

# Calamos U.S. Mid Cap Growth Strategy

# CALAMOS®

## PERFORMANCE SUMMARY THROUGH 12/31/12

	ANNUALIZED			
	1-YEAR	3-YEAR	5-YEAR	SINCE INCEPTION (2/1/03)
<b>Calamos Mid Cap Growth</b>				
Gross of Fees	7.92%	9.48%	0.78%	9.42%
Net of Fees	7.20	8.74	0.04	8.56
Russell Midcap Growth Index	15.81	12.91	3.23	10.52

Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC

Past performance is no guarantee of future results. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

## Market Review

Mid cap growth stocks strongly advanced during 2012, as the Russell Midcap Growth Index posted a 15.81% gain for the year.

In the U.S., we have seen improvements in the housing market and financial sector, better-than-expected data from retail sales and industrial production, and slow but marginally improving job data. Consumers have demonstrated resilience on the whole. U.S. housing prices have continued to rise, and improving property values and healthier household finances have driven gains in consumer confidence and spending. Corporate operating

margins remain near historic highs, balance sheets are strong, and unemployment data is inching in the right direction.

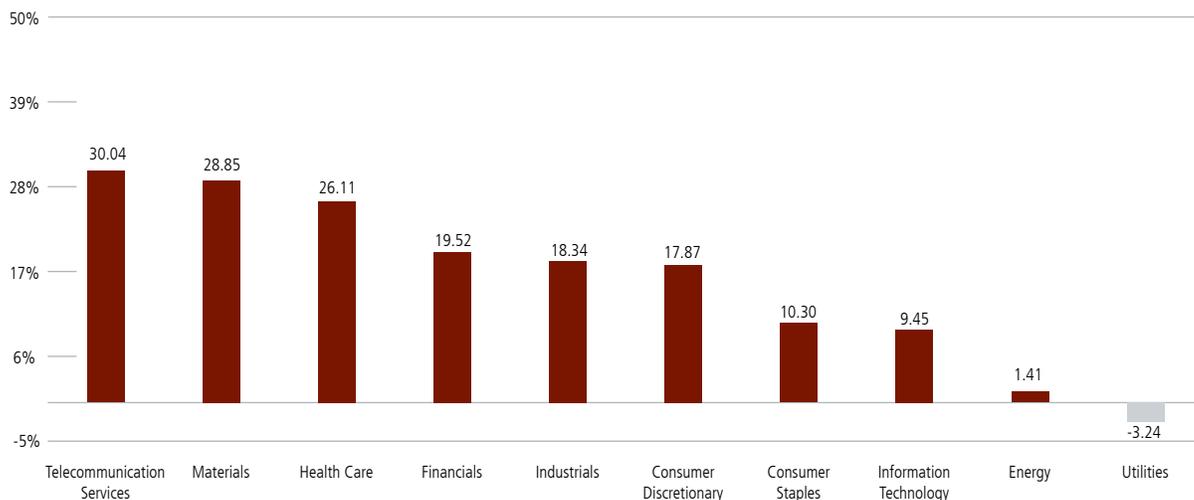
Within the Russell Midcap Growth Index, the telecom services, materials and health care sectors experienced the highest returns during the period, while the utilities and energy sectors lagged the strongest returns.

## Performance Review

For the full year, the Calamos U.S. Mid Cap Growth strategy returned 7.92% gross of fees (7.20% net of fees) and underperformed the Russell Midcap Growth Index return of

## 2012 SECTOR PERFORMANCE: RUSSELL MIDCAP GROWTH INDEX

DECEMBER 31, 2011 TO DECEMBER 31, 2012



Source: Calamos Advisors LLC

Unless otherwise indicated all performance and portfolio attribution/characteristics information is quoted in USD. Please see page six for additional information.

# U.S. Mid Cap Growth Strategy

15.81% and the S&P 500 Index return of 16.00%. During 2012, the most significant contributors and detractors versus the Russell Midcap Growth Index were:

**Information Technology.** Strong relative security selection contributed to performance for the year. Specifically, holdings in the application and systems software industries outperformed, as did the portfolio's overweight to the computer hardware industry. We believe that many companies in the information technology sector may benefit from many of the long-term secular growth themes we have identified, including demand for products and services that provide access to information, enhance productivity, enable mobility and promote innovation.

**Health Care.** An underweight position and lagging security selection within the health care sector detracted from returns for the year. Specifically, positions in the pharmaceuticals and biotechnology industries underperformed. We continue to seek companies in the sector that offer innovation, higher cash flows and strong corporate fundamentals. We also favor industries that are a bit further removed from government regulations, such as health care equipment.

**Energy.** An overweight allocation and trailing security selection within the energy sector detracted from performance during the year. Holdings in the energy equipment and services, drilling,

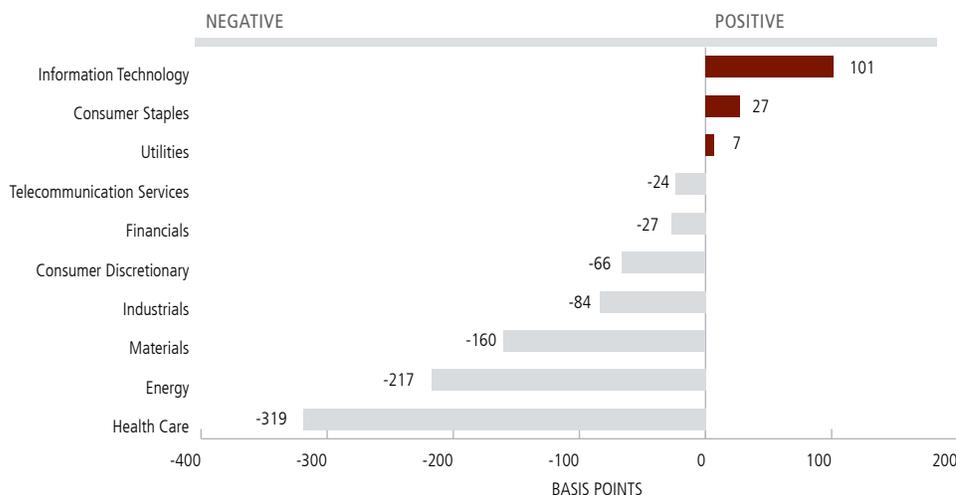
and exploration and production industries were particularly weak in the period. Despite challenges in the energy sector, we maintain a favorable view of the longer-term opportunities. We believe our holdings within the sector should benefit from secular themes, such as persistent global demand for resources, especially within emerging economies.

**Materials.** An underweight allocation and lagging security selection within the materials sector held back performance during the year. Most notably, the portfolio's underexposure to the diversified chemicals industry was a drag on returns, as was trailing selection within the gold and steel industries. Gold mining companies in particular have been challenged by higher costs of extraction and production, as well as the rising prices of mining infrastructure.

## Positioning

We continue to position the portfolio in companies with diversified revenue segments and global business strategies, as we believe such companies provide attractive long-term risk and return characteristics. We maintain a combination of stable growth and cyclical growth holdings in the portfolio. Towards the end of the period, we began to position the portfolio to reflect a more constructive outlook and sought to remove some deflation exposure.

**REPRESENTATIVE PORTFOLIO ATTRIBUTION VS. RUSSELL MIDCAP GROWTH INDEX**  
DECEMBER 31, 2011 THROUGH DECEMBER 31, 2012

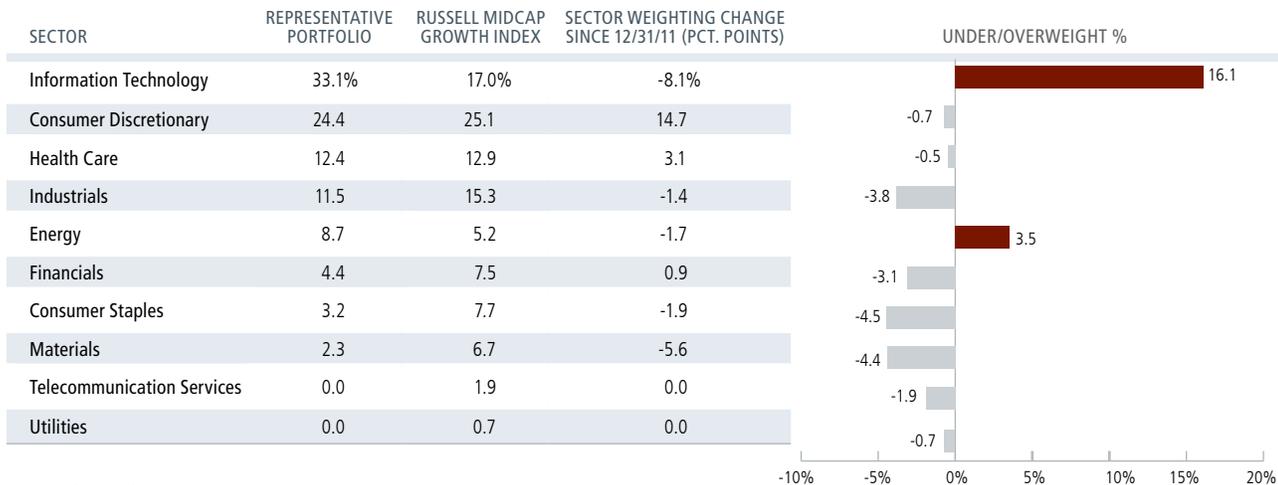


Attribution based on gross of fee performance with dividends reinvested. Performance attribution excludes any government/sovereign bonds or options on broad market indexes the portfolio may hold. Past performance is no guarantee of future results.  
Source: Calamos Advisors LLC

# U.S. Mid Cap Growth Strategy

## SECTOR ALLOCATION VS. RUSSELL MIDCAP GROWTH INDEX

AS OF DECEMBER 31, 2012



Source: Calamos Advisors LLC.

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.

Among the notable positioning changes in the year, we pared the portfolio's allocation to the energy, materials and industrials sectors. In particular, the portfolio's exposure to the metals and mining industry (especially gold production) was reduced. Based on the strength we see in consumer trends, we significantly increased the portfolio's allocation to the consumer discretionary sector during the period. We have sought companies that we believe are well positioned given our outlook—for example, those with stable balance sheets, strong global brands, and global business strategies. Our allocation to the health care sector was also increased in the year, as we seek companies in the sector that offer innovation, higher cash flows and strong corporate fundamentals.

## Outlook

We maintain our outlook for slow but sustained economic growth in the U.S. and globally, yet are becoming more optimistic about market opportunities. In the U.S., we have seen improvements in the housing market, better-than-expected data from retail sales and industrial production, improvements within the financial sector, and slow but marginally improving job data. Additionally, economic policy remains stimulative to risk assets and the cost of capital remains incredibly low, much lower than returns on capital for most.

Corporate balance sheets are robust and although confidence dipped as the fiscal cliff approached, consumers have been resilient on the whole. Outside the U.S., long-term secular growth trends, such as those related to emerging market consumers, can support companies across sectors and around the world. Despite macro concerns, we believe markets are returning to more of a bottom-up focus, with greater distinctions being made on fundamentals. There will continue to be near-term issues, but we believe investors will be well served by not letting short-term political volatility rule investment decisions.

# U.S. Mid Cap Growth Strategy

Past performance does not guarantee or indicate future results. 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. There is no guarantee that the investment goals/objectives will be met. Indices are unmanaged and one cannot invest directly in an index.

The information portrayed is for the Calamos Midcap Growth Composite and as such only relate to the representative portfolio shown. 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 experienced 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 particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio 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 reflect the Calamos Mid Cap Growth Composite, which is an actively managed composite investing in common stocks, primarily in high-growth industries and companies. Ordinarily, constituent portfolios are primarily invested in equities of medium capitalization U.S. companies with market capitalizations between \$1 billion and the capitalization of the largest company in the Russell Midcap Growth Index at time of purchase. The composite includes all fully discretionary fee paying accounts, including those no longer with the Firm. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price to book ratios and higher growth values.

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. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Investors may not make direct investments into any index. Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are

annualized. Chart Data Sources: Mellon Analytical Services LLC and Calamos Advisors LLC.

Average annual 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. 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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Naperville, IL 60563-2787  
Attn: Compliance Officer

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