

# Growth and Income Fund

## Fourth Quarter 2018 Report

# CALAMOS<sup>®</sup>

## INVESTMENTS



### MORNINGSTAR OVERALL RATING™†

Among 322 Allocation - 70% to 85% Equity Funds  
The fund's load-waived Class I shares had 4 stars for 3 years, 5 stars for 5 years, and 5 stars for 10 years out of 322, 280 and 196 Allocation - 70% to 85% Equity funds, respectively, for the period ended 12/31/18.

### OVERVIEW

The fund invests primarily in U.S. equity and convertible securities in an attempt to balance risk/reward while providing growth and income.

### KEY FEATURES

- » Leverages more than four decades of research experience combining equities and convertible holdings to provide equity-like participation
- » Provides a core holding option that aims to maintain a consistent risk posture throughout the market cycle
- » Seeks to participate in the upside movements of the equity market while lessening the blows of down periods

### PORTFOLIO FIT

The fund can provide a long-term core allocation to equities with the potential for lower volatility.

### FUND TICKER SYMBOLS

A Shares    C Shares    I Shares  
CVTRX    CVTCX    CGIIX

† Morningstar ratings shown are for Class I shares and do not include any front-end sales load. Not all investors have access to or may invest in the share class shown. Other share classes with front-end or back-end sales charges may have different ratings than the ratings shown.

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

**NOT FDIC INSURED | MAY LOSE VALUE |  
NO BANK GUARANTEE**

### Key Drivers of Performance

- » During the quarter's steep sell-off, the risk-conscious strategy outperformed the all-equity index S&P 500 Index. Portfolio sector allocations were largely neutral, while security selection was the big contributor to relative performance during the quarter.
- » The fund's leading security selection and an underweight stance in information technology added to relative performance. In particular, our holdings in application software and semiconductors were leading contributors.
- » Favorable security selection in consumer discretionary added to the fund's performance. The main contributors were automobile manufacturers and apparel retail.
- » Security selection and an underweight allocation within the financials sector lagged on a relative basis, as holdings in the multi-sector and multi-line insurance industries curbed relative returns.
- » An underweight stance in health care, specifically in the biotechnology and health care services industries, detracted from relative results.

### Market Overview

- » The U.S. equity market, as measured by the S&P 500 Index, struggled mightily during fourth quarter, dropping -13.52%. Investors have not been accustomed to recent large declines in U.S. equities, as 4Q 2018 marked the first calendar quarter with a drop of more than 1% since the third quarter of 2015.
- » During the period, 3Q corporate results were reported, with 77% and 62% of S&P 500 companies beating earnings and sales expectations, respectively. Despite these positive fundamentals, investors focused their attention on monetary conditions and the Fed's path for interest rates.
- » In sharp contrast to the first three quarters of 2018, defensive sectors led the S&P 500 Index in 4Q, as utilities was the lone sector to finish in positive territory, gaining 1.4%. Real estate (-3.8%), and consumer staples (-5.2%) outperformed, and health care (-8.7%) also did relatively well for the quarter.
- » Materials (-12.3%), financials (-13.1%), and communication services (-13.2%) performed broadly in-line with the overall market, while energy (-23.8%), information technology (-17.3%), industrials (-17.3%) and consumer discretionary (-16.4%) all lagged.

AVERAGE ANNUAL RETURNS	QTD	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARE INCEPTION(9/18/97)	SINCE A SHARE INCEPTION (9/22/88)
Calamos Growth and Income Fund								
I shares – at NAV	-11.78%	-3.63%	-3.63%	6.50%	5.77%	9.97%	8.89%	N/A
A shares – at NAV	-11.85	-3.87	-3.87	6.25	5.52	9.70	N/A	10.52%
A shares – Load adjusted	-16.04	-8.44	-8.44	4.54	4.50	9.17	N/A	10.35
S&P 500 Index	-13.52	-4.38	-4.38	9.26	8.49	13.12	6.67	10.02
ICE BofAML All U.S. Convertibles ex Mandatory Index (VOAO)	-9.24	0.65	0.65	9.16	6.70	12.60	7.16	9.13
Morningstar Allocation - 70% to 85% Equity Category Average	-11.43	-7.93	-7.93	5.03	3.55	9.09	4.83	7.81

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](http://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. For the most recent month-end fund performance information visit [www.calamos.com](http://www.calamos.com).*

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 C shares, the performance of which may vary. As of the prospectus dated 3/1/18, the Fund's total expense ratio for Class A shares is 1.12%; and Class I shares is 0.87%.

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. All returns are in USD terms unless otherwise indicated.

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## FUND HOLDINGS – CONTRIBUTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
<b>Workday, Inc.</b>	0.8%*	Workday is a U.S.-based technology company that provides enterprise cloud-based applications to businesses around the world. Workday's products focus on financial and human capital management.	The portfolio accessed Workday through a convertible security, which offered an attractive risk/reward means to invest in a company whose stock wildly outperformed the market over the year. The convertible gained 7% during the quarter, far outpacing information technology (-17%) and the broad market overall. The company reported strong earnings and revenues during the quarter, citing benefits from the acquisition of Adaptive Insights. Workday provided strong guidance and sees potential for growth in higher end markets.
<b>Exelon Corp.</b>	0.8%*	Exelon Corp. is a U.S.-based utility services holding company that generates and delivers energy in the U.S. and Canada. The company owns fossil, nuclear, wind, hydroelectric, and solar generating facilities; it also sells electricity and natural gas.	Exelon's stock gained +4% during the fourth quarter, outpacing utilities stocks within the S&P 500 Index, and the Index as a whole. Exelon has shown the ability to implement cost cuts and in our view remains one of the more attractive electric utilities.

## FUND HOLDINGS – DETRACTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
<b>Northrop Grumman Corp.</b>	0.8%*	Northrop Grumman Corp. is a U.S.-based security company serving government and commercial customers worldwide. Northrop Grumman operates through three segments: Aerospace Systems, Mission Systems and Technology.	Northrop Grumman's common stock fell -22% during the fourth quarter, slightly underperforming aerospace and defense names as well as the broad market, despite announcing an accelerated share repurchase program. The company accelerated the program to take advantage of reduced valuations. Defense spending remains a large component of the U.S. national budget, and shares trade at attractive valuations in our view.
<b>EOG Resources, Inc.</b>	0.6%*	EOG is a U.S.-based energy company that explores, develops, produces and markets natural gas and crude oil. EOG has production facilities in the U.S. and abroad.	EOG's common stock cratered -32%, but only slightly underperformed other oil & gas exploration and production stocks, as declining oil prices and global growth concerns weighed heavily on energy stocks during the fourth quarter. During the quarter, EOG beat market consensus for earnings and generated strong cash flows.

\*as of 11/30/18

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## Positioning and Portfolio Changes

In this strategy, we own a combination of equities and other corporate securities, including equity-sensitive convertible bonds, which we believe are best positioned to take advantage of upward equity movements while potentially limiting losses on the downside. During the quarter's steep sell-off, this risk-conscious strategy outperformed the all-equity S&P 500 Index. Portfolio sector allocations were largely neutral in the quarter, while security selection was the big contributor to relative performance.

While the portfolio's sector positioning did not change greatly during the quarter, we did take advantage of the volatility to opportunistically adjust our holdings in consumer discretionary, financials, health care and information technology. Through this process, our continued focus on higher-quality businesses that may have the ability to manage pricing worked well, as portfolio selections outperformed in nine of eleven GICS sectors, while the market strongly favored outright defensive sectors. We maintain a broadly diversified portfolio, with slight preferences for financials and communication services, sectors in which we have identified better opportunities for growth. In communication services, we have invested in more convertible structures, with the objective of better managing of the sector's risk/reward. More broadly, we hold a mix of secular and cyclical growth opportunities, but do not favor outright defensive sectors such as consumer staples, utilities and energy. With that said, we hold what we believe to be better relative growth opportunities within these sectors.

SECTOR POSITIONING	SECTOR WEIGHTINGS % AS OF 12/31/18	OVER/UNDERWEIGHT VS. S&P 500 INDEX %	QUARTER TO QUARTER CHANGE %
Information Technology	19.4%	-0.7%	-5.1%
Health Care	14.3	-1.2	1.3
Financials	12.5	-0.8	0.3
Communication Services	10.3	0.1	8.6
Consumer Discretionary	10.0	0.0	-4.0
Industrials	8.9	-0.3	-0.7
Consumer Staples	6.3	-1.1	0.6
Energy	4.7	-0.6	-0.6
Utilities	3.2	-0.1	0.3
Real Estate	2.5	-0.5	0.4
Materials	1.5	-1.3	0.0

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](http://www.calamos.com). Please see additional disclosures on last page.

## Outlook

The U.S. market's strong reaction to fourth quarter events certainly raises concerns as we move forward into 2019. What will likely not surprise is decelerating slowdown in future earnings growth from recent strong numbers and monetary policy heading toward normalization, and the Fed aiming to bring short-term interest rates toward neutral. In our view, the U.S. economy remains in good shape, and is not facing an imminent recession, bolstered in part by the U.S. consumer's solid balance sheet profile. This leads us to conclude that the equity market experienced a normal, though steep, corrective phase during the fourth quarter. The relatively tranquil volatility environment the U.S. equity market exhibited over the past few years, and most notably in 2017, may be behind us. Given this backdrop, our active, risk-conscious approach to equity markets may continue to work well in this type of an environment, as we seek to utilize convertible securities in concert with stocks to manage equity risk/reward dynamics in individual securities, companies, industries and sectors.

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## Fund Quarterly Attribution

	COMMUNICATION SERVICES	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	REAL ESTATE	UTILITIES
GROWTH AND INCOME FUND VERSUS S&P 500 INDEX (%)											
Value Added from Sector	0.00	-0.01	-0.08	0.07	0.00	-0.09	0.02	0.06	-0.02	-0.05	0.00
Value Added from Selection & Interaction	0.20	0.33	0.18	0.09	-0.13	0.03	0.05	0.51	-0.01	0.13	0.03
Total Added Value	0.20	0.33	0.09	0.16	-0.13	-0.05	0.06	0.56	-0.02	0.08	0.02

## SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE QUARTER)

Growth and Income Fund	10.01	10.03	6.24	5.07	12.30	13.62	9.19	19.09	1.43	2.27	3.08
S&P 500 Index	9.97	9.90	7.30	5.68	13.49	15.35	9.42	20.33	2.55	2.85	3.16
Over/underweight	0.04	0.13	-1.06	-0.61	-1.18	-1.72	-0.23	-1.24	-1.13	-0.58	-0.08

## SECTOR RETURNS (%)

Growth and Income Fund	-11.15	-13.05	-2.16	-22.22	-14.16	-8.42	-16.95	-14.75	-12.57	2.52	2.37
S&P 500 Index	-13.19	-16.42	-5.20	-23.79	-13.11	-8.67	-17.45	-17.31	-12.30	-3.83	1.34
Relative Return	2.04	3.37	3.04	1.57	-1.05	0.26	0.50	2.56	-0.27	6.35	1.03

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 ICE BofAML All U.S. Convertibles ex Mandatory Index (VOAO) represents the U.S. convertible market excluding mandatory convertibles. Source ICE Data Indices, LLC, used with permission. ICE permits use of the ICE BofAML indices and related data on an 'as is' basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML indices or data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing and does not sponsor, endorse or recommend Calamos Advisors LLC or any of its products or services. The CBOE Volatility Index or VIX (based on its CBOE ticker symbol) shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. It is constructed using the implied volatilities of a wide range of S&P 500 Index options. Morningstar Allocation - 70% to 85% Equity category funds seek to provide both capital appreciation and income

by investing in three major areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than conservative-allocation portfolios. These portfolios typically have 50% to 70% of assets in equities and the remainder in fixed income and cash. The Russell 3000 Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. The S&P 500 Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. It is widely regarded as the standard for measuring U.S. stock-market performance.

Morningstar Ratings™ are based on risk-adjusted returns for Class I shares and will differ for other share classes. Morningstar Ratings based on a risk-adjusted return measure that accounts for variation in a fund's monthly historical performance (reflecting sales charges), placing more emphasis on downward variations and rewarding consistent performance. Within each asset class, the top 10%, the next 22.5%, 35%, 22.5%, and the bottom 10% receive 5, 4, 3, 2, or 1 star, respectively. Each fund is rated exclusively against U.S. domiciled funds. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any

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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 Growth and Income Fund include: convertible securities risk consisting of interest rate risk and credit risk, synthetic convertible instruments risk consisting of fluctuations inconsistent with a convertible security and the risk of components expiring worthless.

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 which can be obtained by calling 1-800-582-6959. Read it carefully before investing.*

**CALAMOS**  
INVESTMENTS

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