FROM THE INVESTMENT STRATEGY GROUP

INVESTMENT INSIGHTS

Do Not Underestimate the US Consumer

The Calamos Wealth Management Market Commentary is provided for informational purposes only. The commentary reflects the views and opinions of the Calamos Wealth Management Investment Team and is intended for clients and constituent audiences of Calamos Wealth Management. Content is organized to suit a variety of readers, with summary bullet points, a variety of reference exhibits and comprehensive narrative to provide context for the information and viewpoints shared.

EXECUTIVE SUMMARY

The global equity and fixed income markets suffered negative returns as volatility surged and investors' attention was drawn to Russia's invasion of Ukraine, surging inflation and the Federal Reserve's tighter monetary policy stance, among other items. Below are a few highlights.

1. Major equity markets around the world experienced negative returns in the first quarter ranging from -4.6% for the S&P 500 to -5.8% for the developed international equity market (MSCI EAFE). Other global equity markets trailed the US.
2. In 2021, US corporate profitability was the highest ever recorded since 1950. This year's profits are expected to continue to trend upward albeit at a slower pace than 2021. Overall, the US economy is continuing to show economic expansion and we don't foresee that changing for the remainder of the year.
3. The Fed has begun to raise interest rates and has outlined a path to a Fed Funds target of 1.875% from the current 0.33% by year-end.
4. The fixed income markets experienced their worst quarter since 1980 as the Bloomberg US Aggregate Bond Index fell 5.9%.
5. Real assets/infrastructure investments were the sole bright spot, gaining 7.5% during the first quarter, as measured by the S&P Global Infrastructure Index.

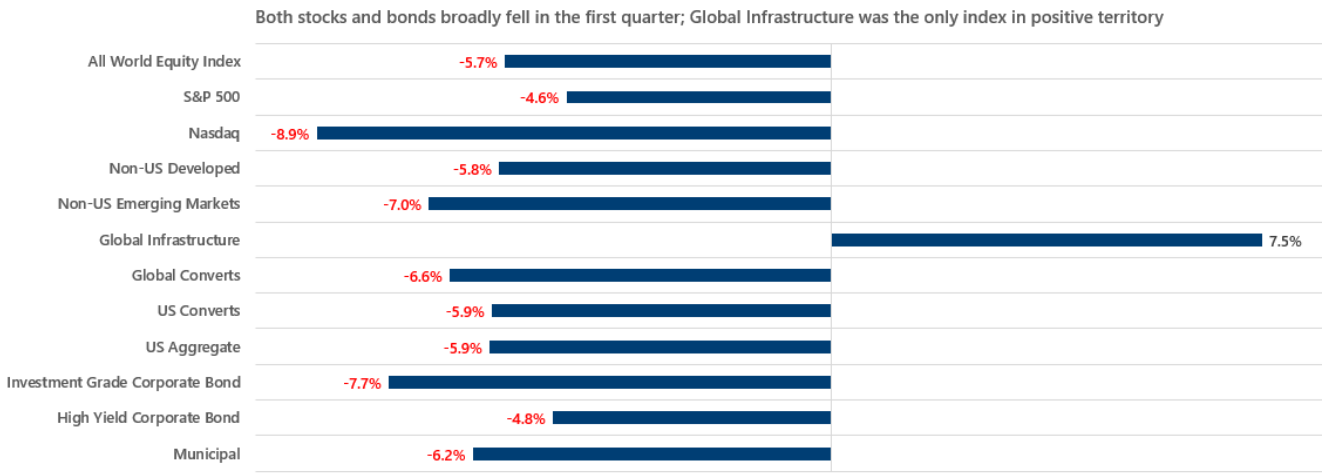
OUTLOOK

- For 2022, we continue to expect corporate profits to expand by approximately 8%–10%.
- The US consumer should continue to remain a driving force behind economic growth as warmer weather, fewer Covid restrictions and a return to the office help adjust spending patterns toward travel, leisure and more service-oriented opportunities.
- We expect inflation to begin to trend lower in the second half of the year.
- We do not foresee the US economy contracting in 2022.
- We expect volatility to remain elevated, and are prepared for choppy, sideways-moving markets where sentiment at times overtakes fundamentals.
- Real assets and alternative Investments such as market neutral, hedged equity and private debt strategies offer return potential and a buffer against rising interest rates, along with valuable portfolio diversification.

ASSET CLASS COMMENTARY AND HIGHLIGHTS OF THE FIRST QUARTER OF 2022

For the first time in 28 years, since the first quarter of 1994, both the equity markets and fixed income markets declined more than 2%. Global markets experienced heightened volatility as investors watched in horror as Russia invaded Ukraine and inflicted brutal suffering on the Ukrainian people (Exhibit 1).

Exhibit 1: Few places to hide in the first quarter of 2022's downdraft



*Source: Bloomberg. As of 03/31/2022. **Past Performance is no guarantee of future results**. The All World Equity Index is represented by the MSCI ACWI Index; The Dow Jones Industrial Average is represented by the Dow Jones Industrial Average; S&P 500 is represented by the S&P 500 Index; The Nasdaq is represented by the Nasdaq Composite; The Russell 2000 is represented by the Russell 2000 Index; The Non-US Developed is represented by the MSCI EAFE Index; The Non-US Emerging Markets is represented by the MSCI Emerging Markets Index; The Global Infrastructure is represented by the S&P Global Infrastructure Index; The Global Converts is represented by the Bloomberg Global Convertibles Index; The US Converts is represented by the Bloomberg US Convertibles Liquid Bond Index; The US Aggregate is represented by the Bloomberg US Aggregate Bond Index; The Investment Grade is represented by the Bloomberg US Corporate Bond Index; The High Yield Corporate Bond is represented by the Bloomberg US Corporate High Yield Index; The Municipal is represented by the Bloomberg Municipal Bond Index;*

Within the US markets, large capitalization stocks outperformed smaller stocks. Value stocks outperformed growth stocks, and technology stocks continued to decline as valuation multiples came under pressure due to rising interest rates. The US markets outperformed developed international equities as geopolitical tensions weighed on those markets.

Real assets, along with its sub-category of Global Infrastructure, saw a positive return for the quarter. The index is comprised of roughly three primary sectors: Utilities, Industrials and Energy, the latter of which saw gains of 39% (S&P 500 Energy) on the heels of a meteoric rise in commodity prices due in part to inflation, but then further amplified by the ongoing conflict between Russia and Ukraine.

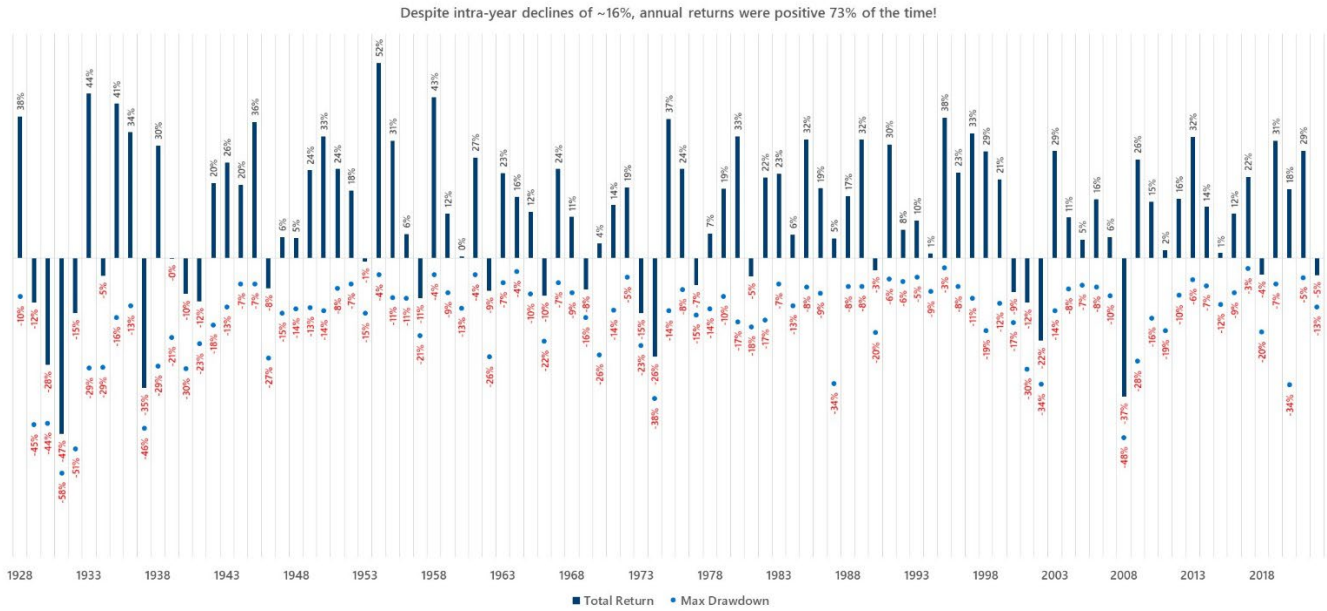
Convertible bonds, in both US and global markets, declined mid-single digits in the quarter. It is important to note that convertible bonds are hybrid investments that may offer a risk/reward in between traditional stocks and bonds. During the quarter, convertible securities lagged the broad equity markets as the underlying companies issuing convertible securities tend not to be the larger cap, defensive and/or commodity-related businesses that helped the broad equity markets. Issuance of convertible securities was light in the quarter, as it was for the debt and equity markets more broadly. The fixed income market experienced its worst quarterly return since the third quarter of 1980. The yield on the 10-year Treasury rose to 2.38% at the end of the quarter from 1.51% at the start of the year. As of 4/13/2022, the yield on the 10-year Treasury climbed to 2.73%. With interest rates having spent much of the past decade at historic low yields, it should come as no

surprise to investors that yields are finally rising. The Bloomberg US Aggregate Bond Index declined 5.9%, while corporate investment grade credit (Bloomberg US Corporate Bond) fared even worse with a 7.7% decline. Diversification strategies within fixed income helped as high yield and short duration assets performed slightly better, but ultimately, there were few places to hide within the asset class.

Calamos Wealth Management has recommended for some time now that liquid alternative strategies can offer diversification attributes when incorporated into a client's fixed income asset class. The market neutral liquid alternative strategies have similar long-term performance and volatility characteristics as fixed income, without the same duration or interest rate risk. The HFRX Equity Market Neutral Index posted a small gain of 0.1% for the first quarter.

In our 2021 commentary, we mentioned how surprisingly low volatility had been throughout the year. Historically, the S&P 500 averages six pullbacks of 5% per year, however, 2021 saw only one such pullback. Exhibit 2 below highlights that volatility has historically been significantly higher than last year, with the longer-term average intra-year decline being 16%. During the first quarter, the S&P declined on an intra-quarter basis 13%. However, the quarter ended with a decline of 5.7%.

Exhibit 2: Despite average intra-year drops of 16%, annual returns were positive in 69 of 94 years



Source: Bloomberg, as of 3/31/2022. ***Past Performance is no guarantee of future results.*** *Annual returns reflect the total return of the index. The max drawdown is defined as the largest peak to tough decline in a given year.*

Do Not Underestimate the US Consumer

Last quarter, our commentary was titled Revving Up Their Engines in reference to the US consumer being in a strong position to drive the economy and, in turn, corporate profits. Today, investors are worried about a multitude of issues, including inflation, geopolitical tensions, rising interest rates, Covid-19 related lockdowns and the impact on restarting the global supply chain. Despite the "wall of worry," the US consumer remains on solid footing and looks positioned to drive continued economic growth and activity.

- Covid appears to be transitioning from pandemic to endemic. The recent less lethal variants have allowed a more general reopening of economic activity. The harsh impacts from Covid on the US economy continue to slowly diminish.
- Consumer net worth is at record levels, up 14.4% year-over-year to $150.3 trillion (as of the 4th quarter 2021) per Bloomberg.
- Bank deposits have grown to $18.1 trillion (as of March 2022) vs. $16.7 trillion at this time last year per the St. Louis Federal Reserve. According to JP Morgan Chase CEO Jamie Dimon, US consumers have $2 trillion in excess savings, and they are coiled, ready to go and start to spend. Keep in mind, the economic output of the US is roughly $24 trillion (per the St. Louis Federal Reserve implying consumer excess cash is 8% of the economic annual output for the largest economy in the world.
- The unemployment rate has fallen to a near 50-year low.
- US Personal Disposable Income (nominal) has grown 11.6% since the pre-pandemic level of December 2019, per Bloomberg.
- And, as expected, consumer spending is increasing, up 13.7% year over year (nominally) in February, and even 14% above pre-pandemic levels of December 2019. Since January of 1960, nominal consumer spending has increased on average by 6.6% annually, according to Bloomberg. In turn, this heightened consumer spending environment should continue to propel economic growth and ultimately corporate profits.

While our base case economic scenario for 2022 is that the US economy will continue to expand, certain indicators have begun to signal potential risks. Real US GDP growth is estimated to be 3.3% in 2022 and 2.2% next year (Bloomberg). Consumer spending, which excludes the impact of inflation, is expected to grow 3.1% in 2022 and 2.3% in 2023, and corporate profits are estimated to continue to grow. Inflationary pressures are proving to be more stubborn than originally forecasted and it's challenging to know how much is structural and how much is temporary. The Federal Reserve has communicated a more aggressive policy stance toward fighting inflation. We expect the Fed's aggressiveness toward raising rates is likely to fade by the second half of the year as they evaluate the impact of reducing the balance sheet and the cumulative impact of higher rates.

OUTLOOK AND PORTFOLIO IMPLICATIONS

Equities

Faced with global uncertainty, the Russia/Ukraine war, Covid-19, inflation, Fed policy and other risks, the next several months will continue to test the resolve of investors. We expect the markets to reflect an ongoing debate over whether policymakers will be able to engineer the soft landing they seek. When confronted with these types of uncertainties, it can be difficult to stay disciplined with your investment strategies. We are prepared for choppy sideways-moving markets where sentiment at times overtakes fundamentals. Selectivity and security selection are key.

As referred to above, equity markets typically experience multiple pullbacks during the year. The markets started this year on a volatile note, with the broader equity and bond averages declining. The median stock in the S&P 500 is off its 52-week high (as of April 8) by 14%. In the tech-heavy NASDAQ, the median decline is 42%, and the median drop in small cap stocks is 33% from the 52-week high. These numbers are of particular interest when US equities at the index level are only marginally off their all-time highs. As of March 31, the price/earnings ratio (P/E) of the S&P 500 was 19.5x. However, the P/E ratio for the top 10 market

capitalization-weighted companies in the index was 30.7x while the remaining companies had a P/E ratio of 16.6x earnings.

We highlight these numbers to illustrate the broader pressure that the markets have faced and that investors have been pricing in the perceived risk for the markets in many different companies and sectors. During periods of high volatility, we see the seeds of future opportunities and believe there is opportunity in select growth names, value stocks, small cap stocks and select non-US markets.

As the Federal Reserve begins the process of raising rates and unwinding its balance sheet, the equity markets have historically co-existed well with policy transitions (Exhibit 3). It takes several months for the cumulative impact of the rate hikes to have a material impact on the economy. We stress that it is important for investors to take a measured and diversified approach to their equity exposure.

Exhibit 3: Equity markets have previously been able to coexist with Federal Reserve rate hike campaigns

Market reaction during previous rate hiking cycles

	May 1983 - July 1984	March 1988 - Feb. 1989	Feb 1994 - Feb 1995	June 1999 - May 2000	June 2004 - June 2006	Dec. 2015 - Dec. 2018	March 2022 - Present	Avg. of past 6 rate hiking cycles
Yield Change (basis points)								
Federal funds rate	313 bps	325 bps	300 bps	175 bps	425 bps	200 bps	25 bps	290 bps
2-year Treasury	311 bps	227 bps	305 bps	121 bps	238 bps	165 bps	43 bps	228 bps
10-year Treasury	274 bps	91 bps	185 bps	50 bps	52 bps	49 bps	17 bps	117 bps
S&P 500 return	-9.6%	6.8%	-2.1%	8.5%	12.0%	19.0%	6.3%	5.8%
US dollar	10.4%	1.7%	-4.7%	3.4%	-5.8%	-1.4%	-0.6%	0.6%

*Source: FactSet, Federal Reserve, Standard and Poor's, J.P. Morgan Asset Management. **Past performance is no guarantee of future results**. S&P 500 returns are price returns and do not include reinvested dividends. Averages do not include the current cycle. Current cycle begins on March 16, 2022. Between 1979 and 1982, the FOMC changed its approach to monetary policy, focusing on money supply rather than the federal funds rate. In the fall of 1982, however, the Federal Reserve shifted back to its approach of targeting the "price" rather than the "quantity" of money. Thus, because the federal funds rate was not the FOMC's key policy tool, we exclude increases in the federal funds rate between 1979 and 1982 in our analysis of rate hike cycles.*

As a reminder, the primary driver of stock prices is earnings, which have historically been a reliable signal for indicating market peaks and troughs. As of March 31, US companies were expected to earn, $226 per share in 2022 (+7.8% year over year) and $248 per share in 2023 (+9.5% year over year), according to Bloomberg.

Growth vs. Value Equities

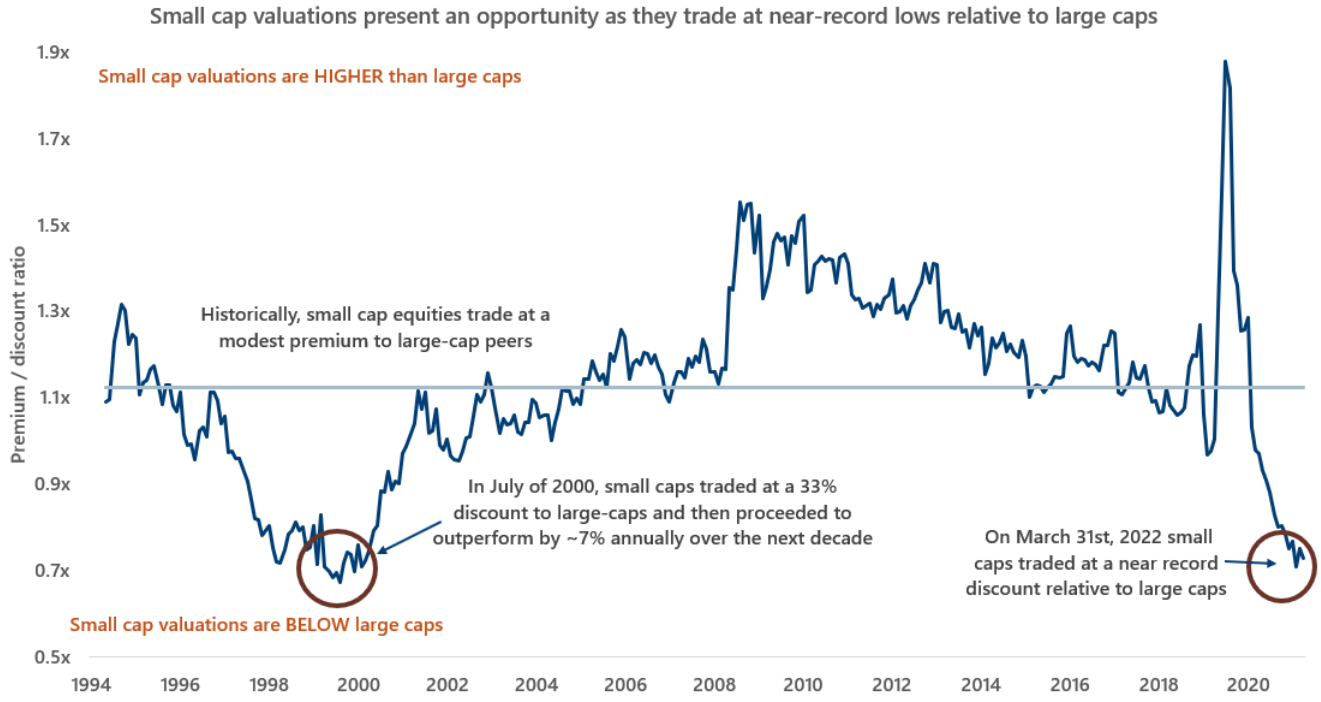
Over the last 20 years, large capitalization growth stocks, particularly industries that have deployed disruptive technology, have captured the hearts, minds, and investment dollars of investors, resulting in significant outperformance. As a group, they have outperformed large capitalization value stocks by nearly 2.5% per year. The outperformance is attributable to explosive growth in earnings, as growth companies have seen a rise by 9.6% per year since 2002, compared to 6.3% per year for value companies (Bloomberg). However, during the next two years, the earnings growth rates for value companies (S&P 500 Value) are expected to exceed those of growth companies (S&P 500 Growth). While we expect select growth companies will

continue to be market winners, incorporating value companies into a diversified equity portfolio can help an investor maneuver the current market environment.

Small Cap Equities

Stock market returns have been dominated by large capitalization stocks over the last decade, outperforming small capitalization stocks by 67 percentage points or 2.1% per year. This outperformance has driven the relative valuation to small caps to near-record lows. As illustrated in Exhibit 4, the gap has not been this wide since July 2000. Revenue and earnings growth for smaller companies tend to be more fundamentally based on the economic growth prospects of their own home country. Given our outlook for the US economy, small capitalization stocks may present an opportunity to diversify a portfolio's investment returns. Historically, when small caps traded at such a discount relative to large caps, the former outperformed by 7% plus per year over the next 10 years.

Exhibit 4: Small cap valuations are near record lows relative to large caps and represent a compelling argument allocation within a diversified portfolio

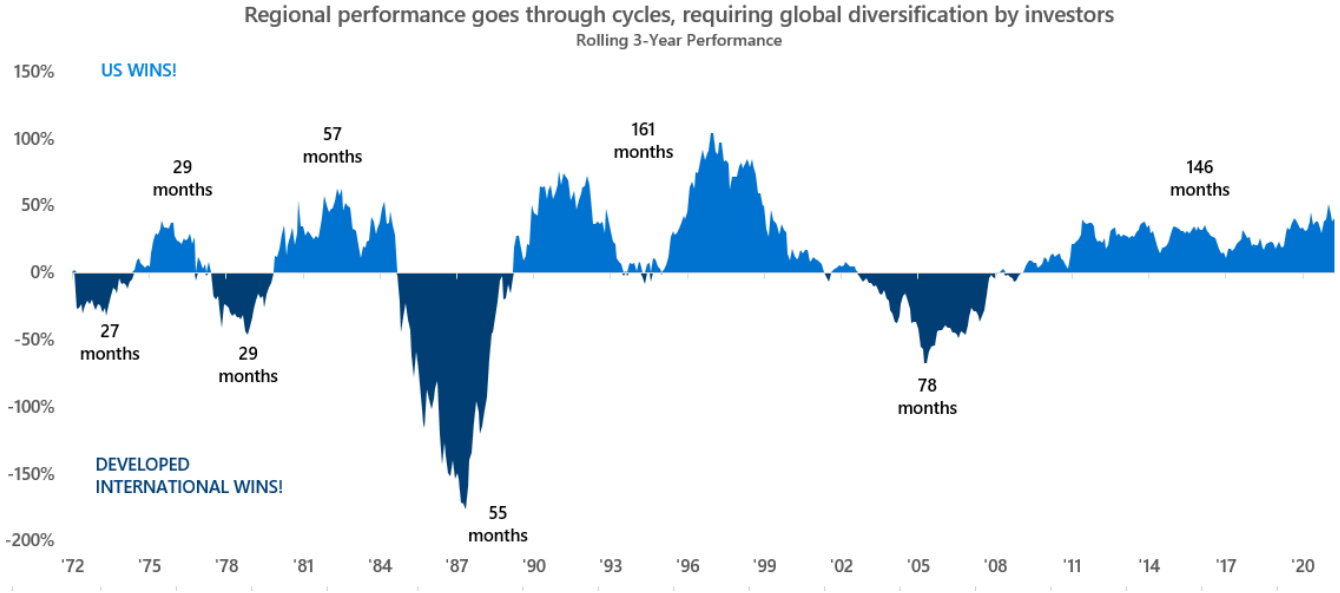


Source: Bloomberg. As of March 31, 2022. ***Past performance is no guarantee of future results.*** *Data range is from 12/31/94 to 3/31/22. Small caps are represented by the S&P SmallCap 600 Index. Large caps are represented by the S&P 500.*

International Equities

Investors have seen domestic US equities outpace the rest of the world for much of the last 14 years. But that hasn't always been the case. Regional performance tends to follow a cycle as depicted in Exhibit 5.

Exhibit 5: US equities have outperformed international equities over the last 146 months! But cycles can change, which is why being globally diversified is important



Source: Bloomberg. As of March 31, 2022. ***Past performance is no guarantee of future results.*** *US equities are represented by the S&P 500. Developed international equities are represented by the MSCI EAFE index.*

The geopolitical tensions and Russia/Ukraine war have spilled over into the international markets. Fears of an expansion for a ground war into Europe and increased likelihood for recession has caused international stocks to decline. With this decline, international equities are now substantially cheaper on a relative basis to US equities on a price to earnings basis.

Valuations for the MSCI All World excluding US index are three standard deviations below the mean compared to US equities, an occurrence not frequently seen. Further, the dividend yield on international equities is two standard deviations above the mean, implying that yield investors receive greater income internationally than here in the domestic market.

What will turn the cycle? Certainly, an end to the Russia/Ukraine war might bring renewed interest to the international markets. A growing emerging market middle class could be a specific catalyst. According to the Brookings Institution, from 2020 to 2030, there will be an estimated 1.6 billion individuals entering the middle class throughout Asia and Africa, which will drive greater consumption. No doubt, US companies will benefit from this advance, but don't be surprised if non-US companies find their spark again.

Real Assets

Real assets include investments in commodities, real estate and infrastructure. Our focus is on infrastructure, which adds diversification benefits to investment portfolios by providing downside risk protection, lower equity and bond correlations and higher yields. Additionally, investments in this asset class have historically provided a positive hedge during inflationary periods.

Exhibit 6 illustrates the investment characteristics of publicly traded infrastructure companies that have provided market-like or higher returns than global equities with less overall volatility, better downside risk and higher yields since 2001.

Exhibit 6: Global Infrastructure has outperformed global equities and has done so with a lower risk profile

Asset (December 2001 - March 2022)	Global Infrastructure	Global Equities	Note
Annualized Return (%)	9.65	8.17	Excess returns vs global stocks
Volatility (Annualized Standard Deviation %)	15.26	15.41	Lower overall volatility
Risk-Adjusted Returns (%) -- Sharpe Ratio	0.48	0.38	Better risk-adjusted profile
Upside Capture Ratio	91.0%	100.0%	Decent participation in up markets
Downside Capture Ratio	75.9%	100.0%	Less than market participation in down periods
Beta	0.89	1.00	Lower overall sensitivity to market
Correlation	0.88	1.00	Provides some diversification benefits

Source: Bloomberg. As of 3/31/2022. ***Past performance is no guarantee of future results.*** *Global infrastructure is represented by the S&P Global Infrastructure Index. Global equities is represented by the MSCI ACWI Index. Data period December 2001 – March 2022. Standard deviation is a measure of volatility. Sharpe ratio is a calculation that reflects the reward per each unit of risk in a portfolio. The higher the ratio, the better the portfolio's risk-adjusted return is. Upside capture ratio measures a manager's performance in up markets relative to a named index. It is calculated by taking the security's upside capture return and dividing it by the benchmark's upside capture return. Downside Capture Ratio measures manager's performance in down markets as defined by the named index. A down-market is defined as those periods (months or quarters) in which named index return is less than 0. In essence, it tells you what percentage of the down-market was captured by the manager. For example, if the ratio is 110%, the manager has captured 110% of the down-market and therefore underperformed the market on the downside. Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Correlation is a statistic that measures the degree to which two variables move in relation to each other. An annualized return is the geometric average amount of money earned by an investment each year over a given time period.*

Last year, the US signed into law a $1.2 trillion bipartisan infrastructure bill. Many companies and governments around the world are increasing their corporate governance on improving the sustainability of our planet, reducing carbon footprints and pledging to move toward more renewable energy sources. This provides opportunities for active management to discover companies employing these investment themes, and we continue to view this asset class favorably.

Convertibles

Convertible bonds exhibit strong diversification attributes to a broader equity portfolio. We view convertibles as a core anchor to clients' portfolios as they have historically offered bond-like characteristics during volatile market environments, and equity-like upside participation during strong market cycles.

Issuance of global convertible bonds totaled $148 billion during 2021, the fifth highest on record. The outlook for new issuance in 2022 remains strong as companies seek capital to help grow, though issuance across all asset classes has been subdued in this market environment. Convertible bonds offer investors a means to participate along with the potential equity upside of growth-oriented companies that are more typically smaller in size, but through a bond issuance that typically exhibits less volatility than their equity counterparts. In a confusing and volatile market, convertible bonds appear a very attractive means of participation.

Historically, convertible bonds have outperformed traditional fixed income securities in rising rate environments, making them an attractive part of a diversified portfolio.

Fixed Income

The Federal Reserve raised interest rates by 25 basis points (0.25%) in March and have now indicated that they will aggressively raise rates to counter rising inflation. In addition to raising interest rates, they will begin to unwind the securities on their balance sheet.

During the quarter there had been much debate about whether the future rate hikes will create an inverted yield curve and possibly cause the US to go into a recession. Typically, the yield curve is upwardly sloping, meaning longer-term bonds have higher yields than short-term ones. When the Fed begins to raise rates, many times the yield curve flattens and occasionally inverts. An inverted yield curve happens when short-term bonds yield more than longer-term bonds. Since 1978, there have been seven yield curve inversions when the two-year Treasury bond has yielded more than the 10-year Treasury bond.

An inverted yield curve does not necessarily mean that the economy will enter a recession. However, every recession has been preceded by an inverted yield curve. During the quarter, the yield curve inverted for a short period but has steepened back to a more traditionally upwardly sloping curve. It is not our base case that the yield curve inverts and is followed by a recession in 2022.

Bonds continue to look expensive relative to other asset classes, as well as their own history relative to inflation. Today, investors find themselves in a precarious situation. Interest rates are low and rising, but still below the level of inflation. When interest rates are below inflation this is defined as a negative real yield, which has damaging implications on purchasing power for goods and services (Exhibit 8). The dilemma is further compounded by heightened duration risk (a bond's price sensitivity to changes in interest rates), which creates a compelling argument for using alternatives to supplement core fixed income allocations.

Exhibit 7: Significant challenges today for investors allocating to traditional fixed income investments, which forces investors to think strategically

Historically an investor earns a yield above inflation, today that is not the case in most core fixed income markets
Real yield = yield minus inflation

	Yield	Inflation	Real Yield	20-Year Avg. Yield	20-Year Avg. Inflation	20-Year Avg. Real Yield
10-Year Yield	2.3%	5.4%	-3.1%	2.9%	1.8%	1.1%
US Aggregate Index	2.9%	5.4%	-2.5%	3.2%	1.8%	1.4%
Investment Grade Corporate Debt	3.6%	5.4%	-1.8%	4.1%	1.8%	2.3%
High Yield Corporate Debt	6.0%	5.4%	0.6%	7.8%	1.8%	5.9%

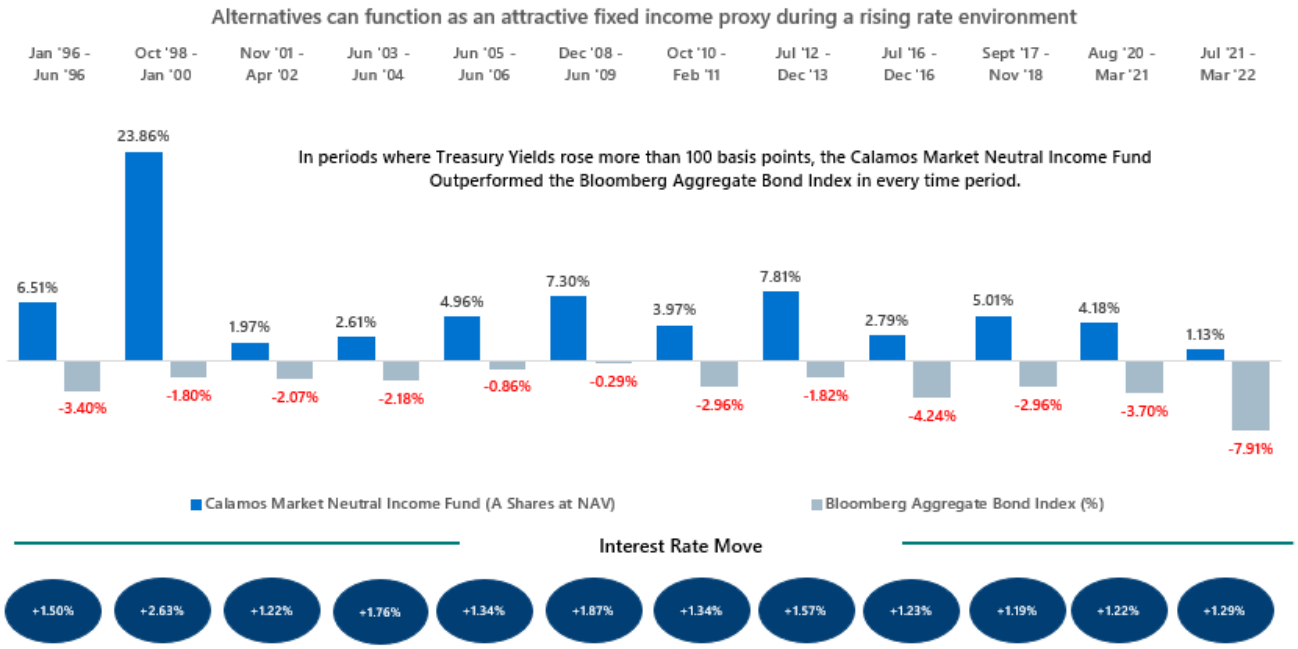
*Source: Bloomberg. As of March 31, 2022. **Past performance is no guarantee of future results.** Inflation is represented by the US Core Personal Consumption Expenditure "PCE" YoY change (as of 11/30/21). 10yr yield is represented by the yield from the 10-year US government bond. US Agg is represented by the US Aggregate Bond Index. Investment Grade Corp is represented by the Bloomberg US Corporate Bond Index. HY Corp is represented by Bloomberg US Corporate High Yield Bond index. Real yield = yield minus inflation.*

With rates rising, we believe investors need to differentiate themselves from the traditional core fixed income markets. We favor diversified allocations including short duration holdings, corporate credit, unconstrained bonds managers, private credit and the use of market neutral liquid alternatives as a fixed income proxy.

Alternatives

Given the outlook for rising bond yields, we view alternatives to traditional fixed income as an important diversifier to every portfolio. Market neutral strategies should be a cornerstone to lessen interest rate sensitivity and facilitate additional diversification. They use strategies to pursue absolute returns and income that is not dependent on interest rates (Exhibit 8).

Exhibit 8: A market neutral allocation can diversify and enhance traditional fixed income portfolio diversification, particularly during a period of rising interest rates



Source: Calamos Investment Management. ***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. Performance reflected at NAV does not include the Fund's maximum front-end sales load of 2.75%. Prior to 2/28/17, the fund had a maximum front-end sales charge of 4.75% – had it been included, the Fund's return would have been lower. The above chart reflects the performance of the A-share class whereas CWM generally uses the less expensive institutional share class.*

In Closing

We expect volatility to remain elevated across both equities and fixed income and will continue to monitor the market environment for developments that will change our view. We do not anticipate a recession in the US in 2022. The S&P 500's sharp intra-quarter pullback found support on two occasions putting in a triple bottom (an important technical indicator of support) around 4,175. Absent an exogenous shock or an acceleration of a recession, we may have seen the 2022 lows for the S&P 500.

Diversified equity portfolios that combine strategic fixed income and alternative assets are best positioned to thrive in the current market environment. While the Fed will be raising the fed funds rate, longer term yields may not move significantly from current levels.

During times of volatility it's easy to confuse volatility with risk. While volatility is of concern, it's the natural movement of the markets up and down. Risk is the possibility of permanent loss of capital. Volatility flattens out over time and the longer our time frame the less of a concern it should be.

"Proper preparation prevents poor performance" – Charlie Batch. Preparation, regardless of the market environment, can help you reach your financial goals.

If you would like to discuss any portion of the material covered in this commentary, please do not hesitate to contact your Advisor or any member of your Calamos Wealth Advisory team.

Index Definitions

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 index is calculated on a total return basis, which includes reinvestment of gross dividends before deduction of withholding taxes. The **MSCI ACWI Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets and emerging markets. The **MSCI ACWI ex US Growth Index** captures large and mid cap securities exhibiting overall growth style characteristics across 22 Developed Markets countries (excluding the US) and 26 Emerging Markets countries. The **Russell 1000® Index** measures the performance of the 1,000 largest companies in the Russell 3000 Index. The Russell 1000 Index is published and maintained by FTSE Russell. **Russell 1000® Value Index** measures the performance of those companies in the Russell 1000® Index with lower price-to-book ratios and lower forecasted growth values. **S&P 500 Index** is generally considered representative of the US stock market. **Bloomberg US Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, US 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). **Bloomberg US Corporate High Yield Index** measures the US corporate market of non-investment grade, fixed-rate corporate bonds. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/ BB+/BB+ or below. The **Bloomberg US Corporate High Yield 2% Issuer Capped Index** measures the performance of high yield corporate bonds with a maximum allocation of 2% to any one issuer. Unmanaged index returns assume reinvestment of any and all distributions and, unlike fund returns, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index. The **S&P SmallCap 600 Index** is a stock market index established by Standard & Poor's. It covers roughly the small-cap range of American stocks, using a capitalization-weighted index. To be included in the index, a stock must have a total market capitalization that ranges from $850 million to $3.6 billion. **S&P Global Infrastructure Index** provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. In order to create diversified exposure across the global listed infrastructure market, the index has balanced weights a cross three distinct infrastructure clusters: Utilities, Transportation and Energy. The **Bloomberg Short Treasury 1-3 Month Index** is generally considered representative of the performance of short-term money market investments and compares performance to public obligations of the US Treasury with maturities of 1-3 months. **ICE BofAML US Municipal Securities Index** which tracks the performance of US Dollar denominated Investment Grade tax-exempt debt publicly issued by US states and territories and their political subdivisions, in the US domestic market. **ICE BofAML US High Yield Municipal Securities Index** which tracks the performance of US Dollar denominated High Yield tax-exempt debt publicly issued by US states and territories and their political subdivisions, in the US domestic market. The **Bloomberg USD Emerging Market Composite Bond Index** is a rules-based, market-value-weighted index engineered to measure USD fixed-rate sovereign and corporate securities issued from emerging markets. The index includes both investment-grade and below-investment-grade securities. **Bloomberg Global Aggregate ex USD Index** which measures investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and Emerging Market issuers. Bonds issued in USD are excluded. **HFRI Fund Weighted Composite Index** it is a global, equal weighted index of the largest hedge fund that are open to new investments and offer quarterly liquidity or better. The index constituents are classified into Equity Hedge, Event Driven, Macro or Relative Value strategies. The index is rebalanced on a quarterly basis. **S&P Listed Private Equity Index** which comprises the leading listed private equity companies that meet specific size, liquidity, exposure and activity requirements. The index is designed to provide tradable exposure to the leading publicly listed companies that are active in the private equity space. **Bloomberg Global Convertibles Index** tracks the performance the Global Convertible securities and is unhedged. The **MSCI Europe Index** captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe*. With 429 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe. The **MSCI Japan Index** is designed to measure the performance of the large and mid cap segments of the Japanese market. The **MSCI China Index** captures large and mid cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 742 constituents, the index covers about 85% of this China equity universe. Currently, the index includes Large Cap A and Mid Cap A shares represented at 20% of their free float adjusted market capitalization. The **Russell 2000® Growth Index** measures the performance of the small-cap growth segment of the US equity universe. It includes those Russell 2000® companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000® Growth Index is published and maintained by FTSE Russell. The **MSCI EAFE® Index** measures developed market equity performance (excluding the US and Canada). The **Bloomberg US Convertibles Liquid Bond Index** is designed to represent the market of US convertible securities, such as convertible bonds. Convertible bonds are bonds that can be exchanged, at the option of the holder, for a specific number of shares of the issuer's preferred stock ("Preferred Securities") or common stock. The Index components are a subset of issues in the Convertible Composite Index. The **Bloomberg US Corporate Bond** Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers. The **Bloomberg Municipal Index** serves as a benchmark for the US municipal bond market. Investors will use this benchmark against portions of their portfolio that are allocated in fixed income securities. The **Dow Jones Industrial Average**, Dow Jones, or simply the Dow, is a price-weighted measurement stock market index of 30 prominent companies listed on stock exchanges in the United States. The **Nasdaq Composite** is a stock market index that includes almost all stocks listed on the Nasdaq stock exchange.

Definitions

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of the country's economic health. **Equity Risk Premium (ERP)** defined as the categories Fwd. Earnings Estimate / Price Yield subtract the risk-free rate (10yr Treasury rate). **Batting Average** reflects the number of positive outcomes as a percentage of the total. **Yield to Worst** is the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting. It is a type of yield that is referenced when a bond has provisions that would allow the issuer to close it out before it matures. Early retirement of the bond could be forced through a few different provisions detailed in the bond's contract—most commonly callability. **Standard deviation** is a measure of volatility. **Sharpe ratio** is a calculation that reflects the reward per each unit of risk in a portfolio. The higher the ratio, the better the portfolio's risk-adjusted return is. **Upside capture ratio** measures a manager's performance in up markets relative to a named index. It is calculated by taking the security's upside capture return and dividing it by the benchmark's

upside capture return. **Downside Capture Ratio** measures manager's performance in down markets as defined by the named index. A down-market is defined as those periods (months or quarters) in which named index return is less than 0. In essence, it tells you what percentage of the down-market was captured by the manager. For example, if the ratio is 110%, the manager has captured 110% of the down-market and therefore underperformed the market on the downside. **Beta** is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **Correlation** is a statistic that measures the degree to which two variables move in relation to each other. An **annualized return** is the geometric average amount of money earned by an investment each year over a given time period.

Diversification and asset allocation does not guarantee a profit or protect against a loss.

The principal risks of investing in **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.

DATA AS OF 3/31/22

AVERAGE ANNUAL RETURNS (%)	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARE INCEPTION	SINCE A SHARE INCEPTION	SINCE R6 SHARE INCEPTION
Calamos Market Neutral Income Fund							
I Shares - at NAV (Inception—5/10/00)	2.20	4.22	4.06	3.88	4.48	N/A	N/A
A Shares - at NAV (Inception—9/4/90)	1.97	3.98	3.82	3.63	N/A	5.98	N/A
A Shares Load adjusted	-0.33	3.20	3.35	3.12	N/A	5.81	N/A
R6 Shares - at NAV (Inception—6/23/20)	2.27	N/A	N/A	N/A	N/A	N/A	4.60
Bloomberg US Govt/Credit Bond Index	-3.85	2.12	2.44	2.45	4.59	5.60	-3.77
Bloomberg Short Treasury 1-3 Month Index	0.05	0.75	1.08	0.59	1.49	2.55	0.07
Morningstar Relative Value Arbitrage Category	0.78	6.11	5.00	3.91	3.61	5.55	6.54

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. Please refer to Important Risk Information. 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 2.75%. Had it been included, the Fund's return would have been lower. You can obtain performance data current to the most recent month end by visiting www.calamos.com.

Class I shares are offered primarily for direct investment by investors through certain tax-exempt retirement plans and by institutional clients, provided such plans or clients have assets of at least $1 million. For eligibility requirements and other available share classes see the prospectus and other Fund documents at www.calamos.com.

Index data shown is from the first day of the month of the fund's Class A shares and Class I shares inception and the last day of the month of the Class R6 shares inception, since comparative index data is available only for full monthly periods.

The gross expense ratios as of the prospectus dated 3/1/2022 are as follows: 1.15% for A Shares, 0.90% for I Shares and 0.84% for R6 Shares.

The Adjusted Expense Ratio, which reflects the total expense ratio excluding the dividend and interest expense on short sales, is as follows: Class A: 1.04%, Class I: 0.79% and Class R6: 0.71%. "Dividend and Interest Expense on Short Sales" reflect interest expense and dividends paid on borrowed securities. Interest expenses result from the Fund's use of prime brokerage arrangements to execute short sales. Dividends paid on borrowed securities are an expense of short sales. Such expenses are required to be treated as a Fund expense for accounting purposes and are not payable to Calamos Advisors LLC. Any interest expense amount or dividends paid on securities sold short will vary based on the Fund's use of those investments as an investment strategy best suited to seek the objective of the Fund.

The **Bloomberg US Government/Credit Bond Index** includes Treasuries and agencies that represent the government portion of the index, and includes publicly issued US corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements to represent credit interests. The **Bloomberg Short Treasury 1-3 Month Index** is generally considered representative of the performance of short-term money market investments and compares performance to public obligations of the US Treasury with maturities of 1-3 months. The **Morningstar Relative Value Arbitrage Category** is comprised of funds that seek out pricing discrepancies between pairs or combinations of securities regardless of asset class.

Disclosure

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The information expressed herein is as of the date of the report and is subject to change. Past performance does not guarantee nor is indicative of future results. Returns are measured on an absolute basis. There is no stated benchmark for the aggregated portfolio. Information about the investment options presented in this report regarding mutual funds, such as operating expenses, annual expense ratios and other shareholder costs, can be found in the applicable prospectuses or summary prospectuses, if any, or fact sheets for the investment options listed which are available by contacting your Relationship Manager. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Calamos Wealth Management LLC), or any noninvestment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or
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2020 Calamos Court | Naperville, IL 60563 | 888.857.7604 | www.calamos.com/wm | cwm@calamos.com

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