

Calamos Financial Services LLC, Distributor

**Total Return Bond Fund**

First Quarter 2012 Commentary

CALAMOS®

**Market Overview**

A slowly strengthening economy, perceived stability within the euro zone and the Federal Reserve's continued accommodative monetary stance boosted investor confidence and raised risk tolerances globally. In addition, China continues down the path of easier monetary policy, which indicates a willingness to aggressively deal with the slowdown in economic growth. The Barclays Capital U.S. Aggregate Bond Index performance was driven by corporate debt, which added 42 basis points, and mortgage securities, which added 18 basis points. U.S. Treasuries, the largest component of the index, detracted 45 basis points from the index as the yield curve steepened. The short end of the curve stayed essentially unchanged, as rates already hover close to zero. Longer maturities sold off somewhat and 10-year yields moved higher by 33 basis points to finish the month at 2.21%. Credit spreads were tighter by as much as 110 basis points in the high-yield segment of the market. The lower credit tiers performed well alongside the strong equity rally.

**Performance versus Barclays Capital U.S. Aggregate Bond Index**

The Total Return Bond Fund (A shares at NAV) added 1.60% in the first quarter and outperformed the benchmark return of 0.30%. The fund benefited from an overweight to corporate securities during the quarter. Our underweight to the Treasury sector and overweight to quality sovereign securities also added to relative returns in the first quarter. Our underweight to financials within the corporate space was a detractor as credit spreads within the sector tightened more than the spreads in industrials and utilities. As described in past commentaries, we have been underweight financials because of our less favorable view of their business models.

<b>Asset Allocation</b> (% of net assets)	<b>Total Return Bond Fund (3/31/12)</b>	<b>Total Return Bond Fund (12/31/11)</b>	<b>Fund Change Quarter to Quarter</b> (basis points)
Corporate Bonds	57.0%	56.2%	80
Foreign Government	19.9	19.5	40
US Government Treasury	14.5	11.2	330
Residential Mortgage Backed (U.S. Agency)	3.6	3.9	-30
Convertible Bonds	2.1	4.3	-220
Cash And Receivables/Payables	2.9	4.9	-200

Source: Calamos

Holdings and sector weightings are subject to change daily as the portfolio is actively managed. Please see additional disclosures on pages 3 and 4.

**Positioning and Portfolio Changes**

The fund positioning remains heavily weighted toward the corporate sector. As before, we find that the U.S. Treasury market offers little value and we are very underweight relative to the index. We are also underweight mortgages, which has very heavy weight of 33% in benchmark index. We view the combination of the yields offered and the characteristics of this debt to be relatively unattractive. Corporate debt we find of particular value as relatively attractive yields are offered at what we see as very reasonable levels of credit risk. Corporate securities tend to perform better in rising rate environments as well. From a sector standpoint, within the corporate sector, we favor technology, materials, and industrials and are overweight these sectors relative to the index. Certain sovereign debt issuers also offer compelling yields and an opportunity to diversify holdings away from the U.S. dollar. We do not look for "distressed" government bonds as a means to pick up yield any more than we look for distressed corporate securities. Rather, our aim is to own those securities that can improve

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the yield and capital gain opportunity for the portfolio across various segments of the bond market while maintaining our vigilant focus on the risk required to do so.

**Duration – Short:** We remain very underweight to longer duration securities. While it is hard to time perfectly, our view on inflation is that investor expectations will change without warning and market prices will begin to reflect higher levels of inflation. If that scenario unfolds it will be very beneficial to the portfolio to have been positioned ahead of time, as long-dated Treasuries, agencies, and mortgages in particular will suffer potentially large price losses.

**Corporate Bonds – Overweight:** We continue to find corporate bonds to be the area of most relative value within the bond universe. Our allocation remains significantly overweight to the index.

**Treasuries – Underweight:** We remain underweight Treasuries in the portfolio. Our holdings are short-dated maturities and used primarily to modify the credit profile of the portfolio.

**Agencies – Underweight:** The portfolio remains underweight agency securities. We feel the yields offered are not as attractive as those available elsewhere, particularly in light of the higher relative inflation risk.

## Outlook

We remain optimistic about positive, but slow, economic growth domestically and globally. A resurgence of strong growth is likely hindered by long-term fiscal challenges but persistent forces of globalization, demographic changes, and business and consumer trends all continue to offer investment opportunities. We are positioned accordingly. Credit markets, in our view, offer an important refuge from the potential for inflation to increase and for nominal interest rates to rise. Certain foreign issuers also offer yield with attractive diversification benefits. Other segments of the fixed income market, particularly U.S. Treasuries and government-related bonds, offer a much less compelling risk/reward tradeoff.

From a bottom-up standpoint, we continue to favor companies able to do business globally with sufficient strength to take advantage of evolving opportunities and improve their credit profile. We believe the portfolio companies offer a compelling combination of attractive yields with improving business fundamentals supporting them.

For a more detailed review of our macro thoughts, please be sure to read our latest Market Review and Outlook posted on [calamos.com](http://calamos.com).

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**CALAMOS**<sup>®</sup>**Performance**

Calamos Total Return Bond Fund	First Quarter			Since
Average Annualized Returns	2012	1-Year	3-Year	Inception (6/27/2007)
A Shares at NAV (CTRAX)	1.60%	3.72%	6.05%	6.51%
A Shares Load-Adjusted	-2.25%	-0.19%	4.70%	5.66%
I Shares at NAV (CTRIX)	1.66%	3.88%	6.32%	6.77%
Barclays Capital U.S. Aggregate Bond Index	0.30%	7.71%	6.83%	6.73%
A Share Performance Versus Barclays Index (basis points)	130	-399	-78	-22
Lipper Intermediate Investment Grade Debt Funds Average	1.50%	6.88%	9.53%	6.11%

The index and Lipper category average "Since Inception" start date is 6/30/07.

Source: State Street Corporation and Lipper, Inc.

**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. Returns presented as load-adjusted are adjusted for the maximum front-end sales load of 3.75% for Class A shares. You can obtain performance data current to the most recent month end by visiting calamos.com.**

Returns greater than 12 months are annualized. Annualized total return measures net investment income and capital gain or loss from portfolio investments as an annualized average assuming reinvestment of dividends and capital gains distributions.

As of the prospectus dated 2/29/12, the Fund's gross expense ratios for Class A shares is 0.97% and Class I shares is 0.72%. The fund's investment adviser has contractually agreed to reimburse Fund expenses through June 30, 2013 to the extent necessary so that Total Annual Fund Operating Expenses (excluding taxes, interest, short interest, short dividend expenses, brokerage commissions, acquired fund fees and expenses and extraordinary expenses, if any) of Class A and Class I shares are limited to 0.90% and 0.65%, respectively.

The offering price for Class I shares is the NAV per share with no initial sales charge. There is no contingent deferred sales charge 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 also may be offered to certain other entities or programs, including, but not limited to, investment companies, under certain circumstances.

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.

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## Important Risk Information

An investment in the Fund is subject to risks, and you could lose money on your investment in the Fund(s). There can be no assurance that the Fund 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 can increase during times of significant market volatility. The Fund 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 Fund include: interest rate risk, credit risk, high yield risk, liquidity risk, mortgage-related and other asset-back securities risk, including extension risk and prepayment risk, U.S. Government security risk, foreign securities risk, non-U.S. Government obligation risk and portfolio selection 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.

## Index Definitions

**Barclays Capital U.S. Aggregate Bond Index** covers the U.S.-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors. 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. The **Lipper Intermediate Investment-Grade Debt Funds** return average represents funds that invest primarily in investment-grade debt issues (rated in the top four grades) with dollar weighted average maturities of 5 to 10 years.

***Before investing, carefully consider the Fund's investment objectives, risks, charges and expenses. Please see the prospectus containing this and other information or call 800.582.6959. Read it carefully.***

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