Market Neutral Income Fund Third Quarter 2013 Report

CALAMOS®

FUND INFORMATION

A share ticker:	CVSIX
I share ticker:	CMNIX
Category:	Convertible Arb/ Covered Call
Inception date:	9/4/1990
Net assets:	$3.10 billion
Objective:	High current income consistent with stability of principal

BENCHMARKS

Barclays U.S. Government/Credit Bond Index, Citigroup 30-Day Treasury Bill Index

FUND STRATEGY

The fund utilizes two distinct strategies, convertible arbitrage and covered call writing, with the aim of maximizing current income and achieving a low correlation against the broad U.S. equity market. The fund also may pursue limited opportunistic allocations.

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

Key Drivers of Performance

COVERED CALL STRATEGY[1]

- The 5.24% return in the S&P 500 Index was supportive to performance in the quarter, as the value of the fund's equity basket increased up to the strike price to which we had written calls. The equity basket experienced very slight negative alpha versus the S&P 500, but the tracking error of the equity basket was well under 0.5%.
- Overall lower volatility during the quarter was both positive and negative for the covered call strategy. On the positive side, lower volatility meant that the call options we sold declined in value and resulted in positive value for the fund. At the same time, lower volatility meant that opportunities to collect higher premiums was diminished, although the "volatility in volatility" seen over the quarter afforded us the ability to be patient and wait for spikes in volatility to step in and sell calls.

CONVERTIBLE ARBITRAGE STRATEGY[1]

- Improved relative values of convertible bonds and the S&P 500's strong performance supported the convertible arbitrage strategy.
- While ever so slight, a decline in yields and narrowing credit spreads was a positive for convertible holdings. At the same time, the near-zero Fed funds rate continued to provide some headwind to the convertible arbitrage strategy.
- The decline in volatility during the quarter impeded the performance of convertible arbitrage, as the values of the embedded options in the convertibles declined as a result.

[1] Please see strategy definitions on page 4.

AVERAGE ANNUAL RETURNS

	3-MONTH	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARE INCEPTION	SINCE A SHARE INCEPTION
Calamos Market Neutral Income Fund								
I shares – at NAV (Inception 5/10/00)	1.74%	3.41%	2.74%	5.12%	4.77%	3.86%	4.83%	N/A
A shares – at NAV (Inception 9/4/90)	1.66	3.18	2.46	4.87	4.51	3.59	N/A	6.84%
A shares – Load adjusted	-3.20	-1.71	-2.43	3.19	3.50	3.09	N/A	6.61
Barclays U.S. Government/Credit Bond Index	0.36	-2.32	-1.96	2.89	5.71	4.52	5.97	6.72
Citigroup 30-Day T-Bill Index	0.01	0.02	0.04	0.05	0.08	1.52	1.90	2.95

The Barclays U.S. Government/Credit Bond Index and Citigroup 30-Day T-Bill Index return "Since A share Inception" start date is 8/31/90. The Barclays U.S. Government/Credit Bond Index and Citigroup 30-Day T-Bill Index return "Since I share Inception" start date is 4/30/00.

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. The principal value of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Load-adjusted returns take into account the Fund's maximum 4.75% front-end sales load. You can obtain performance data current to the most recent month end by visiting www.calamos.com.

Performance may reflect waivers or reimbursement of certain expenses. 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.

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.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

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Attribution Analysis

QUARTERLY REVIEW

Covered Call Strategy. The positive return of the S&P 500 (+5.24%) was supportive to the covered call strategy in the quarter as the value of the fund's equity basket increased up to the strike price to which calls had been written.

We continued to see significant "volatility in volatility" during the quarter. While volatility, as measured by the VIX Index, began at 16.86 and ended just slightly lower at 16.60, volatility was low during much of the quarter, reaching a low of 11.84 on August 5 before moving higher. Lower volatility was both a positive and a negative for covered call writing. On the positive side, lower volatility meant that the calls written (sold short) declined in value and resulted in positive value for the fund. At the same time, lower volatility meant that opportunities to collect higher premiums was diminished, although the "volatility in volatility" afforded us the ability to be patient and wait for spikes in volatility to step in and sell call options.

The disparity between the implied volatility priced into puts and calls increased during the quarter, meaning that put options were increasingly more expensive on a relative basis than calls. This was a detractor to the covered call writing strategy's return.

Convertible Arbitrage Strategy. The fund saw improvement in the relative valuations of convertible bonds during the third quarter. In addition, the strong performance of the S&P 500 was supportive to convertible arbitrage.

While ever so slight, the decline in yields and narrowing credit spreads during the quarter provided support to the bond portion of the convertibles held in the fund. At the same time, the near-zero Fed funds rate continued to provide some headwind to the convertible arbitrage strategy. The low interest rate environment has meant that the fund has not received short interest credit from the proceeds of the short sale of common stock in the portfolio. Additionally, with interest rates at historic lows, coupon yields on convertibles and other interest bearing securities were also low.

The overall decline in volatility during the quarter impeded the performance of convertible arbitrage, as the values of the embedded options in the convertibles declined as a result. At the same time, the "volatility in volatility" that was observed in the quarter also provided several rebalance opportunities that provided trading profits.

Opportunistic Allocations. We included the long/short equity market neutral portion of the fund in early January. The strategy seeks to minimize market risk while taking long positions in an economic sector or industry, while simultaneously utilizing short positions in the same sector or industry. In the third quarter, the strategy was supportive not just from the perspective of a positive return but by its ability to provide this return with a very low beta. The low beta and correlation that this strategy has to the S&P 500 is a helpful tool in aiding our management of the fund's overall risk attributes.

Portfolio Allocation. The allocation in the portfolio was largely unchanged during the quarter and ended at 52% in convertible arbitrage, 45% in covered call writing and 3% in the long/short opportunistic allocation. While we have sought to increase our allocation to convertible arbitrage given the observed below average volatility, the lack of carry on the short position remains an impediment. At the same time, we have maintained our positioning in writing calls against roughly 75% of the portfolio on average versus the 90% normal position. This has afforded us the opportunity to participate in additional equity market upside, while also providing the opportunity for additional premium capture when calls are written during volatility spikes. Put protection was purchased to cover roughly 45% of the portfolio on average during the quarter.

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Fund Information

CREDIT QUALITY ALLOCATION OF BONDS‡

AAA	0.0%
AA	2.5
A	12.7
BBB	13.5
BB	25.3
B	12.6
CCC and below	0.3
Unrated Securities	33.1

‡ Bond credit quality allocation reflects the higher of the ratings of Standard & Poor's Corporation; Moody's Investors Service, Inc. or Fitch, Inc. Ratings are relative, subjective and not absolute standards of quality, represent the opinions of the independent, Nationally Recognized Statistical Rating Organizations (NRSRO), and are adjusted to the Standard & Poor's scale shown. Ratings are measured using a scale that typically ranges from AAA (highest) to D (lowest). In addition, CAL has assigned its own ranking to the "unrated bonds," based on its fundamental and proprietary investment process and has years of experience actively managing risk. The security's credit rating does not eliminate risk. The table excludes equity securities, cash and cash equivalents. For more information about securities ratings, please see the Fund's Statement of Additional Information at calamos.com. Additional information on ratings methodologies are available by visiting the NRSRO websites: www.standardandpoors.com, www. moodys. com, and www. fitchratings.com.

FUND FACTS

	FUND
Total Net Assets	$3.1 billion
SEC Yield (A Shares-at NAV)	0.25%
Portfolio Turnover (12 months)	94.0%

STRATEGY ALLOCATION

Convertible Arbitrage	52.0%
Covered Call	45.0
Opportunistic	3.0

DISTRIBUTIONS PREVIOUS 4 QTRS. (A SHARES)

3Q 2013	Income	0.03215
2Q 2013	Income	0.05621
1Q 2013	Income	0.04269
4Q 2012	Income	0.05026

MORNINGSTAR RANKINGS AND RATINGS (MARKET NEUTRAL CATEGORY)

Load-waived A shares (CVSIX.lw)

	PERCENTILE	NUMBER OF FUNDS
1 year	27	115
3 year	2	78
5 year	5	49
10 year	13	24
Overall Morningstar Rating™	★★★★★	78
10-Year Morningstar Rating™	★★★★	24
5-Year Morningstar Rating™	★★★★★	49
3-Year Morningstar Rating™	★★★★★	78

Morningstar Ratings™ are based on risk-adjusted returns and are through 9/30/13 for load-waived Class A shares (CVSIX. lw) 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: © 2013 Morningstar, Inc. All Rights Reserved.

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.

FUND INFORMATION

	A SHARES	B SHARES	C SHARES	I SHARES
Sales Load/Maximum Sales Charge	Front-End/4.75%	Back-End/5.00%	Level-Load/1.00%	N/A
Gross Expense Ratio*	1.18%	1.93%	1.93%	0.93%
Net Expense Ratio*	1.18%	1.93%	1.93%	0.93%

* As of prospectus dated 3/1/13

RISK MEASURES SINCE FUND INCEPTION

	FUND	S&P 500 INDEX
Alpha	4.28%	N/A
Beta	0.25	1.00
Sharpe Ratio	0.73	0.44
Annualized Standard Deviation	4.98%	14.75%
R-squared	53.13	100.00
Information Ratio	-0.25	N/A
Upside Capture	31.61	100.00
Downside Capture	18.21	100.00
Tracking Error	11.63%	N/A

Past Performance does not guarantee future results.

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Term Definitions

Alpha is the measurement of performance on a risk adjusted basis. A positive alpha shows that performance of a portfolio was higher than expected given the risk. A negative alpha shows that the performance was less than expected given the risk. **Beta** is a historic measure of a fund's relative volatility, which is one of the measures of risk; a beta of 0.5 reflects 1/2 the market's volatility as represented by the Fund's primary benchmark, while a beta of 2.0 reflects twice the volatility. **Sharpe ratio** is a calculation that reflects the reward per each unit of risk in a portfolio. The higher the ratio, the better the portfolio's risk-adjusted return is. **Annualized standard deviation** is a statistical measure of the historical volatility of a mutual fund or portfolio. **R-squared** is a mathematical measure that describes how closely a security's movement reflects movements in a benchmark. **Information ratio** is the measurement of the performance returns of a portfolio against the performance volatility of an index or benchmark. Information ratio is generally used as a gauge to measure the ability of a portfolio to generate excess returns of the index or benchmark. **Upside capture ratio** measures a manager's performance in up markets relative to the named index itself. It is calculated by taking the security's upside capture return and dividing it by the benchmark's upside capture return. **Downside capture ratio** measures manager's performance in down markets as defined by the named index. A down-market is defined as those periods (months or quarters) in which named index return is less than 0. In essence, it tells you what percentage of the down-market was captures by the manager. **Tracking error** is a measure of the volatility of excess returns relative to a benchmark.

Convertible Arbitrage involves buying convertible bonds and short selling their underlying equities to attempt to hedge against equity risk, while still providing the potential for upside returns. A **Covered Call Writing strategy** begins with a portfolio of stocks, most of which pay dividends. (Stock provisions include securities convertible into the underlying stocks.) We then write (sell) calls and buy protective puts against a portion of this basket. A **call option** gives the buyer the right to purchase stocks at a predetermined strike price. If these securities rise above the strike price, the buyer may exercise the option and the fund (seller) must pay the buyer the difference as determined by the option contract. By writing calls on securities held in the portfolio, the fund can generate income from option premiums. A **put option** gives the purchaser the right to sell a security to the writer at a pre-determined price. Put options rise in value as the underlying securities decline in value. Through put options, the fund seeks to offset some of the risk of a potential decline in a portfolio holding.

Index Definitions

The Barclays U.S. Government/Credit Bond Index comprises long-term government and investment-grade corporate debt securities and is generally considered representative of the performance of the broad U.S. bond market. Unlike convertible bonds, U.S. Treasury bills are backed by the full faith and credit of the U.S. government and offer a guarantee as to the timely repayment of principal and interest. **The Citigroup 30-Day T-Bill Index** is generally considered representative of the performance of short-term money market instruments. 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.

Additional Information

Past performance does not indicate future results. No investment strategy or objective is guaranteed and a client's account value can fluctuate over time and be worth more or less that the original investment. 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.

Important Fund 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 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 Market Neutral Income Fund include: equity securities risk consisting of market prices declining in general, convertible securities risk consisting of interest rate risk and credit risk, synthetic convertible instruments risk, convertible hedging risk, covered call writing risk, options risk, short sale risk, interest rate risk, credit risk, high yield risk, liquidity risk, portfolio selection risk, and portfolio turnover risk. In addition, emerging markets may present additional risk due to potential for greater economic and political instability in less developed countries.

Covered Call Writing Risk: As the writer of a covered call option on a security, the fund foregoes, during the option's life, the opportunity to profit from increases in the market value of the security, covering the call option above the sum of the premium and the exercise price of the call. **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. **Convertible Hedging Risk:** If the market price of the underlying common stock increases above the conversion price on a convertible security, the price of the convertible security will increase. The fund's increased liability on any outstanding short position would, in whole or in part, reduce this gain.

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®

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