SEPARATELY MANAGED ACCOUNT

International Sustainable Equities SMA Strategy Quarterly Commentary

CALAMOS® INVESTMENTS

Strategy Overview

The Calamos International Sustainable Equities Strategy employs an integrated, fundamental and proprietary ESG screening process, benchmarked to the MSCI ACWI ex USA Index, to evaluate and select what we deem are the highest-quality, ESG-adherent opportunities outside the United States in developed and developing economies as well as across market capitalizations.

Market Environment

International equities rallied in the fourth quarter amid an environment of less hawkish central bank policy, lower bond yields, and increased investor risk appetite. The broad-based MSCI ACWI ex USA Index (Net) returned 9.75% for the quarter, with markets higher across most regions. Developed markets returned 11.53%, as measured by the MSCI World Index, and US equities returned 11.69%, as reflected by the S&P 500 Index. Emerging markets also saw substantial gains in the quarter, as the MSCI Emerging Markets Index returned 7.93%.

After taking a breather in the third quarter, equities resumed their climb in the fourth to close out the year on a strong note. The powerful rally in the final quarter of the year was propelled by expectations of interest rate cuts in 2024. Traders bet that central banks would cut interest rates sooner rather than later, with contrarian views centered on the magnitude of the easing and the timing. Generative AI and GLP-1 weight-loss drugs were the dominant themes for the year, and stocks associated with these innovations were among the best performing globally.

Within the MSCI ACWI ex USA Index (Net), every sector delivered positive returns, including energy, despite a decline in oil prices and an escalating military conflict in the Middle East. Information technology (+19.7%), utilities (+13.4%), industrials (+12.8%), materials (+12.4%), real estate (+11.0%), and financials (+10.1%) outperformed the overall index for the quarter. Consumer discretionary (+5.7%), consumer staples (+5.6%), health care (+5.1%), communication services (+4.5%), and energy (+2.3%) all lagged the index.

Performance Review

For the quarter ended December 31, 2023, the portfolio returned 12.19% (gross of fees), outpacing the MSCI ACWI ex USA Index (Net) return of 9.75%.

Positive Influences on Performance

Health Care. The portfolio's leading security selection in health care contributed to relative performance. Pharmaceuticals and biotechnology names notably helped.

Energy. A lack of participation in energy buoyed the portfolio's performance.

Negative Influences on Performance

Real Estate. Over the period, a lack of exposure within the real estate sector set back performance.

All portfolio positioning and sector information is for a representative portfolio. Please see additional information that follows commentary.

Utilities. An average underweight position within the utilities sector impeded return. Our lack of representation in electric utilities and independent power producers & energy traders notably curbed relative performance.

Geographic Performance

The portfolio's security selection and an average overweight position in Europe boosted relative returns. Holdings in France and Germany made significant contributions. Also, leading security selection in the United States added value.

Conversely, security selection and an average underweight stance in Canada proved detrimental. Similarly, a position in Japan lagged.

Positioning and Portfolio Changes

We position the portfolio to provide a core allocation of quality growth companies that can thrive as the global economy evolves. Even if we cannot predict with certainty how economic and market conditions will unfold in 2024, we believe investors will be best served over the long term by a diversified portfolio of industry leaders with strong operating fundamentals and reasonable valuations. We view this as the optimal formula for attaining desirable risk-adjusted returns over time. Accordingly, we are committed to managing with a time-tested approach that integrates traditional financial and alternative data, enabling us to make better investment decisions.

Sustainable criteria represent one key set of this alternative data. Investors should recognize that the COP28 resolution is a clear indication of how important sustainability has become and how important it will be going forward. Declarations and pledges by 130 countries to double energy efficiency by 2030 are deliberate and present investment risks for some companies and industries but exciting opportunities for others. The portfolio includes a broad array of quality growth companies at the forefront of innovation. Regardless of whether countries can meet their Paris Climate goals, we believe companies purposefully moving to become more resource- and energy-efficient in their operations, products, and services are positioned to win.

Regarding economic sectors, the largest portfolio weights reside in financials and industrials on an absolute basis. Conversely, utilities and communication services represent the smallest absolute sector weights (with holdings). The portfolio had no exposure to the real estate and energy sectors. On a relative basis, specialty chemicals and food retail are among the overweight industries. Significant industry underweight positions include packaged foods & meats and automobile manufacturers.

Both information technology and health care allocations increased modestly in application software and life sciences tools & services. The consumer discretionary and communication services allocations decreased during the period.

From a regional standpoint, the portfolio's largest weights are within Europe and the United States, while the smallest absolute weights reside in Canada and Emerging Latin America. We maintain overweight allocations to the United States and Europe while holding underweights in Emerging Asia and Japan versus the index. We increased allocations to Europe during the period, bolstering weights in France and Switzerland. By contrast, the Japan allocation decreased over the period.

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Outlook

The Federal Reserve may be done with rates hikes, but higher rates may not be done with us. The impact of higher rates has only begun to take hold, and it can take up to 24 months for a change in interest rates to be fully reflected in the economy. Consumers and businesses are beginning to feel the pinch of higher rates. Whether the US economy and corporate earnings can withstand the lagged effects of monetary tightening next year is unclear. As always, we shall see.

The worst decisions are made during the best of times. Over the past decade, we've seen a secular bull market, during which investors often made more by dipping further down in quality. Can this continue? Data suggests that it is not likely. If returns are to stay at the current level, it will take even more multiple expansion and even faster earnings growth. Going forward, good risk management will likely be better compensated than brazen risk-taking. Because the past 10 years are unlikely to be repeated, we believe diversification will pay off as investors return their focus to fundamentals and valuations.

For additional information, please visit the SMA's profile page:
https://www.calamos.com/strategies/international-sustainable-equities/

DATA AS OF 12/31/23

INTERNATIONAL SUSTAINABLE EQUITIES SMA AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	SINCE INCEPTION (4/19)
International Sustainable Equities SMA (gross of fees)	12.19	16.61	2.33	8.94
International Sustainable Equities SMA (net of fees)	12.08	16.15	1.68	8.02
MSCI ACWI ex USA Index (Net)	9.75	15.62	1.55	5.26
S&P 500 Index	11.69	26.29	10.00	13.45

Past performance does not guarantee or indicate future results. Current performance may be lower or higher than the performance quoted. Portfolios are managed according to their respective strategies which may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark(s). Portfolio performance, characteristics and volatility may differ from the benchmark(s) shown.

The information portrayed is for the Calamos International Sustainable Equities SMA Strategy. Representative holdings and portfolio characteristics are specific only to the portfolio shown at that point in time. Other portfolios will vary in composition, characteristics, and will experience different investment results. The representative portfolio shown has been selected by the advisor based on account characteristics that the advisor feels accurately represents the investment strategy as a whole.

The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

The information provided in this report should not be considered a recommendation to purchase or sell any industry, sector or particular security. There is no assurance that any industry, sector or security discussed herein will remain in a client's account at the time of reading this report or that industry, sectors or securities sold have not been repurchased. The industries, sectors, or securities discussed herein do not represent a client's entire account and, in the aggregate, may represent only a small percentage of an account's holdings. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Returns or Risk/Rewards statistics presented reflect the **Calamos International Sustainable Equities SMA Composite**, which is an actively managed, international focused composite that seeks long-term capital appreciation. The Composite invests primarily in the common stock of companies based outside the US that excel at managing environmental risks and opportunities, societal impact and corporate governance (ESG) factors and exhibit attractive financial attributes and competitive advantages. On August 25, 2021, Calamos acquired Pearl Impact Capital LLC which has managed the strategy since its inception in 2019. Firm assets shown represent assets managed by Calamos Advisors and not assets managed by Pearl Impact Capital LLC. The Calamos International Sustainable Equities Composite II was formerly named the PIC International Opportunities Composite. This name change was effected August 25, 2021. The Composite was created August 31, 2021, calculated with an inception date of April 1, 2019. Results include all fully discretionary advisory accounts, including those no longer with the Firm. Past performance is no guarantee of future results.

Foreign (Non-US) Securities Risks: Risks associated with investing in foreign (non-US) securities include fluctuations in the exchange rates of foreign currencies that may affect the US dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in US markets.

ESG Investing Risks: When the investment process considers environmental, social and governance factors, the adviser may choose to avoid investments that might otherwise be considered, or sell investments due to changes in ESG risk factors as part of the overall investment decision process. The use of environmental, social and governance factors may impact investment exposure to issuers, industries, sectors, and countries, which may impact a portfolio's relative performance.

Equity Securities Risk: The securities markets are volatile, and the market prices of the securities may decline generally. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. If the market prices of the securities owned fall, the value of your investment will decline.

Net-of-fees returns reflect the gross-of-fees returns reduced by the impact of investment advisory and performance fees. Investment advisory and performance fees are calculated separately for each portfolio based upon the actual underlying fee schedule in effect for each respective portfolio and the highest fee rate for these types of portfolios is 0.75%. Net of fee returns for non-fee paying portfolios are determined using model fees based on the standard investment advisory fee schedule in effect for the respective period for each account in the composite. All returns include reinvestment of net realized gains, interest and dividend income.

The **MSCI ACWI ex US Index (Net)** captures large and mid-cap securities across 22 Developed Markets countries (excluding the US) and 26 Emerging Markets countries. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect any fees, expenses or sales charges. Net return basis approximates the minimum possible reinvestment of regular cash distributions by deducting withholding tax based on the maximum rate of the company's country of incorporation applicable to institutional investors. The **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. 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 **S&P 500 Index** is generally considered representative of the US stock market.

Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are annualized. Chart Data Source: Calamos Advisors LLC.

Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average assuming reinvestment of dividends and capital gains distributions.

Calamos Advisors LLC is a federally registered investment advisor. Form ADV Part 2A, which provides background information about the firm and its business practices, is available upon written request to:

Calamos Advisors LLC
2020 Calamos Court
Naperville, IL 60563-2787
Attn: Compliance Officer

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Calamos Advisors, LLC
2020 Calamos Court | Naperville, IL 60563-2787
866.363.9219 | calamos.com | calamos.com/institutional

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