

# Growth and Income Fund

## Fourth Quarter 2017 Report

# CALAMOS

## INVESTMENTS



### MORNINGSTAR OVERALL RATING™<sup>1</sup>

Among 316 Allocation - 70% to 85% Equity Funds  
The fund's load-waived Class A shares had 4 stars for 3 years, 3 stars for 5 years, and 4 stars for 10 years out of 316, 279 and 201 Allocation - 70% to 85% Equity funds, respectively, for the period ended 12/31/17.

### OVERVIEW

The fund invests primarily in U.S. equity and convertible securities in an attempt to balance risk/reward while providing growth and income.

### KEY FEATURES

- » **Leverage more than four decades of research experience** combining equities and convertible holdings to provide equity-like participation
- » **Provides a core holding** option that aims to maintain a consistent risk posture throughout the market cycle
- » **Seek to participate in the upside movements** of the equity market while lessening the blows of down periods

### PORTFOLIO FIT

The fund can provide a long-term core allocation to equities with the potential for lower volatility.

### FUND TICKER SYMBOLS

A Shares    C Shares    I Shares  
CVTRX    CVTCX    CGIIX

<sup>1</sup> 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.

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

- » During the quarter's solid equity market gain, the risk-conscious strategy captured a significant portion of the all-equity S&P 500 Index. Even though it trailed the S&P 500 Index, it outperformed more traditional 60% stock/40% high-quality bond portfolios.
- » Portfolio sector allocations were slightly helpful during the quarter, while security selection and cash were a drag during the equity market's rapid rise.
- » Portfolio holdings within the utilities sector handily outperformed. In addition to avoiding bond surrogate stocks that underperformed during the quarter, we picked a strong-performing convertible preferred and common stock within the electric utilities industry.
- » In consumer discretionary, portfolio holdings lagged those of the all equity S&P 500 Index, with holdings in the internet retail and the movies & entertainment industries falling short of their index counterparts.

### Market and Portfolio Overview

- » Equities continued to enjoy strong performance in the fourth quarter with the U.S. market posting a 6.64% return, as measure by the S&P 500 Index. The index's quarterly gain marked the ninth-straight quarter of positive returns. Equally impressive, the rally was broad-based as all of the major U.S. equity indices hit new highs.
- » Markets cheered a myriad of positives, including an upward revision to 3.1% for Q2 U.S. GDP. Strong corporate earnings and the successful passage of corporate and individual tax reform also boosted investors' positive view of equity markets.
- » Convertibles posted a 1.56% return in the quarter as reflected by the ICE BofAML All U.S. Convertibles Index. The underlying stocks of convertibles rose 1.94% on average, lagging behind the 6.64% return of the S&P 500 Index.

AVERAGE ANNUAL RETURNS	QTD	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARE INCEPTION(9/18/97)	SINCE A SHARE INCEPTION (9/22/88)
Calamos Growth and Income Fund								
I shares – at NAV	4.73%	16.64%	16.64%	8.49%	9.97%	6.39%	9.54%	N/A
A shares – at NAV	4.68	16.38	16.38	8.25	9.71	6.13	N/A	11.05%
A shares – Load adjusted	-0.28	10.84	10.84	6.51	8.65	5.61	N/A	10.87
S&P 500 Index	6.64	21.83	21.83	11.41	15.79	8.50	7.24	10.55
ICE BofAML All U.S. Convertibles ex Mandatory Index (VOA0)	1.83	15.70	15.70	7.92	11.43	8.11	7.49	9.44
Morningstar Allocation - 70% to 85% Equity Category Average	4.06	15.80	15.80	6.56	9.22	5.38	5.48	8.38

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. For the most recent month-end fund performance information visit [www.calamos.com](http://www.calamos.com).*

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. The Fund also offers Class C shares, the performance of which may vary. As of the prospectus dated 2/28/17, the Fund's gross expense ratio for Class A shares is 1.12%; and Class I shares is 0.87%.

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. All returns are in USD terms unless otherwise indicated.

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## FUND HOLDINGS – CONTRIBUTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Intel Corp.	1.0%*	Intel is a U.S.-based semiconductor chip manufacturer with equipment found in many personal computers. The company also serves cloud technologies, networking and communications.	The fund held an Intel convertible bond, which saw gains nearly identical to the underlying common stock for the quarter. Intel delivered solid results and offered a confident outlook as it reported sales and earnings numbers well ahead of market expectations. As Intel diversifies and grows its business away from the traditional home-computing market, it may be poised for continued strong progress in dynamic and growing areas such as data, storage and cloud.
Delta Air Lines, Inc.	1.1%*	Delta Air Lines is a U.S.-based international carrier, which offers passenger and cargo services. Delta resides within the industrials sector.	Delta's shares rallied in the fourth quarter on the heels of a strong earnings reports and positive guidance for PRASM (Passenger Revenue per Available Seat Mile). Airline stocks as a whole rallied during the quarter, after shaking off pricing concerns from the summer months. Tax reform, which could boost earnings per share, are another welcome development for the company.

## FUND HOLDINGS – DETRACTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
The Priceline Group, Inc.	0.6%*	Priceline is a leading online travel reservation system, which offers the convenience of accessing air, car and lodging providers through one search with one system. Priceline resides in the consumer discretionary sector.	We accessed Priceline through a convertible security, which declined for the quarter, as did the common stock. The company provided disappointing forward guidance, despite a strong third quarter and above-consensus earnings per share. Priceline is reallocating its marketing spending, which may raise short-term concerns but be a better long-term strategy.
Merck & Company, Inc.	0.7%*	Merck is a U.S.-based, global health care company, which is best known for prescription medicines and is one of the world's largest pharmaceutical companies.	Merck's stock underperformed within the pharmaceuticals space on the heels of pulling an application for European approval of one of its more popular drugs in the U.S. Investors punished the stock, although the company plans to provide additional results that may increase its chances of approval. Merck trades at an attractive valuation and should likely recover from what we believe to be a temporary issue.

\*as of 11/30/17

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## Positioning

The portfolio's largest sector weights remain within the information technology and consumer discretionary sectors. Our consumer discretionary allocation spans a diverse set of industries and represents the portfolio's largest overweight to the S&P 500 Index. We reduced the relative overweight slightly during the quarter. Specifically, we decreased the convertible holdings and increased equities, as we see opportunities for the sector in light of healthier household balance sheets. The information technology sector has been a strong leader for many months and still offers some of the best growth opportunities in the market, in our opinion. The portfolio's holdings include a mix of tech convertible securities, which enable us to manage valuations and risk/reward well. The portfolio is underweight health care, which reflects our concerns about potential changes to national health care and drug pricing, and is underweight materials and financials, based on a cautious view of the reflation trade and how quickly the market has climbed relative to fundamental economic improvements. We will monitor the changes in fundamentals and policy changes that have the potential to lend upside to economic growth forecasts and increase sensitivity to the reflation trade. The portfolio's tilt to stable-yet-high growth and our use of convertible securities to manage risk places the portfolio in good standing during a lengthy market climb that has not seen much of a pullback for quite some time.

## Outlook

We believe that 2018 will not mark the end of the post-financial crisis global economic recovery, but is unlikely to deliver the same measures of upside surprises for growth and downside surprises for inflation. The process of monetary normalization is still in its early stage, and while economic growth has been in place for many years now, the pace of

SECTOR POSITIONING	SECTOR WEIGHTINGS AS OF 12/31/17	OVER/UNDERWEIGHT VS. S&P 500 INDEX	QUARTER TO QUARTER CHANGE
Information Technology	23.1	-0.6	0.1
Consumer Discretionary	15.1	2.9	-1.5
Financials	12.5	-2.3	0.5
Health Care	11.9	-1.9	-0.5
Industrials	9.8	-0.5	0.1
Consumer Staples	7.3	-0.9	-0.4
Energy	5.9	-0.2	0.5
Utilities	2.4	-0.5	0.3
Real Estate	2.1	-0.8	0.0
Telecom Services	1.3	-0.7	-0.6
Materials	1.2	-1.8	0.2

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.

growth has not been strong enough to push markets to the end of the cycle. Perhaps it is appropriate to think of the current scenario as a long-cycle growth phase.

We favor a barbell approach to growth, which entails selective traditional higher-growth names led by information technology on one end of the bar and selective cyclical growth names led by financials on the other end. Technology stocks have benefited from impressive cash flow growth and strong operating leverage, while financials remain attractive thanks to earnings/dividend yield and improving fundamentals. There will be a time to shift more toward defensive growth, but we do not believe we are there yet. We continue to avoid the bond surrogate stocks including consumer staples, telecom services and utilities. Most stable stocks still appear overpriced, but less so than before.

As the market has been on an impressive climb, market multiples have steadily increased and investors have not seen a meaningful pullback in quite some time. In our view, a strategy such as ours may be a useful way to maintain market exposure, but perhaps strike better entry points by combining different securities in order to achieve capital appreciation and income generation.

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## Fund Quarterly Attribution

	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	REAL ESTATE	TELECOM SERVICES	UTILITIES
GROWTH AND INCOME FUND VERSUS S&P 500 INDEX (%)											
Value Added from Sector	0.06	0.00	0.02	-0.05	0.12	0.01	0.03	0.00	0.03	-0.02	0.02
Value Added from Selection & Interaction	-0.66	-0.08	-0.01	-0.18	-0.19	0.06	-0.28	-0.04	0.01	0.04	0.09
Total Added Value	-0.59	-0.09	0.01	-0.24	-0.07	0.07	-0.26	-0.04	0.04	0.02	0.11

## SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE QUARTER)

Growth and Income Fund	15.03	7.36	5.49	12.01	11.96	9.20	23.66	1.10	2.12	1.72	2.60
S&P 500 Index	11.99	8.11	5.93	14.68	14.15	10.08	24.04	2.98	2.96	1.98	3.11
Over/underweight	3.04	-0.75	-0.44	-2.67	-2.18	-0.88	-0.37	-1.89	-0.83	-0.25	-0.51

## SECTOR RETURNS (%)

Growth and Income Fund	5.50	5.33	5.89	7.12	0.03	6.75	7.78	4.05	3.69	5.66	3.38
S&P 500 Index	10.06	6.49	6.03	8.63	1.47	6.08	9.00	6.93	3.22	3.63	0.21
Relative Return	-4.56	-1.16	-0.13	-1.51	-1.45	0.68	-1.22	-2.88	0.47	2.03	3.17

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.

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.

### Index Definitions

The ICE BofAML All U.S. Convertibles ex Mandatory Index (VOAO) represents the U.S. convertible market excluding mandatory convertibles. Source ICE Data Indices, LLC, used with permission. ICE permits use of the ICE BofAML indices and related data on an 'as is' basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML Indices or data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing and does not sponsor, endorse or recommend Calamos Advisors LLC or any of its products or services. The CBOE Volatility Index or VIX (based on its CBOE ticker symbol) shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. It is constructed using the implied volatilities of a wide range of S&P 500 Index options. Morningstar Allocation - 70% to 85% Equity category funds seek to provide both capital appreciation and income

by investing in three major areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than conservative-allocation portfolios. These portfolios typically have 50% to 70% of assets in equities and the remainder in fixed income and cash. The Russell 3000 Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. The S&P 500 Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. It is widely regarded as the standard for measuring U.S. stock-market performance.

Morningstar Ratings™ are based on risk-adjusted returns and are through 12/31/17 for Class A shares 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

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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.

**Important 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(s) 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 Growth and Income Fund include: convertible securities risk consisting of interest rate risk and credit risk, synthetic convertible instruments risk consisting of fluctuations inconsistent with a convertible security and the risk of components expiring worthless.

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.

*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**  
INVESTMENTS

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