## Global Total Return Fund (CGO) Commentary

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#### **FUND**

- » CGO is a global total return offering that seeks to provide an attractive monthly distribution, as well as equity market participation.
- » Invests in equities and higheryielding convertible securities and corporate bonds, issued by companies around the world.

Market Price	\$13.74
NAV	\$14.07
Current Annualized Distribution Rate <sup>1</sup>	8.73%

#### ASSET ALLOCATION'

Common Stock	54.2%
Convertible Bonds	22.4
Corporate Bonds	9.3
Sovereign Bonds	7.9
Convertible Preferred Stock	3.1
US Government Securities	0.4
Cash and Receivables/Payables	2.7

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.

#### Overview

U.S. stocks declined slightly during the fourth quarter as the Federal Reserve continued with its plan of quantitative easing, pursuing a near zero interest rate policy until 2015. Bond prices improved in most segments. Shorter-term Treasurys retreated slightly, and higher yielding corporate bonds outperformed as buyers continued to take on risk for income. Policy intervention by several central banks more than offset concerns of slower global economic growth and lower expectations for corporate revenues and earnings expansion, as the MSCI World Index returned 2.63% during the quarter. Market fluctuation related to implementation of fiscal constraints to mitigate further economic deterioration in southern Europe is a daily dynamic, although hope remained that stability through enforcement of fiscal austerity measures would be fruitful. Against this backdrop, the fund gained by 3.47% on a market price basis and 2.29% on an NAV basis for the quarter.

Distributions Remained Competitive. The fund maintained a monthly distribution of \$0.10 throughout the quarter. The fund's current annualized distribution rate was 8.73% 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.\*

As do all five Calamos closed-end funds, 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 through income as well as capital gains. We focus on delivering an attractive monthly distribution, while maintaining a long-term focus on risk management.

ANNUALIZED TOTAL QUARTER	RETURN AS OF 12/31/ 1-YEAR	12 3-YEAR	5-YEAR	SINCE INCEPTION (10/27/05)
On Market Price 3.47%	9.88%	7.23%	2.71%	7.50%
On NAV 2.29	12.85	7.90	2.73	8.55

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 quarantee 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.

<sup>&</sup>lt;sup>1</sup> 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.

<sup>\*</sup>Source: U.S. Treasury

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#### **Performance Review**

Security selection in the materials sector detracted from performance during the fourth quarter, as exposure to gold mining held back returns. An underweight in financials also hindered performance. Our concerns in financials were motivated by foreclosure rates, European debt and increased costs related to government compliance.

Selection in the information technology sector contributed to relative performance, most notably our holdings in application software. Our underweight to the computer hardware industry was also beneficial. Security selection in energy was additive to performance as well, as our limited holdings in the integrated oil and gas sector proved helpful. Security selection in and an overweight position to the consumer staples sector was also supportive of returns for the quarter, particularly our holdings in the packaged foods and meats industry.

With respect to geography, our underweight position in the U.S. and overweight in Germany and Switzerland supported returns. Our underweight position in Australia and Japan detracted from performance.

Our use of convertibles muted the fund's performance in equities, as these securities do not fully participate in the upside of a rising stock market. In pursuit of incomeoriented total return, the fund employs a dynamic approach to asset allocation. During the period, global equities outperformed convertibles and high yield bonds. However, over full market cycles, we believe that our multi-asset class approach allows advantages in providing competitive distributions and total return.

#### **Positioning**

We are cautiously optimistic as we enter 2013. Given the challenges we see in the global economy, we currently favor companies with higher quality balance sheets, strong brands and experienced management. We seek to invest in businesses that we believe are poised to benefit from increased capital spending in technologies, the global infrastructure build-out and the rise of emerging market consumers.

The information technology sector remains our largest allocation within the portfolio. We continue to favor technology due to its high growth potential, as well as the clean balance sheets and attractive valuations we see in many companies within the sector. We believe these firms will also continue to benefit from many of the long-term global secular themes we have identified, including consumer demand for products and services that provide access to information and entertainment. The fund is also overweight the health care sector, as we believe that global demographics are providing opportunities in this field.

Meanwhile, the fund maintains underweight allocations in areas as such as financials, consumer discretionary and industrials.

#### 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.

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#### 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 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.

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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.

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 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.

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. 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 environment.

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.

The fund may invest in derivative securities, including options. 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 fund's index option-based risk management strategy may be reduced if the fund's equity portfolio does not correlate to the performance 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 resulting in an increased exposure to a market decline.

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/Pacific region. 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.

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