US Opportunities Strategy Quarterly Commentary

CALAMOS INVESTMENTS

Summary

- We maintain a positive and constructive risk posture, with the caution of last quarter eased; the mid-cycle expansion persists now that the energy shock has resolved.
- Our base case is that the expansion continues near a 2% pace with inflation steadily moderating; the central uncertainty has shifted from geopolitics to the rate path, which we view as too uncertain to position around directionally.
- AI infrastructure remains the earnings engine of this market, contributing roughly 60% of S&P 500 earnings growth this quarter, but narrow leadership and stretched positioning warrant a more risk-aware stance.
- We used the quarter's strength to build a more balanced portfolio. We added areas with real growth tailwinds and improving returns on capital outside AI, lowered energy exposure, and used convertible securities and options to restrike the portfolio's risk-reward profile.

Investment Manager Discussion

The US economy remains in a mid-cycle expansion, supported by fiscal tailwinds, a deregulatory impulse, resilient labor demand, and a capital spending boom driven by artificial intelligence.

Our April outlook argued that the Iran conflict was a disruption within a mid-cycle expansion and that the inflation shock would remain confined to energy. That view held. Oil prices have fallen, core inflation has not broken higher even as it remains elevated, and the expansion has continued. Calamos Growth and Income Strategy returned 15.91% (gross of fees) for the quarter, ahead of the S&P 500 Index's 15.20%. Our concentration in AI infrastructure and semiconductors, held largely through the convertible sleeve, proved advantageous, as did selection in financials, industrials, and health care. The convertible structure and hedges that cushioned the first quarter's decline moderated participation in the rebound.

Growth Drivers Remain Intact

The positive forces supporting the expansion have not been impaired. Fiscal support continues to flow through, the deregulatory impulse is additive to growth, and the AI infrastructure buildout remains a meaningful driver of the real economy. The hyperscalers have shown no inclination to pull back; their capital spending guidance has continued to ratchet higher, and their suppliers are converting that spending into earnings at exceptional incremental margins.

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

AI infrastructure alone is set to contribute the majority of the market's earnings growth this quarter, if consensus expectations hold. That concentration is the source of both the market's strength and its fragility. We are watching for the inflection where hyperscaler cloud and AI services profit growth outpaces capital spending growth, which would validate the return-on-investment case; enterprise adoption outside of coding, funded largely by new budget rather than reallocation, is an emerging driver we continue to monitor. More important for positioning, earnings growth is beginning to broaden beyond AI infrastructure into financials, industrials, and health care, and that broadening is the basis for our rebalancing.

Rates and the Inflation Question

The forces weighing against the expansion are real but, in our assessment, manageable. The central uncertainty has shifted from geopolitics to the rate path. We expect inflation to steadily moderate as the tariff impulse fades, energy prices normalize, and the low oil intensity of US output limits the pass-through, though core inflation remains elevated, and the decline will be gradual.

The distribution of rate outcomes around that view is unusually wide. Some observers see sticky inflation forcing the Federal Reserve toward hikes and a higher-for-longer regime; others see constraints on growth requiring easing and a steeper curve. Reduced forward guidance adds to rate volatility. We view the path as too uncertain to position around directionally, and we treat the higher-term-premium, higher-volatility regime as the defining risk to a portfolio with our equity sensitivity.

Portfolio Positioning and Outlook

Our positioning reflects this framework. We keep core exposure to AI infrastructure, semiconductors, and semiconductor equipment, where we continue to see real growth tailwinds and improving returns on capital, but we hold that exposure with more risk awareness. Momentum has been the market's dominant factor and contributed to our returns this quarter, but the recent rise in volatility makes us more cautious. We trimmed the most extended names, expressed the theme increasingly through convertible securities and lower-multiple semiconductor holdings, and retained options as a downside overlay.

We used the quarter's strength to build a more balanced portfolio, adding areas with real growth tailwinds and improving returns on capital outside AI: financials as beneficiaries of the rate and regulatory environment, industrials tied to electrification, transport, and reshoring, and health care and biotech, where returns on capital are improving. Several of these areas have been negatively correlated with the AI leadership this year, and we added them in part to stabilize the portfolio against a reversal in that narrow leadership. We lowered energy exposure as oil normalized. We increased equity exposure over the quarter in a risk-managed way, deploying our cash and short-term Treasury reserves while adding to less-crowded exposure and keeping our hedges in place.

We assign the highest probability to a base case in which the expansion persists near a 2% pace, inflation steadily moderates, and market leadership broadens as earnings widen beyond AI infrastructure. The upside case sees faster disinflation, accelerating AI monetization, and a benign resolution of the rate path, producing a rally with cyclical and non-AI participation. The downside case sees inflation proving sticky and the Federal Reserve pushed toward hikes with a spike in term premium, or the AI capital spending cycle stalling as hyperscaler financing tightens, political backlash builds, and demand proves less durable than spending. Given narrow leadership, a break would be amplified.

The catalysts that will determine which path materializes are the second-quarter earnings season and the breadth of growth beyond AI infrastructure, the trajectory of inflation and the Fed's response, and the stability of oil and the Strait of Hormuz. An extended re-acceleration in inflation that forces the Fed toward hikes, a downward revision to hyperscaler spending or return-on-investment evidence, or a decisive break in labor market data would prompt us to de-risk through the convertible and options sleeves; faster disinflation and clearer AI monetization would prompt us to add. The cycle persisted through the disruption. We expect it now to broaden, and we are positioned to participate as leadership widens.

John Hillenbrand, CPA
Co-CIO and Senior Co-Portfolio Manager

July 1, 2026

Market Environment

The second quarter of 2026 delivered a remarkable turnaround for US equities, with the S&P 500 surging 15.20%—the strongest quarterly performance in six years and, notably, the best second-quarter return of any midterm-election year on record. After a difficult first quarter dominated by fears surrounding the Iran conflict, markets found their footing as talk of ceasefires and agreements eased pressure on energy prices and gave interest rates room to stabilize. The rally was refreshingly broad-based. While technology led the way, all size and style segments advanced, with small and mid caps outpacing large caps. Underpinning it all were exceptional earnings strength and forward-looking 2026 and 2027 earnings estimates revised meaningfully higher across nearly every sector, evidence that this rally is being driven by fundamentals rather than multiple expansion alone.

Looking at the quarter within the S&P 500 Index (+15.20%), information technology (+31.8%) was the big winner after being among the biggest laggards last quarter and was the only sector to advance above the overall index. Industrials (+14.9%), consumer discretionary (+9.3%), financials (+9.0%), health care (+8.8%), real estate (+8.5%), and communication services (+8.3%) all delivered strong returns for the quarter, despite lagging the headline index number. Materials (+2.0%), consumer staples (+0.3%), utilities (-0.5%), and energy (-13.5%) were the laggards this quarter, and energy's negative return should be considered in light of its market-leading performance last quarter.

Performance Review

For the quarter ended June 30, 2026, the strategy returned 15.91% (gross of fees) and 15.70% (net of fees) compared with the S&P 500 Index return of 15.20%.

Positive Influences on Performance

Industrials. The portfolio's favorable security selection in industrials boosted relative performance. Heavy electrical equipment was a leading contributor, and our lack of exposure to industrial conglomerates assisted returns.

Financials. Security selection and an average underweight position in financials added to performance. Holdings in financial exchanges & data helped relative performance. Additionally, our lack of exposure to multi-sector names assisted relative returns.

Negative Influences on Performance

Information Technology. Security selection and an average underweight position in the information technology sector were a drag on returns, as holdings in the semiconductors and electronic components industries hurt performance.

Utilities. An average overweight stance within the multi-utilities and electric utilities industries of the utilities sector lost ground on a relative basis.

Positioning and Portfolio Changes

From a sector standpoint, the portfolio's largest absolute weights are in information technology and industrials on an absolute basis, while real estate and materials constitute the smallest sector weights with holdings. We maintain relative overweight positions in the internet services & infrastructure and heavy electrical equipment industries. The information technology and financials sectors constitute the most significant relative underweights with semiconductors and financial exchanges & data among the underweight industries.

The information technology and health care allocations increased during the period with increased weights in semiconductors and biotechnology. The energy and utilities allocations decreased during the period with reduced weights in integrated oil & gas and electric utilities.

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

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DATA AS OF 6/30/26

US OPPORTUNITIES AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (1/91)
US Opportunities (gross of fees)	15.91	23.78	19.85	12.02	14.31	13.28
US Opportunities (net of fees)	15.70	22.87	18.99	11.23	13.52	12.49
S&P 500 Index	15.20	22.32	20.61	13.41	15.51	11.36
ICE BofA All US Convert Ex Mand Index	17.89	36.38	18.86	7.58	13.94	10.81

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 Opportunities Strategy. 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.

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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 US Opportunities Composite**, which is an actively managed Composite that invests in equity, convertible and fixed-income securities seeking long term total return through growth and current income. The Composite was created August 31, 2013, 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 Convertible Index** (VXA0) is comprised of approximately 700 issues of only convertible bonds and preferreds of all qualities and measures the return of all US convertibles. 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 a market value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. It is widely regarded as the standard for measuring US stock market performance. The **S&P 500 Growth Index** measures the performance of stocks within the S&P 500 Index that have growth-oriented characteristics, such as higher earnings growth rates and higher price-to-earnings ratios. The **S&P 500 Value Index** measures the performance of stocks within the S&P 500 Index that have value-oriented characteristics, such as lower price-to-earnings ratios and price-to-book ratios. 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 Source: 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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