Hedged Equity Strategy Quarterly Commentary

CALAMOS INVESTMENTS

Strategy Overview

Calamos Hedged Equity Strategy uses a dynamic options strategy to participate in equity market appreciation while limiting exposure to drawdowns. The strategy advanced 3.54% (gross of fees) while remaining fully hedged. The quarter demonstrated the benefits of flexibility over a rigid "set-it-and-forget-it" approach. As market conditions opened the door to opportunities, we were able to actively adjust our hedge to take advantage. During the quarter, we rolled our base hedge out to December 2027, locking in a structure built to deliver 60% to 65% of the market's upside and 35% to 40% of its downside over its full life. At the margin, we traded near-the-money calls and out-of-the-money puts back and forth as the market whipsawed; this activity did not alter our core participation profile.

Market Environment

After falling 4% in the first quarter amid the outbreak of war with Iran, the S&P 500 Index delivered a powerful up quarter during 2Q. The index's quarterly gain of 15.20%—the strongest since 2Q 2020—brought the index's year-to-date return to 10.21%. That said, market breadth narrowed during the quarter, driven heavily by a small cohort of AI names focused on semiconductors and hardware.

These market conditions set the stage well for our approach. More specifically, the combination of elevated rates and a market prone to sharp swings gives us numerous opportunities to adjust our hedge. We see these conditions continuing, given approaching midterms, the unpredictable turns in the Middle East, and the new tone coming out of the Federal Reserve under Kevin Warsh, including signals that the Fed's next move could be a hike rather than a cut, with any reductions pushed into 2027.

Performance Review

As noted above, the strategy returned 3.54% (gross of fees) and 3.42% (net of fees) for the second quarter, compared with the S&P 500 Index's 15.20%, for an upside capture of roughly 23%—below our target. That target, however, is defined over the full life of the trade, not any single quarter. Participation measured over a shorter window will naturally diverge from the full-life range, reflecting where the structure sits in its lifecycle rather than its ultimate payoff. This was especially true in a quarter that included a structural roll of the hedge. We build and evaluate the strategy over a multi-year horizon, and on that basis, it remains designed to deliver 60% to 65% upside capture against 35% to 40% downside exposure. With a low beta of 0.17 over the last three years, the strategy demonstrated lower volatility.

Positioning and Portfolio Changes

The strategy's flexibility is among its most important structural advantages. Rather than adhering to a rigid framework, we focus on constructing the most effective asymmetric hedge structure available, given prevailing market conditions. During the quarter, elevated implied volatility and prevailing interest rates presented an opportunistic window to extend the strategy's base hedge through December 2027 (as of June 30).

All portfolio positioning and sector information is for a representative portfolio. Please see additional information that follows commentary.

Index Options	%notional	qty	avg strike	avg days
Long Calls	0%	0	0.00	0
Short Calls	-34%	-395	7,500.00	529
Long Puts	70%	800	7,500.00	529
Short Puts	-28%	-325	5,300.00	529

This extension allowed us to capture a more attractive payoff profile at the same or lower cost than a shorter-duration core trade would have required. However, our approach remains dynamic should the rate and volatility environment shift in favor of shorter-duration structures, in which case we would adjust the strategy's hedge accordingly.

The team engaged in opportunistic option spread trading and sold puts selectively as conditions permitted. These activities are designed to modestly enhance the strategy's return profile without meaningfully altering our core participation range. The core trade remains the foundation of the strategy; marginal activity operates around the edges and does not change our current framework of 60% to 65% upside participation and 35% to 40% risk-mitigated downside.

Outlook

Our framework doesn't force us to forecast when volatility will return or what will trigger it—only that we're positioned for it when it does. As we head into the second half, the case for staying hedged isn't abstract. Equity valuations are stretched, breadth is narrow, and the index is leaning heavily on a small handful of leaders. The Fed has signaled its next move could be a hike rather than a cut, pushing easing out to 2027. Meanwhile, the conflict in Iran remains far from settled. None of this requires us to make a directional call. Whether the market keeps climbing, consolidates, or corrects, the strategy is built to participate, manage risk, and adapt.

For additional information, please visit the strategy's profile page:
https://www.calamos.com/strategies/hedged-equity/

DATA AS OF 6/30/26

HEDGED EQUITY AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (1/15)
Hedged Equity (gross of fees)	3.54	7.67	8.26	5.84	7.07	6.44
Hedged Equity (net of fees)	3.42	7.17	7.75	5.34	6.52	5.87
S&P 500 Index	15.20	22.32	20.61	13.41	15.51	13.85
Bloomberg US Aggregate Bond Index	0.67	3.79	4.16	0.08	1.54	1.85

Past performance does not guarantee or indicate future results. Current performance may be lower or higher than the performance quoted. Portfolios are managed according to their respective strategies, which may differ significantly in terms of security holdings, industry weightings, and asset allocation from those of the benchmark(s). Portfolio performance, characteristics and volatility may differ from the benchmark(s) shown.

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The information portrayed is for the Calamos Hedged Equity Strategy. The inception dates and performance results shown are for the composite. Representative holdings and portfolio characteristics are specific only to the portfolio shown at that point in time. Other portfolios will vary in composition characteristics and will experience different investment results. The representative portfolio shown has been selected by the advisor based on account characteristics that the advisor feels accurately represent the investment strategy as a whole.

The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

The information provided in this report should not be considered a recommendation to purchase or sell any industry, sector, or particular security. There is no assurance that any industry, sector, or security discussed herein will remain in a client's account at the time of reading this report or that industry, sectors, or securities sold have not been repurchased. The industries, sectors, or securities discussed herein do not represent a client's entire account and, in the aggregate, may represent only a small percentage of an account's holdings.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Returns and Risk/Reward statistics presented reflect the **Calamos Hedged Equity Composite**, an actively managed composite that seeks to generate total return with lower volatility than equity markets. The strategy invests in a broadly diversified portfolio of equity securities while also writing (selling) index call options and/or entering into other options strategies on equity securities and/or broad-based indices. The composite was created on January 13, 2015, and calculated with an inception date of January 1, 2015. The Calamos Hedged Equity Composite was formerly named the Calamos Covered Call Composite. This name change was effected on March 1, 2019. Results include all fully discretionary accounts, including those no longer with the Firm.

Alternative Strategy Risk: Alternative investment strategies are speculative and entail substantial risks. The investment practices of these strategies could result in substantial losses. There can be no assurance that the alternative strategies will be profitable or the investment objective will be achieved.

Equity Securities Risk: The securities markets are volatile, and the market prices of the securities may decline generally. The price of equity securities fluctuates based on changes in a company's financial and overall market and economic conditions. If the market prices of the securities owned fall, the value of your investment will decline.

Short Positions Risk: A short sale of an instrument entails the theoretical risk of an unlimited increase in the market price of that instrument, which can, in turn, result in significant losses to a client. Purchasing instruments to close out a short position in such instruments can cause the price of the instrument to rise further, increasing losses. Furthermore, a client may be forced to close out a short position in a security prematurely if a lender of such security demands the return of the security sold short.

Derivatives Risk: Options, futures, and other derivatives involve risks and are not suitable for everyone. Such trading can be speculative and carry substantial risk of loss, including the loss of principal.

The **Bloomberg US Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The **Credit Suisse Fear Barometer** tracks the willingness of investors to pay up for downside protection with collar trades on the S&P 500 Index. The **S&P 500 Index** is generally considered representative of the US stock market. The **Cboe Volatility Index** or VIX (based on its Cboe ticker symbol) shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 Index options.

Unmanaged index returns assume reinvestment of any and all distributions and do not reflect any fees, expenses or sales charges. Investors cannot invest directly in an index.

Fees include the investment advisory fee charged by Calamos Advisors LLC. Returns greater than 12 months are annualized.

Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average assuming reinvestment of dividends and capital gains distributions.

Calamos Advisors LLC is a federally registered investment advisor. Form ADV Part 2A, which provides background information about the firm and its business practices, is available upon written request to:

Calamos Advisors LLC
2020 Calamos Court
Naperville, IL 60563-2787
Attn: Compliance Officer

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

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