

# Growth Fund Second Quarter 2018 Report

CALAMOS<sup>®</sup>  
INVESTMENTS

## OVERVIEW

The fund invests in the equities of U.S. companies with a range of market capitalizations that we believe offer the best potential for growth.

## KEY FEATURES

- » Utilizes more than two decades of extensive research experience in growth investing
- » **Active management** focuses on top-down views and bottom-up fundamentals
- » **Research-driven approach** identifies opportunities by combining top-down analysis with a focus on key growth characteristics

## FUND TICKER SYMBOLS

A Shares	C Shares	I Shares
CVGRX	CVGCX	CGRIX

## Key Drivers of Performance

- » For the quarter ended June 30, 2018, the fund had a gain of 3.74% and beat the broad market S&P 500 Index, though it trailed the Russell 3000 Growth Index.
- » The portfolio's favorable security selection in industrials assisted return. Research & consulting services was a leading contributor. In addition, our lack of representation in industrial conglomerates buoyed results.
- » Over the period, an overweight stance and security selection within the financials sector curbed return, as holdings in the thrifts & mortgage finance and asset management & custody banks industries held back relative performance.

## Market Overview

- » U.S. equity markets delivered a positive quarterly result in the second quarter with a 3.43% gain for the S&P 500 Index, rebounding from the first quarter's -0.92% decrease.
- » U.S. consumers benefitted from gains in personal income as well as household net worth. And for the first time ever, job openings exceeded the number of those seeking employment.
- » U.S. corporate earnings grew 25% in the first quarter, and are expected to grow nearly 20% for the remainder of the year, with 77% of businesses reporting revenue growth (not just tax benefits to earnings) in the first quarter.
- » The Fed raised short-term interest rates once again in the second quarter, and the 10-year U.S. Treasury broke above 3% for the first time in four years before falling back below this psychological threshold. Inflation has climbed, but is currently in-line with the Fed's long-stated goals.
- » Growth stocks outperformed value stocks during the quarter, with the Russell 3000 Growth Index climbing 5.87% for the period, while the Russell 3000 Value Index posted a 1.71% return. Similar to the S&P 500's sector performance, energy (+10.1%), consumer discretionary (+9.6%) and information technology (+8.6%) led the Russell 3000 Growth Index's performance.

## AVERAGE ANNUAL RETURNS

	QTD	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARE INCEPTION (9/18/97)	SINCE A SHARE INCEPTION (9/4/90)
<b>Calamos Growth Fund</b>								
I shares – at NAV	3.80%	6.09%	17.84%	8.85%	13.32%	7.30%	11.08%	N/A
A shares – at NAV	3.74	5.94	17.57	8.59	13.04	7.04	N/A	12.93
A shares – Load adjusted	-1.18	0.91	11.99	6.84	11.94	6.52	N/A	12.73
Russell 3000 Growth Index	5.87	7.44	22.47	14.63	16.14	11.78	6.99	10.02
S&P 500 Index	3.43	2.65	14.37	11.93	13.42	10.17	7.20	10.24
Russell Midcap Growth Index	3.16	5.40	18.52	10.73	13.37	10.45	8.14	11.07
Morningstar Large Growth Category	5.13	7.51	20.56	12.21	14.37	10.23	6.44	9.29

The Russell Midcap Growth Index and Russell 3000 Growth Index return "Since A share Inception" date is 8/31/90.

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.*

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. In calculating net investment income, all applicable fees and expenses are deducted from the returns. All performance shown assumes reinvestment of dividends and capital gains distributions. 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 1.40% and Class I shares is 1.15%.

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.

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

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

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## FUND HOLDINGS – CONTRIBUTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Facebook, Inc.	6.0%	Facebook is a U.S. based technology company that operates a social networking service. The company sells advertising that can be quite tailored based on a range of interests, demographics and behaviors. Facebook's other products include Instagram, Messenger and WhatsApp. In September, Standard and Poor's will move Facebook from the technology sector into the telecommunications services sector.	Facebook shares climbed throughout the quarter and saw a bit of a boost from strong quarterly earnings announced in late April, ending the quarter with a 21% gain. Earnings and revenues came in ahead of consensus expectations, and strong advertising revenue growth gave investors even more to cheer about. The stock had struggled in 1Q when the company's data collection and privacy policies made headlines. However, we believe Facebook's sheer volume of users and the ability for advertisers to reap high returns on investment are major factors that make Facebook a compelling investment. Adding to Facebook during weakness also proved beneficial.
Baxter International, Inc.	2.3%	Baxter is a U.S.-based, global medical equipment and supplies company that provides hospital products such as intravenous (IV) solutions, dialysis, and anesthetics as well as pharmacy automation software and services. Baxter's products primarily focus on hemophilia, kidney disease, and immune disorder treatments.	Shares in Baxter saw a relatively steady climb throughout 2Q, posting a gain of over 13% and handily outpacing the returns of the health care sector and the overall index. Quarterly earnings easily beat the market consensus. Baxter is a well-run business that recently increased its dividend, announced approval of a new infusion system, and indicated strong revenue and earnings growth.

## FUND HOLDINGS – DETRACTORS

FIRM NAME	% OF FUND	FIRM PROFILE	ANALYSIS
Applied Materials, Inc.	1.0%*	Applied Materials is a U.S.-based company that provides manufacturing equipment as well as services and software for semiconductor manufacturing. Semiconductor and chip manufacturing can be found in a range of products including electronic displays such as phones, televisions and monitors, as well as solar products. Coatings produced with AMAT's formulations can be found in flexible electronics and packaging.	Shares in Applied Materials struggled during the quarter despite earnings and sales finishing ahead of expectations. A lowered forecast for next quarter's sales due to weaker demand for smartphones gave investors pause. With the company buying back shares, we continued to hold the stock through the quarter.
Delta Air Lines, Inc.	1.9%	Delta Air Lines is a U.S. airline with significant domestic and international range and coverage.	Delta's stock fell during the quarter, dropping approximately -3%, while the market rebounded during 2Q. During the quarter, Delta announced 1Q earnings per share ahead of market expectations. Overall, the airlines industry struggled, dropping approximately -13% within the Russell 3000 Growth universe, which analysts have attributed to rising fuel costs.

\*as of 5/31/18

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## Positioning and Portfolio Changes

While we have witnessed increased volatility in equity markets, the levels of volatility could be considered much more normal. Political volatility may appear to have increased, but in our view it may just be more easily recognizable, but not necessarily new.

The market appears to be in a consolidation phase, which (if history serves as a guide) may last a few quarters rather than a few weeks. This could create a trading opportunity as the market examines various potential outcomes. We have utilized weakness in financials and industrials to increase our investment to these sectors, believing that the market may be underestimating U.S. growth. Financials have been painted with the same brush worrying investors about overseas peers. In our view, the valuations and business fundamentals for U.S. financials make them attractive investments going forward. Industrials could also benefit from strong U.S. growth and attractive valuations.

From a sector perspective, the largest portfolio weights are in information technology and consumer discretionary on an absolute basis. Conversely, energy and materials represent the smallest absolute weights, though we had no exposure to real estate, utilities and telecom. On a relative basis, internet software & services are our largest overweight industries. The largest industry underweight positions are data processing & outsourced services and life sciences tools & services.

We increased the allocation to industrials during the period by adding weights within the aerospace & defense and railroads industries. We trimmed the fund allocation to health care, scaling back in the pharmaceuticals and biotechnology industries.

SECTOR POSITIONING	SECTOR WEIGHTINGS AS OF 6/30/18	OVER/UNDERWEIGHT VS. RUSSELL 3000 GROWTH INDEX	QUARTER TO QUARTER CHANGE
Information Technology	33.9%	-5.8%	-0.6%
Consumer Discretionary	17.3	-0.4	-0.6
Health Care	12.5	-1.9	-0.7
Financials	12.7	8.0	1.1
Industrials	12.1	-0.2	1.8
Consumer Staples	3.2	-2.3	-0.3
Energy	1.8	0.7	0.0
Materials	3.2	1.2	1.6
Telecom Services	0.0	-0.2	0.0
Utilities	0.0	0.0	0.0
Real Estate	0.0	-2.2	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 consensus for strong global growth held at the beginning of 2018 has certainly been called into question, and divergent returns for world equity indices has shown investors the need to be more discerning than in recent history. Weaker performance for risk assets, despite ongoing economic growth may highlight that investors are no longer questioning growth versus deflation, but are now focused on the rising cost of debt. This may create more pressures in those parts of the world where insolvency risk had been merely suppressed, but not properly addressed. U.S. assets may be the beneficiary of the relative risk/reward balance as investors continue to question late-cycle dynamics. We have also been contemplating the late-cycle versus end-of-cycle questions, believing that we are not yet at the end of cycle but rather in a directionless, consolidation phase where U.S. equity investments appear to be the most attractive opportunity.

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## Fund Quarterly Attribution

	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTH CARE	INDUSTRIALS	INFORMATION TECHNOLOGY	MATERIALS	REAL ESTATE	TELECOM SERVICES	UTILITIES
GROWTH FUND VERSUS RUSSELL 3000 GROWTH INDEX (%)											
Value Added from Sector	0.04	0.02	-0.03	-0.17	-0.03	0.28	0.03	0.08	-0.06	-0.01	0.00
Value Added from Selection & Interaction	-0.18	-0.35	-0.27	-0.17	0.01	0.16	1.29	0.14	0.00	0.00	0.00
Total Added Value	-0.14	-0.33	-0.30	-0.34	-0.03	0.44	1.32	0.22	-0.06	-0.01	0.00
SECTOR WEIGHTS (AVERAGE % WEIGHT DURING THE QUARTER)											
Growth Fund	18.00	3.26	1.93	12.55	12.39	10.70	34.43	2.48	0.00	0.00	0.00
Russell 3000 Growth Index	17.18	3.90	2.42	7.41	13.46	17.26	29.36	5.69	3.04	0.21	0.06
Over/underweight	0.83	-0.65	-0.48	5.14	-1.07	-6.55	5.07	-3.21	-3.04	-0.21	-0.06
SECTOR RETURNS (%)											
Growth Fund	6.07	-8.28	-0.21	-1.98	5.70	0.46	7.53	7.84	0.00	0.00	0.00
Russell 3000 Growth Index	6.86	1.39	14.32	-0.89	5.84	-0.95	3.71	0.41	5.64	6.79	1.83
Relative Return	-0.79	-9.68	-14.53	-1.09	-0.13	1.41	3.82	7.43	-5.64	-6.79	-1.83

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. Past performance does not guarantee future results.

### Index Definitions

**Morningstar Large Growth** category funds invest primarily in big U.S. companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries. The **Russell 3000 Growth Index** measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000 or the Russell 2000 Growth Indices. 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 **Russell Midcap Growth Index** measures the performance of the midcap growth segment of the U.S. equity universe and includes companies with higher price-to-book ratios and higher 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. 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 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 principal risks of investing in the fund include: equity securities risk consisting of market prices declining in general, growth stock risk consisting of potential increased volatility due to securities trading at higher multiples, mid-sized company risk, foreign securities risk and portfolio selection risk. More detailed information regarding these risks can be found in the fund's prospectus.

*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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