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3 Reflections on Private Credit

Imagine an asset class that's designed to boost returns, reduce risk and open doors to opportunities beyond traditional markets. This is the influence of private credit – a strategy once exclusive to institutional investors is now accessible to everyone including retail investors. With its growing popularity and accessibility, the asset class reached nearly $2 trillion at the end of 2023, roughly ten times larger than it was in 2009[1].

As we look toward the future, we are eager to share three pivotal takeaways on the opportunities in private credit and the potential for investors willing to explore the asset class.

1). Investing across the spectrum is advantageous for diversification

Private credit's rapid expansion into a broadly diversified asset class should not be underestimated. From litigation finance to infrastructure lending and healthcare royalties, private credit has evolved into a market that extends well beyond traditional direct lending.

Our stance on the private credit landscape emphasizes the importance of broad sector diversification rather than concentrating exposure and risk on a specific area of the market. The Calamos Aksia Alternative Credit and Income Fund (CAPIX) accesses specialized lending across six distinct sectors.

In dark blue, we highlight direct lending as a core position within a portfolio, however, it is only one segment of an expanding private credit market. Everything to the right of that, in light blue, we view as complementary sectors relative to direct lending from a spread, collateral, and diversification perspective. Altogether, we aim to balance exposures across these areas to build a more robust, "all-weather" portfolio that is not tied to any one risk factor.

FIGURE 1: PRIVATE CREDIT MAP

Direct Lending	+ Distressed Debt and Special Situations	+ Specialty Finance	+ Real Estate Credit	+ Real Assets Credit	+ Mezzanine
US direct lending European direct lending Emerging markets direct lending **Some private credit registered funds may have a narrow focus on US direct lending.**	"Credit opportunities" Corporate distressed Opportunistic structured credit Real estate distressed NPLs Capital solutions/ rescue finance "Special situations" loans	Consumer and SME lending Rediscount lending Factoring and receivables Regulatory capital relief Royalties* Venture lending Technology lending Financial services credit Insurance-linked credit Litigation finance Stretch ABL NAV loans Structured secondaries	US corporate real estate (CRE lending: core transitional, bridge lending) European CRE lending Emerging markets CRE lending CRE structured credit Residential mortgages	Infrastructure lending Energy credit Trade finance Metals and mining finance Agricultural credit Transportation	US mezzanine European mezzanine Structured equity PIK Holdco

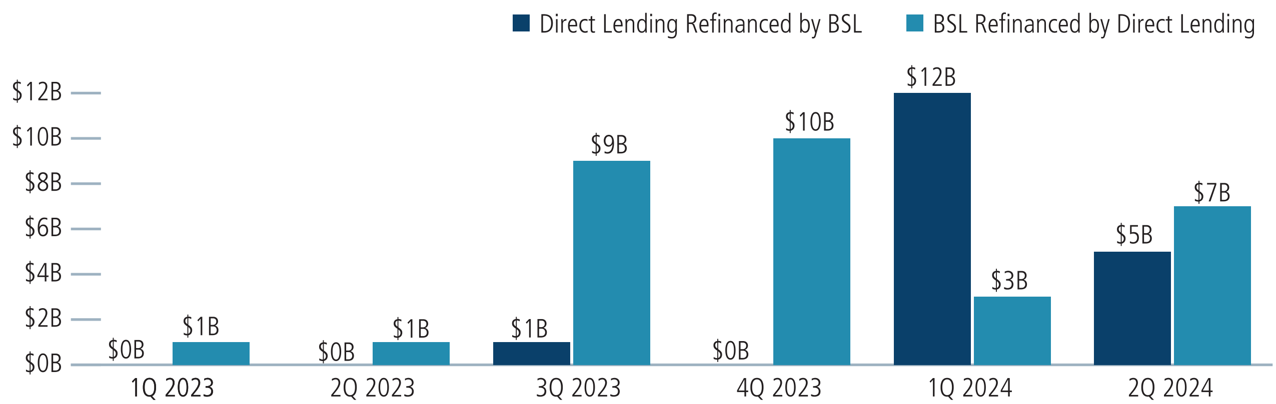
*Includes Music/Film/Media; Oil & Gas Minerals; Metals; Healthcare Lending & Royalties

[1] McKinsey & Company: The next era of private credit

2). Supply/demand dynamics are shifting

While 2023 marked the "golden age" for direct lending, the supply/demand imbalance that made it a compelling market environment, driven by constrained capital markets activity, has reversed (see below). Increased activity from the broadly syndicated loan (BSL) market has led to a sharp retrench where loans are pricing significantly tighter than they were last year. Ultimately, increased competition has impacted the value proposition within direct lending, highlighting the potential benefits of CAPIX flexibility and our ability to diversify risk across various private credit sectors.

FIGURE 2: BROADLY SYNDICATED LOANS (BSL) AND DIRECT LENDING TAKEOUTS ($B)



Source: Pitchbook/LCD.

Outside direct lending, many sectors are offering lender-friendly dynamics which can include attractive pricing and enhanced portfolio diversification benefits. As a result, the Fund has continued to source attractive investment opportunities in other areas of the market. We highlight asset-backed opportunities in the wake of new banking regulations, such as unique areas within specialty finance (e.g., regulatory capital relief deals, structured secondaries and NAV loans), real asset lending (e.g., infrastructure and transportation assets), and capital solutions - where bespoke financing can help high quality but overleveraged businesses pay down burdensome senior debt or make accretive add-on acquisitions.

3). Not all private credit funds are created equal

With its broad focus, the goal of CAPIX is to take advantage of income opportunities across the full private credit universe, allowing our portfolio management team to skillfully allocate to where we believe the best risk/return opportunities lie. To do so effectively, the Fund operates with open architecture, enabling loans to be sourced from high conviction private markets originators, each specializing within a specific segment of the asset class.

Aksia's expansive platform and broad network with managers allows the Fund to generate significant deal flow, in our opinion. The broad sourcing network enables CAPIX to be highly selective and adapt to changing market environments. Aksia's network of highly skilled managers are those that meet the highest institutional standards, who have deep relationships with private equity sponsors and have established teams. By sourcing loans with high conviction managers, Aksia can build a private credit portfolio of highly diversified loans across sector and industry that seeks to maximize return and reduce risk in client allocations.

Our Approach

The breadth of private credit today can offer investors a wide range of sectors with different returns, drivers and collateral types. Rather than constructing a portfolio with concentrated risk in one sector of private credit, the CAPIX team leverages the full opportunity set to build an optimized "one-stop-shop" private credit solution. We believe a well-structured, diversified allocation to private credit can provide enhanced income while increasing the overall stability of an investor's total portfolio. The Fund's fundraising success thus far is a testament to that thesis. We want to thank our investors for their confidence and support over the past 16 months and look forward to what lies ahead of us.

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 which can be obtained by calling 1-866-363-9219. Read it carefully before investing.

Indexes are unmanaged, do not include fees or expenses and are not available for direct investment.

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors. Opinions are subject to change due to changes in the market, economic conditions or changes in the legal and/or regulatory environment and may not necessarily come to pass. This information is provided for informational purposes only and should not be considered tax, legal, or investment advice. 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.

An investment in the Fund is subject to risks, and you could lose money on your investment in the Fund. There can be no assurance that the Fund will achieve its investment objective. Your investment in the Fund 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 can increase during times of significant market volatility. The Fund also has specific principal risks, which are described below. More detailed information regarding these risks can be found in the Fund's prospectus.

Interval Fund. The Fund is designed primarily for long-term investors and not as a trading vehicle. The Fund is an "interval fund" pursuant to which it, subject to applicable law, will conduct quarterly repurchase offers for between 5% and 25% of the Fund's outstanding Shares at net asset value ("NAV"). Under normal market conditions, the Fund currently intends to offer to repurchase 5% of its outstanding shares at NAV on a quarterly basis. In connection with any given repurchase offer, it is possible that a repurchase offer may be oversubscribed, with the result that Fund shareholders ("Shareholders") may only be able to have a portion of their Shares repurchased. The Fund does not currently intend to list its Shares for trading on any national securities exchange. The Shares are, therefore, not readily marketable. Even though the Fund will make quarterly repurchase offers to repurchase a portion of the Shares to try to provide liquidity to Shareholders, you should consider the Shares to have limited liquidity.

General Economic Conditions and Recent Events. Difficult global credit market conditions have adversely affected the market values of equity, fixed-income, hard assets, and other securities and these circumstances may continue or even deteriorate further. The short-and longer-term impact of these events is uncertain, but could have a material effect on general economic conditions, consumer and business confidence and market liquidity. Investments made by the Adviser are expected to be sensitive to the performance of the overall economy.

Direct Lending. The Adviser may invest in directly originated senior secured loans, including unitranche loans, of performing middle market companies. The value of the Adviser's assets is volatile and may fluctuate due to a variety of factors that are inherently difficult to predict and are outside the control of the Advisor and Sub-Advisors, including prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry, changes in interest rates, or the financial condition of the obligors of the Adviser's assets.

Direct Origination. A significant portion of the Adviser's investments may be originated. The results of the Adviser's operations depend on several factors, including the availability of opportunities for the origination or acquisition of target investments, the level and volatility of interest rates, the availability of adequate short and long-term financing, conditions in the financial markets and economic conditions. Further, the Adviser's inability to raise capital and the risk of portfolio company defaults may materially and adversely affect the Adviser's investment originations, business, liquidity, financial condition, results of operations and its ability to make distributions to its investors.

Loans. Loan interests generally are subject to restrictions on transfer, and the Adviser may be unable to sell loan interests at a time when it may otherwise be desirable to do so or may be able to sell them only at prices that are less than what the Adviser regards as their fair market value. Accordingly, loan interests may at times be illiquid. Loan interests may be difficult to value and may have extended settlement periods, which expose the Adviser to the risk that the receipt of principal and interest payments may be delayed until the loan interest settles.

Secured Debt. Secured debt holds the most senior position in the capital structure of a borrower. Secured debt in most circumstances is fully collateralized by assets of the borrower. However, there is a risk that the collateral securing the Adviser's loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise, and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the borrower to raise additional capital. Also, substantial increases in interest rates may cause an increase in loan defaults as borrowers may lack resources to meet higher debt service requirements.

High Yield, Low-Rated or Unrated Securities. Debt securities (including bonds) and preferred stock in which the Adviser invests may or may not be rated by credit rating agencies. The values of lower-rated securities (including unrated securities of comparable quality) fluctuate more than those of higher-rated securities because investors generally believe that there are greater risks associated with them. The inability (or perceived inability) of issuers to make timely payment of interest and principal would likely make the values of the securities more volatile and could limit the purchaser's ability to sell the securities at prices approximating the values it had placed on the securities. In general, the market for lower-rated or unrated securities is smaller and less active than that for higher-rated securities, which can adversely affect the ability to sell these securities at favorable prices. In addition, the market prices of lower- rated securities are likely to be more volatile because: (i) an economic downturn or increased interest rates may have a more significant effect on the yield, price and potential for default; (ii) past legislation has limited (and future legislation may further limit) investment by certain institutions in lowerrated securities or the tax deductibility of the interest by the issuer, which may adversely affect the value of the securities; and (iii)it may be difficult to obtain information about financially or operationally troubled issuers. The Adviser will not necessarily dispose of a security when its rating is reduced below its rating at the time of purchase.

Unsecured Loans. The Adviser may make unsecured loans to borrowers, meaning that such loans will not benefit from any interest in collateral of such borrowers. Liens on such a borrower's collateral, if any, will secure the borrower's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the borrower under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before the Adviser. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy the Adviser's unsecured loan obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then the Adviser's unsecured claims generally would rank equally with the unpaid portion of such secured creditors' claims against the borrower's remaining assets, if any.

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