CALAMOS

ONE PLANET PROSPERITY

Informing the Calamos Sustainable Equities Team Investment Approach

Foreword

Our job as portfolio managers and fiduciaries is to identify and manage portfolios comprised of "Global Leaders" with the central goal of exceeding benchmark performance with lower-than-benchmark volatility.

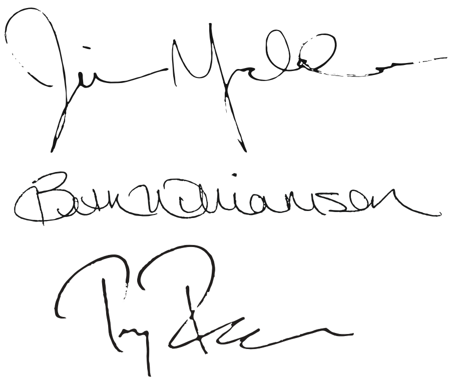
Global Leaders, as we define them, are companies that have consistently produced positive economic profits over time and have better future growth potential than their industry peers. These companies also manage their nonfinancial risks effectively, improving the likelihood that their fundamentals remain attractive for long-term investment.

This report outlines our investment philosophy and proprietary research approach that we've been successfully employing and enhancing for 20+ years.

We'll delve into the concept of One Planet Prosperity, a framework developed by Global Footprint Network,[1] that informs our investment approach. One Planet Prosperity provides a lens to help us, as portfolio managers, understand the factors that define our ecological and socioeconomic context. From this framework, we have built our proprietary investment criteria.

We invite you to read more and learn how we identify companies that we believe are better equipped to navigate an evolving future shaped by environmental and societal constraints.

Calamos Sustainable Equities Team



James Madden
SVP, Co-Portfolio Manager

Beth Williamson
VP, Head of Sustainable Equity Research and Associate PM

Tony Tursich
SVP, Co-Portfolio Manager

Executive Summary

The Sustainable Equities Team is committed to generating attractive returns with lower volatility and risk than its benchmark.

We do so by investing in companies with superior operating fundamentals and growth prospects, companies we call "Global Leaders."

Understanding our Team's Context

Humanity's history encompasses remarkable progress, yet it has come at a cost. When we seek companies to invest in, companies that may outperform their competition, we know that a growing world population, climate change and resource constraints are forces already shaping these company dynamics.

One Planet Prosperity

As we seek to identify Global Leaders, "One Planet Prosperity," a concept developed by Global Footprint Network, shapes our investment approach. The concept recognizes two main drivers — improving human lives and reducing ecological overshoot.

Impact on our Investment Approach

Our investment approach identifies companies capable of navigating and improving the landscape of human lives and environmental constraints like ecological overshoot, all while delivering on our commitment to creating value for our funds' shareholders.

Global Leaders are at a competitive advantage because of:

- Reduced exposure to resource constraints
- Greater retention of asset value
- Increased demand for products and services
- Lower operating costs

Our Six Criteria

More than 20 years ago, we created a differentiated and proprietary research approach for identifying Global Leaders. We've enhanced this process over time to meet economic and social dynamics and to protect our competitive edge. This unique, not off-the-shelf investment approach utilizes six criteria to evaluate investment risk and opportunities.

The Environmental Criteria

1. **Product Contribution:** Companies that innovate with new products and services that are "fit for the future." Many of these products replace outdated ones, providing similar services in new, more resource-efficient ways.

2. **Life Cycle Innovation:** Companies that change the design of their products, use sustainable raw materials, and reduce resource and energy use across the product's entire lifecycle – from cradle to grave.

3. **Operational Efficiency:** Companies that create significant efficiency improvements in their manufacturing and operations, whether or not they change their products.

The Social Criteria

4. **Inclusive Finance:** Companies that provide banking products and services, such as microfinance, Small and Medium-Sized Enterprise (SME) loans, insurance, and financial technology, to communities that have traditionally been excluded.

5. **Ensuring Health:** Companies that provide health facilities and technologies, as well as medicines and vaccines for underserved global communities.

6. **Providing Basic Services:** Companies that deliver clean water, food, electricity & energy, transportation, shelter, sanitation & health, and education to underserved global communities.

The Importance of Financials

While nonfinancial criteria plays an integral role in our propriety process, we will only evaluate companies that meet our financial criteria — higher than peer ROIC, margins and free cash flow. The result, in our opinion, is a portfolio of quality companies that will generate attractive returns with lower-than-benchmark volatility.

What about Governance?

After applying our exclusionary screens, we conduct ESG materiality assessments - a qualitative, broad overview of the environmental, social and governance risks at the industry or sub-industry level of a company. This is distinct from our six investment criteria, which is why you do not see governance included in this portion of the investment process. This is illustrated on page 14.

What is Our Lens?

Over the past century, humanity has achieved incredible feats of innovation and progress. From the creation of complex societies to advancements in food systems and medicine, our species has demonstrated an unparalleled ability to overcome challenges and push boundaries. But these accomplishments have come at a cost, increasing ecological overshoot.

What is Ecological Overshoot?

We now have 8 billion people on the planet, predicted to grow to 9.7 billion by 2050. Humanity's Ecological Footprint—its demand for food, timber, fiber, land for urban use, and land area with the capacity to absorb excess CO2 from fossil fuel burning—is now 73% higher than the capacity of the planet's ecosystems.

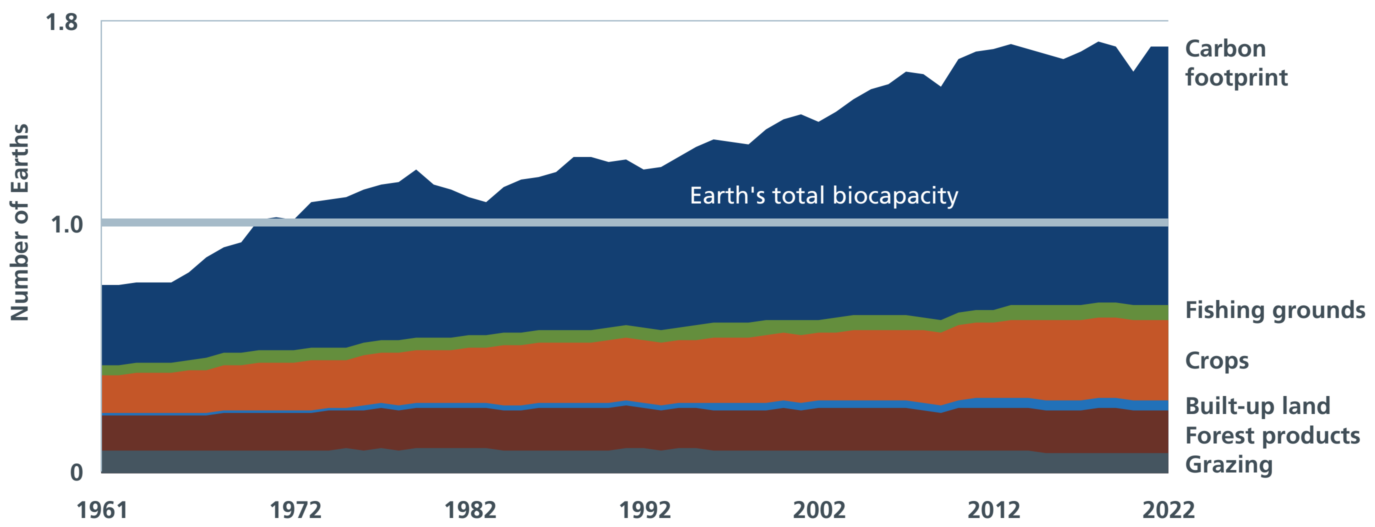
The effects of ecological overshoot are felt globally, manifesting as climate change, loss of biodiversity, freshwater stress, deforestation, and other ecological changes that impact our quality of life.

Alongside global ecological overshoot, we know that fundamental human needs will remain fixed—people will continue to need food, housing, and transportation. In this sense, the future has never been more predictable.

Given this context that is already shaping economic dynamics, a straightforward question arises: Which businesses will outperform in the predictable future of a growing world population and persistent ecological overshoot?

> "Companies that drive down global ecological overshoot as they expand will gain in value."

Figure 1: Humanity's Ecological Footprint by Component (In number of Earths)[2]



Source: Global Footprint Network

Understanding One Planet Prosperity

One Planet Prosperity, a concept developed by Global Footprint Network, provides a lens that shapes our investment process. It allows our team to identify businesses well-positioned to meet their long-term financial objectives in a world increasingly shaped by planetary constraints.

Businesses want to thrive, and people want better lives, yet there is only one planet to generate the natural resources and provide the services needed to meet these demands. This understanding is the foundation for our proprietary investment criteria.

One Planet Prosperity describes the relationship between society's desire to advance and the ecological limits of the planet through two key drivers — improving human lives and reducing ecological overshoot.

One Planet Prosperity is where prosperity and ecological resource security converge.

Together, these two key metrics allow us to assess whether we are meeting standards of living within the ecological means of the Earth, essential for human prosperity to last.

x-axis

"Prosperity" or the Human Development Index (HDI)

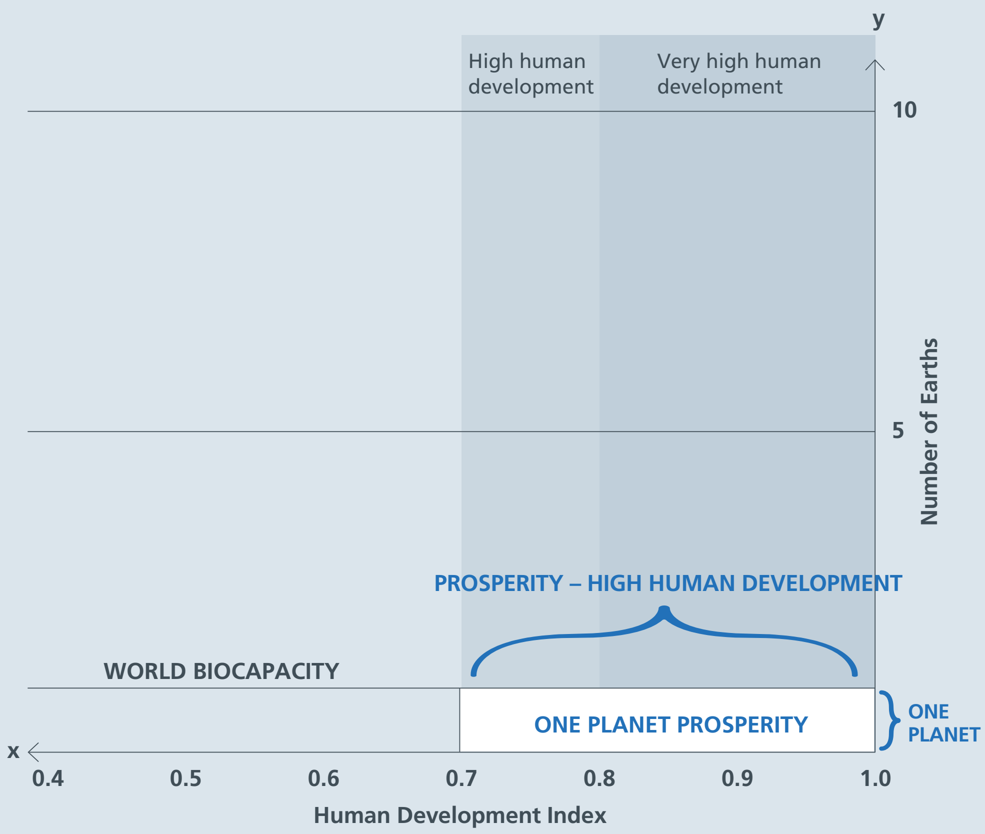
One prominent way of measuring human progress is the UN's Human Development Index (HDI), which rates societies in income, education, and life expectancy. The United Nations considers an HDI of 0.7- 1.0 as a "high to very high" measure of human development.

y-axis

"One Planet" or the Number of Earths

Ecological Footprint accounting determines whether human demands for living fit within our world's biocapacity by comparing this demand to the Earth's regenerative capability. Humanity currently uses the resources of 1.7 Earths.

Figure 2: Ecological Footprint and Human Development Index of Countries



Source: Global Footprint Network

Identifying Companies Moving towards One Planet Prosperity

Figure 3 shows the current position of countries along both axes. It makes evident that very few countries today come close to operating within the "One Planet Prosperity" quadrant, meaning the operating space for high human development within the earth's resource capacity.

Examining HDI and the Ecological Footprint reveals a strong dependence on resource consumption to address human development. Clearly, this trajectory is unsustainable. Therefore, we believe future value will come from companies that may improve human development while reducing resource dependence.

We place these companies into two categories – A and B.

Companies demonstrating these characteristics will be more resilient and have a competitive advantage.

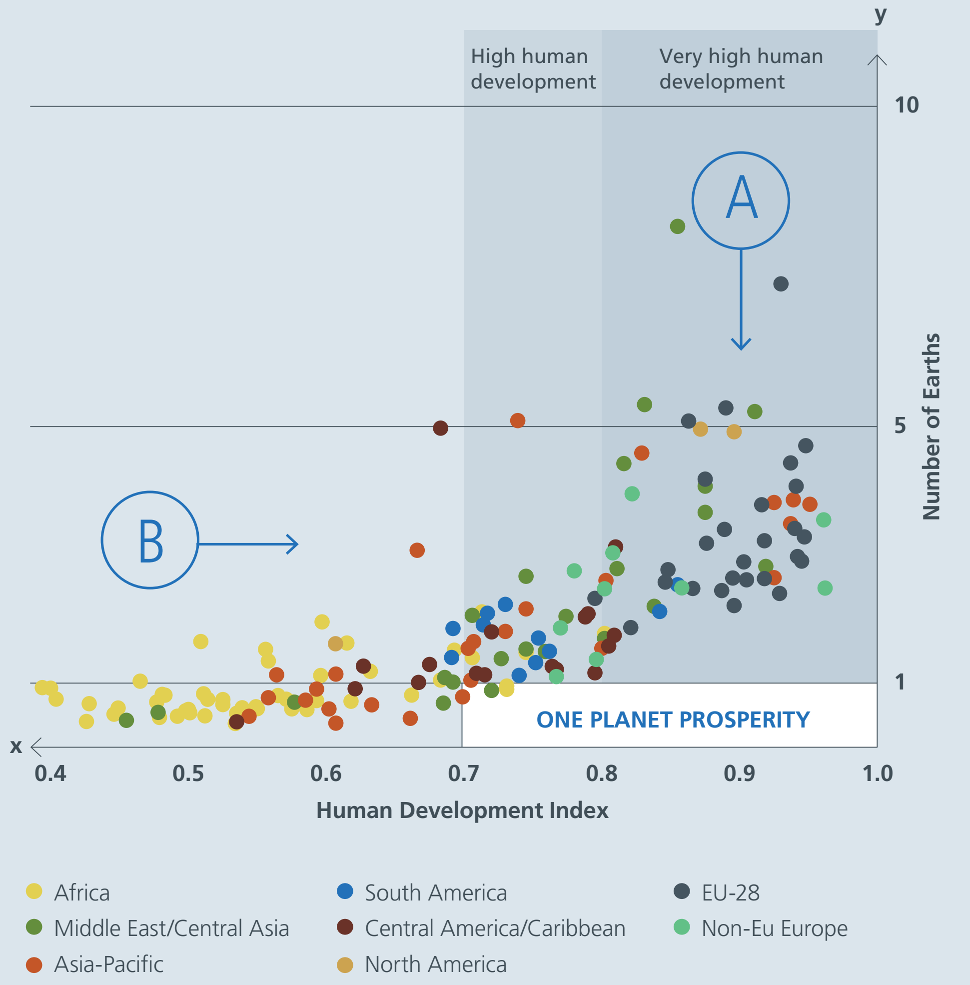
A — **Companies that drive down overshoot as they expand.**

B — **Companies that provide for basic human needs in ways that are scalable, accessible, and resource-efficient.**

They are more likely to avoid resource constraints, and the market demand for their goods and services is more likely to grow.

One Planet Prosperity provides us context and we utilize this information to help shape our proprietary company selection criteria. We will discuss this criteria and our research process in the following pages.

Figure 3: Ecological Footprint and Human Development Index of Countries (2021)[3]



Source: Global Footprint Network

A DEEPER DIVE INTO OUR CRITERIA: COMPANIES THAT DRIVE DOWN ECOLOGICAL OVERSHOOT

A

Producing value by lowering resource dependence

We created environmental criteria to uncover companies with products and services that address overshoot and are needed for the transition to a sustainable economy.

These companies are transforming their industries by replacing outdated technologies, reducing the impact of their products from cradle to grave, and producing their products in dramatically more efficient ways.

The transition toward a green, low-carbon economy is creating opportunities for Global Leaders poised for further growth as economies pursue resource efficiency and net-zero goals. We will review the three main environmental criteria next.

A DEEPER DIVE INTO OUR CRITERIA: COMPANIES THAT DRIVE DOWN ECOLOGICAL OVERSHOOT

A

1. **Product Contribution:** Companies that excel in this category are addressing overshoot by providing products and services that are "fit for the future." These products and services often replace outdated ones. Examples include improved solar, wind, and hydro energy.

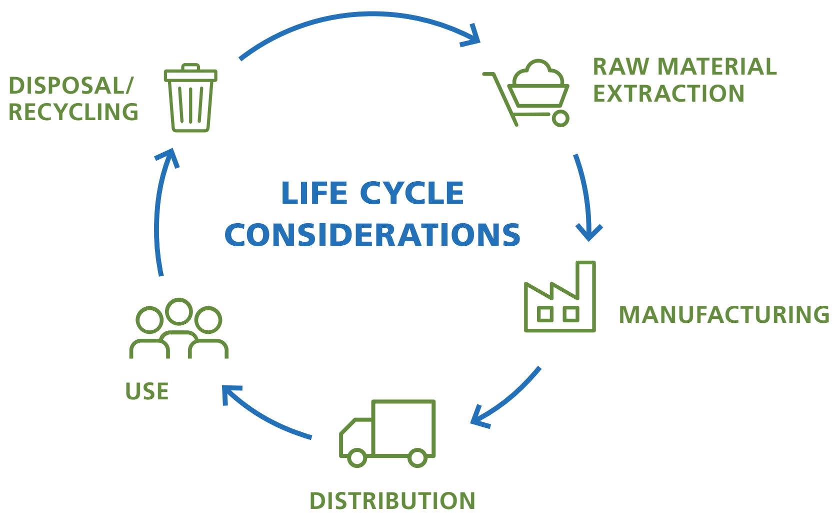
   Many of these companies' products enable their customers to live with lower ecological footprints. Other industry examples include developing precision agricultural technologies that reduce pressure on cropland, or sustainable forestry practices that reduce pressure on forests

   We analyze the revenues associated with the company's product range. Leading companies are investing heavily in R&D and mergers and acquisitions to transform their business strategies toward providing more low-carbon and resource- efficient products.

   As these companies grow, they also transform their industries, driving out the products of the past and inviting their competition to copy them.

2. **Life Cycle Innovation:** Leading companies employ life cycle design to reduce the impact of their products and services across the entire lifespan of the product, cradle to grave, and in the case of products that are designed for disassembly and component reuse, "cradle to cradle."

   They innovate across many dimensions including raw materials sourcing, green chemistry, packaging, logistics, transportation, end- of-life recycling and energy efficiency. This leads to environmental benefits and tangible financial benefits including reduced production and waste disposal costs, and enhanced brand reputation.



3. **Operational Efficiency:** Even companies that are not able to change the core products they offer can create massive efficiency improvements in their production processes. This leads to much lower water, material and energy use, reduced waste and lower carbon emissions.

   Strong environmental management systems help these companies optimize their facilities. Capital investments in operational efficiency pay off financially and boost the company's bottom line, whether it's in HVAC systems, clean rooms, or manufacturing plants.

   In other instances, companies may use their waste heat for secondary applications such as district heating, while others demonstrate operational efficiency by using solar energy to power their operations.

B

A DEEPER DIVE INTO OUR CRITERIA: COMPANIES THAT PROVIDE FOR BASIC HUMAN NEEDS

Producing value by improving people's lives within planetary constraints

Human dignity requires that all people have the opportunity to meet their basic needs. Since the 1990s, global average per capita income has risen, and rates of extreme poverty have declined in many countries, giving rise to a growing and increasingly urbanized middle class. But this progress could be halted and even reversed if the development model of the past continues.

Despite progress, extreme poverty still affects more than 700 million people.[5] Therefore, companies can play a meaningful role in providing affordable products and services that enable people to participate productively in society and its economy.

Our social criteria uncover companies with products and services that address human needs in ways that are affordable and scalable with low ecological impact.

Companies employing this social criteria provide financial, health care, and other basic services to people who have historically lacked access.

While many of the customers benefiting from these products and services live in low-income countries, companies improving the lives of underserved populations in medium- and high-income countries qualify for inclusion as well.

B

A DEEPER DIVE INTO OUR CRITERIA: COMPANIES THAT PROVIDE FOR BASIC HUMAN NEEDS

1. Inclusive Finance: A growing number of financial services companies contribute to the creation of wealth and the alleviation of poverty by providing financial products and services to those who have historically lacked access. Affordable, trustworthy, and accessible financial offerings are an essential service for all individuals and small businesses because they enable market participation and opportunities to build assets.

Roughly 2 billion adults, who account for more than 50% of the global workforce, lack access to formal financial services. In low-income countries, 80% of the least privileged individuals do not have bank accounts.[6] But the need for inclusive finance is not limited to low-income countries. In the US, more than 30 million households are considered unbanked or underbanked—they have limited access to basic financial products and services.[7] We believe publicly traded equities can best promote financial inclusion across several product and service lines such as **Microfinance, Fintech, Small and Medium Enterprise Financing (SME) and Insurance.**

Companies engaged in inclusive finance tap into new markets and find opportunities for increased revenues, customer loyalty, diversification of revenue streams, and potential for cross selling and up selling. Those who can provide the best services at the lowest cost will garner a larger market share. Since there is an economy of scale, with low marginal costs, the best provider with the capability to scale has a significant advantage.

2. Ensuring Health: According to the World Health Organization, at least half of the world's population does not have full coverage of essential health services. In fact, 1 in 10 individuals globally do not have access to essential medicines, and on average out-of-pocket payments represent more than 30% of every country's health expenditure.[8] We consider companies for investment that operate **health facilities** in underserved markets, offer access to safe and effective **medicines and vaccines,** or develop **health technologies** that reduce the cost to health care access.

Taken together, these initiatives will significantly contribute to societal well-being, economic growth and development. Simultaneously, these companies can also uncover new revenue streams through market expansion, patent extensions, partnerships and collaborations, and potential government funding and contracts.

3. Providing Basic Services: Basic services that improve people's lives are positively correlated to human and economic development. For example, improved sanitation and rising urban standards of living contribute to longer lives nearly everywhere in the world. But key services are still missing in many parts of the world—electrification, for example, is a key ingredient for economic development. Other key services that need additional investment include basic education, access to fair-priced communication technology, and affordable housing.

As part of our social investment selection strategy, we seek high quality companies providing basic services such as **clean water, food, electricity and energy, shelter, sanitation, mobility, education, and access to information and communication technologies.**

For companies that provide basic services at scale, opportunities are likely to grow because these services are essential, resulting in increased, typically recurring, revenues.

Our Proprietary Research Approach

Our investment process (Figure 4 on the following page) integrates financial and nonfinancial analyses to construct a portfolio of high quality companies that we believe will deliver above average long-term returns with mitigated volatility.

From a universe of approximately 90,000 investable companies, seek those that are **well-established and well-capitalized**, by applying a $2 billion market-cap screen and a $1 million in daily value volume screen to avoid issues with liquidity.

We then eliminate thousands of companies during our **deep traditional financial analysis,** looking only for high-quality companies with attributes such as strong ROIC, margins, and free cash flow.

Next, we apply our **risk-based, not values based, exclusionary screens** to remove companies and industries whose return profiles are not attractive.

We then turn our attention to other nonfinancial material issues via our **materiality assessments** which evaluate a company's governance structure and other material risks. As a result of this analysis, we screen out those companies that are not addressing their nonfinancial risks successfully.

Completing these steps results in a pool of company names that meet our baseline fundamental financial and nonfinancial requirements. But we don't stop here.

These company names are then assessed using our **proprietary screening criteria.**

For a company to be qualified, it must demonstrate a score higher than 3, based on a 1–5 scoring system in one or more of six environmental or social criteria.

Environmental

1. Product Contribution
2. Life Cycle Innovation
3. Operational Efficiency

Social Impact

4. Inclusive Finance
5. Ensuring Health
6. Providing Basic Services

It's important to note that while a quantitative score of 3 or above is required, a company's financial qualification is also based on the data gathered through our materiality assessments and other assessed nonfinancial data.

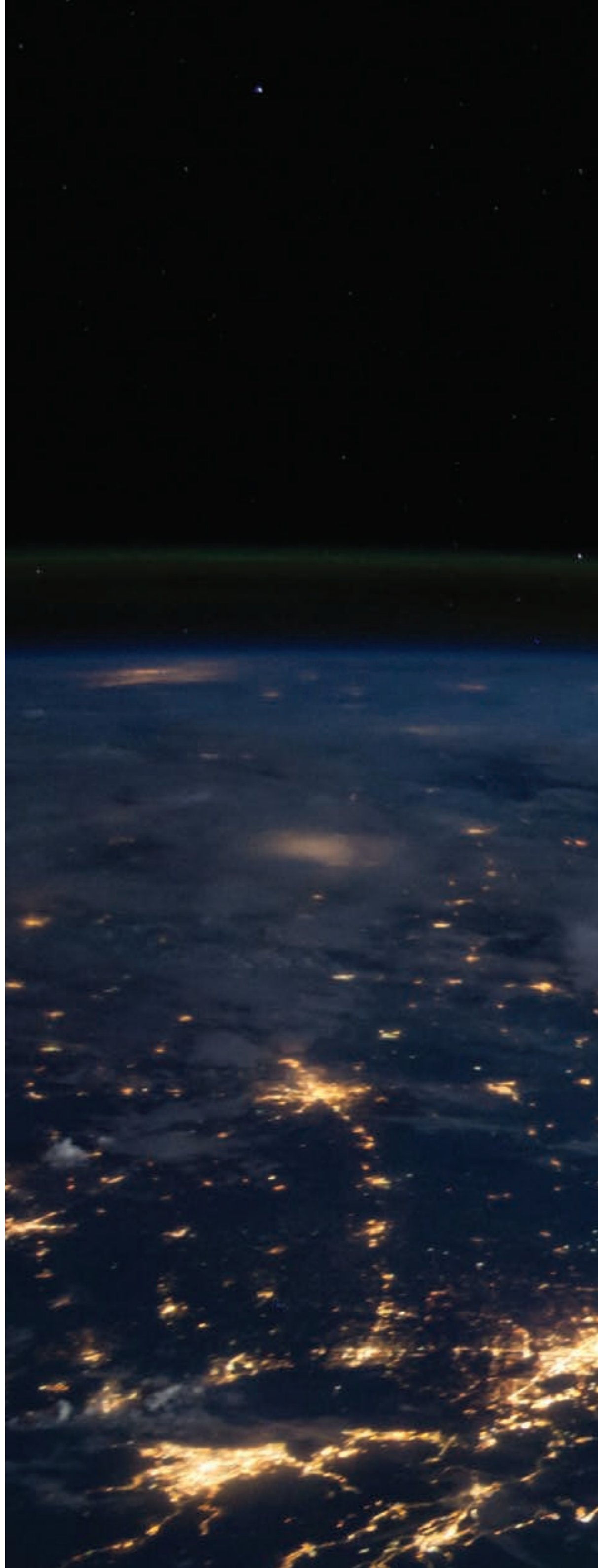
After a company qualifies, we examine the leading investment opportunities through additional fundamental research with a view toward **portfolio construction.**

Once we have placed a company within a portfolio, we monitor it for controversies and company-specific material factors. Changes in those two areas could trigger a score change and result in divestment.

The result is a portfolio of companies with a history of innovation and competitiveness, which provide products and services that meet important, widely held needs. Our portfolio companies have a record of mitigating environmental risk and managing within ecological limits. They demonstrate market leadership and the ability to maintain their edge, and they show strong business fundamentals relative to their industry.

FIGURE 4.

Our Proprietary Research Approach



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ENDNOTES

[1] Global Footprint Network, www.footprintnetwork.org/opp

[2] Global Footprint Network, National Footprint Accounts, 2022 Edition, data.footprintnetwork.org

[3] Global Footprint Network, National Footprint Accounts, 2023 Edition, data.footprintnetwork.org

[4] World Bank Poverty and Inequality Platform (PIP), 2022

[5] United Nations, "Poverty and Shared Prosperity Report," 2022

[6] Principles for Investors in Inclusive Finance (PIIF)

[7] Federal Deposit Insurance Corporation (FDIC), "2017 FDIC national survey of unbanked and underbanked households," October 2018

[8] "Universal Health Coverage - World Health Organization," World Health Organization, 25 March 2019, https://apps.who.int/gb/ebwha/pdf_files/WHA72/A72_14-en.pdf.

Environmental, social and governance (ESG) is based on the premise of investing in companies that have good environmental records, are ethically run and have a positive social impact.