

Total Return Bond Fund

Fourth Quarter 2018 Report



OVERVIEW

Through its multi-sector fixed income strategy, the fund invests predominantly in U.S. issuers with the goal of generating a high level of both current income and total return that provides consistent excess returns above the benchmark over full market cycles.

KEY FEATURES

- » **Employs bond-by-bond portfolio construction** with a focus on being well compensated for risks taken. We believe a disciplined process, grounded in fundamental research, enables us to achieve higher total returns with less volatility.
- » **Draws on a broader investable universe to enhance portfolio construction and risk management.** Expanding the universe to include high yield bonds, bank loans and preferreds provides additional opportunities.
- » **Utilizes robust, independent credit research.** Our fixed income investment process unites quantitative and qualitative analyses into historical and forward-looking models. The result is a credit rating reflective of where a company is heading.
- » **Applies a macro overlay to capitalize on misunderstood industries and sectors.** The overlay acts as a risk control that also considers the business cycle, geopolitical factors, inflation and real rate expectations.

PORTFOLIO FIT

The fund may be suitable for investors as the cornerstone of a fixed income allocation, with investments diversified across the major sectors of the U.S. bond market. Complementary allocations to specialized fixed income strategies seek to enhance return potential and better manage risk.

FUND TICKER SYMBOLS

A Shares C Shares I Shares
CTRAX CTRCX CTRIX

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

- » Sector allocation in long duration bonds (10+ years) supported returns, as the fund owned more long Treasuries and less long credit than the benchmark.
- » The fund's security selection among BBB rated holdings was also a contributor to performance.
- » Offsetting the impact of security selection in BBB credit was the fund's overweight allocation to the rating category in a quarter when BBB credits were the worst performing in the investment grade market.
- » The fund's allocation to BB and B rated high yield bonds and leveraged loans was also a detractor from performance.

Market Overview

- » The U.S. investment grade bond market, as represented by the Bloomberg Barclays U.S. Aggregate Bond Index, returned 1.64% during the quarter.
- » The Fed raised its benchmark overnight rate by 25 basis points at the December meeting. Expectations for further interest rate increases in 2019 dropped from a median estimate of three hikes to two.
- » Credit spreads in both the investment-grade and high yield markets moved steadily wider during the quarter. Spreads on investment-grade corporate bonds widened 47 basis points, as the market adopted a cautious tone based on concern over the possibility of slowing economic growth. Credit spreads on BBB rated bonds moved the most, widening 61 basis points.
- » Treasury notes and bonds rallied across the U.S. term structure during the quarter. Maturities from 2 years to 10 years move from 33 to 44 basis points. Long 30-year bond yields were down by nearly 20 basis points. This led to a slight flattening of the 2y10y yield curve from 23 to 19 basis points during the quarter, while the 5y30y curve steepened from 25 to 50 basis points.*

AVERAGE ANNUAL RETURNS	QTD	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION (6/27/07)
Calamos Total Return Bond Fund							
I shares – at NAV	0.38%	-1.10%	-1.10%	1.87%	2.20%	3.38%	4.00%
A shares – at NAV	0.32	-1.35	-1.35	1.62	1.95	3.12	3.74
A shares – Load adjusted	-1.96	-3.60	-3.60	0.32	1.17	2.72	3.39
Bloomberg Barclays U.S. Aggregate Bond Index	1.64	0.01	0.01	2.06	2.52	3.48	4.01

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted.

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 2.25%. 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.

Returns for periods greater than 12 months are annualized. 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 gross expense ratio are 1.08% for Class A shares and 0.84% for Class I shares.

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.

*A 2y10y curve is the yield differential between the 2-year and 10-year maturity points of the Treasury curve. Similarly, a 5y30y curve is the yield differential between the 5-year and 30-year maturity points on the Treasury curve.

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Performance Review

Duration/Yield Curve

Positioning

The team kept duration unchanged at 5.8 years, still short of the benchmark duration of 5.9 years.

Market Activity

With two-year yields closed at 2.49%, down from 2.82%, and 10-year yields closed at 2.68%, down from 3.06%, the 2y10y curve flattened 4 basis points during the first quarter to close at 19 basis points. This is the flattest quarterly close for the U.S. yield curve since 2007.

Results

The shorter-duration positioning hindered performance. In particular, an overweight to short maturities under one year detracted from the portfolio's return during the quarter. We view interest rate risk as slightly imbalanced to higher rates at the margin, hence the reason for our short duration vis-à-vis the portfolio's benchmark.

Security Type

Positioning

The portfolio was overweight to corporate securities and asset-backed securities and underweight both Treasuries and mortgage-backed securities. Within the corporate bond asset class, the largest overweights were in the consumer non-cyclical and insurance sectors.

Market Activity

Within the Bloomberg Barclays U.S. Aggregate Bond Index, Treasuries delivered the highest return for the fourth quarter at 2.57%. Securitized products returned 2.04%, followed by government-related bonds at 1.22% and finally corporates at -0.18%.

Results

The Portfolio overweight to corporate bonds, the worst-performing sector of the market, reduced performance.

Credit Quality

Positioning

The portfolio was underweight the AAA credit tier and had heavier exposure to the AA, A, BBB, BB and B credit tiers.

Market Activity

For the quarter, credit spreads were wider across all investment-grade rating categories. BBB spreads widened the most, from 136 to 197 basis points. High yield credit spreads, as measured by the Bloomberg Barclays U.S. High Yield Index, closed the quarter 210 basis points wider.

Result

Our overweight to the BBB category and the portfolio's out-of-index high yield bond exposure weighed on performance for the quarter.

Outlook

While we expect the rate of domestic economic growth to slow, Calamos views the risk of recession as low. We anticipate the elevated volatility that occurred with both interest rates and credit spreads in late 2018 to continue into the new year. We believe a more data-dependent Fed is a source of some the increased volatility, as the path forward is less telegraphed than recent years. We are not yet seeing material deterioration in fundamental measures of corporate balance sheet health, though we are focused on measuring changes in credit metrics among BBB issuers. In the current environment, active management and rigorous fundamental analysis are crucial to picking spots wisely and appropriately balancing risk/reward.

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SECTOR ALLOCATION	FUND %
Investment Grade Corporate Debt	44.3
High Yield Corporate Debt	9.2
Government Debt	13.2
Securitized Debt	26.6
Syndicated Loans	4.0
U.S. Municipal Debt	0.0
Cash and Receivables/Payables	2.6

FUND FACTS	FUND	INDEX
Number of Holdings	169	10,241
Total Net Assets (mil)	\$53.0	N/A
Portfolio Turnover (12 months)	59.52%	N/A
Distribution Frequency	Monthly	N/A
Distribution Accrual	Daily	N/A
Average Effective Duration	5.74 years	5.84 years
Average Effective Maturity	9.04 years	8.18 years
Option Adjusted Spread (OAS)	135 bps	54 bps

FUND INFORMATION	A SHARES	C SHARES	I SHARES
Sales Load/Maximum Sales Charge	Front-End/2.25%	Level-Load/1.00%	N/A
Gross Expense Ratio ¹	1.08%	1.83%	0.84%
Net Expense Ratio ^{1,2}	0.90%	1.65%	0.65%

¹Data as of prospectus dated 3/1/18.

²The Fund's investment advisor has contractually agreed to reimburse Fund expenses through March 1, 2020 to the extent necessary so that Total Annual Fund Operating Expenses (excluding taxes, interest, short interest, short dividend expenses, brokerage commissions, acquired fund fees and expenses and extraordinary expenses, if any) of Class A, Class C and Class I are limited to 0.90%, 1.65% and 0.65% of average net assets, respectively. This agreement is not terminable by either party. This undertaking is binding on CALAMOS ADVISORS and any of its successors and assigns. This agreement is not terminable by either party.

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NOTES

Fixed income securities are subject to interest rate risk; as interest rates go up, the value of debt securities in the fund's portfolio generally will decline. Owning a bond fund is not the same as directly owning fixed income securities. If the market moves, losses will occur instantaneously, and there will be no ability to hold a bond to maturity.

Average effective duration provides a measure of the Fund's interest rate sensitivity—the longer a fund's duration, the more sensitive it is to shifts in interest rates. **Average effective maturity** is the weighted average of the maturities in a portfolio of bonds. **Option adjusted spread (OAS)** is the yield spread which has to be added to a benchmark yield curve to discount a security's payments to match its market price; uses a dynamic pricing model that accounts for embedded options and is usually measured in basis points.

The **Bloomberg Barclays U.S. Aggregate Bond Index** covers the U.S. denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed rate and hybrid ARM pass-throughs), ABS, and CMBS sectors.

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.

Additional Information

A credit rating is a relative and subjective measure of a bond issuer's credit risk, including the possibility of default. Credit ratings are assigned to companies by First-party groups, such as Standard and Poor's. Assets with the highest ratings are referred to as "investment grade" while those in the lower tiers are referred to as "noninvestment grade" or "high-yield." Ratings are measured using a scale that typically ranges from AAA (highest) to D (lowest). Current (SEC) Yield reflects the dividends and interest earned by the Fund during the 30-day period ended as of the date stated above after deducting the Fund's expenses for that same period.

Past performance does not indicate future results. No investment strategy or objective is guaranteed and a client's account value can fluctuate over time and be worth more or less than the original investment. 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 contained herein, while not guaranteed as to the accuracy or completeness, has been obtained from sources we believe to be reliable. 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

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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). 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 Total Return Bond Fund include: interest rate risk consisting of loss of value for income securities as interest rates rise, credit risk consisting of the risk of the borrower to miss payments, high yield risk, liquidity risk, mortgage-related and other asset-back securities risk, including extension risk and prepayment risk, U.S. Government security risk, foreign securities risk, non-U.S. Government obligation risk and portfolio selection risk.

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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