

Focus Growth Strategy

CALAMOS[®]

Market Overview

The S&P 500 Index returned 1.81% during the quarter, while the Russell 1000 Growth Index gained 1.12%. During the last weeks of the quarter, the market underwent a swift sector rotation after Federal Reserve Chair Janet Yellen's comments suggested interest rates could increase sooner than investors had expected. Although these remarks were subsequently, if mildly, rebuked by most of the FOMC, the specter of higher interest rates dampened investor enthusiasm for long-duration equities, specifically growth companies where the vast majority of cash flows and earnings are many years out.

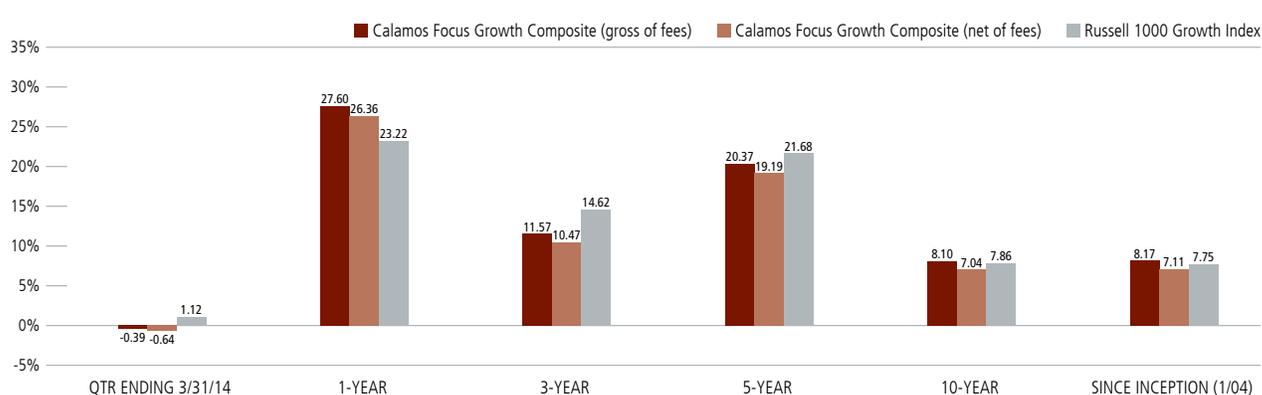
Equity market leadership was ceded to defensive sectors and mostly large-cap companies exhibiting low growth, low P/E ratios and higher dividend yields. Higher-growth and more cyclical sectors, such as technology, consumer discretionary and health care (particularly biotech), which had led for much of the quarter, posted losses during the period's tail end as investors rotated into areas such as consumer staples, utilities, telecom and energy.

Performance Review

During the quarter, overall security selection and positioning hampered returns. In particular, selection within information technology and health care detracted. Conversely, selection within the energy and industrials sectors outperformed. In this mid-cycle phase, we are favoring a balance between cyclical growth and secular growth. While we have been active in many sectors, including marginal increases in health care and industrials, and a reduction in the consumer staples allocation, absolute changes over recent months have been minor.

Energy. During the quarter, energy was one of the best performing areas within the Russell 1000 Growth Index, and the portfolio's relative security selection within the sector contributed to returns. Specifically, holdings in the oil-and-gas exploration-and-production industry added value. We believe improved global growth, as well as gains in capital spending will support growth opportunities. We continue to emphasize companies that offer attractive long-term growth fundamentals that are relatively less associated with the price of underlying commodities.

FIGURE 1. CALAMOS FOCUS GROWTH STRATEGY RETURNS



Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC.

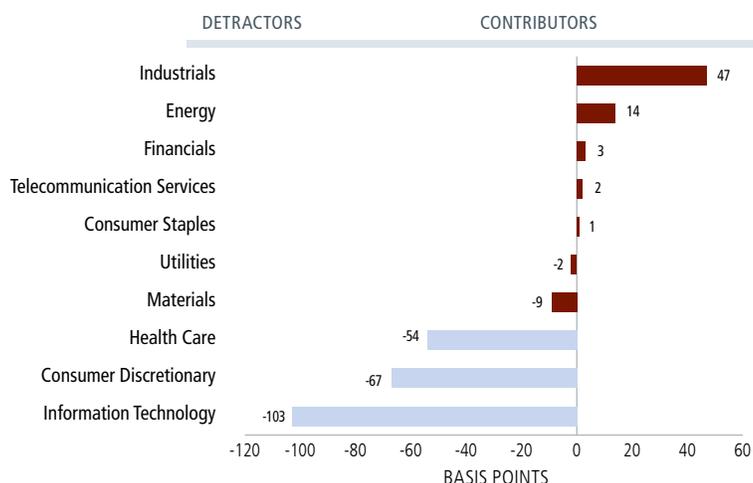
Past performance is no guarantee of future results.

Data as of 3/31/14.

Calamos Focus Growth Strategy

FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS RUSSELL 1000 GROWTH INDEX

FIRST QUARTER 2014



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 3/31/14.

Industrials. Security selection within the industrials sector contributed favorably. Specifically, holdings within the electrical components-and-equipment industry and the construction-and-engineering industries added to returns. Within the sector, we are favoring companies that are closely tied to global demand for infrastructure, transportation, and power solutions.

Information Technology. While the portfolio's overweight positioning to the technology sector helped returns, security selection within the sector trailed the index. Among industry groups, holdings within data processing and outsourced services, as well as within semiconductors, held back returns. As we have discussed in the past, we expect many industries within the sector to benefit from long-term growth themes, including productivity enhancement, and business and consumer demand for enhanced mobility and connectivity.

Consumer Discretionary. As noted, the sector rotation at the end of the quarter affected higher growth and more

cyclical sectors which had led performance for much of the period. These sectors, including consumer discretionary, posted losses over the last few weeks of the period. Specifically, the portfolio's overweight toward the sector and selection within the Internet retail and footwear industries detracted from performance.

Positioning

Our focus remains on high-growth businesses in sectors such as information technology, consumer discretionary, health care, and industrials. We believe that an emphasis on cyclical growth and secular growth remains appropriate in the mid-phase of the business cycle. We expect well-positioned companies to benefit from tailwinds such as mobility, open access to information and entertainment, the emerging middle class, aging demographics, productivity enhancement, and global infrastructure. At the same time, we remain mindful of risk and valuation discipline and are cognizant of the potential impact of rising rates on high long-term growth, longer-duration equities.

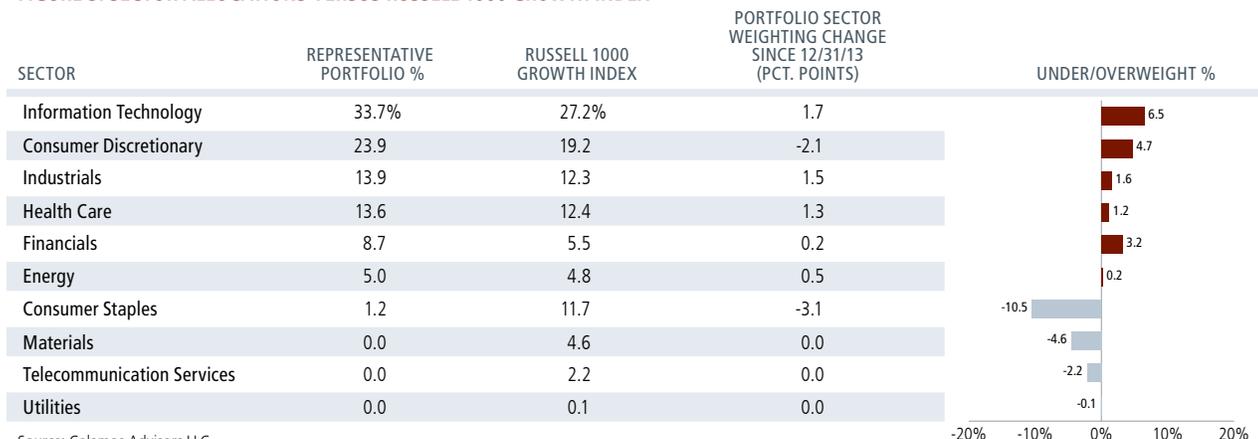
We have been active in some sectors, but absolute and relative changes to the portfolio over recent months have been minor. Among positioning changes during the quarter, we marginally increased the portfolio's weight in the health care sector, adding holdings in the life sciences tools-and-services industry and the biotechnology industry.

We reduced the portfolio's allocation to the consumer staples sector during the quarter. In particular, we reduced exposure within the tobacco industry. We continue to hold an underweight position to the sector, as attractively priced growth opportunities remain relatively scarce.

In absolute terms, the portfolio's largest allocations include the information technology and consumer discretionary sectors.

Calamos Focus Growth Strategy

FIGURE 3. SECTOR ALLOCATIONS VERSUS RUSSELL 1000 GROWTH INDEX



Source: Calamos Advisors LLC.

Data as of 3/31/14.

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.

Relative to the Russell 1000 Growth Index, the information technology sector represents the portfolio’s largest overweight allocation. Consumer staples represents the most significant underweight.

Outlook

During the quarter, market participants struggled to establish a clear view on the direction of the U.S. economy, as severe winter weather influenced several key data measures. More recent data has indicated the economy is starting to bounce back from the weather impact, as the labor market continues to improve, and retail sales rose for the first time in three months.

We are maintaining our positive outlook, centered upon a 2.0% to 2.5% U.S. GDP growth expectation for 2014, still-accommodative monetary policy and attractive equity valuations, particularly among growth stocks. Fed policy, in both the market’s speculation and ultimate formulation, hinges upon domestic economic data, including unemployment and wage pressures, broader inflation measures, and growth. We believe growth data will remain uneven but forward-moving, while consumer price increases (e.g., food and rent) will be modest but enough to ease Fed concerns regarding too-low inflation.

Against this backdrop, we expect it will be well into 2015 before the FOMC raises interest rates.

As always, our investment team assesses our growth strategy in the context of the prevailing environment. As we discussed, the investment team believes this mid-cycle phase warrants a balance between cyclical and secular growth, leading to a focus on technology, consumer discretionary, financials and industrials. Of course, we remain cognizant of our valuation discipline and the potential impact of rising interest rates on longer-duration growth equities. Historically, negative real but low absolute short-term interest rates, moderately rising long-term rates, and low inflation suggest an expanding economy—an environment that we believe will favor our higher growth, active management approach.

For a more detailed review of our macro thoughts, please read our latest **Economic Review and Outlook** posted on www.calamos.com.

Calamos Focus Growth Strategy

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 Focus Growth 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.

Performance returns presented reflect, unless otherwise noted the Calamos Focus Growth Composite, which is an actively managed composite primarily investing in common and preferred stocks issued by well-established, well-known and financially viable companies. The composite includes all fully discretionary, fee-paying accounts, including those no longer with the Firm. Accounts valued at less than \$500,000 are not included. Quarterly returns exclude the impact of management advisory fees, which would reduce actual performance results. Net return is presented after the deduction of the actual management fee. 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 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index (stock price times number of shares outstanding), with each stock's weight in the index proportionate to its market value. The "500" is one of the most widely used benchmarks of U.S. equity 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

© 2014 Calamos Investments LLC. All Rights Reserved.
Calamos® and Calamos Investments® are registered trademarks of Calamos Investments LLC.