

Convertible Fund Fourth Quarter 2014 Report

OVERVIEW

The fund invests primarily in convertible securities of U.S. companies that are diversified across market sector and credit quality.

KEY FEATURES

- » Leverage more than three decades of research in convertible security investing
- » A portfolio diversified across market sector and credit quality emphasizing mid-sized companies with higher-quality balance sheets
- » Seeks to provide upside participation in equity markets with less exposure to downside than an equity-only portfolio over a full market cycle

PORTFOLIO FIT

The fund offers a way to potentially manage risk alongside an equity allocation with securities that participate in upside equity movements with limited downside participation.

FUND TICKER SYMBOLS

A Shares C Shares I Shares
 CCVIX CCVCX CICVX

Key Drivers of Performance

- » The portfolio delivered positive results for the quarter and performed largely in line with the index.
- » Selections within the energy and information technology sectors contributed most to performance, while selections within financials, health care and industrials detracted.
- » An underweight position and security selection within the energy sector supported the quarterly return. Portfolio holdings in the oil and gas exploration and production industry especially outperformed.
- » An underweight position and security selection within the financials sector held back quarterly performance. Specifically, portfolio holdings within the life and health insurance as well as the property and casualty insurance industries lagged.

Market and Portfolio Overview

- » The convertible market advanced in the fourth quarter as the BofA Merrill Lynch All U.S. Convertible Index reported a 1.62% return.
- » The underlying stocks of convertibles were up 2.94% on average.
- » Investment-grade convertibles (+4.07%) significantly outperformed speculative-grade issuers (+0.70%). Speculative grade convertibles were held back by widening credit spreads.

AVERAGE ANNUAL RETURNS

	3-MONTH	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARE INCEPTION (6/25/97)	SINCE A SHARE INCEPTION (6/21/85)
Calamos Convertible Fund								
I shares – at NAV	1.53%	5.19%	5.19%	10.33%	7.51%	5.94%	8.03%	N/A
A shares – at NAV	1.50	4.94	4.94	10.06	7.25	5.67	N/A	9.41%
A shares – Load adjusted	-3.32	-0.03	-0.03	8.30	6.21	5.16	N/A	9.23
BofA ML All U.S. Convertibles Index (VXA0)	1.62	9.44	9.44	16.27	11.72	7.11	7.61	N/A
S&P 500 Index	4.93	13.69	13.69	20.41	15.45	7.67	6.86	10.95
Value Line Convertible Index	1.81	7.50	7.50	15.09	12.27	8.50	7.14	8.83

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. You can obtain performance data current to the most recent month end by visiting www.calamos.com.

The principal value and return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance reflected at NAV does not include the Fund's maximum front-end sales load of 4.75% had it been included, the Fund's return would have been lower.

Returns for periods greater than 12 months are annualized. Calendar year returns measure net investment income and capital gain or loss from portfolio investments for each period specified. Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average. All performance shown assumes reinvestment of dividends and capital gains distributions. In calculating net investment income, all applicable fees and expenses are deducted from the returns. The Fund also offers Class B and C Shares, the performance of which may vary. As of the prospectus dated 3/11/14, the Fund's gross expense ratios for Class A shares is 1.12%; Class B and C shares is 1.87%; Class I shares is 0.87%, respectively.

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

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

There can be no assurance that the Fund will achieve its investment objective.

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FUND HOLDINGS – CONTRIBUTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Electronic Arts	1.0%*	Electronic Arts (EA) develops, publishes and markets video game software on a variety of video game consoles, computers and mobile devices. The company also offers games online through its pogo.com platform and other Internet platforms, and is also engaged in providing digital content and Internet-based advertising services.	Shares of EA advanced throughout the quarter as consumers displayed a strong appetite for EA's products and services. Shareholders also cheered EA when it reported that year-over-year video game sales at U.S stores rose for an eighth consecutive month. At the beginning of the quarter, Madden NFL 15 and FIFA 15 were the second and third best-selling U.S. video games. The convertible offers a favorable yield advantage over its common stock.
Cubist Pharmaceuticals	1.4%*	Cubist Pharmaceuticals Inc. (CBST) is a biopharmaceutical research, development and marketing company. The company's pharmaceutical portfolio includes drugs for treating gastrointestinal issues (Dificid and Entereg) as well as an antibiotic widely used for treating drug-resistant Staph infections (Cubicin).	Shares of CBST advanced in early December when it was announced that the company would be acquired by Merck. The convertible offers a bit more upside participation than downside at present. The terms of the deal call for CBST stockholders to receive \$102 per share in cash. As such, holders of the convertible bond will also receive cash when the transaction is completed with a close expected by March 31, 2015.

FUND HOLDINGS – DETRACTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Gilead Sciences	1.8%	Gilead (GILD) is a profitable biotech company with a large market position in the worldwide HIV therapeutics market. HIV drugs Atripla, Truvada, Viread, Complera/Eviplera and Emtriva currently account for approximately 80% of the company's sales.	The stock sold off late in the fourth quarter after it was announced that pharmacy benefit manager Express Scripts had decided to drop coverage of Gilead Science's Sovaldi Hepatitis C drug. Since quarter end, the company has signed exclusive deals with other pharmacy benefit managers as their Hepatitis C primary drug supplier, and GILD has recovered much of its fourth-quarter losses. As the convertible had become more equity sensitive, we had prudently pared back and taken profits. However, the convertible carries a favorable yield advantage over its underlying common stock.
Trinity Industries	0.9%*	Trinity Industries, Inc. (TRN) provides various products and services for the energy, transportation, chemical, and construction sectors in the U.S., Canada, Mexico, the U. K., Singapore, and Sweden. The company has five business groups, which include rail, railcar leasing and management services, construction products, inland barge, and energy equipment.	Several factors caused shares of Trinity Industries to decline over the quarter. Falling oil prices raised the concern that lower production from the North American shale regions would mean less railcar demand. Additionally, investors worried that a successful Republican push for the Keystone Pipeline would reduce demand. Finally, the company surprisingly lost a whistle-blower lawsuit. While we have taken profits and trimmed the position, we see positives in the company including forthcoming tank-car regulations and accelerating non-shale-related freight car utilization. The convertible bond offers a favorable yield advantage and risk-reward versus its stock.

*as of 11/30/14

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Outlook

The convertible market continued to see strong new issuance in the fourth quarter as \$15.9 billion in new convertibles were issued globally with \$9.7 billion coming from the U.S. This brought total global 2014 issuance to \$89.1 billion with \$44.4 billion from the U.S.

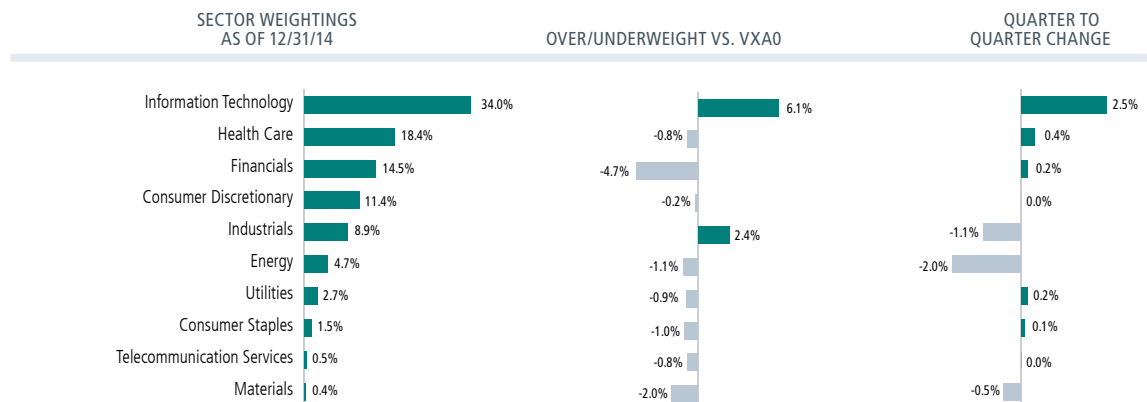
Going into 2015, we remain bullish on U.S. equities and expect U.S. economic growth of 2.5%–3.0% for 2015 and 2.0%–2.5% globally. Nonetheless, investors should be prepared for elevated volatility as markets work through the impact of plummeting oil prices and slowing global growth. Political uncertainties will likely foment turmoil in the markets—including continued debate between the European Central Bank (ECB) and German finance ministers, renewed concerns about Greece, squabbles within OPEC, and economic deterioration in Russia. Given economic weakness outside the U.S., a strong dollar and weak oil prices, the Fed is likely to forestall rate increases until late in the year, with the yield of the 10-year Treasury bond staying in the 1.50%–2.25% range for 2015.

As oil prices stabilize and the ECB and Germany reach consensus on stimulus and structural reforms, we believe equity markets can resume their upward climb for 2015. Although valuations in some sectors of the equity market may be stretched, valuations and fundamentals are attractive overall, especially for growth stocks. In our view, steady U.S. growth, quantitative easing in Europe, nearly non-existent inflationary pressures (which allow the Fed to be “patient” in pushing up short-term interest rates), and the widening spread between equity yields and 10-year Treasury yields will stimulate renewed merger-and-acquisition and buyback activity, providing support to the equity market.

Given our expectation for rising but potentially volatile equity markets, we believe the convertible market also offers compelling opportunities in 2015.

Past Performance does not guarantee future results. Please see additional disclosures on last page.

SECTOR POSITIONING



Sector weightings exclude cash or cash equivalents, any government/sovereign bonds or instruments on broad indexes the portfolio may hold. Holdings and weightings are subject to change daily. You can obtain a complete list of holdings by visiting www.calamos.com. Please see additional disclosures on last page.

Positioning

The portfolio is positioned towards the growth sectors of the market and has its highest allocations to the information technology, health care, financials and consumer discretionary sectors. We recognize that there will be volatility in the markets and have proceeded with a risk-aware mindset. As such, we continue to advocate an active approach to convertibles and place emphasis on those issues which strike a balance of risk and reward.

The weight to information technology was increased, as names were added in the semiconductors, systems software, Internet software and services, and data processing industries. The allocation to technology remains the largest in the portfolio. Overall, we favor an overweight to technology due to its strong growth profile, high-quality cash flow, and its likely potential to benefit from increased capital spending. We also expect many industries to benefit from long-term secular growth themes, including productivity enhancement and the demand for mobility and connectivity.

The weight to the energy sector was reduced. Holdings were sold in the oil and gas exploration and production in addition to oil and gas equipment and services sector. We are underweight to the sector given continued volatility in oil prices amidst slowing global growth and geopolitical issues.

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Fund Quarterly Attribution

	ENERGY	MATERIALS	INDUSTRIALS	CONSUMER DISCRETIONARY	CONSUMER STAPLES	HEALTH CARE	FINANCIALS	INFORMATION TECHNOLOGY	TELECOM SERVICES	UTILITIES
CONVERTIBLE FUND VERSUS BOFA ML ALL U.S. CONVERTIBLES INDEX										
Value Added from Sector	0.10	0.17	0.00	-0.01	-0.01	-0.07	-0.08	0.07	-0.02	-0.07
Value Added from Selection & Interaction	0.48	-0.05	-0.29	-0.12	0.03	-0.21	-0.30	0.46	-0.05	0.00
Total Added Value	0.58	0.12	-0.29	-0.13	0.01	-0.29	-0.38	0.52	-0.07	-0.07
SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE QUARTER)										
Convertible Fund	5.89	0.56	9.23	11.52	1.49	18.14	13.70	33.21	0.52	2.62
BofA ML All U.S. Convertibles Index	6.38	2.71	6.65	11.02	2.46	19.40	19.21	27.61	0.65	3.91
Over/underweight	-0.50	-2.14	2.58	0.50	-0.98	-1.26	-5.51	5.60	-0.13	-1.29
SECTOR RETURNS (%)										
Convertible Fund	-12.46	-14.28	-0.85	1.13	5.34	4.54	1.61	3.94	2.97	8.12
BofA ML All U.S. Convertibles Index	-19.11	-5.39	2.22	2.22	3.47	5.76	3.64	2.45	13.26	7.86
Relative Return	6.65	-8.88	-3.07	-1.08	1.86	-1.22	-2.04	1.48	-10.28	0.26

Calculations may be subject to rounding.

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.

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.

Index Definitions

The BofA ML All U.S. Convertibles Index (VXA0) is comprised of approximately 700 issues of only convertible bonds and preferreds of all qualities.

The S&P 500 Index is considered representative of the U.S. equity market. Value Line Convertible Index is an equally weighted index of the largest convertibles. The Russell 2000 Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index.

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.

Important Risk Information. An investment in the Fund(s) is subject to risks, and you could lose money on your investment in the Fund(s). There can be no assurance that the Fund(s) will achieve its investment objective. Your investment in the Fund(s) 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(s) can increase during times of significant market volatility. The Fund(s) 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 Calamos Convertible Fund include: convertible securities risk consisting of the potential for a decline in value during periods of rising interest rates and the risk of the borrower to miss payments, synthetic convertible instruments risk consisting of fluctuations inconsistent with a convertible security and the risk of components expiring worthless, foreign securities risk, equity securities risk, interest rate risk, credit risk, high yield risk, portfolio selection risk and liquidity 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.

Before investing carefully consider the fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information or call 1-800-582-6959. Read it carefully before investing.

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