

# Calamos Growth & Income A CVTRX

**Morningstar's Take** | 09-01-09 | by Miriam Sjoblom

## Calamos Growth & Income's middle ground is top of the line.

This Analyst Pick splits the difference between the more staid, convertible-heavy Calamos Convertible CCVIX and the bolder growth-stock-heavy Calamos Growth CVGRX. All three funds incorporate the same top-down thinking and rigorous bottom-up research for which Calamos is known, but this one is designed to provide a risk/reward profile somewhere in between: more upside potential than Convertible and less downside risk than Growth.

The fund's basic setup reflects that middle ground: It has owned a roughly even mix of common stock and convertibles for several years. But the Calamos team tunes it more finely than that. The addition of energy and materials names has been a theme across all three funds in late 2008 and early 2009. When management was nonplussed by an unchecked rise in commodity prices and full valuations in 2005 and 2006, the fund's energy exposure was primarily in convertibles to help limit downside risk. But after the sector was punished by swooning commodity prices in 2008, the team staked more in common stock, such as select oil and gas producers, to help it participate more fully in any upside.

Over time, the team's skill at utilizing different parts of companies' capital structure has produced outstanding results: The fund's 413% cumulative gain for the past 15 years more than doubles that of the S&P 500—an advantage built not by winning in up markets, but by losing less in tough times. Its downside capture ratio, which measures the fund's performance during down markets for equities, is just 61% over this stretch, which is better than the Merrill Lynch All U.S. Convertibles Index (71%) and in line with the typical moderate-allocation fund that stakes roughly 40% of assets in less-volatile, higher-quality bonds. That lack of plain-vanilla bond exposure makes the fund an outlier in its category that should be handled with care, but it doesn't diminish its long-term appeal one iota.

*Miriam Sjoblom is a mutual fund analyst at Morningstar.*

### Morningstar Rating

★★★★

### Analyst Pick

### Kudos

- The fund has produced outstanding long-term returns.
- Management has a wealth of experience in the convertibles market.

### Risks

- The fund takes a riskier approach than many of its peers, investing large chunks of assets in lower-quality issues and common stocks.
- A surging asset base might make it difficult for the fund to exploit opportunities in the relatively small convertible marketplace.

### Strategy

Comanagers John Calamos Sr. and Nick Calamos combine convertible bonds and stocks in this fund. The converts are often low- and midquality issues from typically small- and mid-cap firms. Management uses a quantitative approach to identify attractively valued issues and backs that up with fundamental analysis and company visits.

### Management

John Calamos Sr. authored "Convertible Securities" and has more than 20 years of experience investing in convertibles. Nephew Nick Calamos has comanaged the fund since 1988 and developed the firm's quantitative models. A slew of the fund's senior analysts—John Calamos Jr., John Hillenbrand, Steve Klouda, Jeff Scudieri, and Jon Vacko—were named as comanagers in March 2007. The team also guides the successful Calamos Growth CVGRX, which invests exclusively in stocks.

### Inside Scoop

This offering has a little kick to it. The fund's penchant for heavy stakes in equities and lower-quality issues has led to only modest volatility, but its returns are topnotch.

### Role in Portfolio

Supporting Player. Convertibles are a niche area of the market that, while offering an attractive risk/reward profile compared with mainstream equity funds, can periodically experience sharp corrections and liquidity issues.

### Calamos Growth & Income A CVTRX

Year	Total Return (%)	+/-Category
YTD	22.66	7.06
2009	—	—
2008	-30.96	-2.96
2007	9.54	3.55
2006	9.84	-0.88

Data through 08-31-09

**The following information is provided by Calamos Investments:**

Calamos Growth and Income Fund Class A shares received 3 stars for 3 years, 5 stars for 5 years, and 5 stars for 10 years out of 960, 793 and 453 Moderate Allocation funds, respectively, for the period ended 6/30/09.

**Morningstar Ratings** are based on risk-adjusted returns. The Overall Morningstar Rating is derived from a weighted average of the performance figures associated with a fund's 3-, 5-, and 10-year Morningstar Rating metrics. For each U.S.-domiciled fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.)

Please visit [www.calamos.com](http://www.calamos.com) for the Fund's most recent month-end performance data, or call us at 800.582.6959 between 8:00 a.m. and 6:00 p.m. CT, Monday – Friday.

**Calamos Growth and Income Fund (Class A Shares) as of 6/30/2009**

**Load-Adjusted Average Annual Total Return:** For the 1-, 3-, 5-, 10-year and since inception (9/22/88) periods, Calamos Growth and Income Fund returned -18.26%, -4.39%, 0.80%, 6.26%, and 11.05% respectively. **Total Net Assets:** \$3.3 billion **Sector Weightings:** Information Technology 30.8%; Energy 16.2%; Health Care 15.2%; Financials 8.4%; Materials 7.9%; Consumer Staples 7.4%; Industrials 7.0%; Consumer Discretionary 5.6%; Telecommunication Services 0.8%; Utilities 0.0%

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

**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 and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. You can obtain performance data current to the most recent month end by visiting [www.calamos.com](http://www.calamos.com). 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. Class A shares load-adjusted returns are adjusted for the maximum front-end sales load of 4.75%. The Funds also offer Class B and C shares, the performance of which may vary. Performance shown reflects an expense reimbursement that improved results. The gross expense ratio for Class A shares for Calamos Growth and Income Fund, Calamos Convertible Fund and Calamos Growth fund are: 1.07%, 1.15% and 1.22%; Class B and C shares are 1.82%, 1.90% and 1.97%; respectively as of 10/31/08.*

**Information About Risk** Calamos Convertible Fund and Calamos Growth and Income Fund invest in convertible securities. In addition to market risk, there are certain other risks associated with an investment in a convertible bond, such as default risk, the risk that the company issuing debt securities will be unable to repay principal and interest, and interest rate risk, the risk that the security may decrease in value if interest rates increase. You should also know that Calamos Convertible Fund, Calamos Growth Fund and Calamos Growth and Income Fund may invest up to 25% of its assets in the securities of foreign issuers. 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. Calamos Growth Fund may invest in mid-size and small companies which present greater risk and higher volatility than investments in larger companies.

*Before investing, carefully consider the Fund's investment objectives, risks, charges and expenses. Contact 800.582.6959 for a prospectus containing this and other information. Read it carefully.*

S&P 500 Index-Is generally considered representative of the U.S. stock market. The Merrill Lynch All U.S. Convertible Ex-Mandatory Index (VOA0) is comprised of approximately 700 issues of convertible bonds and preferreds of all qualities, excluding mandatories. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect any fees, expenses or sales charges. Investors cannot invest directly in an index.

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