

Long/Short Equity & Dynamic Income Trust (CPZ) Commentary

CALAMOS®
TODAY FOR TOMORROW

CPZ is an innovative solution for investors seeking income and capital appreciation in a complex and volatile financial world.

- » A cornerstone long/short equity strategy works together with a preferred security and fixed-income strategy.
- » This blending of global asset strategies offers a unique risk-adjusted solution in the closed-end fund space.
- » Fund is designed to weather and capitalize on market complexities and dislocations.
- » Investment team prioritizes the delivery of healthy distributions, while seeking risk-adjusted capital appreciation.

Current Annualized Distribution Rate* 12.84%

* Current Annualized Distribution Rate is the Fund's most recent distribution, expressed as an annualized percentage of the Fund's current market price per share. Information regarding the Fund's most recent distribution can be found in the table titled "Distribution Details," which follows. Estimates are calculated on a tax basis rather than on a generally accepted accounting principles (GAAP) basis but should not be used for tax reporting purposes. Distributions are subject to re-characterization for tax purposes after the end of the fiscal year. This information is not legal or tax advice. Consult a professional regarding your specific legal or tax matters. Under the managed rate distribution policy of CPZ, the distributions paid to common shareholders may include net investment income, net realized short-term capital gains and return of capital. When the net investment income and net realized short-term capital gains are not sufficient, a portion of the level rate distribution will be a return of capital. In addition, a limited number of distributions per calendar year may include net realized long-term capital gains. Distribution rate may vary.

Leverage creates risks which may adversely affect return, including the likelihood of greater volatility of net asset value and market price of common shares as well as fluctuations in the variable rates of the leverage financing. The ratio is the percent of borrowing to total assets.

There is no assurance that the Fund will achieve or maintain its investment objective.

Q2 2026 Fund Performance Summary

For the quarter ending June 30, 2026, the Calamos Long/Short Equity & Dynamic Income Trust (CPZ) returned -1.77% on NAV and -0.53% on market price versus a 6.05% return for the blended comparator index (30% MSCI ACWI Index, 20% ICE BofA All US Convertible Index, and 50% Bloomberg US Corp High Yield 2% Issuer Capped Index).

For the fund's long-short strategy, this relative performance gap was driven primarily by Index hedges that came at a cost in Q2—deliberate expressions of our view that the concentration of momentum returns was unsustainable. Net exposure was raised in mid-April as equities bottomed out, then pared back by quarter-end as momentum peaked. The balance of hedges has gradually shifted toward the technology sector. The principal challenge was pivoting sharply from outright defense in March to offense once the "curtailed shock" became evident. The first half of 2026 has been disturbed by any measure, yet markets delivered the same verdict as 12 months ago. Everything is shaken, but little is really stirred.

Entering the second half, the blind enthusiasm for AI is giving way to a more discriminating phase. The fund's long-short strategy is positioned to opportunistically add exposure while maintaining its focus on alpha generation rather than beta participation.

Advantaged Yield, Earned Distributions

The fund provides monthly distributions that have been less dependent on interest rates than traditional income strategies. As of June 30, 2026, the fund has paid distributions totaling \$10.77 per share since inception. The fund is currently paying monthly distributions of \$0.1400 per share, which aligns with the investment team's prioritization of healthy payouts to shareholders. We continue to have confidence in the fund's ability to sustain its risk-managed returns across the equity and fixed-income markets while allowing investors to participate directly in those returns through higher monthly distributions.

Leverage

The ability to employ leverage is a feature of our strategy. We maintained leverage of \$120 million during the quarter. We believe the judicious use of leverage, at approximately 29% as of June 30, 2026, will be accretive to performance as it has been over the fund's life.

Everything Shaken, Little Really Stirred

The US profitability surge is the defining force of 2026. S&P 500 2026 estimates doubled from 14% to 29% in a matter of months. In normal circumstances, this, combined with stable credit spreads, would be a prelude to another move higher. Yet the AI trade is entering a more discriminating phase: Hyperscalers' free cash flow is deteriorating, leadership has shifted from spenders to enablers, and bottlenecks across the physical layer are creating cost inflation and revenue-recognition risk.

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The curtailment of the Iran war is encouraging a powerful rotation into industrial and consumer cyclicals, where the fund is overweight. Kevin Warsh's arrival at the Federal Reserve is shaking the monetary consensus—the "dot plots" have a bad predictive record and Warsh is shifting the institution from a reliance on forward guidance to market discipline. Bond markets have told us that we remain in a "higher for longer" world—but one that has not become "higher and higher."

The second half will be shaped by the interaction of three forces: AI digestion, the Warsh Fed, and November's midterms. With AI expectations now fully formed, climax still requires a catalyst. The traditional consolidation into autumn remains our central expectation, and investors should emphasize pragmatism amid extreme sentiment and positioning.

2026: Curtailed Shock

The first half of 2026 was disturbed by any measure—and yet markets delivered the same verdict as 12 months ago. In both cases, a negative shock was absorbed quickly and for similar reasons. The revisionist agenda of the Trump presidency produces the inevitable disturbances, but there is an acute aversion to prolonged financial pain. This "curtailed shock" has become one of the signatures of Trump 2.0.

This year resembles 2025 in the sense that we are served the same cocktail, whatever the upheavals. The defining features of the investment landscape of recent decades have remained in place, even reinforced—dominated by the technological, economic, and financial supremacy of America, now amplified by the AI revolution.

The April curtailment of the Iran war allowed AI mania to rule supreme throughout the quarter. Market leadership in technology hardware has broadened, while the Magnificent Seven have underperformed except for Alphabet. The economic backdrop hardly changes: a two-tier world of corporate prosperity and consumer discomfort in which genuine price stability has been lost, yet recession risk remains low.

US corporate investment led by AI has gained such momentum that it would require a major exogenous shock to trigger a recession. Underlying GDP growth of 2.0%–2.5% looks more secure at mid-year than at the year's start. New manufacturing orders have risen appreciably, and payroll reports of the past three months suggest corporate capex and positive wealth effects are supportive to hiring.

Our view of peak policy reflation in Q1 appears validated and implies an ebbing of equity momentum. Bond markets have been unperturbed: their message is that the fixed-income space remains in the higher-for-longer world. Credit risk has become sectoral rather than cyclical: equity risk continues to outperform secure debt.

AI Rules

The principal distinction between the disturbed conditions of 2025 and 2026 is that the symptoms of the AI investment mania are everywhere more apparent. Investors generally accept that the AI ecosystem will give rise to the greatest infrastructure investment boom in the history of technology—a super-cycle whose duration will be measured in years, and possibly decades.

The revolutionary nature of AI is no longer controversial. Companies that deploy AI tools fastest will secure material competitive advantages; many industries are moving beyond experimentation to reorganization and implementation.

Comparisons with the dotcom era have been ubiquitous. But there are notable differences with the dotcom folly: the profit content is higher, the private sector is less leveraged, and the Nasdaq 100 exhibits less momentum. It is not clear that the AI boom has reached the phase at which it can be considered totally unreasonable, but other hurdles are emerging.

S&P 500 EPS expected growth doubled from 14% on April 3 to 29% by late June. This ahistoric rise in corporate fundamentals fosters anxiety about sustainability. The profitability surge is unsustainable at its present pace and scale, reminiscent of the post-Covid profit jump associated

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with zero-percent interest rates. Equally problematic for 2027 and beyond: hyperscaler capex spend flows immediately into revenues for beneficiaries, yet the depreciation expense associated with such spending is delayed—a timing mismatch that flatters today's earnings.

A Mid-Cycle Correction for AI

2026 is unlikely to mark peak AI investment in the US. However, hyperscalers' free cash flows are deteriorating at an accelerating pace, feeding anxiety about funding requirements and future returns. Market leadership in AI technology has shifted from hyperscalers to the enablers of the AI build-out—the capex beneficiaries led by semiconductors, with benefits filtering to multiple suppliers of inputs, components, and expertise.

The core tension is now price compression at the model layer versus inflation at the physical layer. Only an estimated one-fifth of a roughly \$8 trillion buildout has been spent, and the bottlenecks are already visible and spreading—HBM, racks, liquid cooling, copper, substations, and gas turbines. Bottlenecks create cost inflation and delays; delays create revenue-recognition risk.

These bottlenecks are the recipe for an air pocket in AI capex—not because compute is oversupplied, but because the demand curve relative to supply is becoming less synchronized. There are, in fact, three distinct AI demand curves today: coding inference, enterprise inference, and consumer/agent inference. They are not moving at the same speed. This is not a bearish argument—it is a description of the next phase.

The market is already confronting this unevenness. The symptoms are weak market breadth, high concentration within benchmark equity indices, and low levels of correlation among individual stocks. The dispersion of returns within the S&P 500 has risen to its highest level since 2000–2001, which would normally be alarming. Exceptionally low stock correlation is typically associated with benign macro environments in which investors become complacent and over-optimistic.

However, this conclusion should not be accepted at face value because the environment is far from undisturbed. High dispersion appears to be a faithful reflection of a narrow investment boom occurring amid a disturbed political and geopolitical landscape in which most consumers are under stress.

Political Consequences of the Two-Tier Economy

With the benefits of the AI mania still narrowly distributed, today's boom accentuates the two-tier economic characteristics of the post-Covid decade. The more equities depend on the AI trade, the wider the gap between Main Street and Wall Street.

A narrowly focused corporate boom in a context of consumer malaise is a recipe for political instability—notably the radicalization of younger voters. A question of major significance confronts every developed democracy: will the AI boom amplify a populist backlash against the concentrated corporate capitalism with which it is associated? The next checkpoint of this debate is the US midterms in November.

The productivity story is the key underpinning of today's financial cycle—and the antidote to this backlash, though the AI conversation tends to overshadow it. Three consecutive years of above-consensus GDP accompanied by rising unemployment are the textbook example of a supply-driven productivity shock, now amplified by deregulation and AI adoption. If productivity growth is sustained, the disinflationary effects of AI on labor costs become significant—broadening the benefits of the boom beyond the narrow corporate winners.

In a typical midterm election year, equities succumb to political and policy uncertainty. In 2026, the AI theme has so far produced a reversal of that normal seasonal pattern—but the political risks have been deferred, not extinguished. The market's narrowness is why it may be vulnerable to political events. The traditional consolidation into autumn remains our central expectation.

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Iran Imbrolio

Western commentary has been unsympathetic to the Iran campaign from the outset, culminating in the verdict that the MoU represents a failure of US foreign policy. The evidence suggests a more balanced reality. The Iranian economy is shattered, its military decimated, its nuclear program in disarray. Khamenei's regime is gone, replaced by a fractured collection of cliques more vulnerable than at any time in 47 years.

It is widely understood that we are witnessing a convenient truce, arranged to help President Trump navigate the midterms. This is a US tactical retreat amid a battle in a multi-decade conflict. The peace negotiations promise to be fractious but are unlikely to break down irremediably.

The war in Iran will accelerate the reconfiguration of the Middle East. The Gulf States have taken a beating: they want the Iranian regime gone, and plans to circumvent the bottleneck of the Strait of Hormuz are being accelerated. The regime itself has changed—there is no longer a Supreme Leader; it has become closer to a military dictatorship of the Pakistani type. The countdown to the demise of the Iranian theocracy has probably already begun.

For markets, oil prices are the relevant summation of this conflict. The trajectory of oil probably resembles that of the 2022 invasion of Ukraine—a conflict-driven spike followed by grinding reversion toward pre-conflict levels. This points to oil prices settling in the \$65–\$75 range by autumn, with any tail-risk move lower dependent on a weakening of the IRGC's hold on power.

The Warsh Fed: Where Are the Barking Dogs?

The dilemma of portfolio diversification has become more acute because the most unexpected investment failure of the first half has been the collapse of gold and precious metals. The precious metals debacle reflects our thesis of peak reflation—the culmination of the reflationary impacts of monetary and fiscal policy—and the re-emergence of real yield as the dominant force in asset pricing.

Our interpretation of peak reflation in Q1 has been dramatically validated, at least with respect to the monetary component. Reassessment is nonetheless in the air—and the AI boom is partly the reason. It is in this context that Kevin Warsh's arrival at the Federal Reserve has shaken the consensus view of the monetary outlook.

Into this moribund world of central banking, Warsh has introduced a comprehensive reassessment—communications, balance sheet policy, data reliance, productivity, and inflation frameworks. In the aftermath of Warsh's first FOMC meeting, debt markets priced in a 25-basis-point increase in the fed funds rate by October, and the US Dollar Index rose above 100 to its highest level since May of 2025.

Dollar appreciation has taken the consensus by surprise—and it is not the only dog that has not barked. Longer-duration Treasuries have proved resilient, and credit markets have not signaled increased cyclical risk. The 10-year benchmark has yet to rise above 4.75%, remaining in its zone of fluctuation since 2022.

Bond markets have told us that we remain in a “higher-for-longer” world that has not become “higher-and-higher.” We can infer that the Fed will not raise interest rates in 2026. Markets are already accomplishing a marginal tightening of financial conditions in America—a stronger dollar, a flatter Treasury curve, and outflows from the commodity space. This is the message of Kevin Warsh's handover from forward guidance to market discipline.

Climax Requires a Catalyst

The first half witnessed two shocks unfold simultaneously. After a brief struggle, the positive effects of the AI profitability shock outweighed the impact of the Iran oil shock, driving the S&P 500 to ~7,600 by early June. The correction in technology hardware was linked to the sharp fall in crude.

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There is widespread suspicion of an AI-fueled bubble. Many suggest the early-June high is of major significance—the long-awaited climax, the catalyst for rotating and diversifying at scale. This is the major strategic question entering H2. The equity bull market that began in October 2022 is mature by the standard of its predecessors.

Investment history points to three factors that can disrupt equity trends, which we label the three Ps: Policy, Politics, and investor Positioning. Policy is led by monetary policy, but the bond market is the ultimate arbiter—bonds should not threaten the equity bull market unless the 10-year breaches 4.75%. The political question is whether mounting discontent in Western democracies will give rise to a reordering of economic priorities, with the next major checkpoint the November midterms.

The P for positioning leads to the risk of paroxysm—always extreme in conditions of climax. Equity exposure has risen to record levels, and the extraordinary growth of leveraged equity vehicles is even more concerning. At a minimum, this supports our scenario of headwinds for equities into autumn.

We add a fourth P—for Pragmatism. This year's first half ends with a correction in the AI technology space, most apparent for the Mag 7. In an authentic mania, there is no significant departure from the leadership assets until the climax; market broadening is historically temporary rather than sustained.

The cocktail appears the same—everything shaken, little really stirred. But the cocktail is never the same between the first drink and the last. The blind enthusiasm for AI is giving way to a more discriminating phase. Investors should proceed with an open mind into November, exercising more than the usual caution and pragmatism.

Q2 Attribution

The second quarter was one of the strongest for US equities in recent memory—the S&P 500 enjoyed its largest quarterly gain since the 2020 rebound and the best second quarter of any midterm year on record. Corporate earnings advanced 28% year-over-year as AI infrastructure demand drove unprecedented activity across technology hardware, supporting the broader economy. Fund holdings in technology, industrials, and consumer discretionary led the long book.

Index shorts were the single largest drag on performance. The non-technology index and ETF hedges, and the QQQ hedge, were significant detractors as the Nasdaq surged ~27%. The hedges that cushioned the Q1 equity shock became a headwind in Q2 despite tactical moves to reduce their impact from the early-April lows. Energy-related shorts were supportive.

The fund initiated a new short structure targeting a basket of names with deteriorating fundamentals and slowing momentum. In Q2, the basket rose, detracting from results. The strategy reflects an AI cycle entering a more discriminating phase in which dispersion increases. By distributing exposure across more names, the structure avoids the single-stock squeeze risk that has made individual AI shorts so punishing.

Mega-Caps: The Free Cash Flow Problem

The fund's long/short sleeve mega-cap holdings made a contribution but lagged the performance of the same names for the S&P 500—reflecting the 17.9% average underweight versus 33.5% for the benchmark. The key fund longs were Amazon, NVIDIA, Microsoft, and a new position in Meta initiated on the view that the stock is the most mispriced of the Mag 7. The fund had no exposure to Alphabet or Apple during the quarter.

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Amazon was the largest mega-cap contributor, added on renewed confidence in AWS re-acceleration and AI monetization. NVIDIA contributed as the fund narrowed the underweight, lifting the position to 3.7%, still below the benchmark's 8.0% weight. Microsoft was roughly flat as lingering concerns about AI disrupting its software business continued to weigh on the multiple.

Meta was initiated as a new 1.8% long and was the only mega-cap to lose ground. Meta has become the cheapest mega-cap on concerns it will not earn a return on aggressive AI capex. With advertising growth still healthy (+20%), the setup is for Meta to enjoy an AI-loser-to-winner transformation like the one Alphabet experienced last autumn. With multiple catalysts ahead, Meta is the most mispriced of the hyperscalers.

Except for Apple and NVIDIA, the fundamental issue for hyperscalers is the disappearance of free cash flow. These companies historically generated cash on an unprecedented scale, but their spending in pursuit of AI has effected a transfer of free cash flow to semiconductor companies—NVIDIA, Broadcom, and the memory suppliers. This is a timing mismatch that flatters near-term earnings for the enablers while obscuring the mounting depreciation burden for the spenders.

The AI trade is entering a more discriminating phase. Among spending beneficiaries, some have solid earnings visibility while others are exposed to vendor displacement or a deceleration in hyperscaler capex—and entering H2, that split is evident in stock returns. A cohort that once traded as a single thematic is increasingly being judged on fundamentals, with the line between infrastructure and application likely to separate winners from losers in the years ahead.

One can debate forever whether this constitutes a bubble—but the margin for error is undeniably narrowing with every leg higher. The right debate is not whether AI demand is real; it is whether the buildout can be funded, delivered, and monetized on a timeline that justifies current prices. These concerns reinforce our tactical approach: own the narrowing set of winners while hedging the increasingly fragile middle of the AI value chain.

Broader Technology

In information technology, composition shifted: semis were reduced as the group rallied from April through mid-June, while the software net long rose. This reflects our thesis that the AI cycle is transitioning from the scarcity phase—dominated by hardware—to the digestion phase, where application and platform names gain relevance.

Semiconductors and Components

Within semis, the memory super-cycle dominated. Longs contributed, and shorts detracted. Broadcom contributed—the fund's long reflects Broadcom's leadership in custom AI silicon and was trimmed on its strength. Infineon Technologies was closed after an extraordinary run of ~110% as data center power-management initiatives gained traction alongside the analog recovery.

SK Hynix (sold) was beneficial amid the historic high-bandwidth memory shortage, which lifted the stock 200%+. On the short side, Advanced Micro Devices and Marvell Technology detracted as both melted up roughly 185% and 200%, respectively. Both are lower-quality, distant rivals to NVIDIA and Broadcom; both benefited from the indiscriminate rally and their performance drag began to reverse in July.

Hardware detracted modestly as optical and component shorts acted as some of the highest-beta expressions of the AI trade. The Coherent short weighed on performance after the stock advanced more than 60%. On the long side, Dell contributed but was sold, and Lumentum was initiated as a new long (after its material correction into quarter-end) as a hedge against the short positions.

The historic upside volatility in AI names demands reflection on our short positioning and structure. In many cases, the fund's call options limited the performance drag to well below what the underlying share moves implied. Balancing fundamental conviction against stepping aside from unwarranted risk is nuanced: SK Hynix was sold on strength while shorts in overvalued, lower-quality businesses like Marvell Technology have been maintained.

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Another challenge was constructing a diversified set of ideas in a market where return concentration—driven by ahistoric moves—was extreme. The fund owned several of the best opportunities, such as Datadog and SK Hynix, but capturing their relative impact would have required sizing above our diversified guidelines. Outside the AI thematic, sector returns were negligible in H1, leaving little to “diversify into” without diluting the narrow exposure that was working.

Software

Software names were supportive amid an uneven recovery as investors distinguished between AI beneficiaries and victims. Datadog was the fund’s single largest contributor as enterprise AI-observability demand inflected and the stock more than doubled. Synopsys added value, Zoom buoyed results through tactical trading, and MongoDB was initiated as a new long for its AI-driven data infrastructure demand.

Intuit was the group’s largest detractor with its 40% decline as AI-disruption fears lingered and the tax season disappointed. The fund added on conviction in the entrenched QuickBooks business, which seems mispriced against an overstated threat from vibe-coded substitutes. A new short in Palo Alto Networks didn’t work out; given that consensus views security software as an AI beneficiary, we see material disruption risk.

Industrials

Industrials remain the fund’s largest allocation and top contributing sector. This reflects conviction in the US capital-spending cycle and European rearmament, but the standout this quarter was the airline recovery as sustained travel demand allowed carriers to offset higher fuel costs with double-digit fare increases following the collapse of oil prices in May and June.

Data center and power infrastructure plays Regal Rexnord and Schneider Electric both rose more than 20%. Schneider was closed and Regal Rexnord trimmed to 1.8%. Other infrastructure names contributed modestly, including Emerson Electric and Johnson Controls. 3M and Boeing were additional sources of value within the industrials sector.

Defense names detracted in Q2 after a strong Q1 as the US-Iran de-escalation unwound the war premium built into defense equities. L3Harris was maintained while BAE Systems was closed after losing ground. This reflects our view of the Iran conflict as yesterday’s market news—the market has moved on, and the relative trade has shifted decisively toward consumer-facing cyclicals and away from defense.

Professional services detracted on balance. Although Jacobs Solutions was increased and contributed to results. Booz Allen Hamilton (which disappointed) was closed to crystallize long-term tax losses. CACI International also slipped but was increased on weakness; we view fears of AI disruption to government IT services as overdone, given the classified nature of much of this work.

Transportation was the quarter’s standout. United Airlines provided lift as crude collapsed on the Iran peace framework, while record summer travel drove earnings estimates higher. Southwest Airlines and Lufthansa (exited) also boosted returns. On the ground, Union Pacific and Canadian Pacific propelled performance as rail-consolidation prospects and improving intermodal volumes remained supportive.

Financials

Financials were reduced modestly from 13.2% to 12.8% as capital markets strength (indirectly benefiting from AI enthusiasm) and improved loan growth drove a continued re-rating of the major banks. The fund remained underweight, but selection was strong, with long positions contributing in aggregate. Banks remain among the most direct beneficiaries of any eventual rate-cutting cycle and easing of competitive pressure from private credit.

Morgan Stanley was the largest contributor, benefitting from robust trading and investment-banking activity, and was trimmed on strength. The long position in Citigroup was increased as its transformation and valuation-gap-to-peers thesis continued to play out. Wells Fargo contributed 10 basis points and was modestly reduced.

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Health Care

Health Care contributed 34 basis points and was cut sharply from roughly 5.2% to about 1.2% net long as the fund reduced into the broad rally and rotated toward higher-conviction ideas elsewhere. In health-care equipment and services, UnitedHealth contributed, and in pharmaceuticals, Halozyme advanced, and we reduced the position to realize gains.

Consumer Discretionary

Consumer Discretionary was pared back following gains. Positioning is centered on eventual housing-recovery and consumer-services themes, but was trimmed as Treasury yields rose throughout the quarter. De-escalation in Iran combined with lower fuel prices provides a meaningful tailwind for consumer sentiment—a trade that typically works through the autumn midterms, especially if mortgage policy relief materializes.

DoorDash had a run-up and was trimmed; the position rebounded as falling gasoline prices eased the driver-subsidy pressure from Q1. D.R. Horton contributed and was modestly trimmed—we expect an eventual housing recovery, but the rise in yields has kept the group range-bound. Marriott was closed following a 50% move over the prior year.

Materials and Energy

Materials hindered returns despite increased long exposure. A tactical long in silver via the iShares Silver Trust was poorly timed and proved to be detrimental. However, individual materials names did help, as Freeport-McMoRan recovered from Q1 production issues and Sherwin-Williams rose modestly.

Energy contributed, primarily from tactical shorts designed to fade the oil shock from the Strait of Hormuz closure. Baker Hughes was closed with a modest gain amid the emergence of the Iran peace framework. We believe oil settles in the \$65–\$75 range by autumn, which limits the upside for energy equities from here.

International Positioning

International positions contributed in Q2 across the long book. The fund harvested gains and several positions were closed on strength. The reversal from Q1's performance drag was concentrated in European semis and industrials: Infineon, Lufthansa, and Schneider Electric made substantial contributions, as did SK Hynix.

Maturing US reflation implies caution for international beta. With the fund exiting Infineon, Schneider, Lufthansa, and BAE Systems, overseas exposure consisted of Spotify and Canadian Pacific at quarter-end. The Iran conflict was revealing: it highlighted America's financial supremacy rooted in technological leadership, corporate profitability, and strategic autonomy. The "out of America" trade that was fashionable has proven to be a late-cycle momentum trade.

Dynamic Preferred and Fixed-Income Performance and Positioning

For the quarter, the fund's preferred securities slightly outperformed the ICE BofA US All Capital Securities Index. The preferred positions returned 2.44%, while the benchmark returned 2.23%. Security selection among banking industry issuers was the primary tailwind, while the overweight allocation to communications-related issuers also boosted returns. The underweight allocation to insurance companies and security selection within electric utilities each acted as a drag on performance. The strategy continues its focus on institutional-style preferreds. These securities offer greater liquidity while helping mitigate interest rate risk by paying coupons that are typically fixed for five years and then reset in line with 5-year Treasury yields. Treasury yields were higher across the maturity spectrum, though the move was more pronounced at the front end. The 2-year note's yields rose 38 basis points to 4.17%, while 30-year bond yields rose only 4 basis points to 4.95%. The price pressure on perpetual retail preferreds was greater, and our structural bias continued to support returns.

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High-yield spreads closed the quarter 47 bps tighter at +270, retracing much of the widening experienced during the first quarter's energy shock. Investment-grade spreads also moved tighter over the period, closing near +74 basis points, 15 basis points inside the prior quarter's close. Returns across credit qualities were directional, with lower-rated credits leading the recovery as risk appetite returned; CCCs led at 3.0%, while B-rated credits returned 2.8% and BBs trailed at 2.3%.

Trailing 12-month defaults on high-yield bonds ticked higher, running near 2.7% as of the most recent monthly reading, still well below the long-term average of 3.4%. The best-performing sectors in the Bloomberg US Corporate High Yield 2% Issuer Capped Index were banks (+3.7%), finance companies (+3.7%), and natural gas utilities (+3.4%), while communications (+1.6%), energy (+1.6%), and insurance (+1.7%) represented the largest laggards.

Corporate credit fundamentals have held up better than the macro headlines might suggest. High-yield defaults remain well below long-term averages, and while leverage has ticked modestly higher, the increase reflects heavier debt issuance rather than deteriorating earnings—revenue and EBITDA growth have remained solid, and interest coverage has stayed stable. New issuance volumes across investment-grade, high-yield, and securitized markets are all pacing toward record years, driven in large part by data center and digital infrastructure financing needs. New-issue demand has thus far absorbed the additional supply, though we are monitoring the technical backdrop closely for signs that record issuance is beginning to pressure spreads.

During the first calendar quarter of 2026, the fund's dynamic income securities underperformed the Bloomberg US Corporate High Yield 2% Issuer Capped Index.

Security selection among communications companies boosted performance, particularly within the cable satellite industry. Security selection within the finance companies sector also lifted returns. Conversely, the technology and consumer cyclical selections caused a performance drag. Within consumer cyclicals, the weakness was not concentrated in any particular industry. In technology, the fund's up-in-quality bias was the driver of underperformance.

Duration and Credit Quality

From a credit-quality perspective, the fund continues to carry roughly 5.5% of assets in out-of-benchmark, investment-grade-rated exposure. These positions largely represent secured debt instruments from below-investment-grade issuers. The team also continues to find positions in leveraged loans that we believe benefit the portfolio's construction, and during the second quarter, the loan allocation was increased from 15.2% to 16.6%.

Interest rate exposure is not typically the primary driver of performance in below investment grade securities, but the durations of both the dynamic income and preferred strategy components of the fund are positioned short of benchmark duration.

Sector Positioning

We are maintaining the quality bias established over several prior quarters, as we do not expect credit beta to outperform in this environment. Spread widening earlier in the year improved relative value at the lower end of the credit spectrum (the CCC tier), but the combination of unresolved geopolitical risk, a less predictable Fed, and record supply volumes does not yet present a compelling case for adding risk aggressively. We will selectively add credit exposure where we believe we are being compensated for it.

From an economic sector perspective, the portfolio holds overweight positions in consumer non-cyclical, energy, and banking-related issuers. Underweights include technology, capital goods, and electric utility-related businesses.

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LONG/SHORT EQUITY SLEEVE HOLDINGS CITED (% OF NET ASSETS END WEIGHTS AS OF 6/30/26)

3M Co. Closed; BAE Systems plc Closed; Baker Hughes Co. Closed; The Boeing Co. 2.4%; Booz Allen Hamilton Holding Corp. Closed; Broadcom Inc. 2.5%; CACI International Inc 1.9%; Canadian Pacific Kansas City Ltd. 1.6%; Citigroup Inc. 1.4%; Datadog Inc. 1.6%; Dell Technologies Inc. Sold; DoorDash Inc. 2.2%; D.R. Horton Inc. 2.0%; Emerson Electric Co. 1.4%; Freeport-McMoRan Inc. 2.8%; Halozyme Therapeutics Inc. 0.8%; Infineon Technologies AG Closed; iShares Silver Trust 1.2%; Jacobs Solutions Inc. 1.8%; Johnson Controls International plc 1.7%; L3Harris Technologies Inc. 2.0%; Deutsche Lufthansa AG Sold; Lumentum Holdings Inc. 0.1%; Marriott International Inc. Closed; Meta Platforms Inc. 1.8%; MongoDB Inc. 0.7%; Regal Rexnord Corp. 1.8%; Schneider Electric SE Closed; The Sherwin-Williams Co. 2.1%; SK hynix Inc. Sold; Southwest Airlines Co. 1.3%; Spotify Technology S.A. 1.2%; Synopsys Inc. 1.4%; Union Pacific Corp. 1.3%; United Airlines Holdings Inc. 2.7%; UnitedHealth Group Inc. Sold; Wells Fargo & Co. 1.6%

CPZ, AVERAGE ANNUAL RETURNS AS OF 6/30/26 (%)

Q1		1 YEAR		3 YEAR		5 YEAR		SINCE INCEPTION (11/29/19)	
NAV	MARKET PRICE	NAV	MARKET PRICE	NAV	MARKET PRICE	NAV	MARKET PRICE	NAV	MARKET PRICE
-1.77	-0.53	-6.75	-9.02	4.59	6.33	2.62	1.57	5.43	3.66

Returns of less than 12 months are cumulative returns. Average annual return measures net investment income and capital gain or loss from portfolio investments as an annualized average, assuming reinvestment of income and capital gain distributions. In calculating net investment income, all applicable fees and expenses are deducted from the returns.

Past performance is no guarantee of future results. Average annual return measures net investment income and capital gain or loss from portfolio investments as an annualized average, assuming reinvestment of income and capital gain distributions. In calculating net investment income, all applicable fees and expenses are deducted from the returns.

As with other investments, market price will fluctuate with the market and upon sale, your shares may have a market price that is above or below net asset value and may be worth more or less than your original investment. Returns at NAV reflect the deduction of the Fund's management fee, debt leverage costs and other expenses. You can purchase or sell common shares daily. Like any other stock, market price will fluctuate with the market. Upon sale, your shares may have a market price that is above or below net asset value and may be worth more or less than your original investment. Shares of closed-end funds frequently trade at a discount which is a market price that is below their net asset value.

DISTRIBUTION DETAILS, MOST RECENT PAYABLE

Payable Date	Distribution	Net Investment Income	Short-Term Capital Gains	Long-Term Capital Gains	Return of Capital
7/21/26	\$0.1400	\$0.0000	\$0.0000	\$0.0000	\$0.1400

Ordinary income includes net investment income and short-term capital gains. The distribution tables provided here are for informational purposes only. Estimates are calculated on a tax basis rather than on a generally accepted accounting principles (GAAP) basis but should not be used for tax reporting purposes. Distributions may be subject to re-characterization for tax purposes after the end of the fiscal year. Individual (non-corporate) shareholders with taxable accounts will receive written notification regarding the components and tax treatment for distributions via Form 1099-DIV. If your distributions are reinvested in additional shares, you will receive a statement reflecting the reinvestment of the distribution. This information is not legal or tax advice. Consult a professional regarding your specific legal or tax matters.

Calamos Long/Short Equity & Dynamic Income Trust (CPZ)

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. The views and strategies described may not be appropriate 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.

IMPORTANT FUND INFORMATION

Investments by the Fund(s) in lower-rated securities involve substantial risk of loss and present greater risks than investments in higher-rated securities, including less liquidity and increased price sensitivity to changing interest rates and to a deteriorating economic environment.

Fixed Income Security Risk. Fixed income securities are subject to interest rate risk; as interest rates go up, the value of debt securities in the Fund's portfolio generally will decline.

Convertible Securities Risk. The value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also, may have an effect on the convertible security's investment value.

Equity Securities Risk. Equity investments are subject to greater fluctuations in market value than other asset classes as a result of such factors as the issuer's business performance, investor perceptions, stock market trends and general economic conditions. Equity securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments. The Fund may invest in preferred stocks and convertible securities of any rating, including below investment grade.

Short Selling Risk. The Fund will engage in short sales for investment and risk management purposes, including when the Adviser believes an investment will underperform due to a greater sensitivity to earnings growth of the issuer, default risk or interest rates. In times of unusual or adverse market, economic, regulatory or political conditions, the Fund may not be able, fully or partially, to implement its short selling strategy. Periods of unusual or adverse market, economic, regulatory or political conditions may exist for extended periods of time. Short sales are transactions in which the Fund sells a security or other instrument that it does not own but can borrow in the market. Short selling allows the Fund to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities and to obtain a low cost means of financing long investments that the Adviser believes are attractive. If a security sold short increases in price, the Fund may have to cover its short position at a higher price than the short sale price, resulting in a loss. The Fund will have substantial short positions and must borrow those securities to make delivery to the buyer under the short sale transaction. The Fund may not be able to borrow a security that it needs to deliver or it may not be able to close out a short position at an acceptable price and may have to sell related long positions earlier than it had expected. Thus, the Fund may not be able to successfully implement its short sale strategy due to limited availability of desired securities or for other reasons.

Limited Term Risk. Unless the limited term provision of the Fund's Declaration of Trust is amended by shareholders in accordance with the Declaration of Trust, or unless the Fund completes the Eligible Tender Offer and converts to perpetual existence, the Fund will dissolve on the Dissolution Date. The Fund is not a so called "target date" or "life cycle" fund whose asset allocation becomes more conservative over time as its target date, often associated with retirement, approaches. In addition, the Fund is not a "target term" fund whose investment objective is to return its original NAV on the Dissolution Date. The Fund's investment objective and policies are not designed to seek to return to investors that purchase Shares in this offering their initial investment of \$20.00 per Share on the Dissolution Date or in the Eligible Tender Offer, and such investors and investors that purchase Shares after the completion of this offering may receive more or less than their original investment upon dissolution or in the Eligible Tender Offer.

TERMS

Alpha is a 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.

Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

Managed Distribution Policy is an investment company's commitment to common shareholders to provide a predictable, but not assured, level of cash flow. Market Price refers to the price at which shares of the fund trade in the market. NAV or Net Asset Value refers to the net value of all the assets held in the fund. IPO Price refers to the initial public offering price for shares of the fund.

Managed Assets are the total assets of the Fund (including any assets attributable to any leverage that may be outstanding) minus the sum of liabilities (other than debt representing financial leverage).

Leverage creates risks which may adversely affect return, including the likelihood of greater volatility of net asset value and market price of common shares as well as fluctuations in the variable rates of the leverage financing. The ratio is the percent of borrowing to total assets. There is no assurance that the Fund will achieve or maintain its investment objective.

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INDEX DEFINITIONS

S&P 500 Index is generally considered representative of the US stock market. **ICE BofA All US Convertibles Index** represents the US convertible market. The **ICE BofA US All Capital Securities Index**, a subset of the ICE BofA US Corporate Index, includes all fixed-to-floating rate, perpetual callable and capital securities. The **Bloomberg US High Yield 2% Issuer Capped Index** measures the performance of high yield corporate bonds with a maximum allocation of 2% to any one issuer.

ICE Data Indices, LLC, used with permission. ICE permits use of the ICE BofA indices and related data on an 'as is' basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofA Indices or data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing and does not sponsor, endorse or recommend Calamos Advisors LLC or any of its products or services.

Unmanaged index returns, unlike fund returns, do not reflect fees, expenses, or sales charges. Investors cannot invest directly in an index.

CALAMOS
TODAY FOR TOMORROW

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