Global Convertible Strategy

CALAMOS® INVESTMENTS

Market Overview

The global convertible market delivered solid gains in the quarter, with the BofA Merrill Lynch Global 300 Convertible Index (G300) returning 1.05%. The headline figures for global convertibles may not provide an adequate picture, as the largest gains were narrowly focused in the Asia/Pacific region, while other major regions within the G300 underperformed the index. Asia/Pacific delivered a strong 5.91% gain for the quarter, supported by a 7.72% return for the underlying equities. By way of comparison, U.S. and Canada convertibles gained only 0.43% in the period, compared to a 1.03% return to underlying equities. European and Japanese convertibles returned 0.20% and 0.92%, respectively, reflecting minimal gains in many of the world's larger markets by size.

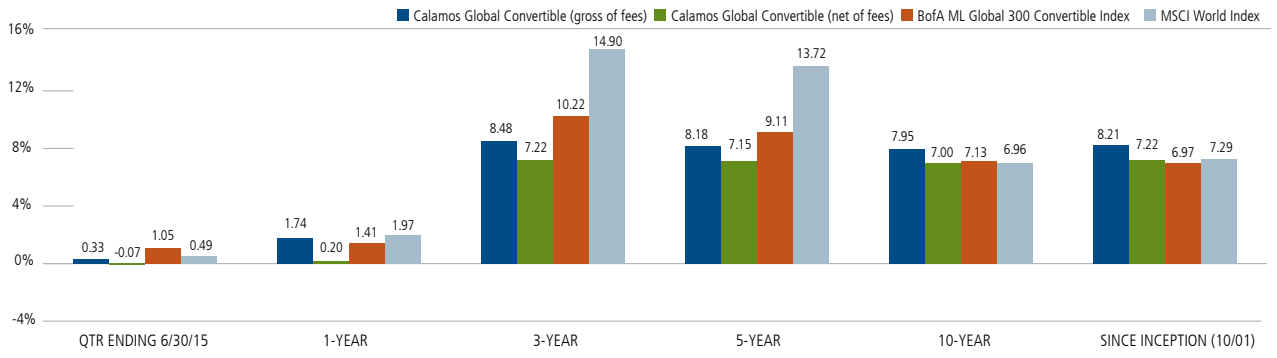
Geopolitical concerns, slower global growth, falling oil prices and uncertainty surrounding the Fed's timing to raise interest rates generally kept performance in check. In the U.S., most evidence indicates the country has recovered from the economic contraction in the first quarter, given the generally stronger economic data in recent weeks. In addition, the impact of a stronger U.S. dollar and lower oil prices on corporate performance should be less significant than recent quarters as prices have stabilized in these assets.

Overall, U.S. equities continued to be buoyed by solid corporate performance, benign inflation and the prospect of a slower path to interest rate increases. European markets rallied higher and received a boost from the European Central Bank's quantitative easing program. Volatility returned to the region, however, as Greece's debt crisis moved to the forefront during the final weeks of the quarter, whipsawing markets. The Japanese economy marked its sharpest expansion in a year, as retail sales, exports and capital expenditures grew during the period.

The convertible market continued with solid new issuance in the second quarter as $22.7 billion in new convertibles came to market globally, with $10.4 billion originating from the U.S. year-to-date the market has seen approximately $47.9 billion in global convertible issuance. Investment-grade convertibles issues outperformed speculative-grade convertibles over the quarter, as the BofA Merrill Lynch's global investment-grade index's (VGR0) return of 1.43% outpaced the 0.91% gain of the below-investment-grade index (VGR5). The investment-grade universe was supported by significantly stronger-performing underlying equities.

As for currencies, the U.S. dollar depreciated versus the euro, franc, and pound and appreciated versus the yen.

FIGURE 1. CALAMOS GLOBAL CONVERTIBLE STRATEGY RETURNS



Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC.
Past performance is no guarantee of future results. Data as of 6/30/15

All portfolio positioning and sector information is for a representative portfolio. Please see page four for additional information.

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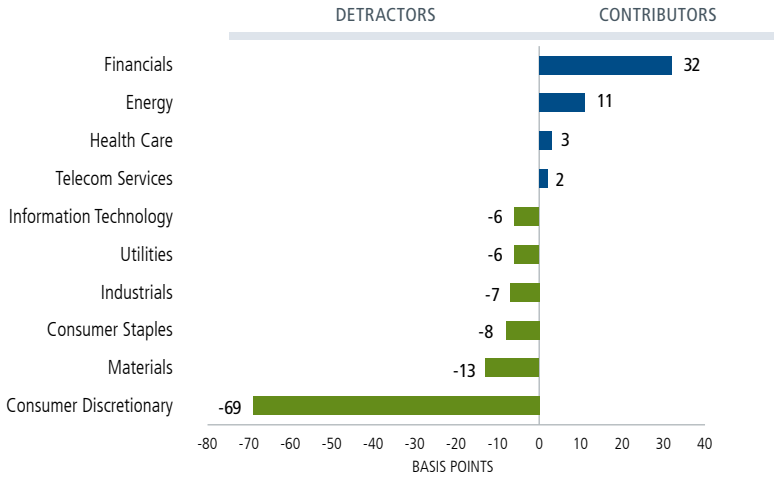
FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS THE BofA MERRILL LYNCH GLOBAL 300 CONVERTIBLE INDEX
SECOND QUARTER 2015



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 6/30/15.

Performance Review

The portfolio experienced flat performance as the most equity-sensitive convertibles drove the broad convertible market to a gain during the quarter. We have been underweight the most equity-sensitive convertibles because they do not offer adequate downside protection when their underlying equities retreat. We continue to favor a balance of secular and cyclical growth in the portfolio, with our largest allocations in information technology, consumer discretionary, financials and health care.

Selection in consumer discretionary hindered performance as our holdings in automakers lagged. In the materials sector, selection also held back the quarterly return.

An underweight position and selection in financials added value with relatively strong performance from our real estate holdings. An underweight position in energy contributed positively, and the portfolio especially benefited from not owning names in the coal and consumable fuel industry which experienced a significant downdraft.

Positioning and Portfolio Changes

We favor a balance of secular and cyclical growth in the portfolio, with our largest positions in information technology, financials and health care. The portfolio's lightest allocations are to telecommunication services, utilities, materials and energy. We expect heightened volatility in this phase of the market cycle and manage the portfolio with a risk-aware mindset. As such, we continue to take an active approach to convertibles and emphasize those issues which strike a balance of risk and reward. We remain underweight to convertibles displaying the most equity and credit sensitivities.

We increased the weight to telecommunications by adding or swapping holdings within the integrated telecommunication services industry. We also added names in the application software, semiconductors, and Internet software and services industries in information technology. We reduced the allocation to the consumer discretionary sector, selling names in casinos and gaming, specialty stores, and automakers.

Conclusion

We maintain a constructive outlook for convertibles. We expect issuance to remain healthy, supported by economic growth. In our view, the benefits of convertibles may become even more pronounced when interest rates move higher. As we have discussed in the past, convertible securities have been less vulnerable to rising interest rates than traditional fixed-income securities. Additionally, convertibles have tended to perform well during periods of upwardly rising but volatile equity markets. We believe convertible securities with a balanced blend of equity sensitivity and credit sensitivity will be better positioned in this environment. While many of the most equity-sensitive convertibles have performed well of late, we remain concerned about their potential downside.

We expect global equities and convertibles to exhibit a choppy but upward path in the second half of the year. Markets will continue to confront uncertainty as geopolitical events flare up, global growth

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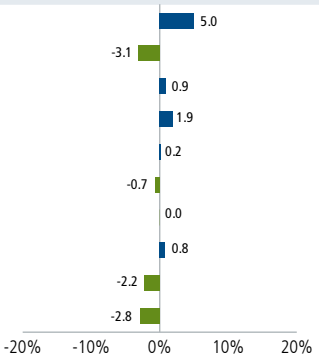
Calamos Global Convertible Strategy

FIGURE 3. SECTOR ALLOCATIONS VERSUS THE BofA MERRILL LYNCH GLOBAL 300 CONVERTIBLE INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	BofA ML G300 INDEX	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 3/31/15 (PCT. POINTS)
Information Technology	29.9%	24.9%	0.6
Financials	18.5	21.6	-1.0
Health Care	14.8	13.9	-0.7
Industrials	12.2	10.3	-0.7
Consumer Discretionary	11.8	11.6	-1.0
Energy	4.0	4.7	0.7
Materials	3.9	3.9	-0.3
Telecommunication Services	3.1	2.3	2.1
Utilities	1.8	4.0	0.3
Consumer Staples	0.0	2.8	0.0

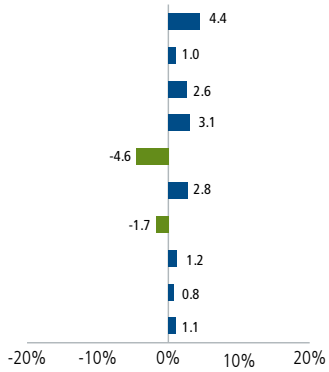


Source: Calamos Advisors LLC.
Data as of 6/30/15.

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.

FIGURE 4. COUNTRY WEIGHTS VERSUS BofA MERRILL LYNCH GLOBAL 300 CONVERTIBLE INDEX

COUNTRY	REPRESENTATIVE PORTFOLIO %	BofA ML G300 INDEX	PORTFOLIO COUNTRY WEIGHTING CHANGE SINCE 3/31/15 (PCT. POINTS)
United States	63.7%	59.3%	-2.1
Japan	6.8	5.8	-0.6
Taiwan	4.3	1.7	1.2
Netherlands	3.7	0.6	0.9
France	3.3	7.9	0.2
United Kingdom	3.3	0.5	1.8
Germany	2.6	4.3	-0.4
Italy	2.6	1.4	-0.2
China	1.8	1.0	-0.1
Philippines	1.3	0.2	-0.3
Developed Markets	88.2	91.6	-0.1
Emerging Markets	11.8	8.4	0.1



Source: Calamos Advisors LLC
Data as of 6/30/15.
This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Companies are classified geographically according to their country of domicile. Geographical distribution tables exclude any options on broad market indexes the portfolio may hold.

fears linger and commodity prices fluctuate. We believe improving economic fundamentals, loose monetary conditions, building sentiment, and reasonable valuations could provide additional catalysts for investment overseas. U.S. companies remain relatively upbeat given continued earnings growth, strong balance sheets, and resilient consumer demand. On the other hand, many of these businesses continue to confront headwinds from the stronger U.S. dollar and still modest capital expenditures. Global growth companies remain attractive given a backdrop of improving corporate fundamentals, moderate valuations, and measured economic growth. Moreover, demand for equities continues to be supported by the high level of global mergers and acquisitions as well as share repurchases as companies take advantage of the still low cost of capital. We believe our active investment approach and long-term perspective positions us well to take advantage of short-term choppiness in global markets and deliver additional gains as the year progresses.

The representative portfolio information described in both charts above represents a representative account managed in the Global Convertible strategy. Other clients' portfolios may differ mainly due to individual restrictions and timing of purchases and sales. All portfolio positioning and sector information is for a representative portfolio. Please see page four for additional information.

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Past performance does not guarantee or indicate future results. 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. There is no guarantee that the investment goals/objectives will be met. Indices are unmanaged and one cannot invest directly in an index.

The information portrayed is for the Calamos Global Convertible Composite. Representative holdings and portfolio characteristics are for the Representative Portfolio shown and 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.

Investments in overseas markets pose special risks, including currency fluctuation and political risks, and the strategy is expected to be more volatile than that of a U.S. only strategy. These risks are generally intensified for investments in emerging markets.

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 Global Convertible Composite which is an actively managed composite investing primarily in a globally diversified portfolio of convertible securities. The composite includes all fully discretionary fee-paying accounts, including those no longer with the Firm. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

Country Return Statistics: Unless otherwise noted, country equity returns are based on the appropriate MSCI Index for the country listed. The **MSCI Europe Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The **MSCI Japan Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Japan. The **MSCI World Index** is a market capitalization weighted index composed of companies representative of the market structure of developed market countries in North America, Europe, and the Asia/Pacific Region. The **BofA Merrill Lynch Global 300 Convertible Index** (G300) is a global convertible index composed of companies representative of the market structure of countries in North America, Europe and the Asia/Pacific region.

Unmanaged index returns assume reinvestment of any and all distributions and, do not reflect 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: Calamos Advisors LLC and Mellon Analytical Solutions LLC.

Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average assuming reinvestment of dividends and capital gains distributions.

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:

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