US Convertible Strategy Quarterly Commentary

CALAMOS INVESTMENTS

Summary

- We're finding many opportunities to invest in exciting growth companies with quality fundamentals and less exposure to downside.
- We believe that convertibles can be extremely compelling in an environment characterized by transformative secular trends and economic expansion, but also fast-moving, volatile market conditions.
- We believe active management is the key to unlocking the benefits of the asset class: our focus remains on selecting securities with favorable risk-reward asymmetry and on continuously rebalancing our positions to capitalize on short-term volatility.

Investment Manager Discussion

Equity markets delivered solid gains in the second quarter, with convertible securities participating meaningfully in the advance. Convertible returns have been strong this year, a result we believe reflects both the quality of the opportunity set and the benefits of our active management, which has positioned the portfolio well to navigate a complex and rapidly evolving environment.

The geopolitical backdrop remains unsettled, but there are reasons for measured optimism. Although the Middle East conflict wears on, both sides continue to search for an acceptable resolution. A successful de-escalation could lower the geopolitical risk premium, ease oil prices, and provide a meaningful tailwind for consumers and the economy overall. Beneath the geopolitical noise, broader market conditions are constructive: economic growth is solid, overall credit quality is sound, bankruptcy risk is low, and access to capital remains plentiful across IPOs, equity, and debt markets.

Within the US Convertible Strategy, our overall focus remains on thematic convictions, bottom-up company selection, and active management of security-specific risk-reward tradeoffs across the portfolio. Our portfolio construction reflects both the durability of the AI theme and our readiness to capture a wider opportunity set should conditions warrant.

Information technology and industrials remain the strategy's largest sector overweights, reflecting our view that the AI infrastructure build-out is a structural, multiyear investment cycle. The build-out spans data center construction, power delivery, and connectivity infrastructure. While the debate around AI durability persists, the fundamentals for beneficiaries of the capex infrastructure trend remain exceptional, and the convertible market offers ample opportunities to participate in this theme with favorable asymmetric payoff profiles.

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

Additionally, if geopolitical tensions ease, inflation cools, and economic growth accelerates, we see a potential case for a broadening of market leadership with cyclical companies benefiting from an improved backdrop. New issuance volume has been remarkable, with $137.5 billion coming to market in the first half of the year, well on pace to shatter last year's record total. As we detailed in our recent post, "Leaders of Today, Leaders of Tomorrow: Convertible Opportunity in Focus," convertibles have historically served as growth capital for growth companies, and the AI build-out provides an ideal backdrop for that dynamic to continue. The recent entry of Alphabet into the convertible market reinforces our view that the asset class offers a unique opportunity to invest in the leaders of today and tomorrow in risk-managed structures.

Looking toward the back half of the year, we expect volatility to remain a feature of markets. While midterm elections, geopolitical developments, the ongoing debate over AI's durability, and Fed policy uncertainty are among the more foreseeable sources of volatility, we expect markets to remain sensitive to a range of developments.

We maintain the strategy's emphasis on companies with improving margins and free cash flow, accelerating returns on invested capital, and attractive equity valuations. Owning these companies through convertible structures allows us to pursue that growth with the added benefit of downside mitigation, a combination we believe is particularly valuable when the range of potential outcomes remains wide.

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July 1, 2026

Market Environment

The US Convertible market advanced 16.78% in the second quarter, as measured by the ICE BofA All US Convertibles Index, and slightly outperformed the US equity market's 15.20% return, as reflected by the S&P 500 Index.

Within the US convertible index, results by economic sector were mixed during the second quarter. The sectors that performed best during the quarter included information technology (+35.4%), industrials (+14.6%), and health care (+11.9%). The sectors that lagged the convertible index the most included materials (-7.1%), utilities (-0.6%), and energy (-0.6%).

Unrated convertibles (+20.2%) outperformed speculative-grade (+12.9%) and investment-grade (+2.2%) issues. Roughly 80% of the US convertible market was unrated on average at the end of the second quarter, according to data from ICE BofA.

New convertible issuance volume has been remarkable, with global issuance totaling $83.6 billion in the second quarter, led by US companies, which issued $62.7 billion. The year-to-date global convertible issuance total of $137.5 billion has surpassed the calendar year totals of all but six of the past 28 years.

Performance Review

For the quarter ended June 30, 2026, the US Convertible Strategy returned 21.58% (gross of fees) and 21.37% (net of fees) compared with the ICE BofA All US Convertible Index return of 16.78%.

Positive Influences on Performance

Information Technology. The portfolio's favorable security selection and an average overweight allocation in information technology promoted relative returns. Specifically, positions in the semiconductor materials & equipment and the application software industries helped buoy performance.

Financials. Favorable security selection and an average underweight position in financials added to the portfolio's results, specifically holdings in consumer finance and diversified banks.

Negative Influences on Performance

Real Estate. Security selection and an average overweight stance within the real estate sector were a drag on returns. Data center REITs lagged, as did real estate services.

Industrials. An average overweight position in industrials lost ground, specifically in the aerospace & defense and the passenger ground transportation industries.

Positioning and Portfolio Changes

In terms of economic sectors, the largest absolute portfolio weights are in information technology and industrials. Conversely, materials and energy represent the smallest absolute sector weights. The portfolio had no exposure to the consumer staples sector. Industrials and information technology are also the portfolio's largest relative overweights, with aerospace & defense (industrials) and semiconductor materials & equipment (information technology) comprising the largest industry overweight positions. The most significant industry underweight positions are electric utilities and application software.

Allocations to communication services and health care rose during the period, with increased weights in interactive media & services and biotechnology. The industrials allocation decreased during the period, as did the weight to materials.

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

DATA AS OF 6/30/26

US CONVERTIBLE AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (1/91)
US Convertible (gross of fees)	21.58	39.50	20.14	8.67	13.57	10.56
US Convertible (net of fees)	21.37	38.52	19.29	7.91	12.77	9.86
ICE BofA All US Convertibles Index	16.78	34.12	18.20	7.71	13.15	10.50
S&P 500 Index	15.20	22.32	20.61	13.41	15.51	11.36

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 US Convertible Strategy. Representative holdings and portfolio characteristics are specific only to the portfolio shown at that point in time. Other portfolios will vary in composition and 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.

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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 Institutional Convertible Composite**, which is an actively managed convertible bond composite that invests primarily in high-quality US convertible bonds. The Composite was created March 1, 2014, calculated with an inception date of January 1, 1991. The Composite results include all fully discretionary accounts, including those no longer with the Firm.

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: 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 condition and overall market and economic conditions. If the market prices of the securities owned fall, the value of your investment will decline.

The **ICE BofA All US Convertibles Index (VXA0**) measures the return of all US convertibles. The **ICE BofA US High Yield Master II Index** tracks the performance of US dollar denominated below-investment-grade corporate debt publicly issued in the US domestic market. Source 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. The **S&P 500 Index** is generally considered representative of the US stock market. The **S&P 500 Equal Weighted Index** is the equal-weight version of the widely used S&P 500. The index includes the same constituents as the capitalization-weighted S&P 500, but each company in the S&P 500 Equal Weighted Index is allocated a fixed weight—or 0.2% of the index total at each quarterly rebalance.

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. Chart Data Sources: Calamos Advisors LLC.

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:

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