resolve of many investors, but there are opportunities in all environments for active long-term approaches. Our teams are committed to uncovering those opportunities amid the volatility, and we believe we are well positioned to do so.

Annualized Total Return as of 3/31/20

	Inception	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross Expense Ratio
CMNIX	5/10/2000	-3.83%	-0.25%	2.44%	2.97%	3.61%	4.28%	1.01%
CIHEX	12/31/2014	-9.29	-2.39	3.27	3.93	—	3.64	0.98*
CPLIX	5/1/2002	-11.48	-10.87	-2.76	1.25	3.30	9.27	2.73**

Past performance 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. You can obtain performance data current to the most recent month end by visiting www.calamos.com. Gross Expense Ratios are as of the prospectus dated 2/28/20.

*For Calamos Hedged Equity Fund, the Fund's investment advisor has contractually agreed to reimburse Fund expenses through March 1, 2022 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 are limited to 1.25%, 2.00%, and 1.00% of average net assets, respectively. For the period of January 22, 2020 through February 28, 2021, the Fund's investment advisor has contractually agreed to reimburse Fund expenses 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 are limited to 1.15%, 1.90%, and 0.90% of average net assets, respectively. Calamos 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. This undertaking is binding on Calamos Advisors and any of its successors and assigns. This agreement is not terminable by either party.

**Total expense ratio excluding dividend and interest expense is 1.44% for Class I Shares.

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There can be no assurance that any Calamos Fund will achieve its investment objective. Asset allocation and diversification do not guarantee profit or eliminate the risk of loss. Alternative funds entail added risks and may not be suitable for every investor.

Important Fund Risk Information. An investment in the Fund is subject to risks, and you could lose money on your investment in the Fund. There can be no assurance that the Fund will achieve its investment objective. Your investment in the Fund 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 principal risks of investing in the Calamos 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 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. The risks associated with an investment in the Fund can increase during times of significant market volatility. The writer of a covered call may be forced to sell the stock to the buyer of the covered call and be precluded from benefiting from potential gains above the strike price.

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 options 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.

Convertible Arbitrage Risk: If the market price of the underlying common stock increases above the conversion price on a convertible security, the price of the convertible security will increase. The fund's increased liability on any outstanding short position would, in whole or in part, reduce this gain.

About Class I shares: Class I shares are offered primarily for direct investment by investors through certain tax-exempt retirement plans (including 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans, defined benefit plans and non-qualified deferred compensation plans) and by institutional clients, provided such plans or clients have assets of at least $1 million. Class I shares may also be offered to certain other entities or programs, including, but not limited to, investment companies, under certain circumstances.

Indexes are unmanaged, do not include fees or expenses and are not available for direct investments. The S&P 500 is considered broadly representative of the U.S. stock market.

Convertible securities entail credit risk and interest rate risk.

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.

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