

Quarterly Market Commentary

April 2023

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Market Review

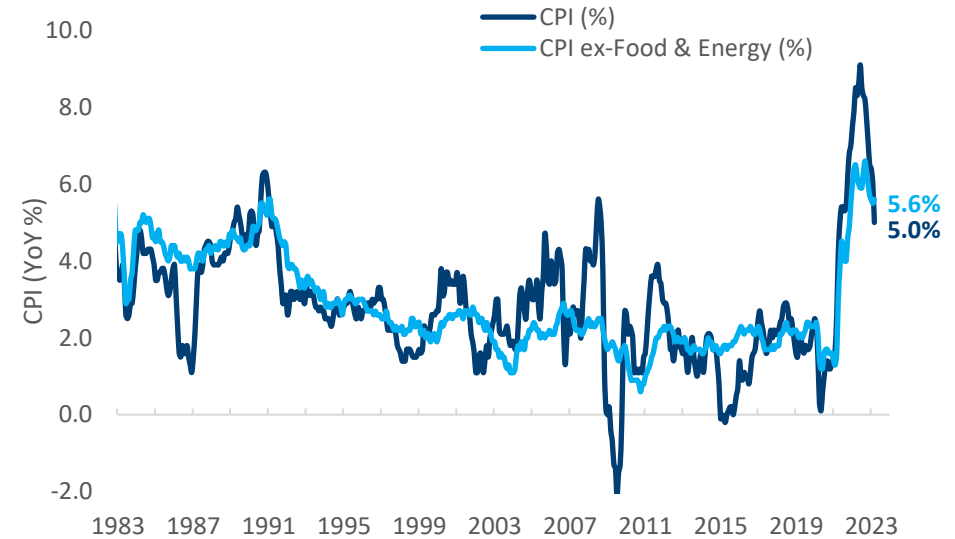
- › Global equity markets closed out a positive quarter, as investors were buoyed by cooling inflation data and a growing sentiment that central banks could pause rate hikes later in the year. In the U.S., the S&P 500 rose 7.5% in the first quarter. Asian and European markets were stronger during the period, with similar signs of a peak in inflation.
- › To continue to combat inflation, the Federal Reserve maintained its hawkish policy with a 25-bps interest rate hike in March, bringing the Federal Funds target rate to 4.75-5.00%. Future Fed rate hikes have mainly become data dependent due to banking stress and slowing credit growth.
- › Economic data remains relatively stable in the U.S., with positive real GDP growth and continued strength in the labor market. Unemployment came in at 3.5%, as 236,000 jobs were added in March. While wage growth remains strong, it did moderate to 4.2% from a peak of 5.6% last March and 4.6% in January. Further moderation is key to bringing inflation back to the Fed's 2% target.
- › Inflation has finally started to trend lower on a sustained basis. The Consumer Price Index (CPI) softened to 5.0% to end the quarter, after reaching a 40-year high of 9.1% in June 2022. Core prices, excluding more volatile food and energy categories, were up to 5.6% in March. While goods inflation began abating last summer, trends in services inflation are now normalizing as well.

Market Outlook

- › U.S. equities remained volatile, but somewhat rangebound, in the first quarter of 2023. Investors await further clarity on how much the Fed's aggressive monetary policy has slowed the economy and corporate earnings. Many economists expect a mild recession later this year or next, but we believe a "soft landing" is still possible if inflation continues to moderate and the Fed pauses rate hikes in the next few months.
- › Equity valuations declined sharply over the course of 2022, with the S&P 500's forward price-to-earnings (P/E) multiple reaching 16.7x by year-end. The P/E multiple moved up modestly to 18.3x this past quarter, which is now slightly above historical averages. However, if corporate earnings estimates continue to trend lower, the current P/E could prove understated.
- › Corporate earnings estimates have adjusted meaningfully lower since last summer. Wall Street analysts now project S&P 500 earnings per share (EPS) of \$221 for 2023. This equates to a flat to slightly positive growth rate vs. initial expectations for 5-10%. If these projections hold as we get further into the year, we believe investor sentiment will improve and equities could move higher.
- › Macro themes remain very important, but we anticipate markets to expand their focus on company fundamentals (e.g., growth prospects). This increased attention to fundamentals should provide tailwinds for our research-driven approach. We remain focused on understanding the macro picture, as well as identifying themes that can propel individual industries and companies forward.

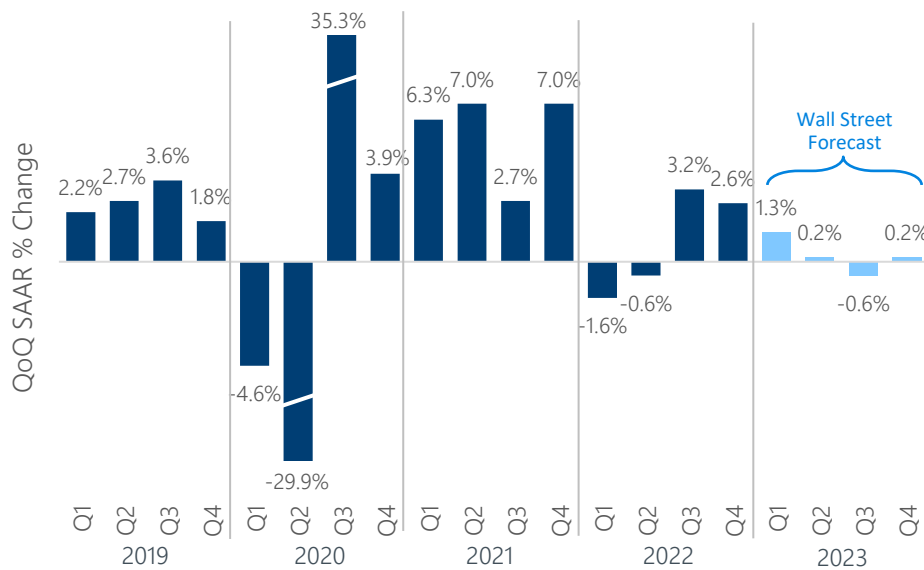
- › The U.S. economy remains fairly stable despite the banking crisis sparked by failures of Silicon Valley and Signature banks. Wall Street is projecting a 1.3% increase in Q1 GDP. Economists expect a slowdown later this year if banks reign in lending to businesses and consumers, with a recession still possible.
- › The labor market continues to be strong with the unemployment rate at the end of Q1 coming in at 3.5%. Employment continued to trend up in hospitality, government, professional and business services, and health care. Overall payroll growth averaged 345,000 per month in Q1.
- › Inflation is finally trending lower on a sustained basis. The consumer price index (CPI) came in at 5.0% at the end of Q1. The service sector inflation is in the process of cooling down with ISM services prices paid declining in Q1.
- › Wage growth remains strong, though it did moderate to 4.2% from a peak of 5.6% last March and 4.6% in January. Further moderation in average hourly earnings growth is key to bringing inflation back to the Fed's 2% target.

U.S. Consumer Price Index (YoY%)



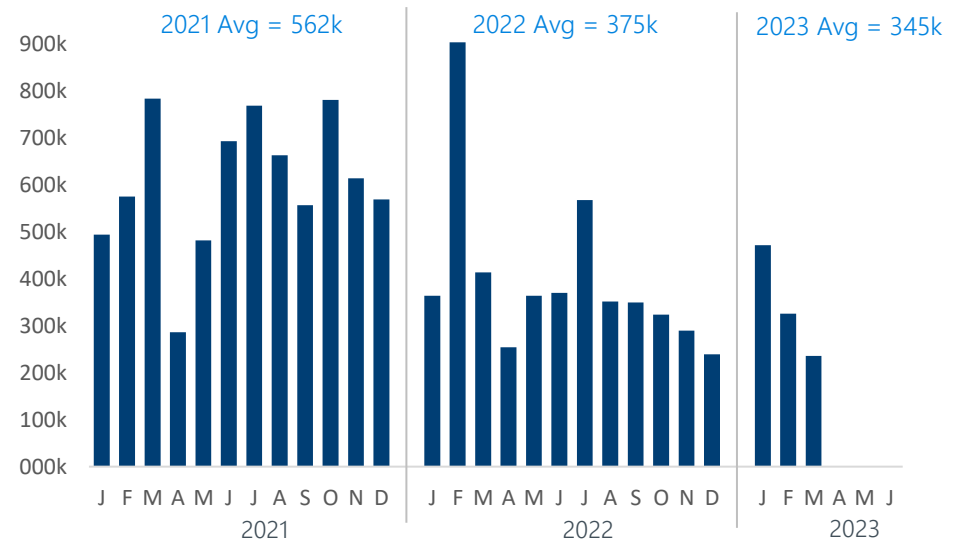
Source: Bloomberg, Bureau of Labor Statistics

U.S. Real GDP Quarter-Over-Quarter Percent Change



Source: Bloomberg, Bureau of Economic Analysis.

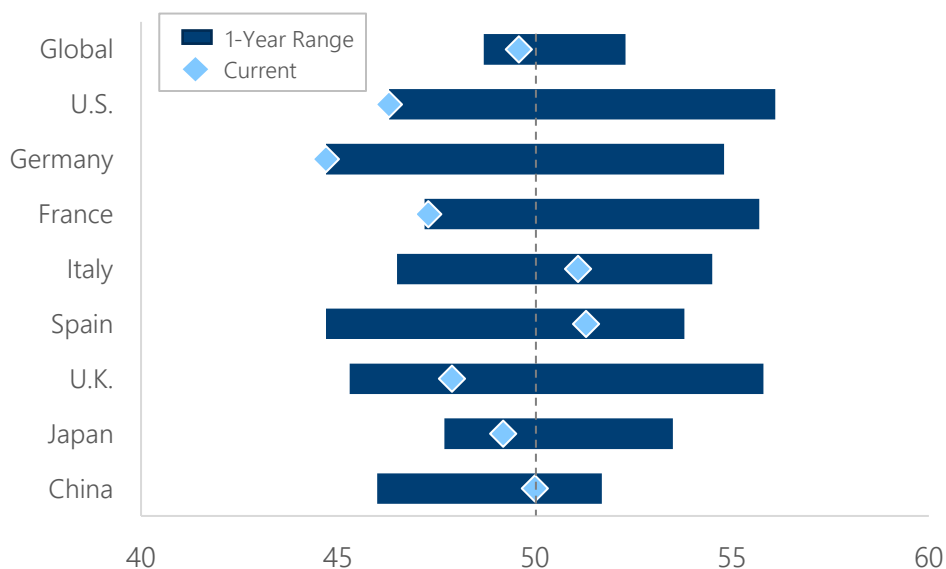
U.S. Employees on Nonfarm Payrolls (MoM Net Change)



Source: Bloomberg, Bureau of Labor Statistics

- › The International Monetary Fund (IMF) trimmed its global growth projections, warning of higher uncertainty and risks emanating from tighter monetary policy. Global GDP is forecast to expand 2.8% this year and 3.0% in 2024. Emerging economies, led by India and China, are projected to far outpace advanced economies.
- › Despite some easing, global inflation still remains quite elevated, with the IMF now forecasting headline inflation of 7.0% in 2023. The group predicts global inflation's return to target is unlikely to happen before 2025 in most cases.
- › Manufacturing activity is signaling contraction across major countries, with Purchasing Manager Index (PMI) data below the critical 50-level. Supply chain pressures have eased, but signs of deteriorating global demand are growing. The March U.S. PMI came in at 46.3, the lowest reading since May 2020.
- › The Citi Economic Surprise Index, which measures data surprises relative to expectations, indicates that global data has been outpacing expectations this past quarter, likely due to reduced forecasts rather than strengthening data.

Manufacturing PMI by Country



Source: Bloomberg, Institute of Supply Management, Caixin, IHS Markit.

Global Real GDP Forecast – IMF

	2022	2023	2024
World	3.4%	2.8%	3.0%
Advanced Economies	2.7%	1.3%	1.4%
U.S.	2.1%	1.6%	1.1%
Euro Area	3.5%	0.8%	1.4%
U.K.	4.0%	-0.3%	1.0%
Japan	1.1%	1.3%	1.0%
Emerging Economies	4.0%	3.9%	4.2%
China	3.0%	5.2%	4.5%
India	6.8%	5.9%	6.3%
Brazil	2.9%	0.9%	1.5%
Mexico	3.1%	1.8%	1.6%

Source: Int'l Monetary Fund, World Economic Outlook April 2023

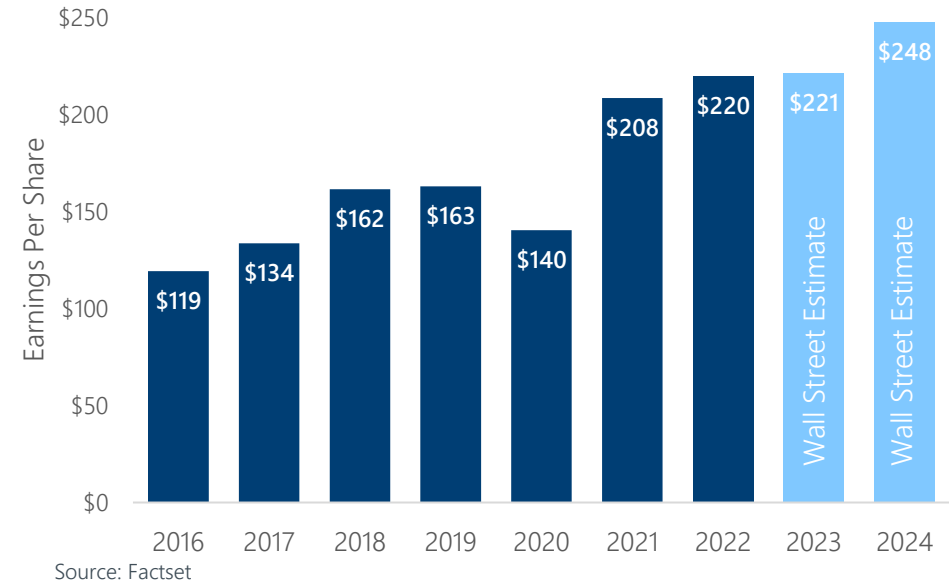
Citi Economic Surprise Index - Global



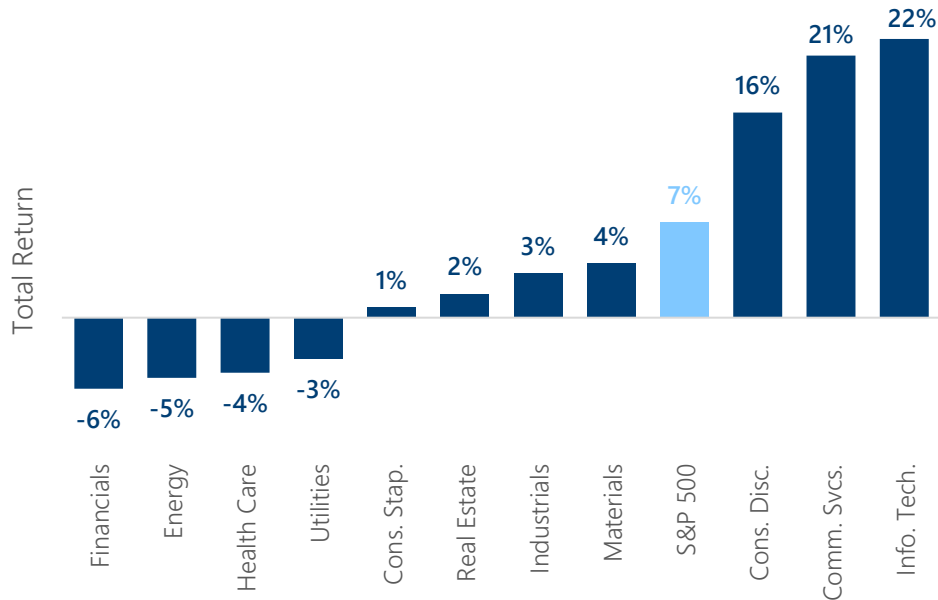
Source: Bloomberg, Citigroup

- › The S&P 500 finished Q1 up 7.5%, driven mainly by strong returns across the technology, communication services, and consumer discretionary sectors. After lagging in 2022, the “mega-cap” stocks have rebounded sharply in Q1.
- › The rebound of battered tech stocks gave a lift to the overall market, while value and dividend stocks lagged. By the end of the quarter, investors sought refuge in high-quality assets amid heightened uncertainty for regional banks and the impact of tightening credit.
- › S&P 500 earnings are now projected to be flat this year vs. last year, with EPS projections of \$221 in 2023. Wall St. estimates could continue to get adjusted lower on expectations for softening demand and profit margin pressures.
- › Based on current EPS forecasts, the forward P/E multiple on the S&P 500 increased to 18.3x from 16.7x at year-end. To the extent 2023 EPS forecasts are reduced materially, the current P/E would be understated, and valuations become less attractive relative to history.

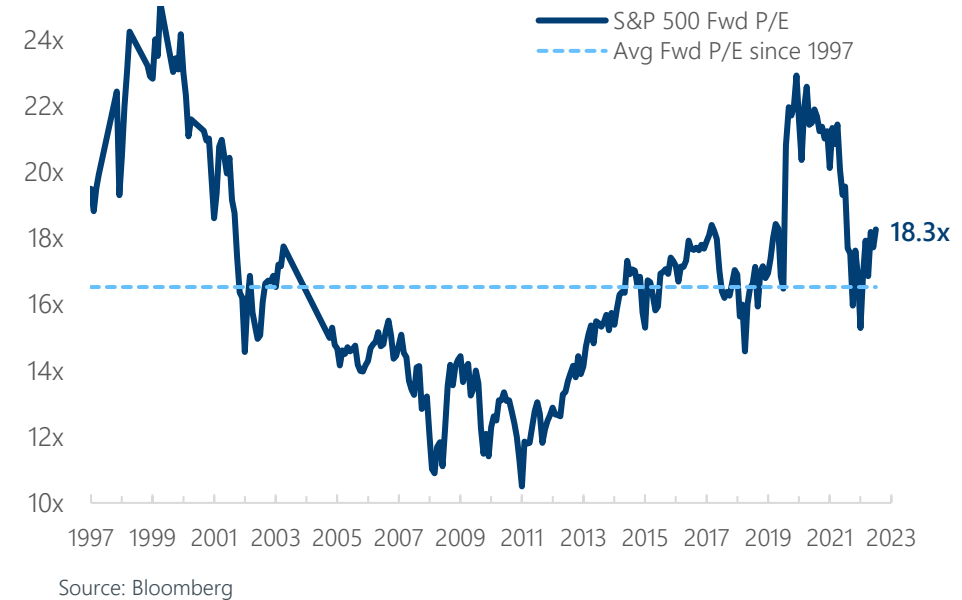
S&P 500 Earnings Per Share



S&P 500 Sectors – YTD % Return



S&P 500 Forward Price-to-Earnings



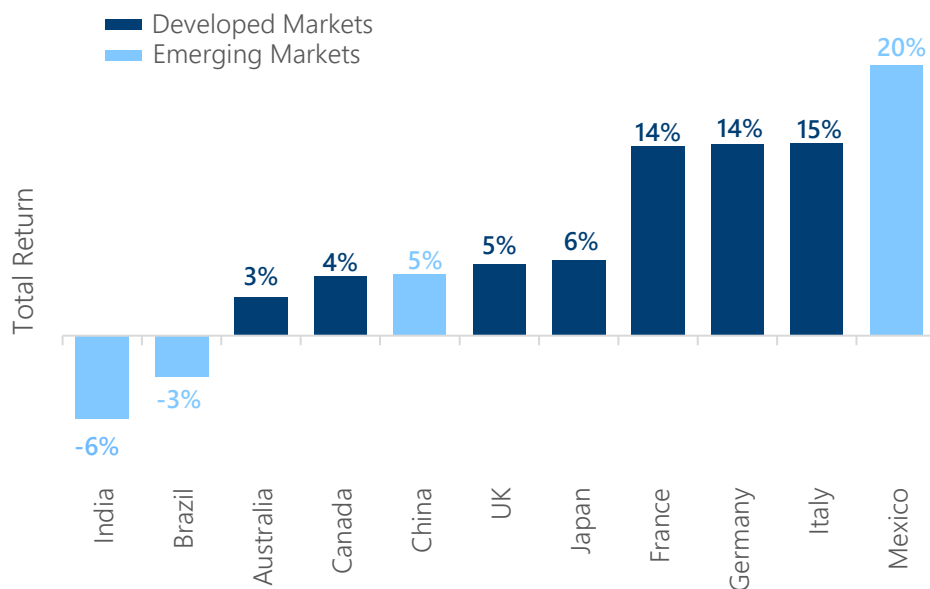
- International developed equities finished the quarter up 8.6%, outpacing the domestic performance in the U.S. Emerging markets finished up 4.0%. For the quarter, there was a wide range of outcomes across major countries, with India and Brazil as notable underperformers.
- The U.S. dollar, which soared against foreign currencies for most of 2022, retreated somewhat in the first quarter. This partial reversal acted as a significant tailwind to non-U.S. performance for Q1.
- Forward P/E multiples for both int'l developed and emerging markets have increased slightly in the first quarter. Both regions continue to trade close to their average P/E since 2007, though similar to the U.S., current multiples could be understated if earnings estimates get revised lower.
- Given the continued monetary policy tightening by the European Central Bank and ongoing conflict in Ukraine, economic conditions in the Euro area continue to be tenuous. The region remains at risk of a potential recession.

U.S. Dollar Index



Source: Bloomberg

International Equity Markets – YTD % Returns (in USD)



Source: Bloomberg

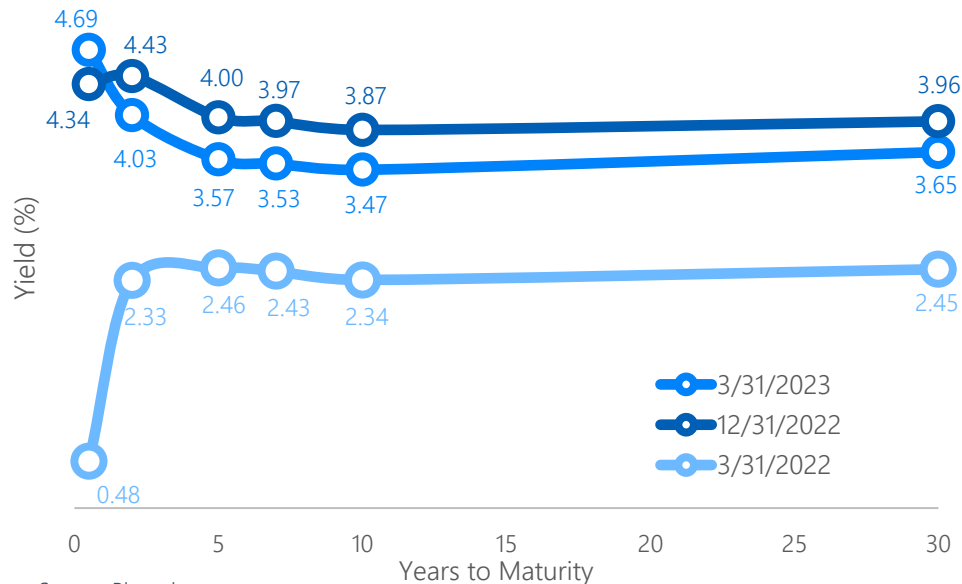
International Equities Forward Price-to-Earnings



Source: Bloomberg

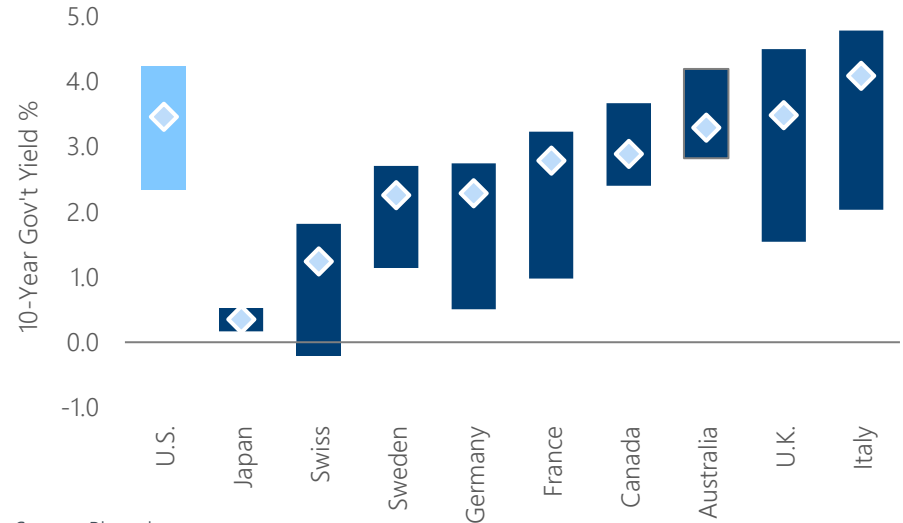
- › Falling interest rates across most maturities rewarded longer duration bonds, with the U.S. Aggregate Bond Index returning 3.0%. Long-term Treasuries advanced the most, with corporate bonds also performing quite well.
- › U.S. corporate credit spreads widened slightly for both investment grade and high-yield bonds, as bond investors repriced economic risks related to the banking failures and tightening credit. The positive returns in the two sectors were mainly driven by a decrease in overall interest rates..
- › The Federal Reserve is softening its tone on future rate hikes, as we appear to be approaching the end of this rate hike cycle. Predictions on the Fed's terminal rate and future rate paths have been wildly inconsistent throughout the quarter and have shifted from hawkish to dovish to unchanged at times.
- › Within the investment grade segment, there was little divergence amongst gov't, municipal and corporate bonds, as all had similar returns. Valuations are little changed despite the emergence of credit and economic concerns.

U.S. Treasury Yield Curve



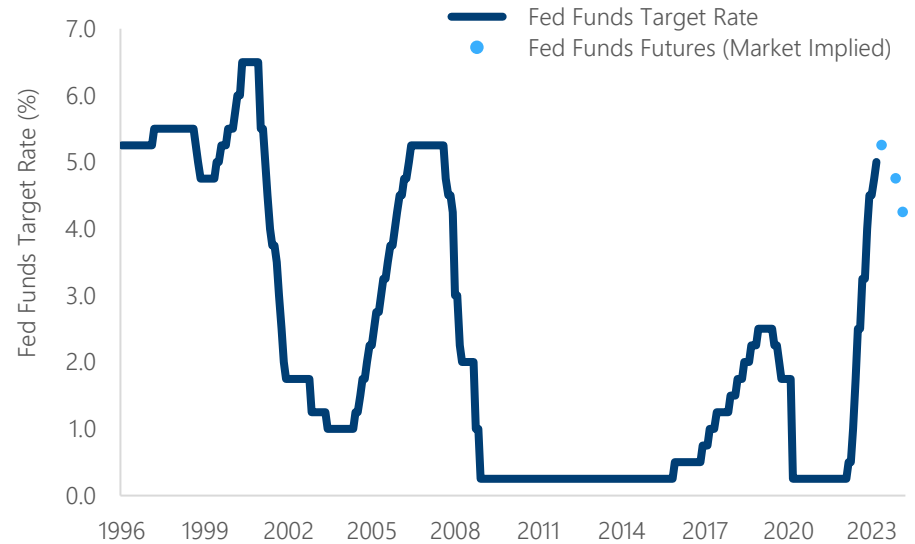
Source: Bloomberg

10-Year Government Yields



Source: Bloomberg

Federal Funds Target Rate (%)



Source: Bloomberg, Federal Open Market Committee

As of March 31, 2023

EQUITY	U.S. Equity		Annualized	
	YTD	2022	3Yr	5Yr
	U.S. Large Cap	7.5%	-18.1%	18.6%
U.S. Mid Cap	4.0%	-17.3%	19.2%	8.0%
U.S. Small Cap	2.7%	-20.5%	17.5%	4.7%
U.S. Growth	14.4%	-29.1%	18.6%	13.6%
U.S. Value	1.0%	-7.6%	17.9%	7.5%
U.S. Sectors		2022	3Yr	5Yr
Technology	21.8%	-28.2%	24.3%	19.6%
Health Care	-4.3%	-2.0%	15.4%	11.8%
Financials	-5.6%	-10.6%	18.0%	5.3%
Communication Svcs	20.5%	-39.9%	9.4%	6.4%
Consumer Discretion	16.0%	-37.0%	14.5%	8.7%
Industrials	3.5%	-5.5%	21.7%	8.4%
Consumer Staples	0.8%	-0.6%	14.7%	10.6%
Energy	-4.7%	65.4%	48.2%	9.4%
Utilities	-3.2%	1.6%	10.4%	9.6%
Real Estate	1.9%	-26.2%	10.0%	7.4%
Materials	4.3%	-12.3%	23.9%	9.6%
Non-U.S. (in USD)		2022	3Yr	5Yr
Int'l Developed	8.6%	-13.9%	13.6%	4.1%
Emerging Markets	4.0%	-19.8%	8.2%	-0.6%
Europe	10.4%	-14.3%	15.7%	4.9%
Japan	5.7%	-15.7%	7.8%	1.6%
China	4.7%	-21.8%	-2.5%	-3.9%
Latin America	4.0%	9.6%	18.7%	-1.4%
Convertibles		2022	3Yr	5Yr
U.S. Convertibles	4.5%	-18.9%	15.3%	9.3%
Global Convertibles	4.6%	-18.2%	11.6%	6.0%

FIXED INCOME	U.S. Fixed Income		Annualized	
	YTD	2022	3Yr	5Yr
	U.S. Aggregate	3.0%	-13.0%	-2.8%
U.S. Treasury	3.0%	-12.5%	-4.2%	0.7%
U.S. Corporate	3.5%	-15.8%	-0.5%	1.6%
U.S. Municipal	2.8%	-8.5%	0.3%	2.0%
By Credit Quality		2022	3Yr	5Yr
U.S. Aggregate Aaa	2.8%	-12.0%	-3.7%	0.6%
U.S. Aggregate Aa	3.4%	-14.9%	-2.4%	0.9%
U.S. Aggregate A	3.3%	-15.1%	-1.6%	1.4%
U.S. Aggregate Baa	3.6%	-15.9%	0.8%	1.9%
U.S. High Yield	3.6%	-11.2%	5.9%	3.2%
By Maturity		2022	3Yr	5Yr
U.S. Agg 1-3 Year	1.5%	-3.7%	-0.5%	1.2%
U.S. Agg 3-5 Year	2.2%	-7.8%	-1.6%	1.2%
U.S. Agg 5-7 Year	2.8%	-10.8%	-2.0%	1.2%
U.S. Agg 7-10 Year	2.9%	-14.8%	-2.7%	1.1%
U.S. Agg 10+ Year	5.6%	-27.1%	-6.4%	0.6%

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

As of March 31, 2023

EQUITY	P/E Ratio			Div Yield		
	Mar	Dec	Chg	Mar	Dec	Chg
	U.S. Equity					
U.S. Large Cap	18.3x	16.9x	+1.4x	1.7%	1.7%	0.0%
U.S. Mid Cap	16.9x	16.1x	+0.8x	1.9%	1.9%	0.0%
U.S. Small Cap	23.0x	20.5x	+2.5x	1.7%	1.6%	0.0%
U.S. Growth	23.9x	21.0x	+3.0x	1.0%	1.1%	-0.1%
U.S. Value	14.7x	14.4x	+0.4x	2.4%	2.3%	0.1%
U.S. Sectors						
P/E Ratio			Div Yield			
Mar	Dec	Chg	Mar	Dec	Chg	
Technology	25.2x	20.4x	+4.8x	1.0%	1.1%	-0.1%
Financials	13.0x	12.2x	+0.8x	2.1%	2.1%	-0.1%
Health Care	17.0x	17.4x	-0.4x	1.8%	1.6%	0.2%
Consumer Discretion	23.1x	19.4x	+3.7x	1.0%	1.1%	-0.1%
Communication Svcs	15.7x	13.4x	+2.3x	1.0%	1.2%	-0.2%
Consumer Staples	20.1x	20.8x	-0.7x	2.6%	2.6%	0.0%
Industrials	18.7x	18.4x	+0.3x	1.9%	1.7%	0.2%
Energy	10.3x	10.0x	+0.3x	3.2%	2.9%	0.3%
Materials	17.2x	16.0x	+1.2x	2.1%	2.1%	-0.1%
Utilities	17.6x	18.5x	-0.9x	3.3%	3.0%	0.3%
Real Estate	35.9x	33.5x	+2.4x	3.8%	3.7%	0.2%
Non-U.S. (in USD)						
P/E Ratio			Div Yield			
Mar	Dec	Chg	Mar	Dec	Chg	
Int'l Developed	13.1x	12.4x	+0.7x	3.4%	3.5%	-0.1%
Emerging Markets	11.8x	11.3x	+0.5x	3.1%	3.7%	-0.6%
Europe	13.0x	12.0x	+0.9x	3.5%	3.6%	-0.1%
Japan	13.2x	12.5x	+0.8x	2.7%	2.7%	0.0%
Asia ex-Japan	13.0x	12.3x	+0.7x	2.7%	3.0%	-0.3%
China	10.7x	10.5x	+0.2x	2.4%	2.5%	-0.1%
Latin America	8.0x	8.1x	-0.0x	6.0%	10.0%	-4.0%

FIXED INCOME	Yield to Maturity			Spread		
	Mar	Dec	Chg	Mar	Dec	Chg
	U.S. Fixed Income					
U.S. Aggregate	4.4%	4.7%	-0.3%	0.6%	0.5%	0.1%
U.S. Treasury	3.8%	4.2%	-0.4%	0.0%	0.0%	-
U.S. Corporate	5.2%	5.4%	-0.3%	1.4%	1.3%	0.1%
U.S. Municipal	3.3%	3.5%	-0.3%	na	na	-
By Credit Quality						
Yield to Maturity			Spread			
Mar	Dec	Chg	Mar	Dec	Chg	
U.S. Aggregate Aaa	4.1%	4.4%	-0.3%	0.3%	0.2%	0.0%
U.S. Aggregate Aa	4.6%	4.9%	-0.3%	0.7%	0.7%	0.0%
U.S. Aggregate A	5.0%	5.2%	-0.3%	1.2%	1.1%	0.1%
U.S. Aggregate Baa	5.4%	5.7%	-0.3%	1.7%	1.6%	0.1%
U.S. High Yield	8.5%	9.0%	-0.4%	4.5%	4.7%	-0.1%
By Maturity						
Yield to Maturity			Spread			
Mar	Dec	Chg	Mar	Dec	Chg	
U.S. Agg 1-3 Year	4.5%	4.7%	-0.3%	0.3%	0.2%	0.1%
U.S. Agg 3-5 Year	4.2%	4.5%	-0.3%	0.5%	0.4%	0.1%
U.S. Agg 5-7 Year	4.2%	4.6%	-0.3%	0.5%	0.5%	0.1%
U.S. Agg 7-10 Year	4.4%	4.7%	-0.2%	0.7%	0.6%	0.1%
U.S. Agg 10+ Year	4.6%	4.9%	-0.3%	0.9%	0.8%	0.0%

Source: Bloomberg. **Past performance is no guarantee of future results.**

DEFINITIONS: **Mkt Cap:** Total market value of all of a company's outstanding shares. **P/E Ratio :** Current stock's price over its predicted earnings per share. **Div Yield:** Current dividend as a percentage of the current share price. **Duration:** Measure of how sensitive a bond's value may be to interest rate changes. **Yield to Maturity:** Total return anticipated on a bond if the bond is held until it matures, expressed as an annual rate. **Spread:** Spread of a fixed-income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option.

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Disclosures

Global Market Returns

U.S. Large Cap : S&P 500 – Index of the 500 largest corporations by market capitalization listed on the NYSE or NASDAQ. U.S. Small Cap: Russell 2000 – Index of approximately 2000 small-cap companies within the Russell 3000 index, which is made up of stocks of the largest 3000 U.S. companies. U.S. Growth: Russell 1000 Growth – A composite of large and mid-cap companies within the Russell 1000 Index that have higher price-to-book ratios and higher expected earnings growth rates. U.S. Value : Russell 1000 Value – A composite of large and mid-cap companies within the Russell 1000 Index that have lower price-to-book ratios and lower expected long-term earnings growth rates. Technology : S&P 500 Information Technology – A composite of Information Technology sector companies within the S&P 500 Index. Financials : S&P 500 Financials – A composite of Financial sector companies within the S&P 500 Index. Health Care : S&P 500 Health Care – A composite of Health Care sector companies within the S&P 500 Index. Consumer Discretionary : S&P 500 Consumer Discretionary – A composite of Consumer Discretionary sector companies within the S&P 500 Index. Consumer Staples : S&P 500 Consumer Staples – A composite of Consumer Staples-sector companies within the S&P 500 Index. Industrials : S&P 500 Industrials – A composite of Industrials sector companies within the S&P 500 Index. Energy : S&P 500 Energy – A composite of Energy sector companies within the S&P 500 Index. Materials : S&P 500 Materials – A composite of Materials sector companies within the S&P 500 Index. Utilities : S&P 500 Utilities – A composite of Utilities sector companies within the S&P 500 Index. Real Estate : S&P 500 Real Estate – A composite of Real Estate sector companies within the S&P 500 Index. Telecom Services : S&P 500 Telecom Services – A composite of Telecom Services sector companies within the S&P 500 Index. Int'l Developed : MSCI EAFE – Index designed to measure the equity market performance of 23 emerging economies selected by MSCI. Europe : MSCI Europe – Index of large and mid-cap companies across 15 developed countries within Europe. Japan : MSCI Japan – Index designed to measure the performance of large and mid-cap equities within the Japanese market. China : MSCI China – Index designed to capture large and mid-cap segments with H shares, B shares, red chips, P chips and ADRs of Chinese stocks. Latin America : MSCI Latin America – Index designed to measure the performance of large and mid-cap equities across 5 Emerging Market countries within Latin America. U.S. Convertibles : Bloomberg Barclays US Convertible Composite Total Return Unhedged USD – Index designed to represent the market of U.S. convertible securities, such as convertible bonds. Global Convertibles : Bloomberg Barclays Global Convertible Composite Total Return Unhedged USD – A global convertible index composed of companies representative of the market structure of countries in North America, Europe and the Asia/Pacific region. U.S. Aggregate : Bloomberg Barclays US Aggregate Bond Index – A broad-based index 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-through), ABS and CMBS (agency and non-agency). U.S. Treasury : Bloomberg Barclays US Treasury Index – Index that measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index. U.S. Corporate: Bloomberg Barclays US Corporate Bond Index – Index that 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. U.S. Municipal: Bloomberg Barclays US Municipal Index – Index that covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds. U.S. Aggregate Aaa : Bloomberg Barclays US Aggregate Aaa Bond Index – Composite of all Aaa-rated bonds in the Bloomberg Barclays US Aggregate Bond Index. U.S. Aggregate Aa : Bloomberg Barclays US Aggregate Aa Bond Index – Composite of all Aa-rated bonds in the Bloomberg Barclays US Aggregate Bond Index. U.S. Aggregate A: Bloomberg Barclays US Aggregate A Bond Index – Composite of all A-rated bonds in the Bloomberg Barclays US Aggregate Bond Index. U.S. Aggregate Baa: Bloomberg Barclays US Aggregate Baa Bond Index – Composite of all Baa-rated bonds in the Bloomberg Barclays US Aggregate Bond Index. U.S. High Yield : Bloomberg Barclays US Corporate High Yield Bond Index – Index that measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded. U.S. Aggregate 1-3 Year : Bloomberg Barclays US Aggregate 1-3 Year Bond Index – Composite of all bonds in the Bloomberg Barclays US Aggregate Bond Index with maturities of 1-3 Years. U.S. Aggregate 3-5 Year : Bloomberg Barclays US Aggregate 3-5 Year Bond Index – Composite of all bonds in the Bloomberg Barclays US Aggregate Bond Index with maturities of 3-5 Years. U.S. Aggregate 5-7 Year : Bloomberg Barclays US Aggregate 5-7 Year Bond Index – Composite of all bonds in the Bloomberg Barclays US Aggregate Bond Index with maturities of 5-7 Years. U.S. Aggregate 7-10 Year : Bloomberg Barclays US Aggregate 7-10 Year Bond Index – Composite of all bonds in the Bloomberg Barclays US Aggregate Bond Index with maturities of 7-10 Years. U.S. Aggregate 10+ Year : Bloomberg Barclays US Aggregate 10+ Year Bond Index – Composite of all bonds in the Bloomberg Barclays US Aggregate Bond Index with maturities of 10+ Years. Managed Futures : Credit Suisse Managed Futures Liquid Index – Aims to gain exposure to trend-following strategies on futures. Merger Arbitrage : Credit Suisse Merger Arbitrage Liquid Index – Aims to gain broad exposure to the merger arbitrage strategy using a pre-defined quantitative methodology to invest in a liquid, diversified and broadly representative set of announced merger deals. Long/Short : Credit Suisse Long/Short Liquid Index – Reflects the return of a dynamic basket of liquid, investable market factors selected and weighted in accordance with an algorithm that aims to approximate the aggregate returns of the universe of long/short equity hedge fund managers. Commodities : Bloomberg Commodities Index – Reflects the returns on a fully collateralized investment in the BCOM. MLPs: Alerian MLP Index – Cap-weighted index of energy MLPs. Global REITs: S&P Global REIT USD Index – Benchmark of publicly traded equity REITs listed in both developed and emerging markets. Global Infrastructure : S&P Global Infrastructure Index – Index that provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. MSCI EAFE Forward Price-to-Earnings: A composite of the MSCI EAFE's underlying stocks' prices over their estimated earnings per share. MSCI EM Forward Price-to-Earnings: A composite of the MSCI EM's underlying stocks' prices over their estimated earnings per share.

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 BofA 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 BofA 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. **Purchasing Managers Index (PMI)** is a measure of the prevailing direction of economic trends in manufacturing. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity.

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. **Real Gross Domestic Product (GDP)** Real GDP is an inflation-adjusted measure that reflects the number of goods and services produced by an economy in a given year, with prices held constant from year to year to separate out the impact of inflation or deflation from the trend in output over time. Since GDP is based on the monetary value of goods and services, it is subject to inflation. **Price-to-Earnings (P/E) Ratio** The price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS). The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple. **The Federal Funds Rate (Fed Funds Rate)** The term federal funds rate refers to the target interest rate set by the Federal Open Market Committee (FOMC). This target is the rate at which commercial banks borrow and lend their excess reserves to each other overnight. The FOMC, which is the policymaking body of the Federal Reserve System, meets eight times a year to set the target federal funds rate, which is part of its monetary policy. This is used to help promote economic growth. **Nonfarm Payroll** The nonfarm payroll measures the number of workers in the U.S. except those in farming, private households, proprietors, non-profit employees, and active military.

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

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