

High Income Fund Fourth Quarter 2016 Report

CALAMOS[®]
INVESTMENTS

OVERVIEW

The fund invests primarily in a diversified portfolio of U.S. and non-U.S. high yield bonds.

KEY FEATURES

- » **Emphasis on total return:** rather than an exclusive focus on yield, our total return framework enhances our ability to generate alpha and preserve capital over entire credit cycles
- » **A disciplined process:** utilizes proprietary credit research to identify securities most likely to migrate to investment grade, ahead of a rating agency upgrade
- » **Multi-faceted risk management:** includes stress testing under various economic assumptions and an emphasis on avoiding securities with a high probability of default and low expected recovery from default losses

PORTFOLIO FIT

The fund can complement investment grade credit exposure, providing attractive income and total return potential for more risk-tolerant investors.

FUND TICKER SYMBOLS

A Shares C Shares I Shares
CHYDX CCHYX CIHYX

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

- » For the quarter, the fund rose 1.94% (A Shares at NAV), finishing ahead of the BofA Merrill Lynch High Yield BB-B Constrained Index, which returned 1.26%.
- » The Fund benefitted from a strong selection in energy, specifically in the oil and gas exploration and in the production industries. Security selection in telecom services also added value, particularly within the wireless telecommunication services and the alternative carriers industries.
- » Negative influences on performance included security selection in information technology, specifically holdings in data processing and outsourced services. An underweight position and selection in materials (construction materials, diversified chemicals, and steel) also held back the portfolio during the quarter.

Market Overview

- » The U.S. high yield bond market returned 1.88% in the fourth quarter and 17.49% for the full year, the third-best return in the last 20 years.
- » High yield spreads tightened by 71 basis points during the quarter and ended the year at 439 basis points over comparable Treasuries, which is over 250 basis points tighter from year-end 2015.
- » Following November's presidential election and the Federal Reserve's December rate hike, Treasury yields ended the year with a 1.93% yield after trading at 1.76% at the beginning of 2016.
- » New issue activity was fairly robust, with \$35 billion of new deals pricing during the quarter and full-year new issuance at \$286 billion.
- » According to JPMorgan, the U.S. high yield default rate ended 2016 at 3.98%, up from 2.94% last year.

AVERAGE ANNUAL RETURNS

| | QTD | YTD | 1-YEAR | 3-YEAR | 5-YEAR | 10-YEAR | SINCE I SHARE INCEPTION (3/1/02) | SINCE A SHARE INCEPTION (8/2/99) |
|---|-------|--------|--------|--------|--------|---------|----------------------------------|----------------------------------|
| Calamos High Income Fund | | | | | | | | |
| I shares – at NAV | 2.00% | 12.21% | 12.21% | 2.74% | 5.17% | 5.21% | 6.69% | N/A |
| A shares – at NAV | 1.94 | 11.93 | 11.93 | 2.48 | 4.90 | 4.95 | N/A | 6.13% |
| A shares – Load adjusted | -2.90 | 6.58 | 6.58 | 0.82 | 3.90 | 4.44 | N/A | 5.84 |
| BofA ML High Yield B-B Constrained Index | 1.26 | 14.72 | 14.72 | 4.89 | 7.05 | 6.94 | 7.76 | 6.66 |
| Credit Suisse High Yield Index | 2.52 | 18.39 | 18.39 | 4.70 | 7.20 | 7.16 | 8.53 | 7.27 |

The Credit Suisse High Yield Index return "Since A share Inception" start date is 7/31/99 and the "Since I share Inception" start date is 2/28/02.

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. 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. As of the prospectus dated 2/29/16, the Fund's gross expense ratios for Class A shares is 1.29%; Class I Shares is 1.04%, 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.

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Fund Quarterly Attribution

| | ENERGY | MATERIALS | INDUSTRIALS | CONSUMER DISCRETIONARY | CONSUMER STAPLES | HEALTH CARE | FINANCIALS | INFORMATION TECHNOLOGY | TELECOM SERVICES | UTILITIES | REAL ESTATE |
|---|--------|-----------|-------------|---------------------------|---------------------|-------------|------------|---------------------------|---------------------|-----------|-------------|
| HIGH INCOME FUND VERSUS BOFA ML HIGH YIELD BB-B CONSTRAINED INDEX (%) | | | | | | | | | | | |
| Value Added from Sector | -0.08 | -0.01 | 0.01 | -0.04 | 0.01 | -0.04 | 0.00 | 0.02 | -0.01 | 0.05 | 0.00 |
| Value Added from Selection & Interaction | 0.88 | -0.04 | -0.04 | 0.05 | 0.02 | 0.08 | 0.09 | -0.13 | 0.18 | 0.01 | -0.06 |
| Total Added Value | 0.79 | -0.05 | -0.02 | 0.01 | 0.03 | 0.05 | 0.09 | -0.12 | 0.17 | 0.06 | -0.06 |

SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE QUARTER)

| | | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|------|
| High Income Fund | 11.06 | 9.75 | 12.46 | 24.00 | 2.41 | 9.77 | 3.79 | 10.11 | 9.77 | 0.23 | 4.53 |
| BofA ML High Yield BB-B Constrained Index | 13.92 | 9.90 | 9.83 | 19.70 | 4.32 | 7.73 | 8.08 | 6.62 | 12.06 | 3.64 | 2.66 |
| Over/underweight | -2.86 | -0.16 | 2.64 | 4.30 | -1.90 | 2.04 | -4.29 | 3.49 | -2.29 | -3.40 | 1.87 |

SECTOR RETURNS (%)

| | | | | | | | | | | | |
|---|-------|-------|-------|------|------|-------|------|-------|------|-------|-------|
| High Income Fund | 12.74 | 1.43 | 1.33 | 0.60 | 1.31 | -1.22 | 3.94 | 0.46 | 3.51 | 1.50 | -0.17 |
| BofA ML High Yield BB-B Constrained Index | 4.29 | 1.83 | 1.62 | 0.41 | 0.62 | -2.06 | 1.37 | 1.77 | 1.71 | -0.14 | 1.20 |
| Relative Return | 8.45 | -0.41 | -0.29 | 0.19 | 0.69 | 0.83 | 2.57 | -1.31 | 1.80 | 1.64 | -1.37 |

Calculations may be subject to rounding.

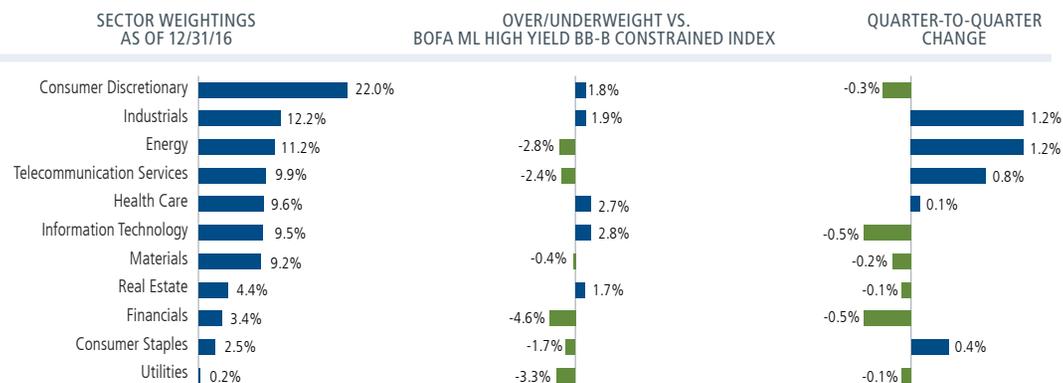
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Outlook

A recovery in oil prices and an insatiable demand for yield helped propel the high yield asset class to a return of 17.49% in 2016. Following the OPEC agreement to limit production, many energy issuers addressed their liquidity concerns by either raising capital in the financial markets or by restructuring their balance sheets. This should limit the amount of defaults from energy issuers going forward.

High yield investors were especially attracted to the asset class in 2016 when more than \$12 trillion of global debt (roughly 25% of the outstanding supply) yielded less than 0%. However, given the increase in global rates, the “reach for yield” that was so pervasive throughout 2016 is likely to be much less of a driving force for the high yield asset class in 2017. The market is optimistic concerning the new administration’s pro-growth policies and has already priced in a good deal of the potential upside for an improving U.S. economy. While default rates will likely trend lower, there is reason for concern as more than 40% of CCC issuers have been unable to access the capital markets over the past three years. Defaults will likely be lower in the energy sector but may pick up in other industries. With the combination of weaker relative technicals and spreads well below long-run averages, we expect the upside and corresponding price appreciation potential to be limited for high yield in the next year. Instead, we expect more of a coupon-like return for 2017 with more volatility than in 2016. Despite these headwinds for the asset class, we believe better-than-coupon returns are not out of reach during 2017 for active managers who employ a rigorous bottom-up security selection process.

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. Please see additional disclosures on last page.

Positioning

We have continued to place an emphasis on issuers with strengthening balance sheets and improving debt-servicing capabilities. We have maintained an underweight to lower-quality positions in favor of mid-tier credits, which offer more favorable risk/reward profiles over the entire credit cycle. We have also sought potential rising stars or issuers that could be upgraded from high yield to investment grade in the near term. Historically, identifying these securities in advance of rating agency upgrades has been a source of positive alpha. The portfolio remains overweight consumer discretionary and information technology, which we anticipate will generate stable results even in a moderately slow U.S. economy. Underweights include both energy and telecom services, which offer a less attractive risk/reward profile. During the quarter, the notable sector changes to the portfolio included:

Financials. We increased allocation to the financials sector slightly by adding names in the asset management and custody banks industry.

Utilities. We reduced the allocation to utilities by trimming holdings in both the gas utilities and the independent power producers and energy traders industries.

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Fund Information

| LARGEST TEN HOLDINGS ¹ | % |
|--|------|
| Sprint Corp. | 2.3 |
| Cardtronics, Inc. | 1.4 |
| First Data Corp. | 1.4 |
| GLP Capital, LP/GLP Financing II, Inc. | 1.3 |
| Toll Brothers Finance Corp. | 1.3 |
| Huntsman International, LLC | 1.3 |
| T-Mobile USA, Inc. | 1.3 |
| HCA, Inc. | 1.3 |
| DISH DBS Corp. | 1.2 |
| United Rentals North America, Inc. | 1.2 |
| Total | 14.0 |

Holdings and weightings are subject to change daily. Holdings are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned.

¹ Largest Ten Holdings are calculated as a percentage of Net Assets. The tables exclude cash or cash equivalents, any government/sovereign bonds or broad based index hedging securities the portfolio may hold. You can obtain a complete listing of holdings by visiting www.calamos.com.

| FUND FACTS | FUND | BOFA ML HIGH YIELD BB-B CONstrained INDEX |
|--------------------------------|----------------|---|
| Number of Holdings | 132 | 1,606 |
| Total Net Assets | \$67.5 million | N/A |
| Weighted Average Duration | 4.68 years | 4.94 years |
| Weighted Average Maturity | 5.97 years | 7.28 years |
| 30-Day SEC Yield (A shares) | 4.22% | N/A |
| Portfolio Turnover (12 months) | 44.94% | N/A |

Term Definitions

Credit spread is the additional yield an investor receives for a security with credit risk, over the yield it would receive for a risk-free security, such as U.S. Treasuries. A tightening of spreads implies the market is factoring in less risk. **Coupon clipping** refers to a bond investment strategy that favors bonds with higher yields than the benchmark as a way to generate out-performance. **Yield to worst** is the lowest potential yield that can be received on a bond without the issuer actually defaulting. **Spread to worst** measures the difference from the worst performing security to the best, and can be seen as a measure of dispersion of returns within a given market or between markets. **Yield curve** is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt. **Dollar price** is percentage of par, or face value, at which a bond is quoted. Dollar price is one method by which the price of a bond is quoted. **Quantitative easing** is an unconventional monetary policy in which a central bank purchases government securities or other securities from the market in order to lower interest rates and increase the money supply. **Debt/capital ratio** is a measure of a company's financial leverage, calculated as the company's debt divided by its total capital. **Current (SEC) Yield** reflects the dividends and interest earned by the Fund during the 30-day period ended as of the date stated above after deducting the Fund's expenses for that same period. Credit ratings are assigned to companies by Fourth-party groups, such as Standard & Poor's. Assets with the highest ratings are referred to as "investment grade" while those in the lower tiers are referred to as "noninvestment grade" or "high-yield. Ratings are measured using a scale that typically ranges from AAA (highest) to D (lowest).

| 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 ^o | 1.29% | 2.03% | 2.04% | 1.04% |
| Net Expense Ratio ^o | 1.29% | 2.03% | 2.04% | 1.04% |

^o As of prospectus dated 2/29/16

Index Definitions

The BofA Merrill Lynch BB-B U.S. High Yield Constrained Index (HUC4) contains all securities in the BofA Merrill Lynch U.S. High Yield Index rated BB1 through B3, based on an average of Moody's, S&P and Fitch, but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. **Credit Suisse High Yield Index** is an unmanaged index of high yield debt securities. 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 than 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 Calamos High Income Fund include: high yield risk consisting of increased credit and liquidity risks, convertible securities risk consisting of interest rate risk and credit risk, synthetic convertible instruments risk, interest rate risk, credit risk, liquidity risk, portfolio selection risk, foreign securities risk and liquidity risk. 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. The Fund's fixed income securities are subject to interest rate risk. If rates increase, the value of the Fund's investments generally declines. Owning a bond fund is not the same as directly owning fixed income securities. If the market moves, losses will occur instantaneously, and there will be no ability to hold a bond to maturity.

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.

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