SEPARATELY MANAGED ACCOUNT

US Sustainable Equities SMA Strategy Quarterly Commentary

CALAMOS INVESTMENTS

Strategy Overview

The Calamos US Sustainable Equities Strategy employs an integrated, fundamental and proprietary ESG screening process, benchmarked to the S&P 500 Index, to evaluate and select what we deem are the highest-quality, ESG-adherent growth opportunities throughout the United States and across market capitalizations.

Market Environment

On the surface, US stocks delivered strong performance based on an 8.74% return for the quarter as measured by the S&P 500 Index. Yet, it should also be noted that the performance was dominated by the largest names in the index, which accounted for most of the market cap-weighted index's performance for the period. An equally weighted S&P 500 delivered a 0.33% return for the period, a much different experience. Investors piled into US large-cap technology stocks, most of which have sizable cash balances, strong cash flows, and are boosted by the exuberance over artificial intelligence prospects.

The economy has remained surprisingly resilient throughout the Federal Reserve's aggressive interest rate hike cycle, which may finally be close to its conclusion. Fears of a significant slowdown in bank lending have mostly faded and the much-anticipated recession continues to get pushed out further. Although the lagged effects of higher rates may weigh on growth in 2024, employment data is holding remarkably steady with historically low layoffs, and consumer spending remains healthy. Americans of all income levels continue to play "catch-up" on the activities they skipped during the pandemic lockdowns, including family vacations, concerts and dining out. Even though some fears have abated as the inflation picture vastly improved, investors are looking to higher-quality businesses that may offer growth should the US economy deliver more sluggish growth going forward.

The portfolio benefited from the market's preference for quality and growth, two key tenets we look for when analyzing businesses for potential inclusion in the portfolio. Over the course of the reporting period, the portfolio also benefited from the absence of energy stocks, given the sector delivered a negative return in the S&P 500 Index. Stock selection within materials names was also additive to performance, notably through a strong specialty chemicals company that focuses on water hygiene and purification. The information technology sector proved to be a laggard for the period. The portfolio was only slightly underweight for the period, but we did not hold the market weights in some of the mega-cap tech names that investors strongly favored as mentioned previously. Our information technology holdings did perform well overall but were not quite at the level of the market-cap-weighted index. Additionally, portfolio holdings in consumer discretionary lagged those of the market, and again, most of this performance gap was due to our not owning several of the larger-cap, tech-related consumer names.

Performance Review

For the quarter ended June 30, 2023, the portfolio posted a return of 5.37% (gross of fees) and 5.05% (net of fees) versus a return of 8.74% for the S&P 500 Index. The portfolio lagged the market-cap-weighted benchmark, but handily outperformed an equally weighted basket of S&P 500 stocks.

Positive Influences on Performance

Energy. The portfolio's lack of representation in energy positively contributed to relative performance.

Consumer Staples. Security selection and an average underweight allocation in consumer staples boosted results. Selection in packaged foods & meats was a leading contributor, and our lack of representation in soft drinks & non-alcoholic beverages assisted relative returns.

Negative Influences on Performance

Consumer Discretionary. Over the quarter, security selection and an average underweight stance within the consumer discretionary sector weakened return, specifically our lack of representation in broadline retail and automobile manufacturers.

Information Technology. Security selection and an average underweight position in information technology, specifically in semiconductors and systems software, lagged on a relative basis.

Positioning and Portfolio Changes

The prospect for further outperformance in big-cap tech is becoming less likely in our opinion given extended valuations and continued central bank hiking in developing markets. We believe that broader exposure to other economic sectors will pay off. As such, the portfolio is overweight quality stocks with reasonable valuations in the industrials, materials and health care sectors. Quality, more broadly, should hold up given that interest rates are not likely to go down soon, global economic growth isn't rebounding, and 2023 earnings are flattish. After several months of investor complacency, the "risk" part of the risk-and-return equation is likely to matter in the coming quarters, and we believe the portfolio is positioned accordingly.

Outlook

It's not just big-cap technology stocks that have been hot as of late. Global temperatures in June hit the highest level on record for this time of the year, causing temperatures to exceed pre-industrial levels by more than 1.5°C for the first time. A heat wave smashed temperature records in China, and the country joins India, the UK and other nations in bracing for a scorching summer. Europe already had the warmest summer on record last year, contributing to thousands of deaths, marine heat waves and extreme weather. The world's oceans were the warmest on record in April and May, a development that could mean more severe weather over the next few months and trigger a rise in sea levels. Texans' power prices surged 80% in a matter of hours amid shrinking spare electricity supplies in June as searing heat puts the state's grid to the test.

Climate change is clearly taking a major human, economic and environmental toll. Putting a price on carbon is one of the strongest levers to tackle climate change. This is happening. Today, there are 70 carbon pricing initiatives globally, whether through carbon taxes or emissions trading schemes, covering 23% of global emissions.

We believe companies that are already reducing their emission profiles—and future environmental liabilities—have a competitive advantage and are better positioned to outperform over the long term. We continue to work diligently seeking to identify the best US-listed investment opportunities in this regard.

For additional information please visit the SMA's profile page:
[US Sustainable Equities Strategy | Calamos Investments]

CALAMOS US SUSTAINABLE EQUITIES SMA COMPOSITE RETURNS (%)

	QTR	1-YEAR	3-YEAR	SINCE INCEPTION (2/20)
Calamos US Sustainable Equities SMA Composite				
Return Gross	5.37	16.59	13.77	10.51
Return Net of Fees	5.05	15.17	12.38	9.16
S&P 500 Index	8.74	19.59	14.60	11.70

Source: Calamos Advisors LLC

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 results portrayed on the preceding pages are for the Calamos US 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.

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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 US Sustainable Equities SMA Composite**, which is an actively managed, US focused composite that seeks long-term capital appreciation. The Composite invests primarily in the common stock of companies in 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 2020. Firm assets shown represent assets managed by Calamos Advisors and not assets managed by Pearl Impact Capital LLC. The Calamos US Sustainable Equities Composite II was formerly named the PIC US Opportunities Composite. This name change was effected August 25, 2021. The Composite was created August 31, 2021, calculated with an inception date of February 1, 2020. Results include all fully discretionary advisory accounts, including those no longer with the Firm. Past performance is no guarantee of future results.

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 **S&P 500 Index** is a market-value weighted index and is widely regarded as the standard for measuring US stock market performance.

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

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

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