CALAMOS ANTETOKOUNMPO US SUSTAINABLE EQUITIES FUND

In a Tightrope Market, Discipline Is the Balancing Pole

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By Jim Madden, CFA; Tony Tursich, CFA; and Beth Williamson

Key Points

- Robust corporate earnings and profit margins mask the risks of a narrow market.
- Historically, when momentum-driven markets unwind, quality disciplines have been rewarded.
- Calamos Antetokounmpo US Sustainable Equities Fund emphasizes reasonably valued companies across sectors, which we believe will support long-term performance and provide resilience as markets rotate.

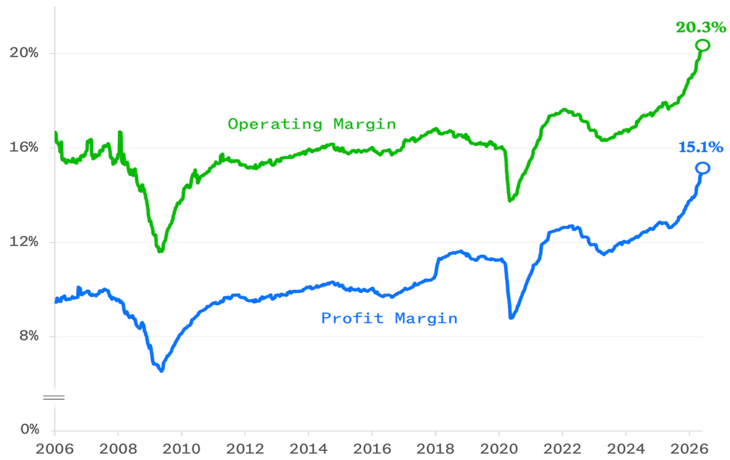
Markets have spent much of 2026 on a tightrope. Corporate earnings have proven more resilient than expected, and profit margins have reached record levels, yet the rally remains mostly clustered in a band of data-center-linked stocks, and the quarter-end Shiller CAPE ratio for the S&P 500 Index is hovering above 40, just below the all-time high of 44 set during the dot-com peak. Staying invested has been rewarded; complacency has not.

As we have written in prior quarters, the conditions that reward diversification and quality tend to build quietly before they matter. We believe those conditions are now in place.

Earnings Resilience: Better than Expected

Companies are beating estimates, and profits are at a record level. First-quarter earnings for S&P 500 companies came in roughly double what analysts had forecast. All 11 economic sectors posted positive earnings growth in the same quarter for the first time in four years—including healthcare and consumer discretionary, which many had written off on tariff and inflation concerns. Furthermore, the trailing 12-month profit margin reached a high not seen since 1990.

Figure 1. S&P 500 Companies are Keeping a Record Share of Sales as Profit



Past performance is no guarantee of future results. Source: Chartr using Bloomberg, data as of June 4, 2026.

Still, much of that profit growth came from AI-related infrastructure companies. Semiconductor stocks had their best quarter ever, extending an extraordinary start to the year driven by demand for AI equipment. Technology companies overall posted first-quarter earnings growth that was well above the rest, while growth outside of tech was solid but more modest. However, the margin for error is narrower going forward as expectations continue to rise. Companies across economic sectors that are harnessing AI to improve business outcomes may well be where the alpha lies in the second half of 2026. Diversified portfolios will be better positioned.

Momentum Risk: The Danger Is Real

The S&P 500 Momentum Index has surged more than 30% year-to-date but has been punctuated by sharp reversals—including one of the worst two-day drawdowns since 2022. Hedge fund exposure to momentum ranks near five-year highs. When a single factor is that crowded, the unwinding tends to be disorderly.

Momentum strength and narrow breadth can persist, and they do not necessarily signal an imminent correction. But these imbalances always resolve—either through the rest of the market catching up or through the leaders giving back ground. Our emphasis on quality has historically paid off when momentum reverses, as it did following the dot-com bubble. Figure 2 shows how extreme the current cycle has been: since 2023, excess returns for US momentum stocks have exceeded those achieved during the dot-com era.

Figure 2. US Excess Returns, 1998 to March of 2003 versus 2023 to present

Past performance is no guarantee of future results. Source: "HOLT Global Viewpoint," June 12, 2026, UBS Global Research, Michel Lerner, CFA using UBS HOLT, market-cap weighted returns, US Top 1000.

Portfolio Positioning: A Balancing Pole for the Tightrope Market

In a tightrope market, discipline matters. The Fund's diversified portfolio emphasizes earnings quality, balance sheet strength, and reasonable valuations across sectors and geographies. Quality stocks remain attractively priced relative to history, even as the overall market trades at extended multiples. Fiscal expansion in Europe and corporate governance reform in Japan continue to support a broadening of returns beyond the US mega-cap story, and we are finding opportunities there alongside US equities.

Twenty-five-plus years of investing through different cycles has reinforced a consistent lesson: narrow, momentum-driven markets eventually give way to broader participation, and companies with durable competitive advantages and strong balance sheets tend to be the ones left standing when that rotation comes. We are well positioned for that outcome.

Indexes are unmanaged, do not include fees or expenses, and are not available for direct investment. The **S&P 500 Index** is a measure of large-cap US equity performance. The **S&P 500 Momentum Index** is designed to measure the performance of securities in the S&P 500 universe that exhibit persistence in their relative performance. **Shiller CAPE Ratio:** The S&P 500 price divided by the 10-year average of inflation-adjusted earnings.

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ESG Investing Risks: When the investment process considers environmental, social and governance factors, the adviser may choose to avoid investments that might otherwise be considered, or sell investments due to changes in ESG risk factors as part of the overall investment decision process.

The use of environmental, social and governance factors may impact investment exposure to issuers, industries, sectors, and countries, which may impact a portfolio's relative performance.

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.

If you are unsure about the suitability of the fund for you, please seek professional advice.

Calamos Antetokounmpo Asset Management LLC | 2020 Calamos Court | Naperville, IL 60563-2787 | 800.582.6959 | www.calamos.com | caminfo@calamos.com