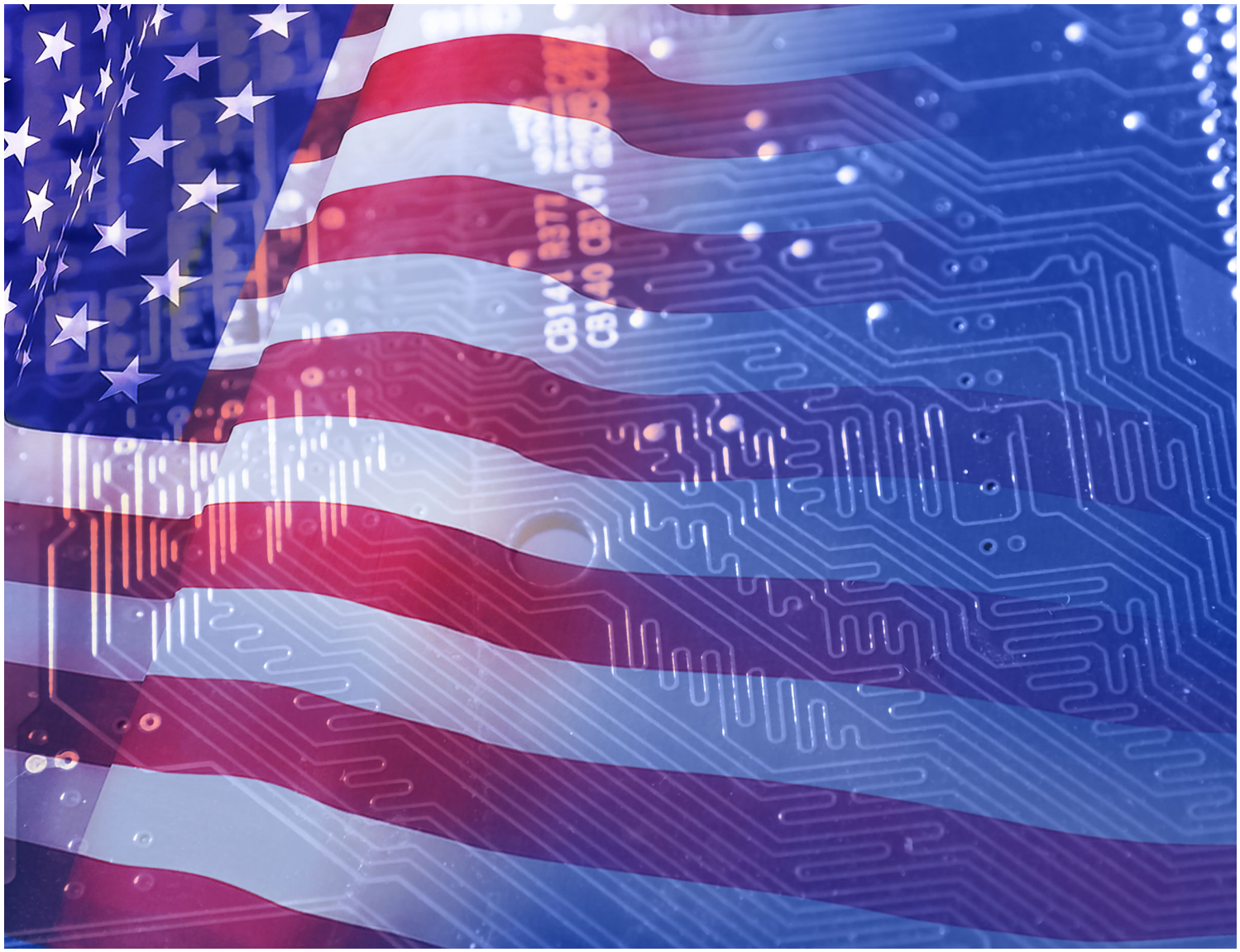
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Calamos's $200m inflows trigger autocall ETF 'frenzy'

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First mover expands to US tech, Innovator ETFs plans rival listing on September 25. By *Helen Bartholomew*

The race to dominate the market for exchange-traded funds referencing autocallable bonds is gathering pace, with the first such product attracting $230 million in assets within three months of launch and firms queuing to launch rival offerings.

The Calamos Autocallable Income ETF (CAIE), which provides exposure to autocallable payoffs on the S&P 500 and debuted on June 25, is adding around $5 million–10 million of new investments each day.

Now the US asset manager is preparing a US tech-focused version for an expected November launch.

The success of Calamos is stoking competition. Innovator ETFs will list two autocallable ETFs on September 25, after filing with the Securities Exchange Commission (SEC) in April.

And at least three further firms are readying alternatives. First Trust is expected to launch its own autocall ETF in the coming weeks, while similar products filed by Janus Henderson and TrueMark Investment's TrueShares could launch before year-end.

With US structured products growing by almost 50% in 2024 and on track to reach $200 billion this year, the first wave of these investments in ETF format may just be the tip of the iceberg.

A structuring head at a European bank says the dealer is involved in a "frenzy of discussions" with asset managers on the topic, across the US and Europe.

A structuring head at a US bank also says they are in active conversations on the topic. "We're going to see other iterations of ETFs hitting the market with different approaches."

> "You're going to have active and systematic [products] because the hunt for yield, particularly in the US, is extremely strong"
>
> Equity derivatives sales head at a US house

Systematic versus active

Popular yield-enhancement products, autocalls offer outsized coupons when the underlying sits between upper and lower barriers at set observation dates. At the upper barrier – typically 10% to 20% above the reference price, the structure knocks out, returning principal to the holder. At the lower barrier – a down-and-in put option typically struck 40% to 50% below spot – investors lose coupons and can lose principal at maturity.

Repackaging these exposures into an evergreen ETF format requires providers to create rolling exposure to instruments whose final maturity is spot dependent and diversify exposure across barrier levels.

Calamos's approach sees the asset manager enter into a swap agreement with JP Morgan to gain exposure to an autocallable index created by independent provider MerQube. This is a laddered index of 52 hypothetical autocallable notes referencing MerQube's US Large Cap Vol Advantage Index – a structured products-focused benchmark that tracks E-mini S&P 500 futures with a volatility target of 35% and a 6% decrement.

The planned US tech version, was filed with the SEC on August 22 and applies the same laddered autocall structure to an alternative index.

MerQube already publishes a US Tech+ Vol Advantage benchmark, a vol target and decrement version of Invesco's QQQ Trust ETF – the largest Nasdaq-focused fund.

TrueMark Investments is taking a similar approach with its TrueShares S&P Hedged Structured High-Income ETF.

Filed with the SEC on September 19, the ETF will offer exposure to an autocallable index comprised of 26 hypothetical notes referencing an S&P 500 futures index featuring a 35% intraday volatility target and 4% decrement.

It is unclear at this time who will publish the autocallable index, which requires the provider to model and price the individual notes to calculate index levels.

A spokesperson for TrueMark Investments did not respond to a request for comment.

Others are taking an approach more aligned with funds of physical autocallable notes, popular in the UK market.

Innovator's ETFs will reference an actively managed portfolio of autocallable notes whose exposure is delivered via swap agreements with dealers.

The Innovator Index Autocallable Income Strategy ETF (ACII) provides exposure to so-called 'worst-of' autocallable notes on the S&P 500, Russell 2000 and Nasdaq 100. These structures use correlation between underliers to cheapen the embedded options and bolster the coupon.

According to the filing, the Index version will target instruments with maturities of two, three and four years, with coupons of 8% to 11%.

A sister product, the Innovator Equity Autocallable Income Strategy ETF (ACEI), set to launch at the same time, references a portfolio of autocall exposures on single-name stocks selected from the S&P 500. This targets

three-year instruments with coupons of 11–15%.

A spokesperson did not comment in time for publication.

First Trust filed its FT Vest Laddered Autocallable Barrier and Income ETF in April. The fund provides exposure to a laddered portfolio of autocallable instruments on single indexes and worst-of structures.

Janus Henderson's twin SEC filings for Aggressive Equity-linked Income and Moderate Equity linked Income ETFs, made on August 29, reference autocalls on index, single-stock and worst-of underlyings. These will be combined with so-called 'stability instruments' whose returns are based on daily performance of the underlying.

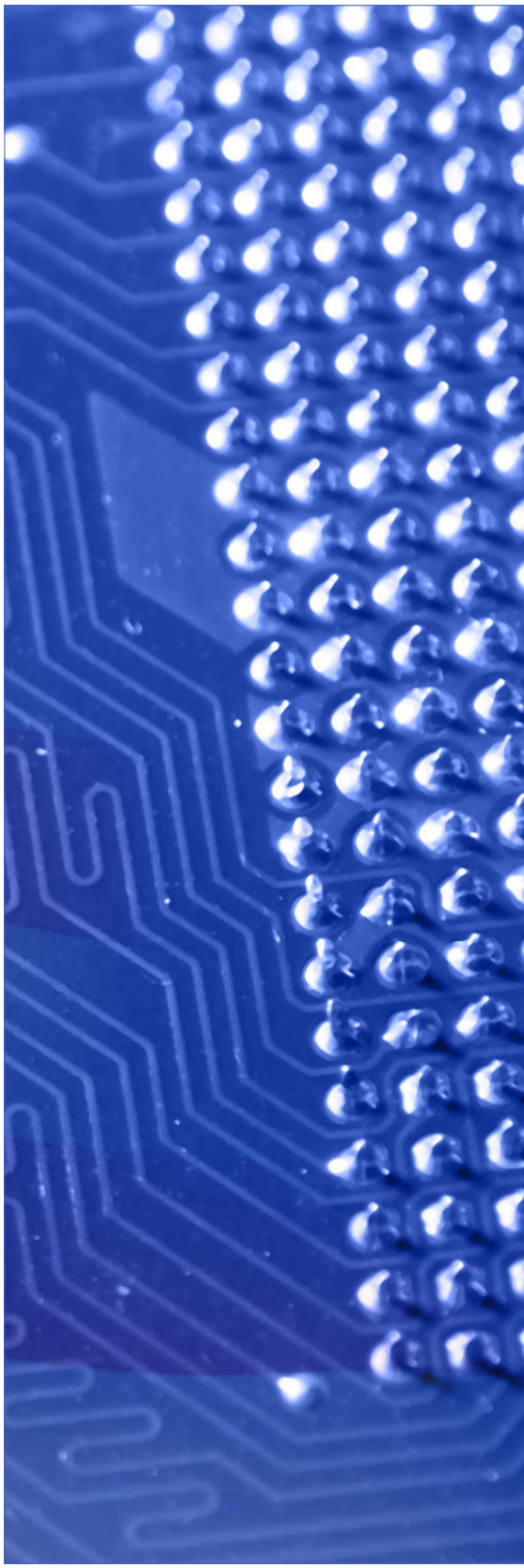
A spokesperson for Janus Henderson declined to comment.

came after did not quite do as well."

He views the CAIE launch as a "flag in the ground" for the autocall space. "We spent months, if not years developing this and saw our competitors take 75 to 90 days to try to build a copycat. What we are seeing coming to the market is not the same, and I would argue is not as good."

Autocalls underpinning the MerQube index have a weighted coupon of 14.5%. The average distribution rate of the ETF since launch is 15.63%, comprising 17.48% in July and 13.77% in August. This is higher than targets for some worst-of structures, in part reflecting the use of vol target indexes with fixed dividend decrements, which reduce the hedging burden on banks

While the firm has not ruled out additional iterations such as single-name autocalls and worst-of structures, Kaufman notes these



"We have the bid/ask spread a penny wide at times and I don't see that same pricing passing through to a worst-of basket"

Matt Kaufman, Calamos Investments

First-mover advantage

While the systematic swap-based structure used by Calamos is winning fans, dealers believe there could also be demand for more actively managed versions of autocallable ETFs. Typically, these would put banks in price competition when rolling into new contracts.

"Lots of ETF providers are asking questions," says an equity derivatives sales head at a US house. Some want to structure offerings in a way that puts two or three banks in competition rather than synthetically replicating the autocall, he says. "There's still a lot of room for innovation."

Which type of product will gain most market share remains to be seen, he says. "You're going to have active and systematic [products] because the hunt for yield, particularly in the US, is extremely strong," he adds.

Matt Kaufman, Calamos Investments' ETF head believes the firm's initial product has the edge. "First-mover advantage is really key," he says.

Kaufman highlights the firm's first protected Bitcoin ETF, which has attracted over $40 million of assets since its January launch. "We got a lion's share of those assets and the competitors that may not be compatible with the laddered index format.

"Doing a worst-of basket makes the pricing very difficult if you want to do it in a laddered form and you probably have to sacrifice some bid/ask spread with that approach. We have the bid/ask spread a penny wide at times and I don't see that same pricing passing through to a worst-of basket."

Kaufman adds that interest has ranged from investors who had been buying structured notes to those who were previously unfamiliar with the structures. While the product has yet to see outflows, Kaufman notes investors are being tactical about buying opportunities.

"Some investors see the portfolio trade at a 5% to 6% discount to par, and they'll add more to their position because they can capture that coupon plus capital appreciation as the discount closes to par," he says.

So far, this tactical approach has been one-way. "We've not seen anybody selling yet," he says. ■

Editing by Rob Mannix

Before investing, carefully consider the Fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information which can be obtained by calling 1-866-363-9219. Read it carefully before investing.

An investment in the Fund is subject to risks, and you could lose money on your investment in the Fund. There can be no assurance that the Fund will achieve its investment objective. Your investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The risks associated with an investment in the Fund can increase during times of significant market volatility. The Fund also has specific principal risks, which are described below. More detailed information regarding these risks can be found in the Fund's prospectus.

The fund's expense ratio as of the prospectus dated 6/25/2025 is 0.74%.

The principal risks of investing in the **Calamos Autocallable Income ETF** include: autocallable structure risk, contingent income risk, early redemption risk, barrier risk, authorized participant concentration risk, calculation methodology risk, cash holdings risk, correlation risk, costs of buying and selling fund shares, counterparty risk, credit risk, derivatives risk, equity securities risk, index risk, interest rate risk, investment in a subsidiary, laddered portfolio risk, liquidity risk, market maker risk, market risk, new fund risk, non-diversification risk, premium-discount risk, secondary market trading risk, swap agreement risk, tax risk, trading issues risk, valuation risk, and volatility target index risk.

Contingent Income Risk: Coupon payments from the Autocalls are not guaranteed and will not be made if the Underlying Index falls below the Coupon Barrier on observation dates. This means the Fund may generate significantly less income than anticipated during market downturns.

Early Redemption Risk: Autocalls in the Portfolio may be called before their scheduled maturity if the Underlying Reference Index reaches or exceeds the Autocall Barrier on observation dates. This automatic early redemption could force reinvestment of that portion of the portfolio at lower rates if market yields have declined.

Barrier Risk: If the Underlying Reference Index falls below the Protection Level Barrier at the maturity of an Autocall in the Portfolio, that portion of the Portfolio will be fully exposed to the negative performance of the Underlying Reference Index from its initial level. This conditional protection creates a binary outcome that can result in sudden, significant losses if barriers are breached.

https://www.calamos.com/globalassets/media/pdfs/distributions/calamos-autocallable-income-etf-19a-notice.pdf

YIELD

Name	Distribution Rate (As of 8/31/25)
%	13.77%
Name	30-day SEC yield (As of 8/31/25)
%	3.37%
Name	Unsubsidized 30-day SEC yield (As of 8/31/25)
%	3.37%