

Market Overview

Strong earnings, improving economic data, and reflation activities by the Federal Reserve and the European Central Bank boosted investor confidence during the first quarter, and U.S. equities and convertibles performed strongly. Issues showing the most volatility recently, the CCC and B credit tiers, led the charge as investors reached down the credit spectrum for marginally extra yield. As one would expect in such an environment, equity-sensitive convertibles with conversion options that were near or in the money outperformed their total-return oriented counterparts.

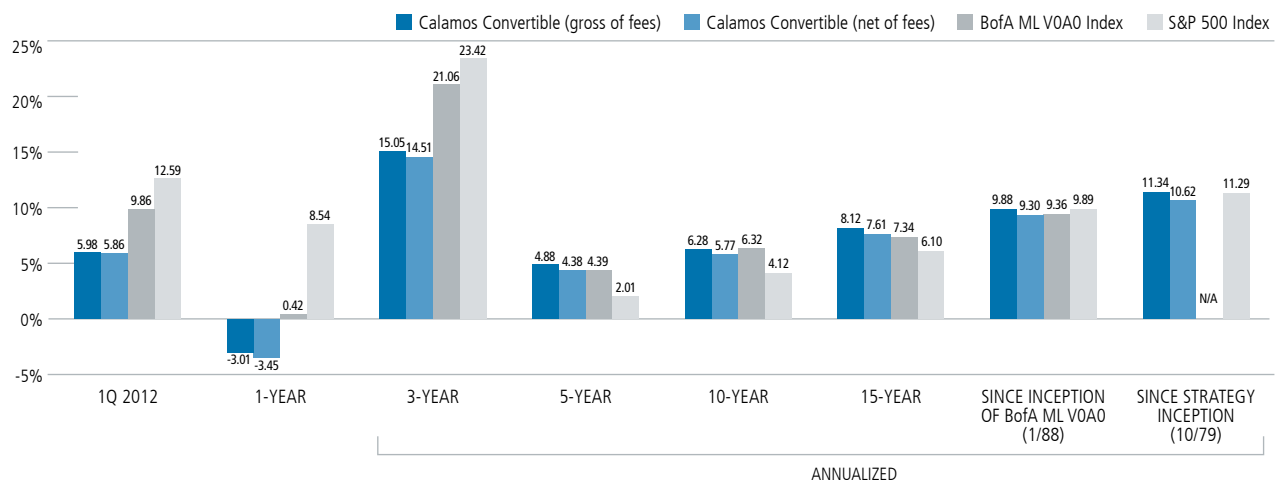
The BofA Merrill Lynch All U.S. Convertibles Index (VXA0) posted its strongest first quarter return (+10.22%) since its inception in January 1988. The underlying stocks of this index returned 17.83% and the S&P 500 Index advanced 12.59%. The strongest performing sectors were telecommunications (+16.15%) and consumer discretionary (+15.52%), while the weakest sectors included materials (-0.08%) and utilities (+0.06%).

All credit subsets of the convertible market advanced, but speculative-rated convertibles (+10.38%) outperformed investment grade issues (+8.85%), as measured by the respective BofA Merrill Lynch All U.S. Convertibles speculative grade and investment grade indices. Based on Calamos propriety credit analysis, which include ratings for issues that are not rated by major credit agencies, the B and CCC rated credit tiers have been a steadily increasing portion of the convertible market and now represent roughly 41% of the VXA0.

Performance Review

Reflecting our long-term and risk-conscious approach, the portfolio emphasizes convertible securities with total return attributes and good credit characteristics. As investors gravitated to what we view as higher-risk issues, the portfolio captured strong returns in absolute terms, but lagged convertibles at the extreme ends of the convertible asset spectrum—that is, those with higher equity sensitivity and more speculative characteristics.

FIGURE 1. CALAMOS U.S. CONVERTIBLE STRATEGY RETURNS



Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC.

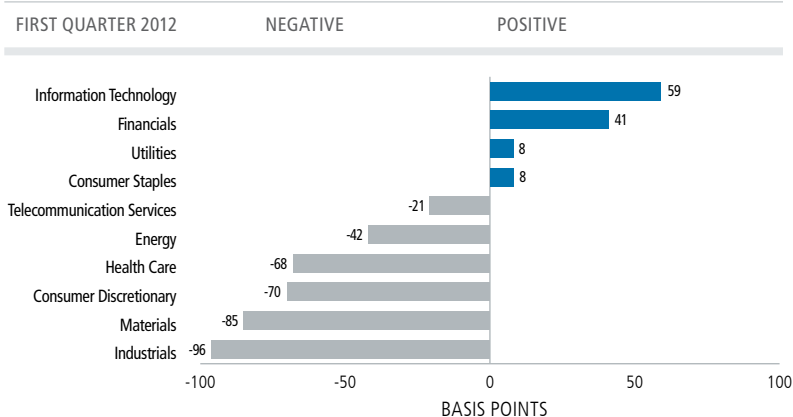
Past performance is no guarantee of future results.

Data as of 3/31/2012.

All portfolio positioning and sector information is for a representative portfolio. Please see page four for additional information.

Calamos U.S. Convertible Strategy

FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE BofA MERRILL LYNCH ALL CONVERTIBLES EX MANDATORY INDEX



Attribution based on gross of fee performance with dividends reinvested. Performance attribution excludes any government/sovereign bonds or options on broad market indexes the portfolio may hold. **Past performance is no guarantee of future results.**

Source: Calamos Advisors LLC

Data as of 3/31/2012.

For the quarter, the Calamos Convertible strategy underperformed the BofA Merrill Lynch All U.S. Convertibles Ex Mandatory Index, returning 5.98% gross of fees (5.86% net) versus 9.86%. During the first quarter, the most significant contributors to and detractors from performance were:

Industrials. Security selection within the industrials sector detracted from performance, as holdings within the research and industrial services and construction industries underperformed.

Materials. Security selection and an overweight to materials detracted from performance. While selection within the gold industry held up relatively better than the overall gold holdings of the index, an overweight was negative for relative performance. The gold overweight reflects our concerns about the long-term inflationary pressures that could result from developed markets' strategies for dealing with their mounting debts.

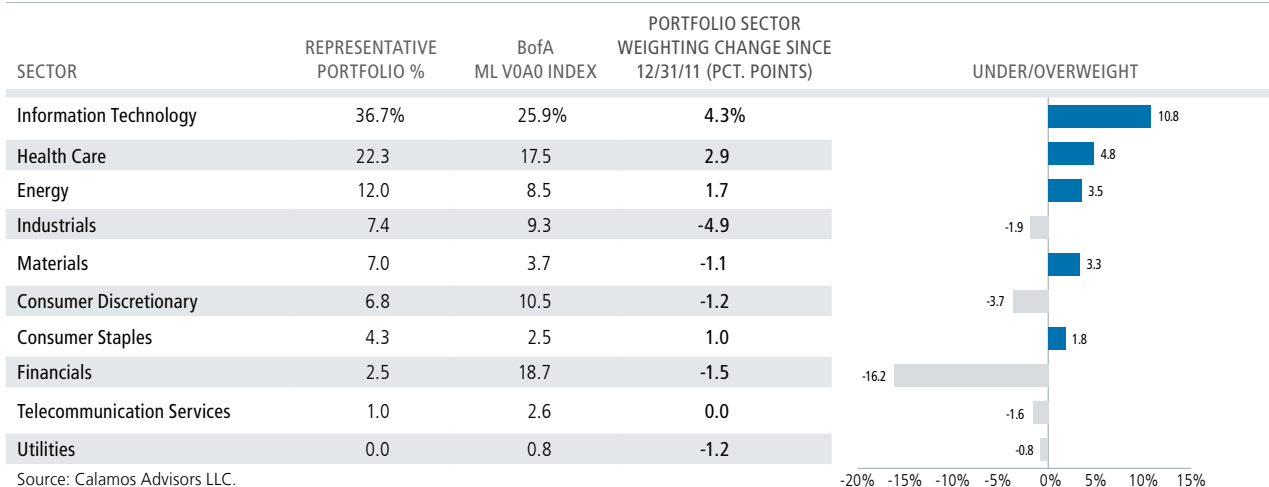
Information technology. Security selection and an overweight to technology contributed to performance. Holdings in computer storage and peripherals and application software outperformed.

Financials. Security selection within financials added value. Avoiding issues from the real estate investment trusts industry proved beneficial.

Positioning

Technology remains the largest weighting within the portfolio. We continue to find securities with compelling attributes issued by IT companies that are benefiting from long-term secular trends, such as strong consumer demand for mobility technologies and for productivity enhancing software. The

FIGURE 3. SECTOR ALLOCATIONS VERSUS THE BofA MERRILL LYNCH ALL U.S. CONVERTIBLES EX MANDATORY INDEX



Source: Calamos Advisors LLC.

Data as of 3/31/2012.

This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Sector weightings exclude any government/sovereign bonds or options on broad market indexes the portfolio may hold.

The representative portfolio information described in both charts above represents a representative account managed in the U.S. Convertible strategy. Other clients' portfolios may differ mainly due to individual restrictions and timing of purchases and sales. All portfolio positioning and sector information is for a representative portfolio. Please see page four for additional information.

portfolio remains notably underweighted to the financials. We remain wary of government intervention in the sector and of the increased costs of regulation. Additionally, we find there is a lack of transparency concerning bad mortgage loans and foreclosures.

The portfolio is positioned for asset reflation, which we believe will be driven by low interest rates and asset purchases by the worlds' central banks. As such, we have sought opportunities in cyclical sectors that should benefit from these activities. Changes to the portfolio during the first quarter included:

Industrials. We believe that the industrials sector should benefit from the long-term global growth and reflation activities being undertaken by the world's central banks. However, we remain attune to price-risk relationships and selectively pared positions based on valuation concerns.

Health care. The portfolio's weighting to the health care equipment and pharmaceuticals industries was increased.

Information technology. The IT weighting was increased. Information technology companies are actively participating in many long-term global secular growth themes, including consumer demand for products and services that provide access to information and entertainment, and businesses' drive to enhance productivity in a competitive global economy.

Outlook

"Risk-on" won out during the first quarter, as global reflation efforts and brighter economic data helped propel the equity markets upward. Reflation sectors continued to perform well and the S&P 500 Index posted its strongest quarterly start in more than a decade.

Within the U.S., economic data supports the view that a mild recovery is underway. There have been improvements in leading indicators, as well as signs of a bottom in the housing market. Overall, the U.S. economic engine—excluding the government portion of GDP—is demonstrating resilience. However, higher oil prices, inventory surges, weak velocity of money and a drawdown in savings during the fourth quarter are headwinds, heightened by uncertainty surrounding taxes, health care costs and other regulations. We maintain our expectation for quarters that feel like recovery, followed by periods that feel like retreat.

Asia and Europe are showing signs of healing, though less robust than in the U.S. And, as in the U.S., the trajectory remains unclear. In Europe, real progress toward structural change has been elusive, Japan continues to struggle with soaring debt, and China faces increased financial strain and inflation. We would not be surprised to see the yen and euro weaken in the next year.

The global markets have responded to quantitative easing and the liquidity surge, but until the major world economies get back to more reasonable debt levels, we see global economic growth remaining below historic averages. We believe that in the U.S., the Fed will do anything to avoid a debt devaluation cycle. This means printing money, repurchasing debt and holding government rates below inflation and GDP growth. The implications of this include inflation in oil prices and imported goods as dollar devaluation occurs, and the potential for exporting inflation to emerging economies tied to the U.S. dollar or the Chinese yuan. Currency wars will not go away in this environment, creating hindrances to free trade and other economic liberties.

Nonetheless, we remain optimistic. We are finding attractive valuations that are supported by secular trends, such as the growth of an emerging market middle class and the ongoing push for enhanced business productivity in a globally competitive environment. Cyclical trends, notably reflation, also provide a tailwind for a range of commodity companies. We believe large multinationals with global access to capital, distribution networks, marketing and production should command premium business valuations. We expect companies in technology and energy to be particularly well positioned over the next decade.

Past performance does not guarantee or indicate 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.

The information portrayed is for the Calamos Convertible Composite. Representative holdings and portfolio characteristics are specific only to the portfolio shown at that point in time. Other portfolios will vary in composition, characteristics, and will experience different investment results. The representative portfolio shown has been selected by the advisor based on account characteristics that the advisor feels accurately represents the investment strategy as a whole.

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.

The information provided in this report should not be considered a recommendation to purchase or sell any industry, sector or particular security. There is no assurance that any industry, sector or security discussed herein will remain in a client's account at the time of reading this report or that industry, sectors or securities sold have not been repurchased. The industries, sectors, or securities discussed herein do not represent a client's entire account and in the aggregate may represent only a small percentage of an account's holdings.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Returns presented from January 1, 1991 through the current period are based on the Calamos Institutional Convertible Composite. This is an actively managed composite investing primarily in high-quality U.S. convertible bonds, which is comprised of fully discretionary, fee-paying, tax-exempt accounts of \$1,000,000 or more, managed by Calamos Asset Management, Inc. Returns presented from October 1, 1979 through December 31, 1990 reflect the Calamos Convertible Composite. This is an actively managed composite investing in higher-quality foreign and U.S. convertible bonds, which is comprised of fully discretionary, tax-exempt, fee-paying accounts of \$250,000 or more managed by Calamos Asset Management, Inc. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

The BofA Merrill Lynch All U.S. Convertibles Ex Mandatory Index (VOA0) measures the return of all U.S. Convertibles excluding mandatory convertibles. The BofA Merrill Lynch All U.S. Convertibles Index (VXA0) measures the return of all U.S. convertibles. The BofA Merrill Lynch All U.S. Investment Grade Convertibles Index (VXA1) is comprised of issues of U.S. investment-grade convertible bonds and preferreds. The BofA Merrill Lynch All U.S. Speculative Grade Convertibles Index (VXA2) is comprised of U.S. speculative grade convertible bonds and preferreds. The S&P 500 Index is a market-value weighted index and is widely regarded as the standard for measuring U.S. stock-market performance. 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.

Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are annualized. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest. Chart Data Sources: Mellon Analytical Solutions LLC and Calamos Advisors LLC.

Calamos Advisors LLC is a federally registered investment advisor. Form ADV Part 2A, which provides background information about the firm and its business practices, is available upon written request to:

Calamos Advisors LLC
2020 Calamos Court
Naperville, IL 60563-2787
Attn: Compliance Officer

CALAMOS®

Calamos Advisors LLC
2020 Calamos Court
Naperville, IL 60563-2787
800.582.6959
www.calamos.com/institutional

© 2012 Calamos Investments LLC. All Rights Reserved.
Calamos® and Calamos Investments® are registered trademarks of Calamos Investments LLC.

7733 0312 II