Global Dynamic Income Fund (CHW) CALAMOS Commentary

FUND

- » CHW is a global enhanced fixed income offering that seeks to provide an attractive monthly distribution, with a secondary objective of capital appreciation.
- » Invests in global fixed income securities, alternative investments and equities; at least 40% of assets invested in non-U.S. companies

Market Price \$8.35
NAV \$9.38
Current Annualized 8.91%
Distribution Rate 1

ASSET ALLOCATION'

Common Stock	50.3%
Corporate Bonds	33.1
Convertible Bonds	6.2
Convertible Preferred Stock	4.4
Sovereign Bonds	0.6
US Government Securities	0.5
Cash and Receivables/Payables	4.9

Overview

Although up 16% for the year, U.S. stocks retreated slightly in the fourth quarter with a 0.38% decline in the S&P 500 Index as the Federal Reserve continued with its plan of quantitative easing and a near-zero interest rate policy and economic indicators remained mixed. Treasury yields were little changed. However, there was volatility within the period as the 10-year yield fluctuated between 1.58% and 1.86%, before settling at 1.78% at quarter end. Shorter-term Treasurys showed some price retreat, while higher yielding corporate bonds outperformed the aggregate bond market. The Credit Suisse High Yield Index returned 3.15%, and the Barclays U.S. Aggregate Bond Index improved 0.21% during the period. Outside the U.S., returns were sparked by the European Central Bank's policy of support for distressed foreign bonds and the maintenance of at least status quo in the euro zone, as the MSCI EAFE Index returned 6.60% in the quarter. Against this backdrop, the fund improved 0.61% on a market price basis and gained 2.46% on an NAV basis in the fourth quarter.

Distributions Remained Competitive. The fund's monthly distribution remained at \$0.062 during the quarter. The fund's current annualized distribution rate was 8.91% of market price as of December 31, 2012. We believe that the fund's monthly distributions are very competitive, given that very low interest rates and yields remain the norm throughout much of the global marketplace. For example, the 10-year U.S. Treasury bond yield was 1.78% and the 30-year U.S. Treasury bond yield was 2.95% as of December 31, 2012.*

Like all five Calamos closed-end offerings, this fund has adopted a level distribution policy. Our policy is to pay a distribution reflective of the fund's past results and projected earnings potential. Monthly distributions paid may include net investment income, net realized short-term capital gains and, if necessary return of capital. We focus on delivering an attractive monthly distribution, while maintaining a long-term focus on risk management.

ANNUALIZED TOTAL RETURN AS OF 12/31/12

			SINCE INCEPTION	
QUARTER	1-YEAR	3-YEAR	5-YEAR	(06/27/07)
On Market Price				
0.61%	25.14%	10.46%	1.58%	-0.70%
On NAV				
2.46	18.31	10.17	1.59	2.26

Source: State Street Corporation

Returns of less than 12 months are cumulative returns. Returns for periods greater than 12 months are annualized returns. Total return measures net investment income and capital gain or loss from portfolio investments as an annualized average.

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. 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.

You can purchase or sell common shares daily. Like any other stock, market price will fluctuate with the market. Upon sale, your shares may have a market price that is above or below net asset value and may be worth more or less than your original investment. Shares of closed-end funds frequently trade at a market price that is below their net asset value.

Please refer to back page for important notes.

¹ Current Annualized Distribution Rate is the Fund's distribution, expressed as an annualized percentage of the Fund's current market price per share. Under the Fund's level rate distribution policy, distributions paid to common shareholders typically include net investment income and net realized short-term capital gains. When the net investment income and net realized short-term capital gains are not sufficient, a portion of the level rate distribution will be a return of capital. In additional a limited number of distributions per calendar year may include net realized long-term capital gains. Distributions are subject to re-characterization for tax purposes after the end of the fiscal year.

*The portfolio is actively managed. Holdings and

^{*}The portfolio is actively managed. Holdings and weightings are subject to change at any time without notice. Asset Allocation Weightings are calculated as a percentage of Managed Assets. The tables exclude cash or cash equivalents, any government / sovereign bonds or broad based index hedging securities the portfolio may hold.

^{*}Source: U.S. Treasury

Calamos Global Dynamic Income Fund (CHW) Commentary

Performance Review

In this fund, we employ a highly flexible approach, investing in equities, convertible securities and high yield securities. We also utilize alternative strategies, such as convertible arbitrage.**

U.S. Equities

During the quarter, the fund's U.S. equity sleeve underperformed relative to the S&P 500 Index. The sleeve suffered from both security and issue selection in the information technology sector. Most notably, holdings in the computer hardware, computer storage and system software industries detracted. An overweight and security selection in consumer staples benefited performance, particularly our avoidance of the packaged foods and meat industry.

International Equities

The fund's allocation to international stocks underperformed relative to the MSCI EAFE Index. Security selection in materials detracted from performance during the quarter, particularly our exposure to the gold mining industry. An underweight to the financials sector also hindered returns, as our concerns about foreclosure rates, European Debt issues and the increased cost of regulatory compliance kept us away from participating in what turned out to be a strong period for the sector. However, the fund's overweight to information technology was beneficial to performance during the period. We maintain conviction to the technology sector due to the higher cash flows, lower debt levels and stronger balance sheets we see in many firms .

An overweight position and security selection in Germany supported returns, as did an underweight position in Japan. The fund's underweight position in Australia and overweight position in Canada hindered performance.

With respect to currency, our strong underweight to the Japanese yen was supportive to performance, as the yen dropped roughly 10% relative to the dollar in the fourth quarter after Shinzo Abe was elected as Japan's new prime minister. Abe called on the Bank of Japan to engage in increased monetary easing by the bank of Japan, aimed at achieving a 2% inflation rate.

Global High Yield and Convertible Securities

Security selection in information technology contributed positively to performance in the quarter. Our avoidance of names in the computer hardware industry (we did not own Apple in this sleeve) aided returns. An underweight position in financials detracted from performance, as this was the best performing sector in the MSCI World Index. Security selection in the consumer discretionary sector also hampered returns during the quarter, as our holdings within the automobile manufacturers industry were limited to corporate bonds and convertible securities which did not participate fully in the strong collective performance of the equities in the index.

Convertible Arbitrage

Convertible arbitrage performed as designed in the fourth quarter, but did hold back the overall portfolio returns relative to the long-only equity benchmark. The strategy benefited from the significant "volatility in volatility" observed during the period, as the market seemed to ebb and flow amid the rhetoric surrounding the fiscal cliff debate. In such an environment, the convertible arbitrage portion of the portfolio takes advantage of the asymmetric return pattern of convertibles relative to their underlying stocks, and is able to capture trading profits associated with rebalancing the hedge ratio.

^{**} Convertible arbitrage involves owning a long position in convertibles and shorting an appropriate number of shares of the convertible's underlying stock, consistent with the convertible's sensitivity to the common stock's price movement (which may be referred to as "delta").

Calamos Global Dynamic Income Fund (CHW) Commentary

Positioning

We continued to find opportunities across asset classes in the fourth quarter. Common stocks represented 50.3% of managed assets as of December 31, 2012, followed by corporate bonds at 33.1% and convertible securities (convertible bonds, convertible preferred stocks) at 10.6%. Our equity exposure increased slightly during the period, as we slightly reduced fixed income exposure.

We maintained a preference for larger cap growth-oriented companies with global presence and geographically diversified revenue streams. As we have discussed in past commentaries, we believe that such companies may be particularly well positioned to capitalize on the global growth trends we see, as economic growth remains more measured in the U.S. and other developed markets. In keeping with our emphasis on risk management, we continue to favor those companies that we believe have respectable balance sheets, good prospects for sustainable growth and reliable debt servicing.

The portfolio's largest allocations, in absolute terms, are in the information technology, energy and health care sectors. As we have discussed, we believe that many technology companies offer compelling fundamentals, as well as participation in several key secular growth trends that we have identified. In health care, we continue to favor companies in the biotechnology and pharmaceutical industries, and tend to prefer those companies furthest removed from government regulation, such as those in the health care equipment and technology industries. We remain underweight to the consumer staples, consumer discretionary and financials sectors.

As noted, our pursuit of yield is informed by our risk-managed approach to total return. Reflecting this, the fund portfolio includes a blend of high yield and investment grade credits. We have taken a very selective approach to CCC rated

credits. Given our expectation that economic growth may feel stop-and-go, we believe it is particularly important to favor companies that offer the best prospects for reliable debt servicing.

Leverage

We believe that this is an environment that is conducive to the prudent use of leverage, as a means of enhancing total return and supporting the fund's distribution rate. Over the quarter, our use of leverage enhanced returns. We were able to borrow at rates we believe were attractive, and invested the proceeds to achieve a greater return than the cost of leverage. The fund has embarked on risk management strategies with respect to using interest rate swaps in order to protect the fund from sudden rises in interest rates.

Conclusion

Going into 2013, our global economic outlook is cautiously optimistic. The overhang of debt in developed nations and the ongoing impact of political decisions (and indecision) remain causes for concern, of course. However, there are many favorable signs, including accommodative monetary policy around the world and a U.S. fiscal cliff in the rearview mirror. Also, long-term secular growth trends, such as those related to emerging market consumers, can support companies across sectors and around the world. Financial market volatility persists, but has led to valuation opportunities.

The U.S. economy appears set to maintain its slow-growth path. The upcoming debt ceiling debate will produce more volatility and uncertainty, but we believe that Washington theatrics aside, Congress recognizes the U.S. must pay its bills for programs already approved by legislation. Additionally, consumers have demonstrated resilience on the whole. The recovery of the housing market and equity market performance have provided boosts to consumer confidence, and we have

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seen strength in areas such as auto sales. Among corporations, operating cash margins remain near historic highs and balance sheets are strong. With the fiscal cliff behind us, we believe we are likely to see more capital spending and acquisition activity. In addition, unemployment data is inching in the right direction, if ever so slowly.

Elsewhere in the developed markets, euro zone equities are enjoying better fortunes. Although concerns about economic weakness in core and neighboring economies have increased, the commitment and resolve of euro zone members to hold the union together has mitigated the tail risk of break-up. We have seen balanced efforts to restore fiscal discipline in select European markets, with concerted actions to preserve liquidity and a single currency. Meanwhile, the re-election of Prime Minister Abe in Japan could signal a greater shift to pro-growth polices and more favorable market conditions in that important economy.

In emerging markets, China's growth rate is slower but positive. Improvements in manufacturing activity are particularly encouraging. We believe that China and other emerging markets will continue to make significant contributions to global economic growth. The expansion of the middle class in China and other emerging markets has long taken root

and is a momentous secular trend that can drive long-term global growth. Additionally, central banks across the emerging markets have taken steps to stimulate growth by reducing interest rates and lowering reserve requirements. With healthier balance sheet data (such as public debt-to-GDP levels) versus developed markets, many emerging market economies have more room to navigate.

Our investment teams are finding opportunities across many asset classes. In our view, short-term events (often political) have prevented investors from appropriately valuing the equity markets. By many of our measures, equities are attractively valued, particularly growth equities. Equity risk premia (expected returns on equities versus government bonds) are in the top decile based on rates over the past 50 years. We believe defensive equity strategies using equity-linked convertible securities remain a good choice for potentially lower-volatility access to the equity markets. We are finding new opportunities in the convertible market, consistent with our economic outlook.

In this environment, we encourage U.S. investors to think more globally about investment opportunities, adjusting asset allocations to reflect global long-term themes. Investors should also look beyond the near-term political uncertainty that will most likely continue to stoke short-term market volatility.

Important Fund Information

The goal of the level-rate distribution policy is to provide investors a predictable, though not assured, level of cash flow. Monthly distributions paid may include net investment income, net realized short-term capital gains and, if necessary, return of capital. Maintenance of this policy may increase transaction and tax costs associated with the Fund. associated with the Fund

Leverage creates risks which may adversely affect return, including the likelihood of greater volatility of net asset value and market price of common shares; and fluctuations in the variable rates of the leverage financing. The ratio is the percent of total managed assets. The Fund may invest up to 100% of its assets in foreign securities and invest in an array of security types and market-cap sizes, each of which has a unique risk profile. As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities. These include fluctuations in currency exchange rates, increased price volatility, and difficulty obtaining information.

Investments by the Fund in lower-rated securities involve substantial risk of loss and present greater risks than investments in higher rated securities, including less liquidity and increased price sensitivity to changing interest rates and to a deteriorating economic

Fixed income securities are subject to interest-rate risk; as interest rates go up, the value of debt securities in the Fund's portfolio generally will decline.

There are certain risks associated with an investment in a convertible bond such as default risk—that the company issuing a convertible security may be unable to repay principal and interest—and interest rate risk that the convertible may decrease in value if interest rates increase.

The Fund may invest in derivative securities, including options and swap agreements. The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. There is no assurance that any derivative strategy used by the Fund will succeed. One of the risks associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised.

The Fund may seek to purchase index put options to help reduce downside exposure however, the effectiveness of the Fund's index option-based risk management strategy may be reduced if the Fund's equity portfolio does not correlate to the performance of rants equity portion bodes into the fact on the perior market of the underlying option positions. The Fund also risks losing all or part of the cash paid for purchasing index options. Unusual market conditions or lack of a ready market of any particular option at a specific time may reduce the effectiveness of the Fund's option strategies, and for these and other reasons the Fund's option strategies may not reduce the Fund's volatility to the extent desired. From time to time, the Fund may reduce its holdings of put options, resulting in an increased exposure to a market decline.

The VIX tracks the market volatility of the S&P 500 Index. The MSCI World Index is a market capitalization weighted index composed of

companies representative of the market structure of 21 developed market countries in North America, Europe, and the Asia/Padfic region. MSCI EAFE® Index measures developed market equity performance (excluding the U.S. and Canada). The S&P 500 Index is generally considered representative of the U.S. stock market. 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. or sales charges. Investors cannot invest directly in an index. The information contained herein is based on internal research derived from various sources and does not purport to be statements of all material facts relating to the sectors, securities and markets mentioned. The information contained herein, while not guaranteed as to the accuracy or completeness, has been obtained from sources we believe to be reliable. Opinions expressed herein are as of the date of publication and are subject to change without notice due to various factors and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.



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