

# Growth and Income Fund

## Third Quarter 2017 Report

# CALAMOS<sup>®</sup>

## INVESTMENTS



### MORNINGSTAR OVERALL RATING™†

Among 319 Allocation - 70% to 85% Equity Funds  
The fund's load-waived Class A shares had 4 stars for 3 years, 3 stars for 5 years, and 4 stars for 10 years out of 319, 284 and 202 Allocation - 70% to 85% Equity funds, respectively, for the period ended 9/30/17.

### OVERVIEW

The fund invests primarily in U.S. equity and convertible securities in an attempt to balance risk/reward while providing growth and income.

### KEY FEATURES

- » **Leverage more than four decades of research experience** combining equities and convertible holdings to provide equity-like participation
- » **Provides a core holding** option that aims to maintain a consistent risk posture throughout the market cycle
- » **Seek to participate in the upside movements** of the equity market while lessening the blows of down periods

### PORTFOLIO FIT

The fund can provide a long-term core allocation to equities with the potential for lower volatility.

### FUND TICKER SYMBOLS

A Shares    C Shares    I Shares  
CVTRX    CVTCX    CGIIX

† Morningstar ratings shown are for load-waived shares that do not include any front-end sales load. Not all investors have access to or may invest in the load-waived share class shown. Other share classes with front-end or back-end sales charges may have different ratings than the ratings shown. Additionally, some A-share mutual funds for which Morningstar calculates a load-waived A-share star rating may not waive their front-end sales load.

There can be no assurance that the Fund will achieve its investment objective.

**NOT FDIC INSURED | MAY LOSE VALUE |  
NO BANK GUARANTEE**

### Key Drivers of Performance

- » The information technology sector was the market leader in the third quarter. Portfolio holdings in semiconductor equipment were especially strong, and the selective use of convertible securities was additive as well.
- » The portfolio's underweight to the lagging consumer staples sector was additive to relative performance, and the portfolio's holdings also outperformed those of the benchmark.
- » Portfolio health care holdings lagged those of the benchmark, as pharmaceuticals and health care equipment names detracted from relative performance.
- » Although our selection was positive, our overweight to the lagging consumer discretionary sector held back return.

### Market and Portfolio Overview

- » The market's rally was broad based as each of the major U.S. equity indices reached new highs at quarter-end. The S&P 500 Index, gaining 4.48%, marked its eighth straight quarter of gains.
- » Market participants were heartened by strong corporate earnings, continued health in manufacturing and services data as well as moderate gains in employment and wages, which held inflation quite low.
- » Market leadership rotated somewhat from the second to the third quarter. Small caps outperformed large caps with the Russell 2000 Index (+5.67%) besting the S&P 500 Index. Value stocks rallied in September, as reflationary sectors improved—the Russell 1000 Value Index (+2.96%) was up more than double the Russell 1000 Growth Index (+1.30%) for the month, yet value lagged for the quarter.
- » Convertibles posted a 3.77% return in the quarter as reflected by the BofA Merrill Lynch All U.S. Convertible Index (VXA0). Convertibles participated in the upside move of the broader equity market and outpaced the high yield market.

AVERAGE ANNUAL RETURNS	QTD	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	15-YEAR	SINCE I SHARE INCEPTION(9/18/97)	SINCE A SHARE INCEPTION (9/22/88)
Calamos Growth and Income Fund									
I shares – at NAV	3.39	11.37	14.10	7.90	8.74	5.76	8.58	9.42	N/A
A shares – at NAV	3.33	11.17	13.80	7.64	8.47	5.50	8.31	N/A	10.98
A shares – Load adjusted	-1.57	5.88	8.40	5.90	7.42	4.99	7.96	N/A	10.79
S&P 500 Index	4.48	14.24	18.61	10.81	14.22	7.44	10.04	6.99	10.40
BofA Merrill Lynch All U.S. Convertible ex Mandatory Index (V0A0)	4.47	13.62	16.58	7.73	11.55	7.57	9.12	7.49	9.45
Morningstar Allocation - 70% to 85% Equity Category Average	3.63	11.23	12.84	6.01	8.87	4.69	7.81	5.34	8.31

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. You can obtain performance data current to the most recent month end by visiting [www.calamos.com](http://www.calamos.com).

*The principal value and return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance reflected at NAV does not include the Fund's maximum front-end sales load of 4.75%. Had it been included, the Fund's return would have been lower. For the most recent month-end fund performance information visit [www.calamos.com](http://www.calamos.com).*

Returns for periods greater than 12 months are annualized. Calendar year returns measure net investment income and capital gain or loss from portfolio investments for each period specified. Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average. All performance shown assumes reinvestment of dividends and capital gains distributions. In calculating net investment income, all applicable fees and expenses are deducted from the returns. The Fund also offers Class C shares, the performance of which may vary. As of the prospectus dated 2/28/17, the Fund's gross expense ratio for Class A shares is 1.12% and Class I shares is 0.87%.

The offering price for Class I shares is the NAV per share with no initial sales charge. There are no contingent deferred sales charges or distribution or service fees with respect to Class I shares. The minimum initial investment required to purchase each Fund's Class I shares is \$1 million. Class I shares are offered primarily for direct investment by investors through certain tax-exempt retirement plans (including 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans, defined benefit plans and non-qualified deferred compensation plans) and by institutional clients, provided such plans or clients have assets of at least \$1 million. Class I shares may also be offered to certain other entities or programs, including, but not limited to, investment companies, under certain circumstances. All returns are in USD terms unless otherwise indicated.

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## FUND HOLDINGS – CONTRIBUTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Altria Group, Inc.	00%* Bought During Period	Altria Group is a holding company and the parent of Phillip Morris USA, John Middleton, US Smokeless Tobacco Company and Chateau Ste. Michelle wines. The business en masse is one of the world's largest marketers and producers of tobacco, cigarettes and other related products. Altria also owns a large share of SABMiller, a leading beverage and brewing company.	The portfolio added Atria shares late in the quarter, after the stock decreased. Altria shares struggled in July because of a disappointing earnings release, pressures from an increased tax on cigarettes in California, and renewed concerns about smoke exposure. Given the stock's beaten-down price combined with the opportunity to promote smokeless tobacco products, we believe the stock was attractively valued and offered good growth dynamics. The stock began to recover toward the end of the quarter.
Lam Research Corp.	0.7%*	Lam Research is a U.S.-based supplier of wafer fabrication equipment and services. Lam designs, manufactures, markets and services semiconductor equipment used in a wide variety of products.	During the quarter, Lam reported revenues and earnings ahead of market consensus. Lam has benefitted and should continue to experience a tailwind from growth as a data a data storage supplier. We believe the company to be attractively valued, especially relative to its growth potential.

## FUND HOLDINGS – DETRACTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Priceline Group, Inc.	0.2%*	Priceline Group is an online travel company that provides worldwide travel and reservation services for car rentals, flights, hotels and cruises.	The portfolio held a convertible security during the quarter, which had a slightly positive total return for the period, while the stock was down just over 2%. During the quarter, the stock sold off as forward-looking measures grew less than market expectations. The stock recovered slightly during September, and we believe the company and business is well managed and offers strong growth.
Allergan, PLC	0.7%*	Allergan is multi-national pharmaceutical company that operates in specialty pharmaceuticals and medical devices. In addition to producing branded and generic drugs, Allergan performs research and development.	The portfolio held an investment in Allergan through a convertible security, which lost value but outperformed the common stock as the company came under scrutiny for transferring a patent to the Saint Regis Mohawk Tribe, which is immune from challenges under a patent review system. Allergan has a strong product pipeline and has announced a significant stock buyback program, bolstering our belief in the company and the investment.

\*as of 8/31/17

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## Positioning

The portfolio's largest sector weights remain in the information technology and consumer discretionary sectors. Consumer discretionary includes a diverse set of industries and represents the portfolio's largest overweight to the S&P 500 Index, though that relative overweight was reduced slightly during the quarter. Information technology still offers some of the best growth opportunities in the market and has been a strong market leader for many months. Portfolio holdings include a mix of convertible securities where valuations and risk/reward can be well managed. The portfolio is underweight health care because of concerns about potential changes to national health care and drug pricing, though the underweight was reduced slightly during the quarter. The portfolio is also underweight materials and financials, which reflects a cautious view on the reflation trade and how quickly the market has climbed relative to fundamental economic improvements. We will monitor the changes in fundamentals and the potential for policy that could bolster economic growth forecasts in order to increase sensitivity to the reflation trade. The portfolio's tilt to stable-yet-high growth and the use of convertible securities to manage risks should place the portfolio in good standing during a continuously volatile political environment.

SECTOR POSITIONING	SECTOR WEIGHTINGS AS OF 9/30/17	OVER/UNDERWEIGHT VS. S&P 500 INDEX	QUARTER TO QUARTER CHANGE
Information Technology	23.1	-0.2	0.8
Consumer Discretionary	16.6	4.7	-1.3
Health Care	12.4	-2.1	0.4
Financials	12.0	-2.6	0.1
Industrials	9.6	-0.6	-0.9
Consumer Staples	7.7	-0.5	-0.2
Energy	5.4	-0.7	-0.3
Utilities	2.2	-0.9	-0.8
Real Estate	2.1	-0.9	-0.5
Telecom Services	2.0	-0.2	0.1
Materials	1.1	-1.9	0.1

Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or instruments on broad indexes the portfolio may hold. Holdings and weightings are subject to change daily. You can obtain a complete list of holdings by visiting [www.calamos.com](http://www.calamos.com). Please see additional disclosures on last page.

## Outlook

The jury is still out on how brisk a clip of growth the U.S. can sustain, but a recession does not appear imminent. Optimism about tax reform has revitalized the reflation narrative, and we believe the passage of new tax policies could catalyze corporate spending and earnings, as well as another leg of the equity market rally. A stable to weaker dollar and accommodative central bank policies around the world can help sustain global economic expansion, providing additional support to the U.S. economy. When the Fed does move forward with its balance sheet reduction, it will be entering uncharted waters. Even so, we expect a gradual course shaped not only by U.S. economic data but also global conditions.

As we look to upcoming quarters, we see additional upside in stocks. However, risk management and active management are increasingly important in an environment where market participants have been quick to punish any company that disappoints. We also continue to view convertibles favorably given their historical performance in rising rate environments and their ability to dampen volatility versus a pure equity exposure.

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## Fund Quarterly Attribution

	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	REAL ESTATE	TELECOM SERVICES	UTILITIES
GROWTH AND INCOME FUND VERSUS S&P 500 INDEX (%)											
Value Added from Sector	-0.18	0.04	-0.05	-0.03	0.01	-0.02	-0.02	-0.02	0.03	0.00	0.05
Value Added from Selection & Interaction	-0.21	0.12	-0.05	0.00	-0.29	0.07	-0.11	0.00	0.05	0.00	0.05
Total Added Value	-0.39	0.16	-0.10	-0.02	-0.27	0.05	-0.14	-0.03	0.08	-0.01	0.10

## SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE QUARTER)

Growth and Income Fund	16.90	7.98	5.07	11.63	12.42	9.93	22.73	0.85	2.90	1.92	3.06
S&P 500 Index	12.12	8.67	5.89	14.43	14.48	10.18	23.03	2.67	2.96	2.13	3.21
Over/underweight	4.79	-0.68	-0.82	-2.79	-2.06	-0.25	-0.30	-1.82	-0.07	-0.21	-0.15

## SECTOR RETURNS (%)

Growth and Income Fund	-0.36	0.00	5.97	5.26	1.35	4.84	8.14	3.35	2.41	6.63	4.71
S&P 500 Index	0.85	-1.43	6.96	5.25	3.57	4.16	8.64	5.77	0.94	6.78	2.78
Relative Return	-1.21	1.43	-0.99	0.02	-2.22	0.67	-0.51	-2.42	1.47	-0.14	1.93

Calculations may be subject to rounding.

The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

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.

### Index Definitions

The BofA Merrill Lynch All U.S. Convertibles ex Mandatory Index (VOAO) represents the U.S. convertible market excluding mandatory convertibles. The CBOE Volatility Index or VIX (based on its CBOE ticker symbol) shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. It is constructed using the implied volatilities of a wide range of S&P 500 Index options. Morningstar Allocation - 70% to 85% Equity category funds seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than conservative-allocation portfolios. These portfolios typically have 50% to 70% of assets in equities and the remainder in fixed income and cash. The Russell 3000 Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-

to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. 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 U.S. stock-market performance.

Morningstar Ratings™ are based on risk-adjusted returns and are through 9/30/17 for Class A shares and will differ for other share classes. Morningstar Ratings based on a risk-adjusted return measure that accounts for variation in a fund's monthly historical performance (reflecting sales charges), placing more emphasis on downward variations and rewarding consistent performance. Within each asset class, the top 10%, the next 22.5%, 35%, 22.5%, and the bottom 10% receive 5, 4, 3, 2, or 1 star, respectively. Each fund is rated exclusively against U.S. domiciled funds. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed, and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Source: © 2017 Morningstar, Inc. All Rights Reserved.

Unmanaged index returns assume reinvestment of any and all distributions and, unlike fund returns, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

**Important Risk Information.** An investment in the Fund(s) is subject to risks, and you could lose money on your investment in the Fund(s). There can be no assurance that the Fund(s) will achieve its investment objective. Your investment in the Fund(s) 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(s) can increase during times of significant market volatility. The Fund(s) also has specific principal risks, which are described below. More detailed information regarding these risks can be found in the Fund's prospectus.

The principal risks of investing in the Calamos Growth and Income Fund include: convertible securities risk consisting of interest rate risk and credit risk, synthetic convertible instruments risk consisting of fluctuations inconsistent with a convertible security and the risk of components expiring worthless.

As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to potential for greater economic and political instability in less developed countries.

*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 or call 1-800-582-6959. Read it carefully before investing.*

**CALAMOS**  
INVESTMENTS

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