

# Growth Fund Fourth Quarter 2014 Report

# CALAMOS®

## OVERVIEW

The fund invests in the equities of U.S. companies with a range of market capitalizations that we believe offer the best potential for growth.

## KEY FEATURES

- » **Utilize more than two decades** of extensive research experience in growth investing
- » **Active management** with a focus on top-down views and bottom-up fundamentals
- » **Research-driven approach** identifies opportunities by combining top-down analysis and a research focus on key growth characteristics

## FUND TICKER SYMBOLS

A Shares	C Shares	I Shares
CVGRX	CVGCX	CGRIX

## Key Drivers of Performance

- » The Growth Fund delivered strong positive performance during the quarter, on par with the Russell 3000 Growth Index and outperforming the Morningstar Large Growth category average.
- » Specific to the portfolio, overall top-down positioning and security selection contributed to the portfolio's performance.
- » With regard to sector-level influences, an overweight position and security selection within health care, specifically biotechnology, added to returns. In addition, underweight allocations to telecom services and materials contributed to results.
- » Security selection within energy as well as selection within consumer discretionary, notably footwear, and movies and entertainment, detracted from performance.

## Market and Portfolio Overview

- » Going into 2015, we remain bullish on U.S. equities and expect U.S. GDP growth of 2.5%–3.0% for 2015 and 2.0%–2.5% globally.
- » Investors should be prepared for elevated volatility as markets work through the impact of plummeting oil prices and slowing global growth.
- » Given the recent strength in job growth, auto sales and housing, we do not believe a U.S. recession is imminent.
- » We believe increased energy independence in the Americas should have a positive long-term economic impact for the U.S., with reduced foreign-policy spending, a benefit the markets do not appear to perceive—yet.

## AVERAGE ANNUAL RETURNS

	QTD	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARE INCEPTION (9/18/97)	SINCE A SHARE INCEPTION (9/4/90)
<b>Calamos Growth Fund</b>								
I shares – at NAV	5.11%	8.71%	8.71%	16.73%	11.78%	6.15%	11.44%	N/A
A shares – at NAV	5.04	8.44	8.44	16.43	11.50	5.89	N/A	13.50%
A shares – Load adjusted	0.05	3.29	3.29	14.56	10.42	5.37	N/A	13.27
<b>Russell 3000 Growth Index</b>	5.17	12.44	12.44	20.25	15.89	8.50	5.66	9.49
<b>S&amp;P 500 Index</b>	4.93	13.69	13.69	20.41	15.45	7.67	6.54	10.20
<b>Russell Midcap Growth Index</b>	5.84	11.90	11.90	20.71	16.94	9.43	7.69	11.17
<b>Morningstar Large Growth Category</b>	4.42	10.00	10.00	19.41	14.09	7.68	5.42	8.96

The Russell Midcap Growth Index and Russell 3000 Growth Index return "Since A share Inception" date is 8/31/90.

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.*

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. In calculating net investment income, all applicable fees and expenses are deducted from the returns. All performance shown assumes reinvestment of dividends and capital gains distributions. The Fund also offers Class B and C Shares, the performance of which may vary. As of the prospectus dated 3/1/14, the Fund's gross expense ratios for Class A shares is 1.28%; Class I Shares is 1.03%, respectively.

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.

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

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

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**FUND HOLDINGS – CONTRIBUTORS**

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Apple, Inc.	8.0%	Apple designs, manufactures and markets mobile communication and media devices, personal computers, portable digital music players, and a variety of related software and services.	Apple continues to benefit from the successful launch of its new iPhone 6 and iPhone 6 Plus. There are also high expectations for the company's Apple Pay mobile payment system as well as the upcoming release of the Apple Watch.
Walgreens Boots Alliance, Inc.	1.4%*	Walgreens Boots Alliance is the first global pharmacy-led, health and well-being enterprise in the world. The alliance brings together two leading companies with iconic brands, complementary geographic footprints, shared values and a heritage of trusted health care services.	Walgreens received shareholder approval and completed their merger with Alliance Boots in the period. The newly formed company will be the largest purchaser of prescription drugs in the world, giving it more leverage in negotiations with suppliers to lower the costs of drugs. The new entity is expected to generate cost savings, create revenue synergies, and improve fundamentals.

**FUND HOLDINGS – DETRACTORS**

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Continental Resources, Inc.	1.0%*	Continental Resources (CLR) is an independent crude oil and natural gas exploration and production company with operations across many regions of the U.S.	Shares had been sliding slowly throughout the period because of the decline in oil prices, but the bulk of the losses came after OPEC announced that the cartel's production levels would not be cut, leading to a large one-day drop. Earlier, Continental announced the liquidation of all of its oil-price hedges, so the announcement by OPEC was particularly harmful.
Schlumberger, Ltd	1.6%*	Schlumberger (SLB) is the supplier of technology, integrated project management and information solutions to the international oil and gas exploration and production industry.	Schlumberger was also negatively affected by OPEC's announcement that production levels would not be cut, leading to a large one-day decline.

\*as of 11/30/14

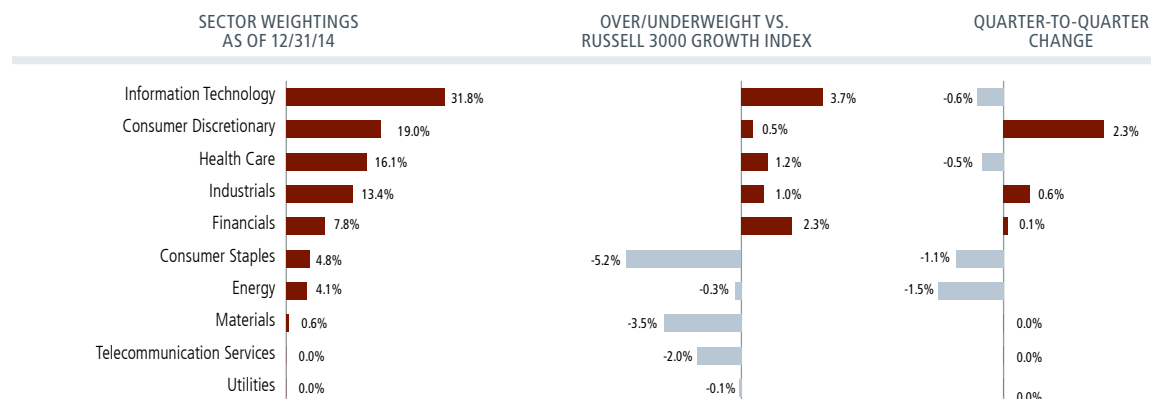
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## Outlook

While these next months may not be comfortable for investors, we do see many opportunities. With oil prices likely to stabilize over the next several months and the European Central Bank and Germany reaching a consensus on stimulus and structural reforms, we believe equity markets can resume their upward climb for 2015. In our view, steady U.S. growth, quantitative easing in Europe, nearly non-existent inflationary pressures, and the widening spread between equity yields and 10-year Treasury yields will stimulate renewed merger-and-acquisition and buyback activity, providing support to the equity market, as in 2014.

Although valuations in some sectors of the equity market may be stretched, valuations and fundamentals are attractive overall. The earnings yields of stocks remain extremely compelling relative to inflation as well as Treasury yields. We continue to expect a longer-than-typical recovery cycle given the depth of the Great Recession, and believe the collapse in energy prices may elongate the recovery further as the Fed follows its patient approach. In our view, we are still in the middle innings of recovery, which supports the case for growth stocks. At 1.2x, the premium for U.S. large-cap growth over large-cap value is well below the 3.0x multiple of the technology bubble peak and less than the 1.4x average since 1990.

## SECTOR POSITIONING



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.

## Positioning

While these next months may not be comfortable for investors, we see possibilities. We remain overweight secular and cyclical growth opportunities in technology, health care and consumer discretionary, while remaining underweight defensives, energy/commodities and late cyclicals. We expect our portfolio holdings to benefit from a number of macro themes, including connectivity, mobility and innovation, open access to information and entertainment and productivity enhancements. We maintain our valuation discipline and continue to reduce our exposure to higher-valuation momentum names, while focusing on quality growth companies.

Among the quarter's positioning changes, we sought to manage risk within the portfolio by reducing exposure to higher-momentum and higher-P/E holdings, especially within the information technology sector. We sold or trimmed names with deteriorating fundamentals and/or higher relative valuations. We pared back our weight across a variety of industries, including application software, systems software and semiconductors. Despite decreasing the weight to information technology, we see long-term prospects within the sector and continue to find attractive growth opportunities. We also identified new holdings within the consumer discretionary, health care and industrials sectors, which showed compelling growth catalysts and attractive characteristics.

The portfolio's largest allocations include the information technology, consumer discretionary and health care sectors. Financials and health care represent the largest overweight allocations relative to the Russell 3000 Growth Index.

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## Fund Quarterly Attribution

	ENERGY	MATERIALS	INDUSTRIALS	CONSUMER DISCRETIONARY	CONSUMER STAPLES	HEALTH CARE	FINANCIALS	INFORMATION TECHNOLOGY	TELECOM SERVICES	UTILITIES
GROWTH FUND VERSUS RUSSELL 3000 GROWTH INDEX										
Value Added from Sector	0.06	0.17	0.04	0.01	-0.08	0.06	0.07	-0.02	0.21	0.00
Value Added from Selection & Interaction	-0.25	-0.04	-0.13	-0.36	0.24	0.24	0.17	-0.14	0.00	0.00
Total Added Value	-0.19	0.13	-0.09	-0.36	0.15	0.30	0.24	-0.17	0.21	0.00
SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE QUARTER)										
Growth Fund	4.64	0.56	13.39	17.51	5.63	15.48	7.48	31.65	0.00	0.00
Russell 3000 Growth Index	4.85	4.13	12.21	18.12	10.07	14.79	5.45	28.11	2.16	0.10
Over/underweight	-0.20	-3.57	1.17	-0.61	-4.44	0.69	2.03	3.54	-2.16	-0.10
SECTOR RETURNS (%)										
Growth Fund	-23.49	-5.72	7.35	5.80	11.53	11.54	10.39	4.28	0.00	0.00
Russell 3000 Growth Index	-19.44	0.72	8.55	7.79	7.19	9.74	8.15	4.79	-4.28	8.26
Relative Return	-4.05	-6.44	-1.19	-2.00	4.33	1.80	2.25	-0.51	4.28	-8.26

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.

## Term Definitions

## Index Definitions

**Russell Midcap Growth Index** measures the performance of the midcap growth segment of the U.S. equity universe and includes companies with higher price-to-book ratios and higher forecasted growth values. **S&P 500 Index** is generally considered representative of the U.S. stock market. The **Russell 3000 Growth Index** measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. 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. **Morningstar Large Growth** category funds invest primarily in big U.S. companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries.

## 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 principal risks of investing in the fund include: equity securities risk consisting of market prices declining in general, growth stock risk consisting of potential increased volatility due to securities trading at higher multiples, mid-sized company risk, foreign securities risk and portfolio selection risk. More detailed information regarding these risks can be found in the fund's prospectus.

*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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