U.S. Convertible Strategy

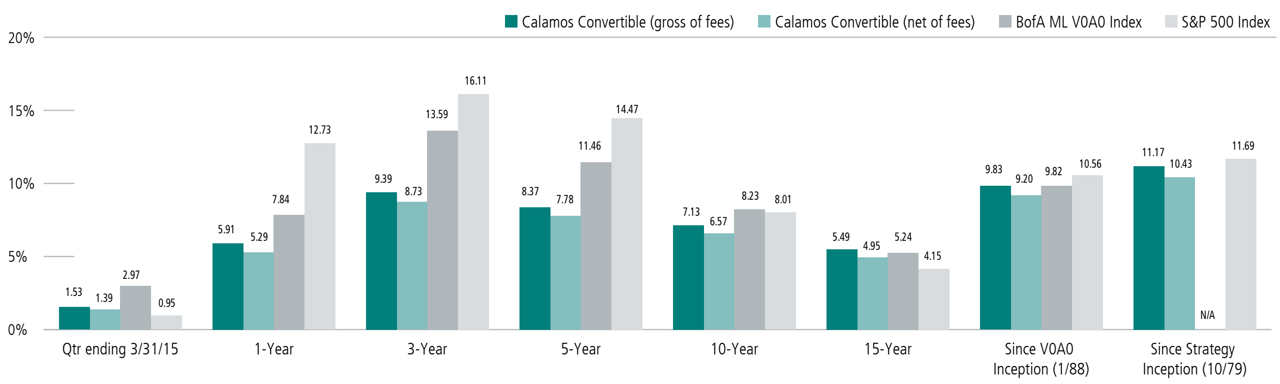
CALAMOS®

Market Environment

For the quarter, the U.S. convertible market advanced 3.02% as reflected in the return of the BofA Merrill Lynch All U.S. Convertibles Index. Convertibles outperformed the broader equity markets based on the 0.95% return of the S&P 500 Index and the 1.80% return of the Russell 3000 Index. Given that the convertible market predominantly comprises companies with strong growth attributes, the performance of the convertible index's underlying common stocks (+2.98%) was in line with the performance of growth stocks as indicated by the Russell 3000 Growth Index return of 4.05%. Convertibles displaying the most equity sensitivity (+5.32%) strongly outperformed convertibles displaying more balanced risk/reward (+2.51%) and credit sensitivity (+1.23%). Convertibles within the health care (+13.65%) and transportation (+7.25%) sectors performed the best, while convertibles in materials (-8.93%) and utilities (-2.49%) lagged.

The convertible and equity markets got a boost during the quarter from solid corporate performance, low inflation, and the prospect of a gradual and well-telegraphed rise in interest rates. Consumer balance sheets continue to hold up well, as households pay off debt and build wealth. In its latest meeting, the Federal Reserve signaled that a rate hike is on the horizon, opening the door for tightening as soon as this summer. However, the Fed's decision remains data dependent and several key indicators have come in moderately weaker in recent reports. For example, data on retail sales, wage growth, manufacturing output and home building have been mildly disappointing. In addition, the strong U.S. dollar increased pressure on corporate earnings, especially those of multinational companies. Lower oil prices will be a key fulcrum as companies dependent on energy production will be pinched by lower capital expenditures. However, lower oil prices should benefit many consumer-oriented businesses and industrials with lower energy input costs.

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 3/31/15.

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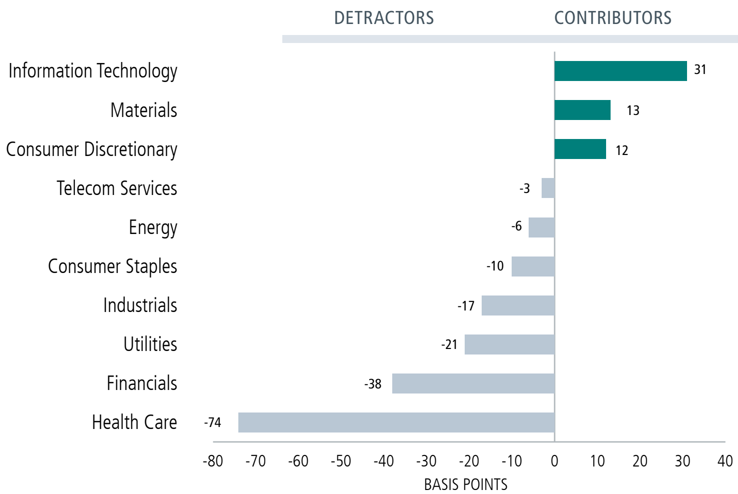
FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE BofA MERRILL LYNCH ALL CONVERTIBLES EX MANDATORY INDEX
FIRST QUARTER 2015



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 3/31/15.

The convertible market continued to see strong new issuance in the quarter: $25.2 billion in new convertibles were issued globally while $15.7 billion originated from the U.S. Issuance has been on the upswing over the past two years and ran at a robust clip during the first quarter. From a sector perspective, health care, financials, technology and energy have been well represented. From a regional perspective, U.S. issuance was particularly notable as was the surge in European issuance seen in March.

Performance Review

Selection in information technology was supportive to performance during the quarter. Holdings in the lagging semiconductors and technology hardware, storage and peripherals industries held up much better than those of the index. Additionally, positions in the applications software and home entertainment software industries outperformed.

Selection in the consumer discretionary sector also added value. The portfolio had a relatively higher allocation to the homebuilding industry and our selections outperformed.

An underweight to and selection in the health care sector hindered results. Consistent with our investment process, the portfolio had a considerably lower allocation to convertibles displaying high equity sensitivity (delta = 1) within the biotechnology and pharmaceuticals industries, which outperformed.

Selection in the financials sector also held back performance. Holdings in the specialized REITs, diversified banks and health care REITs industries underperformed.

Positioning and Portfolio Changes

Reflecting our belief that the economy remains within the midrange of its cycle, the portfolio is positioned heaviest towards the cyclical growth sectors which tend to outperform in this phase of the market cycle. As such, the portfolio's largest allocations are to the information technology, health care and financials sectors. We also expect heightened volatility in this phase of the market cycle and continue to manage the portfolio with a risk-aware mindset. As such, we advocate an active approach to convertibles and place emphasis on those issues which strike a balance of risk and reward. Conversely, we remain underweight to convertibles displaying the most equity and credit sensitivities.

Health Care. We increased the portfolio's weight in the health care sector by adding or swapping holdings within the pharmaceuticals and biotechnology industries. We continue to see the health care sector benefiting from several trends including increased access to health care in emerging markets and the U.S. implementation of the Affordable Care Act.

Industrials. We pared back the industrials sector during the quarter given our concerns regarding the impact of lower oil prices, a strong U.S. dollar and a sluggish global economy. Specifically, we sold holdings in the construction machinery and heavy trucks industry as well as the research and consulting services industry.

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

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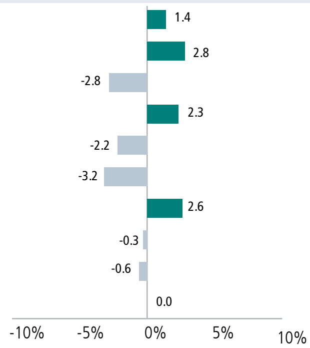
FIGURE 3. SECTOR ALLOCATIONS VERSUS THE BofA MERRILL LYNCH ALL U.S. CONVERTIBLES EX MANDATORY INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	BofA ML V0A0 INDEX	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 12/31/14 (PCT. POINTS)
Information Technology	32.6%	31.2%	-1.8%
Health Care	24.8	22.0	5.5
Financials	16.5	19.3	1.3
Industrials	8.0	5.7	-4.5
Consumer Discretionary	8.0	10.2	-1.0
Energy	3.9	7.1	1.0
Utilities	3.1	0.5	-0.3
Consumer Staples	1.4	1.7	-0.6
Materials	1.2	1.8	-0.1
Telecommunication Services	0.5	0.5	0.5

UNDER/OVERWEIGHT %



Source: Calamos Advisors LLC.

Data as of 3/31/15.

This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or broad based index hedging securities/options the portfolio may hold.

Outlook

A sluggish U.S. economy and the rising dollar lead us to believe that the Fed will hold off until late 2015 to begin raising short-term rates. Slowing but still positive growth is generally good for equities, in particular growth equities. It's not that we don't expect a continued bumpy ride ahead for U.S. equities, but we can see the market battling higher and believe this market environment is favorable for convertibles. So far this year, the volatility of daily returns is already 25% higher than last year, and higher volatility typically supports the embedded option within convertible issues. While stocks may be vulnerable in the near term, as Fed action (or inaction) will be driving market sentiment, longer term we believe stock prices will trend upward. We view convertibles as an attractive means to participate in equity appreciation, but with reduced volatility.

In addition, high levels of merger and acquisition activity will likely contribute to increased convertible issuance as companies seek to offset the cash outflows associated with large acquisitions. While we are optimistic about issuance prospects across sectors, we would not be surprised to see especially strong issuance within the energy sector. When a sector experiences a period of duress and dislocation (as energy has), the convertible market typically opens up to companies seeking capital before the non-convertible bond market does.

We continue to seek convertibles issued by companies with strong growth catalysts, improving fundamentals, solid balance sheets and attractive risk/reward attributes. We continue to favor the information technology, consumer discretionary and health care sectors, while we remain underweight to energy, materials and related commodities.

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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.

For Institutional Use Only

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 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 (V0A0)** 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 **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:

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