

# Calamos Growth and Income Fund Quarterly Commentary

CALAMOS  
INVESTMENTS

## Summary

- We maintain a positive but cautious risk posture; the war in Iran is a disruption within a mid-cycle expansion, not a catalyst for US economic contraction.
- Our base case assumes the Strait of Hormuz normalizes toward late April or early May and that the inflation shock remains confined to energy and does not broaden into wages or core prices.
- AI infrastructure spending continues to accelerate, with hyperscaler capital commitments now representing roughly 90% of the growth in all domestic corporate capital spending this year; agentic AI adoption outside of coding is an emerging growth driver we are monitoring closely.
- We used the quarter's volatility to concentrate Calamos Growth and Income Fund's portfolio in areas with real growth tailwinds, using convertible securities and options to restrike the portfolio's risk-reward profile.
- We would reverse course if the economic data pointed to a more persistent slowdown, if labor market data broke decisively, or if hyperscaler spending guidance were revised lower.

## Investment Manager Discussion

The US economy entered the year in a mid-cycle expansion supported by fiscal tailwinds, easing monetary policy, and a capital-spending boom driven by artificial intelligence. The war in Iran and its effects on energy markets have introduced competing forces: higher commodity prices squeezing real incomes, tighter financial conditions, and renewed uncertainty over supply chains. The central question for investors is whether this shock is large enough to end the expansion or is a disruption that the cycle can absorb. We believe growth may slow but not contract, the labor market is softening but not breaking, headline inflation is rising but core remains contained, and capital spending continues.

*Commentary continues page 2...*

DATA AS OF 31/3/26

### CALAMOS GROWTH AND INCOME FUND AVERAGE ANNUAL RETURNS (%)

	QTD	1-MONTH	1-YEAR	3-YEAR	SINCE 1 SHARE USD ACC INCEPTION
Calamos Growth and Income Fund					
1 Shares - USD Acc. (7/6/22)	-3.92	-4.66	18.14	14.96	10.61
S&P 500 Index	-4.33	-4.98	17.80	18.32	14.47
ICE BofA All US Convert Ex Mand Index	4.41	-2.42	25.76	14.35	10.82

Performance data quoted represents past performance and may not be a reliable guide to future results. Performance data quoted does not include the Fund's maximum 5% front-end sales charge. Had it been included; the Fund's returns would have been lower. Performance shown reflects the management fee. All performance shown assumes reinvestment of dividends and capital gains distributions. Returns for periods less than 12 months are not annualised. See "Important Information" on the last page for more information.

All values are in USD terms unless otherwise indicated.

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Our January outlook argued that above-consensus US growth would persist as the tariff drag faded, fiscal support from the One Big Beautiful Bill Act (OBBBA) flowed through, and the Fed eased toward short-term rates of 3.00% to 3.25%. The war in Iran disrupted the trajectory in March, with a rise of more than 50% in the price of oil, a 60-basis-point tightening in financial conditions, and the effective closure of the Strait of Hormuz. The fund returned -3.9% for the quarter, ahead of the S&P 500 Index's -4.3% decline. Selection within equities contributed positively, although the portfolio's elevated equity sensitivity was a headwind in a down market.

### **Growth Drivers Remain Intact**

The positive forces supporting economic expansion have not been impaired. Lagged effects of last year's rate cuts are still flowing through, fiscal support from the OBBBA is additive to consumer and corporate spending, defense and energy security infrastructure investment is accelerating, and the AI infrastructure buildout has become a meaningful driver of the real economy. The hyperscalers have shown no inclination to pull back; their capital spending guidance has ratcheted higher through each successive reporting season, and their suppliers are converting that spending into earnings at exceptional incremental margins.

The AI investment thesis is evolving in ways that matter for positioning. Coding assistance has achieved strong adoption but has created volatility in application software names as investors debate disruption risk versus embedded AI benefits; we are waiting for earnings to provide more data points before adding there.

More important for the cycle, agentic AI adoption outside of coding is emerging as a growth driver; industries with the highest exposure to LLM-automatable tasks are showing the highest rates of business AI deployment, suggesting companies are finding productive applications for real-world labor tasks. Early evidence suggests companies deploying these models at scale are converting adoption into revenue at rates that support the spending trajectory. We are monitoring for the inflection point where hyperscaler cloud and AI services' profit growth outpace capital spending growth, which would validate the return-on-investment case.

### **Risks and the Inflation Question**

The forces opposing the expansion are real but, in our assessment, manageable. Higher energy prices are squeezing real incomes, with the burden falling disproportionately on the bottom 60% of the income distribution, where the combined effects of tariffs, benefit adjustments, and the oil shock amount to roughly a full percentage point drag on disposable income. Central banks may delay rate cuts as they assess the persistence of the energy price shock. Private debt default rates running at several multiples of commercial bank loan book defaults are a source of stress if capital markets tighten. The labor market is softening but not breaking, with slowing demand balancing reduced supply from immigration restrictions. That balance is fragile.

The critical distinction in our framework is between a headline inflation shock that remains confined to energy and one that broadens into wages and inflation expectations. We see more parallels with 1990–91 and 2000, where energy shocks occurred against moderate demand and roughly neutral policy, than with 2021–22, when broad supply disruptions coincided with expansionary policy and tight labor markets. The oil intensity of US GDP has declined substantially, domestic shale provides a partial offset,

and core disinflation from the waning tariff impact should outweigh the energy price effect over the coming months.

We assign the highest probability to a base case in which the Strait of Hormuz returns to normal operations toward late April, energy prices ease in the second half, and the economic damage remains contained. The upside case sees rapid conflict resolution and accelerating AI monetization; the downside sees the war persisting through mid-year with inflation broadening into core measures.

The catalysts that determine which path materializes are the trajectory of the war, the inflation data over the next two months, and first-quarter hyperscaler earnings guidance. An extended conflict that pushed inflation into wages and core prices, a decisive break in labor market data, or a downward revision to hyperscaler spending guidance would prompt us to de-risk through the convertible and options sleeves of the portfolio. The mid-cycle thesis remains intact, and we are positioned to participate as clarity returns.

**John Hillenbrand, CPA**

*Co-CIO and Senior Co-Portfolio Manager*

1 April 2026

## Market Overview

If markets climb a wall of worry, there was plenty of material for the wall in the first quarter. The US entered military conflicts with Venezuela and Iran, and rankled NATO with overtures to Greenland; a sitting Fed Chair faced a criminal referral; and a partial government shutdown began. Growing concerns surfaced around private credit and the long-term viability of software-as-a-service business models. Against this backdrop, US equities, as measured by the S&P 500 Index, returned -4.3% for the quarter.

Fourth-quarter 2025 earnings finished up 14.0% year over year, marking the fifth straight quarter of double-digit growth, while expectations for 2026 remained solidly in double digits as well. The labor market appeared to be in a state of calm (a relatively low-hire, low-fire environment), and the Fed seemed to be on hold, despite rising energy costs.

The period did end on a more hopeful note: a final-day S&P 500 rally of nearly 3% followed a signal from President Trump suggesting his willingness to end the Iran conflict, even with the Strait of Hormuz still largely closed. Whether that optimism carries forward is the question we'll be watching closely as we head further into Q2.

US equity markets witnessed a rotation away from mega caps, with small and mid caps in positive territory, while large caps were in the red. Additionally, the market favored value over growth, as the growth cohort finished in negative territory in the Russell large-, mid-, and small-cap indexes, while the value counterparts were all positive for the quarter. The S&P 500 Value Index quarterly return of -0.51% significantly outpaced S&P 500 Growth Index's decline of -8.11% for the quarter.

Looking at the quarter, within the S&P 500 Index (-4.33%), energy (+38.3%) was the big winner, followed by materials (+9.7%), utilities (+8.3%), consumer staples (+7.7%), industrials (+4.6%) and real estate (+2.8%). Each delivered positive results and led the overall index. Health care (-4.9%), communication services (-6.9%), information technology (-9.1%), consumer discretionary (-9.2%), and financials (-9.4%) each lagged while in negative territory.

## Performance Review

For the quarter ended 31 March 2026, the fund returned -3.92% (Class I shares USD accumulating) versus the S&P 500 Index return of -4.33%.

### Positive Influences on Performance

**Information Technology.** The fund's security selection and an average underweight stance in information technology boosted relative returns. Communications equipment notably helped, as did technology hardware, storage & peripherals.

**Energy.** An average overweight allocation in energy added to the fund's performance, especially in the oil & gas refining & marketing and coal & consumable fuels industries.

### Negative Influences on Performance

**Health Care.** Security selection and an average underweight stance in the health care sector detracted from performance. In particular, positions in the life sciences tools & services and biotechnology industries lagged.

**Consumer Staples.** Security selection and an average underweight stance in consumer staples lost ground on a relative basis, specifically in the merchandise retail and packaged foods & meats industries.

## Fund Holdings – Contributors

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### Lumentum Holdings Inc. (LITE)

0.375% Convertible due 2032 | 0.4% of fund as of 28/2/26

**Profile:** Lumentum Holdings Inc. is a leading designer and manufacturer of optical and photonic products used in telecommunications, cloud networking, industrial manufacturing, and consumer electronics. The company is categorized under the information technology sector's communications equipment industry. Founded in 2015, Lumentum is headquartered in San Jose, California.

**Analysis:** The portfolio accessed Lumentum through a convertible security that rose by 80% over the 3-month period. Lumentum's strong stock performance, up 91% for the quarter, was driven by an earnings inflection marked by large revenue and EPS beats, dramatic margin expansion, and sharply higher forward guidance. Accelerating AI-driven optical demand, a rapidly growing backlog, and early traction in co-packaged optics reinforced confidence in the durability of growth, while analyst upgrades and estimate revisions amplified positive sentiment during the quarter.

### Advanced Energy Industries Inc. (AEIS)

2.50% Convertible due 2028 | 0.7% of fund as of 28/2/26

**Profile:** Advanced Energy Industries designs and manufactures precision power conversion, measurement, and control solutions used by semiconductor equipment manufacturers, data center operators, medical device makers, and a range of industrial and electronics customers worldwide. The company is headquartered in Denver, CO, and is categorized in the information technology sector among the electrical equipment industry.

**Analysis:** The portfolio invested in Advanced Energy Industries through a convertible security, which gained +47% during the period. Advanced Energy Industries' stock climbed +54% in the quarter, driven by a decisive quarterly earnings beat, robust revenue growth (+18% yoy), and upbeat forward guidance that validated the company's leverage to semiconductor and AI-related power demand. A combination of accelerating end-market fundamentals, improving profitability, and multiple analyst upgrades reinforced investor confidence, positioning the stock as a high-quality beneficiary of next-generation semiconductor and data-center capital spending during the period.

## Fund Holdings – Detractors

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### ServiceNow Inc. (NOW)

*Sold*

**Profile:** ServiceNow is a corporate software company that provides cloud-based solutions to automate and digitize business operations. Its main offering, the "Now Platform," is used by over 7,400 global clients, including most Fortune 500 companies, to convert workflows into digital format across four key areas: Information Technology, Employee, Customer, and Creator. ServiceNow is listed among systems software companies within the information technology sector.

**Analysis:** ServiceNow's weaker stock performance in the quarter (-32%) was driven less by fundamentals and more by expectations resetting. Although the company delivered a clean Q4 earnings and revenue beat with strong subscription growth (+20% yoy), management's outlook pointed to slower near-term growth than investors had priced in, triggering a sharp post-earnings sell-off. ServiceNow's elevated valuation, concerns over AI-driven acquisition spending, and broader multiple compression across enterprise SaaS compounded the pressure, resulting in notable underperformance despite continued operational strength.

### IQVIA Holdings Inc. (IQV)

*Sold*

**Profile:** IQVIA Holdings provides advanced analytics, technology platforms, and contract research services to pharmaceutical companies, biotechnology firms, medical-device manufacturers, and healthcare organizations worldwide, helping them develop, launch, and commercialize medical therapies throughout the product life cycle. The company was originally founded in 1982 as IMS Health, later became IQVIA following the 2016 merger of Quintiles and IMS Health, and is based in Durham, North Carolina. IQVIA Holdings is categorized among the life sciences tools & services industry of the health care sector.

**Analysis:** IQVIA's stock fell -24% during the quarter, but it was a case of a disconnect occurring between solid execution and investor expectations. Although the company delivered a clean Q4 earnings and revenue beat with double-digit growth, its 2026 earnings outlook fell slightly short of consensus as higher interest costs and slower margin expansion weighed on projections. In addition to company-specific pressures, macro-driven concerns about clinical research spending and healthcare services leverage led to a post-earnings sell-off and sustained underperformance despite strong backlog, cash flow generation, and long-term strategic positioning.

## Positioning and Portfolio Changes

We concentrated the fund's portfolio in areas where we see real growth tailwinds and improving returns on capital: AI infrastructure and semiconductor equipment, targeted pharma and biotech, energy innovation and security, and international markets where valuations offer favorable entry points. The war in Iran has reinforced the case for domestic energy infrastructure, a theme we had been building before the disruption.

We rotated healthcare to active stock selection, where we see improving returns on capital; trimmed rate-sensitive financials as near-term easing expectations shifted; retained core bank holdings, where the yield curve thesis remains intact; and took profits on semiconductor convertible winners, where the risk-reward had narrowed. We are using convertible securities and options to adjust the portfolio's risk-reward profile in this environment.

The energy allocation increased during the period, while the weight to industrials also rose modestly. The financials allocation decreased during the period, while the weight to communication services also decreased modestly.

**For additional information or to download a fact sheet, please visit the fund's profile page:**

[Growth and Income Fund | Calamos Investments](#)

The Fund is offered solely to non-US investors under the terms and conditions of the fund's current prospectus.

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The following are risks materially relevant to the Fund: There may be insufficient buyers or sellers to allow the Fund to sell or buy certain types of securities readily; Convertibles expose the Fund to the risk the issuer of the debt security portion of the security may fail to meet its obligations as well as the performance of the underlying stock into which it can be converted; investments in emerging markets may expose the Fund to more social, political, regulatory and currency risks than securities in developed markets; Derivatives may fluctuate in value rapidly and certain derivatives may introduce leverage which may result in losses that are greater than the original amount invested; a party with whom the Fund contracts for securities may fail to meet its obligations or become bankrupt which may expose the Fund to a financial loss; and

Structured Notes expose the Fund to the market risk of the underlying security and Counterparty Risk. For a more detailed explanation of the risks, please refer to the 'Risk Warnings' section of the Prospectus and the Supplement.

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