

# Calamos Long/Short Fund

CALAMOS<sup>®</sup>  
INVESTMENTS

## NET ASSETS

\$100 million

## OVERVIEW

The team manages a high-conviction, best ideas long/short fund that invests primarily in U.S. equity securities and is diversified with exposure to key sectors.

## KEY FEATURES

- » **Seasoned team** of investment professionals in the hedge fund and long/short space with deep expertise in the industries they cover
- » **High-conviction investing** with the aim of generating alpha through both long and short positions
- » **Catalyst driven and bottom-up** fundamental equity investment approach
- » **Collaborative assessment of ideas** that are vetted by the entire team rather than one portfolio manager

## PORTFOLIO FIT

The fund may be suitable for investors seeking an alternative solution to complement and diversify a long-only portfolio with an investment that has the potential to lower overall portfolio beta and create superior risk-adjusted returns.

## FUND TICKER SYMBOLS

A Shares C Shares I Shares  
CALSX CCLSX CILSX

## First Quarter Overview

For the equity markets, 2015 began much as 2014 ended, with heightened uncertainty and elevated volatility as both economic data and fundamental results were subdued. First quarter earnings guidance turned sour as nearly five times as many companies reduced future guidance as those who increased guidance, which may result in the first aggregate earnings decline in more than two years. Although a strong dollar may clip corporate profit growth, we believe equities' earnings and dividend yields are compelling relative to U.S. Treasury bonds and inflation. Merger-and-acquisition and share buyback activity remain robust as companies take advantage of low corporate borrowing costs and high earnings yields, and this activity can provide a floor to the equity markets during periods of volatility.

We believe oil prices can stabilize over the next few months as drilling contracts expire and capital spending cuts are implemented, but certain industries and regions tied to the energy sector have started to feel near-term economic pain, which is contributing to overall economic weakness. In this potentially volatile and sideways market environment, we believe we are well positioned with our focus on individual security selection.

The primary fundamental drivers of equity markets since the financial crisis have been operating efficiencies, balance sheet reconstruction and capital return. At this stage in the economic cycle, we are seeking companies that differentiate themselves with

organic sales growth. Additionally, we are monitoring our universe of names for special situations, secular trends and structural changes.

The Calamos Long/Short Team continues to find attractive opportunities across the market capitalization spectrum despite the headwinds endured last year. We believe small caps provide relative shelter against a strengthening U.S. dollar, rising interest rates and an unstable energy sector, which has significantly less exposure among small caps than large caps.

We look forward to seeing clean economic data that is not impacted by weather or a calendar shift that we believe will support our bias toward the strength of the U.S. consumer. With rising equity values, real estate prices, steady income, enhanced purchasing power and improving employment prospects, we think the U.S. consumer is an economic force for the near term. We are cautious on financial companies that are sensitive to interest rates. The narrowing of interest rate margins may persist near-term and benefits from the eventual increase in rates may be prolonged. We are on the prowl for emerging and disruptive trends and focused on risk management as we enter the later stages of the economic cycle.

## Team

The team is managing assets in excess of \$400 million across the long/short equity products, including \$100 million in the Long/Short Fund. Long/short strategy demand continues to remain strong across the asset-management industry, including among institutional

# Calamos Long/Short Fund

SECTOR WEIGHTINGS <sup>a</sup>	LONG	SHORT	GROSS	NET
Consumer Discretionary	22.9%	-8.1%	31.0%	14.8%
Consumer Staples	0.2	0.0	0.2	0.2
Energy	0.0	0.0	0.0	0.0
Financials	14.1	-3.4	17.5	10.7
Health Care	14.4	-9.6	24.0	4.8
Industrials	0.0	-4.3	4.3	-4.3
Information Technology	12.8	-1.3	14.1	11.5
Materials	5.5	0.0	5.5	5.5
Telecom Services	0.0	-0.9	0.9	-0.9
TOTAL	69.9	-27.6	97.5	42.3

<sup>a</sup> Exchange traded funds and index options are included in totals but not listed as sectors

Net exposure: difference between a funds long and short exposures

Gross Exposure: equals long exposure plus the absolute value of short exposure

Sector weightings are subject to change daily and are included for informational purposes only.

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 see disclosures on the last page for additional information.

Information contained herein is for informational purposes only. Opinions, estimates, forecasts, and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable. The views and strategies described may not be suitable for all investors. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations.

investors. We believe that retail demand for alternatives and long/short strategies will steadily rise as education and adoption continues. The strategy's ability to achieve rising market participation with downside protection makes it an ideal complement to the equity allocation of portfolio.

Our team of seasoned professionals in the hedge fund and long/short space is committed to an absolute-return mentality with a mission to deliver attractive risk-adjusted returns to its investors.

## Performance

The fund had a positive return of 0.56% (A shares at NAV) for the quarter. The largest contributors to performance came from investments in the financials and information technology sectors while investments in the health care and industrials sectors detracted from returns. We are pleased to note long positions generated significant alpha versus the market for the quarter. As fundamental investors we look forward to an environment of low correlation and high dispersion of returns where our security selection can be most rewarded.

## Holdings Discussion

**IAC/Interactive Corp – Contributor<sup>1</sup>** The fund had a gain from its long holding in IAC/Interactive. The media and Internet company derives the majority of its earnings from Match, the leading online dating business, and Ask, a search and applications service. We initially saw growth potential in the Match business because of favorable demographics and research that shows increasing acceptance of online dating. We also liked the company's attractive valuation and emerging businesses such as Tinder, Vimeo and a venture capital fund, which we believe is worth three times book value.

The company confirmed during the quarter that the Match business stabilized and subscribers increased in January, countering a fall in subscribers last year. Tinder is one of the fastest growing mobile dating apps with an estimated 50 million global users. In early March, Tinder began to monetize its user base for the first time with a subscription for premium services. IAC also commented that it would begin to further monetize that platform through advertising in the near future. We expect continued positive results from this company and maintain a core sized holding in this position.

<sup>1</sup> Position represented 4.65% of the portfolio holdings as of 1/31/15.

# Calamos Long/Short Fund

**Vitamin Shoppe-Detractor**<sup>2</sup> The fund had a loss from a long position in Vitamin Shoppe, a vitamin and supplements retailer. During the quarter, there were several events that decreased near term visibility in what is otherwise a stable and growing sector.

In early February, New York state's attorney general launched an investigation into some of Vitamin Shoppe's competitors regarding the labeling of certain herbal supplements. While Vitamin Shoppe was not implicated in the investigation, it cast uncertainty on the herbal supplements sector because of concern over the potential of increased regulatory oversight.

Further, the company lowered its full year sales outlook on weakness in the weight management category, lack of price increases and disruption from transitioning its e-commerce Web site to a new platform. While we believe these challenges are temporary and that gross profit and sales should improve in the second half of 2015, these occurrences added more uncertainty regarding the near term dynamics in the vitamin sector. Lastly, in early March, the company announced its appointment of a new CEO, a role the company had been looking to fill since September 2014. Investor response to the new CEO has been lukewarm or neutral at best. As a result, the stock has not incorporated any possibility of a near term improvement in the business.

However, we believe there is still upside in the stock. We expect improvements in topline and margin trends that may occur in the second half of 2015. Additionally, we expect potential upside from strategic and financial decisions that the company is considering to improve returns to shareholders. The company has a 6% free cash flow yield with no dividend, very little debt and mid-single digit unit growth at its store base. In the past year the company made large investments in its e-commerce platform, vertical manufacturing and distribution capabilities that we believe will bear fruit in the second half of 2015.

## Positioning

The fund's gross exposure and net exposure as of first quarter end were 98% and 42%, respectively. The team reduced the portfolio's net exposure throughout the first quarter against the backdrop of market uncertainty. Overall we plan to remain conservatively positioned throughout the second quarter and proactively seek opportunities to capitalize on.

While exposures are primarily driven by our fundamental bottom-up research approach, we remain strategic regarding our positioning around sector and macro themes. Given the current environment we plan to maintain little or no energy exposure for the time being. We do not share the market view of a "U" shaped recovery in oil and believe supply will continue to outpace demand into 2016, with macro and geopolitical factors being the predominant fundamental drivers. We maintain a positive view on the U.S. consumer, as recent employment expansion, home price recovery and stable income levels should lead to healthy spending habits.

We believe earnings will be a catalyst for the market for better or for worse. Our view is that rates will remain stable for the time being. We expect volatility and uncertainty to continue throughout 2015 and are positioned accordingly. The strong U.S. dollar has begun to impact global demand patterns and further appreciation could exacerbate this issue. We also are cognizant that this equity rally is approaching a length of time that is seldom seen. Assuming that the S&P 500 finishes up in 2015, this will mark the seventh consecutive year of positive performance. There has only been one other period when the rally has lasted more than five years.<sup>3</sup>

Our market cap exposure continues to remain fairly balanced between large and mid/small cap companies. As always, we continue to invest the majority of our assets in the North America

<sup>2</sup> Position represented 5.66% of the portfolio holdings as of 1/31/15.

<sup>3</sup> Based on the S&P 500 Price Index since 1929. The market was up eight straight years from 1982 to 1989. When examining the S&P 500 TR using a start date of 1972, in addition to the market being up eight straight years in 1982 to 1989, the market was also up nine straight years from 1991 to 1999.

# Calamos Long/Short Fund

region where we can obtain an edge through conducting differentiated research.

The team expects that volatility will continue in 2015 and we stand ready to invest capital at prudent entry points during market selloffs, as we did in October 2014. We are fundamental investors committed to constructing a best ideas portfolio where we allocate the majority of capital to our highest conviction positions.

## Outlook

We believe the slowdown in U.S. job growth, generally lackluster U.S. economic data, low inflation, and a strong dollar will prompt the Federal Reserve to delay increasing short-term interest rates until late 2015. This delay should provide a tailwind for equities over the next few months, but investors should be prepared for continued market volatility.

We expect corporate earnings growth will slow as a strong dollar makes overseas sales less profitable for U.S. multinationals. Against this backdrop, we believe that the Fed will bide its time. The Fed can take a patient approach because inflation is not a problem. At 1.7%, the core year-over-year inflation is below the Fed's target of 2.0%, while Fed Chair Janet Yellen's preferred inflation measure, the core PCE Deflator, is even lower at 1.4%. As the European Central Bank's quantitative easing takes hold, we expect long-term U.S. yields will follow euro zone rates downward, and growth equities have performed well when long-term rates have been low.

For years, investors have been preoccupied about when the Fed will end its accommodative policy. While we cannot rule out the possibility of a policy misstep, we believe it is far more likely that when the Fed raises rates, it will be because the U.S. economy no longer needs the highly accommodative policy of the past several years. Despite our increased caution about the economy, we continue to see opportunities.

Past Performance does not guarantee future results. Please see additional disclosures on last page.

## Conclusion

Historically, many retail investors buy high, sell low and time and time again are absent from market rallies.<sup>4</sup> Many believe the reason is emotional. Investors have demonstrated that they simply don't have the tolerance to withstand volatility and hold unhedged assets through market cycles. Adding an allocation to long/short can significantly reduce the volatility in a portfolio while reducing return potential by a lesser extent. Our goal is to offer investors a solution that allows them to remain committed to their investment objectives, participate in market rallies, and experience the benefits of compounding returns.

We are confident in the fund's ability to protect during drawdowns by muting portfolio volatility. Especially during periods of uncertainty, we believe investors should consider dampening equity risk by allocating a portion of the equity allocation to alternative equity. Doing so may decrease drawdowns, lower beta and increase alpha versus more traditional portfolios. These are important factors to increase wealth creation.

As always, our ongoing commitment is to deliver superior risk-adjusted returns to our investors. We look forward to positive opportunities for both the fund and firm. Investors and prospects are our partners and we welcome any questions or feedback you may have. Please feel free to contact us. We look forward to hearing from you. Thank you for your continued faith and confidence in our team.

<sup>4</sup> Data as of 12/31/14. Source: Net Asset flows for US Open-end Domestic Equity Funds is from Morningstar. Month end S&P 500 Index values are from YahooFinance.com. Performance data quoted represents past performance, which is no guarantee of future results.

# Calamos Long/Short Fund

## PERFORMANCE DATA AS OF 3/31/15

	QTD	1-YEAR	SINCE INCEPTION
<b>Calamos Long/Short Fund</b>			
I shares – at NAV (Inception 6/3/13)	0.65%	1.58%*	5.76%*
A shares – at NAV (Inception 6/3/13)	0.56	1.40*	5.53*
A shares – Load adjusted	-4.25	-3.44*	2.74*
<b>S&amp;P 500 Index</b>	0.95	12.73	15.90
<b>HFRI Equity Hedge Index</b>	2.34	3.04	6.21

There is no assurance that the fund's investment strategy or objective will be achieved or maintained.

\*During the time period(s) indicated IPO transactions made a significant contribution to overall returns.

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 4.75% had it been included, the Fund's return would have been lower. For the most recent fund performance information visit [www.Calamos.com](http://www.Calamos.com). In calculating net investment income, all applicable fees and expenses are deducted from the returns.*

Class I shares are offered primarily for direct investment by investors through certain tax-exempt retirement plans (including 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans, defined benefit plans and non qualified deferred compensation plans) and by institutional clients, provided such plans or clients have assets of at least \$1 million.

TOP 5 EQUITY HOLDINGS LONG <sup>a</sup>	INDUSTRY	
Norwegian Cruise Line Holdings, Ltd.	Hotels, Resorts & Cruise Lines	5.7%
Berry Plastics Group, Inc.	Metal & Glass Containers	5.5
Agilent Technologies, Inc.	Life Sciences Tools & Services	5.2
CBS Corp. - Class B	Broadcasting	4.4
Apple, Inc.	Technology Hardware	4.3
Number of Holdings Long		29

TOP 5 EQUITY HOLDINGS SHORT <sup>a</sup>	INDUSTRY	
Equity Position 1	Commercial Printing	-3.2%
Equity Position 2	Health Care Equipment	-2.8
Equity Position 3	Health Care Equipment	-2.7
Equity Position 4	Health Care Services	-2.5
Equity Position 5	Asset Management & Custody Banks	-2.2
Number of Holdings Short		23

Holdings and weightings are subject to change daily. Holdings are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned.

<sup>a</sup> Top 5 Holdings and Sector Weightings are calculated as a percentage of Net Assets. The tables exclude cash or cash equivalents, any government / sovereign bonds or broad based index hedging securities the portfolio may hold. You can obtain a complete listing of holdings by visiting [www.calamos.com](http://www.calamos.com).

FUND INFORMATION	A SHARES	C SHARES	I SHARES
Inception Date	6/3/13	6/3/13	6/3/13
Ticker Symbol	CALSX	CCLSX	CILSX
CUSIP Number	128120607	128120706	128120805
Minimum Initial/Subsequent Investment	\$2,500/\$50	\$2,500/\$50	\$1 million/\$0
IRA Initial Investment	\$500	\$500	N/A
Sales Load/Maximum Sales Charge	Front-End/4.75%	Level-Load/1.00%	N/A
Gross Expense Ratio <sup>*</sup>	2.61%	3.27%	2.14%
Distributions	Annual dividends; annual capital gains		
Objective	Long-term capital appreciation		

As of prospectus dated 3/1/15.

The gross expense ratio is inclusive of the 1.25% management fee, short dividend and interest expenses (Class A: 0.78%, Class C: 0.72%, Class I: 0.55%), acquired fund fees, other expenses and 12b-1 fees (Class A: 0.25%, Class C: 1.00%).

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.

**Important Risk Information.** An investment in the Fund(s) is subject to risks, and you could lose money on your investment in the Fund(s). There can be no assurance that the Fund(s) will achieve its investment objective. Your investment in the Fund(s) is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The risks associated with an investment in the Fund(s) can increase during times of significant market volatility. The Fund(s) also has specific principal risks, which are described below. More detailed information regarding these risks can be found in the Fund's prospectus. The S&P 500 Index is generally considered representative of the U.S. stock market. The HFRI Equity Hedge Index consists of funds where portfolio managers maintain long and short positions in primarily equity and derivative securities.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The NASDAQ Composite is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market that has over 3,000 components. It is highly followed in the U.S. as an indicator of the performance of stocks of technology companies and growth companies. Since both U.S. and non-U.S. companies are listed on the NASDAQ stock market, the index is not exclusively a U.S. index.

The principal risks of investing in the Calamos Long/Short Fund include: equity securities risk consisting of market prices declining in general, short sale risk consisting of potential for unlimited losses, leverage risk, and foreign securities risk. 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.

Alternative investments may not be suitable for all investors. IPO transactions involve greater volatility and risk than typical equity transactions.

Alpha is the measurement of performance on a risk adjusted basis. A positive alpha shows that performance of a portfolio was higher than expected given the risk. A negative alpha shows that the performance was less than expected given the risk.

Some of the risks associated with investing in alternatives may include hedging risk - hedging activities can reduce investment performance through added costs; derivative risk - derivatives may experience greater price volatility than the underlying securities; short sale risk - investments may incur a loss without limit as a result of a short sale if the market value of the security increases; interest rate risk - loss of value for income securities as interest rates rise; credit risk - risk of the borrower to miss payments; liquidity risk - low trading volume may lead to increased volatility in certain securities; non-US government obligation risk - non-US government obligations may be subject to increased credit risk; portfolio selection risk - investment managers may select securities that fare worse than the overall market.

Alternative investments may not be suitable for all investors.

As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to potential for greater economic and political instability in less developed countries.

**Before investing carefully consider the fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information or call 1-800-582-6959. Read it carefully before investing.**

# CALAMOS<sup>®</sup>

## INVESTMENTS

Calamos Financial Services LLC, Distributor  
2020 Calamos Court | Naperville, IL 60563-2787  
800.582.6959 | [www.calamos.com](http://www.calamos.com) | [caminfo@calamos.com](mailto:caminfo@calamos.com)

© 2015 Calamos Investments LLC. All Rights Reserved.  
Calamos<sup>®</sup> and Calamos Investments<sup>®</sup> are registered trademarks of Calamos Investments LLC.