

U.S. Mid Cap Growth Strategy



Market Overview

U.S. equities posted strong gains during the fourth quarter, with the S&P 500 Index returning 10.51%. Mid cap growth lagged the broader market, with the Russell Midcap Growth Index returning 8.23%. During the quarter, cyclical growth areas of the broad market continued to outperform slower-growing and more defensive sectors, with industrials, technology and consumer discretionary leading and utilities and telecommunications lagging.

All sectors within the Russell Midcap Growth Index posted positive returns during the quarter. Industrials, consumer discretionary and financials gained the most, while energy and telecommunication services lagged. The industrials sector posted an 11.27% return, while the energy sector returned 0.63%.

U.S. economic reports remained mostly positive. Data showed retail sales accelerating, manufacturing expanding and purchases of new homes surging. In addition, U.S. employers added more

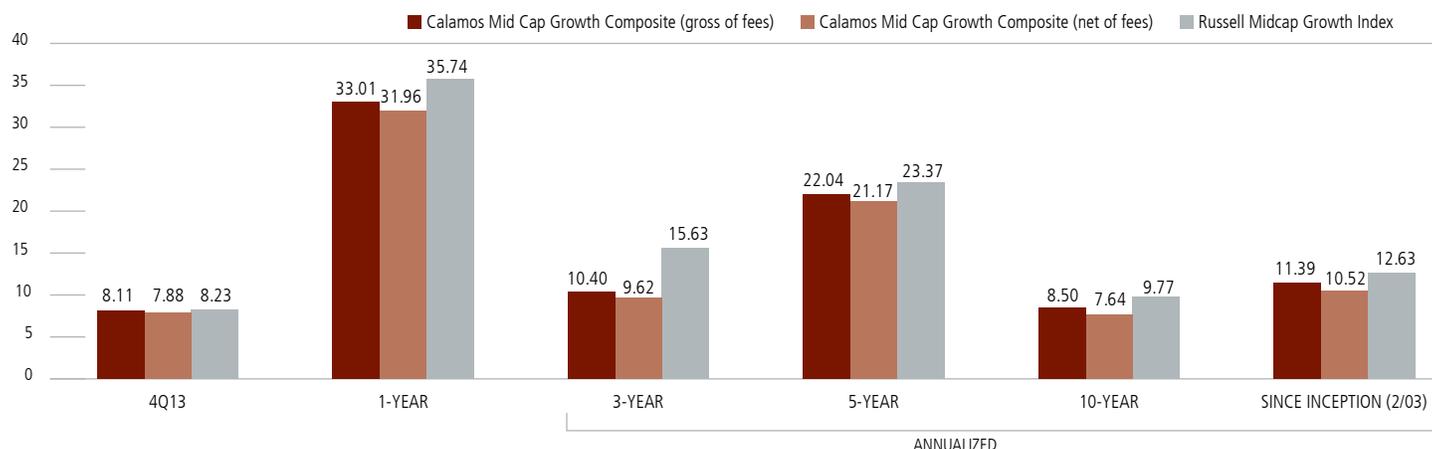
jobs than forecast and the unemployment rate dropped to a five-year low of 7%. Equities also got a boost from news that U.S. GDP expanded at a higher-than-expected rate of 4.1%. A few headwinds going into the 2014 include political friction, slow wage growth and weaker consumption trends among smaller-ticket retailers.

Performance Review

During the quarter, positioning and security selection within the information technology and energy sectors held back relative performance. In addition, security selection within consumer discretionary detracted. Strong security selection within financials contributed favorably to returns. We have maintained our higher-growth positioning, which favors cyclical sectors such as consumer discretionary and information technology.

During the quarter, the areas that had the most significant impact on performance were:

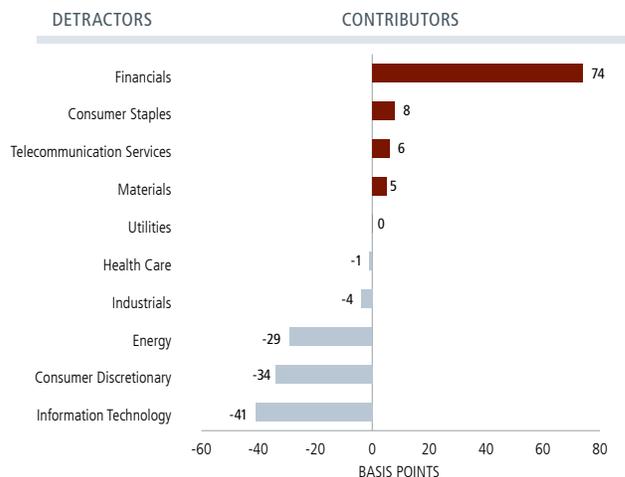
FIGURE 1. CALAMOS U.S. MID CAP GROWTH STRATEGY RETURNS



Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC.
 Past performance is no guarantee of future results.
 Data as of 12/31/13.

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FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS RUSSELL MIDCAP GROWTH INDEX
FOURTH QUARTER 2013



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 12/31/13.

Financials. Strong security selection had the most positive impact on portfolio performance. In particular, the portfolio's positioning and holdings within the asset management and custody banks industry added to returns. Strengthening consumer balance sheets, a healthy housing market and an improving global growth outlook support our more constructive outlook for the sector, as do better company fundamentals and reasonable valuations. While headwinds remain, such as industry litigation and increased regulations, we believe the portfolio's holdings are less exposed to these risks.

Information Technology. The portfolio's overweight allocation and security selection detracted from performance. Among industry groups, positioning and holdings within systems software and Internet software and services held back returns. Despite solid revenues and earnings, some positions were affected by the overall slowdown in IT spending. We favor investments in technology due to excellent growth potential and higher relative cash flow characteristics. We expect many industries within the sector to benefit from long-term growth themes, including productivity enhancement, and the demand for enhanced mobility and

connectivity by businesses and consumers. In addition, consumer-related technology is poised to see major innovation upgrades over the next several years, with wearable devices and access to the mobile Internet via smartphones as two of the most prevalent and potentially profitable trends.

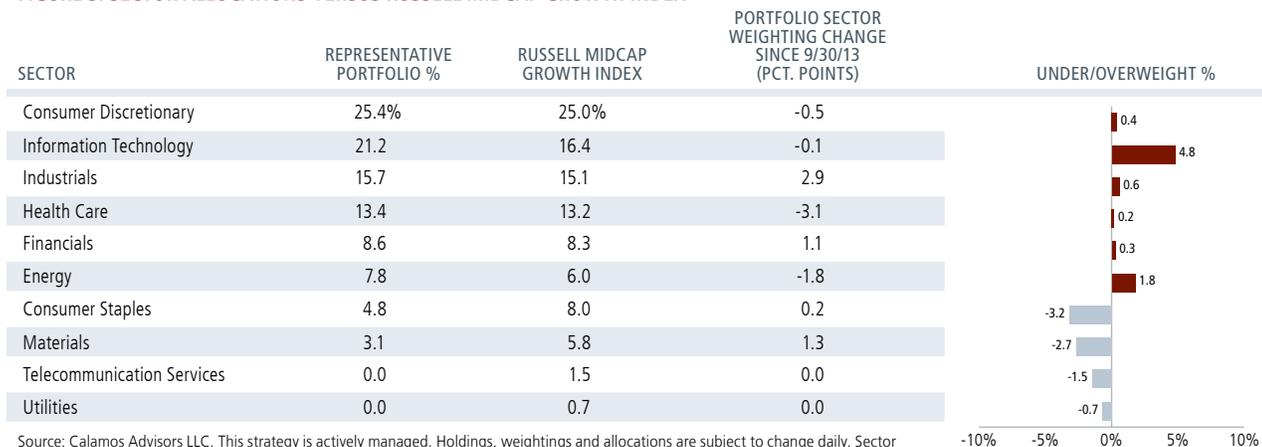
Consumer Discretionary. Portfolio security selection was positive, but trailed the performance within the index. Among industry groups, portfolio holdings within the Internet retail and restaurants industries lagged. Select holdings within these industries were affected by lowered guidance and increased competition. Overall consumer confidence levels remain on an upward trend and retail spending, while volatile at times, has surprised on the upside. We continue to favor companies with strong, well-known brands and improving growth metrics, as well as those closely linked to housing-related industries and big-ticket purchases. Current portfolio holdings within the sector extend across a broad spectrum of industries, including home furnishing retail, apparel retail, auto parts and equipment and restaurants.

Energy. The energy sector was the worst performing area within the index for the quarter, and the portfolio's average overweight allocation detracted, as did security selection within the sector. Among industry groups, an overweight allocation to and selection within oil-and-gas exploration-and-production hampered returns. Our emphasis remains on investments within industries that currently offer attractive long-term growth fundamentals that are relatively less tied to the price of underlying commodities. We believe the gradual recovery in global growth and continued innovation in exploration and production will support growth opportunities.

Positioning

The portfolio reflects our positive market outlook and preference for cyclical growth sectors. We continue to focus on higher-growth

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FIGURE 3. SECTOR ALLOCATIONS VERSUS RUSSELL MIDCAP GROWTH INDEX


Source: Calamos Advisors LLC. This strategy is actively managed. Holdings, weightings and allocations are subject to change daily. Sector weightings exclude any government/sovereign bonds or options on broad market indexes the portfolio may hold. Data as of 12/31/13.

businesses in sectors such as consumer discretionary, information technology, industrials and health care. We believe companies with strong growth fundamentals and increasing returns on invested capital are especially appealing. While we expect continued U.S. economic growth, we believe that future market prices are apt to experience volatility. We therefore maintain a keen focus on risk.

Among positioning changes during the quarter, we increased the portfolio's weight in the industrials sector. Specifically, we added holdings in industries such as human resource and employment services, research and consulting services and airlines. Broadly within the sector, we are focused on businesses closely tied to global demand for infrastructure, transportation and power solutions. We also added names within the materials sector, specifically within the steel and diversified metals and mining industries. Overall, we continue to favor opportunities in U.S. companies poised to benefit from a strengthened housing market, innovative manufacturing processes and a stronger consumer.

We reduced the portfolio's allocation to the health care sector during the quarter. We sold a number of holdings within the pharmaceuticals, managed health care and biotechnology industries, due to company-specific issues, such as eroding growth

characteristics and stock prices that had become fully valued. We also pared the portfolio's exposure to the energy sector to invest in other areas with more compelling near-term growth catalysts.

The portfolio's largest allocations in absolute terms include the consumer discretionary, information technology and industrials sectors. Relative to the Russell Midcap Growth Index, the portfolio's largest overweight allocation is to the information technology sector, and its largest underweight allocation is to consumer staples.

Outlook

We expect modest, but higher U.S. economic growth in 2014. Household balance sheets are in much better shape than a year ago and the housing recovery should continue to support the wealth effect. With manufacturing on an upswing, profit growth should continue to accelerate. Monetary policy is likely to remain supportive overall. We believe slow (but increasing) growth, low interest rates and low inflation are likely to persist throughout the next several quarters, if not longer.

Going into 2014, we have positioned this portfolio with an eye toward an improving U.S. economy benefiting the consumer. We favor opportunities within consumer-related technology,

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consumer discretionary, industrials and financials. In addition, we are looking to new and emerging innovations within the technology and energy sectors. Lastly, we continue to favor U.S.-centric businesses, while also monitoring global changes benefiting multinational exposure in the portfolio.

We believe equities remain attractively priced relative to bonds, as well as relative to their longer-term levels, and growth stocks are especially appealing. History has shown that during periods of rising interest rates, cyclical sectors have outperformed defensive sectors, and we are positioned accordingly. As noted in previous commentaries, our team believes improving global economic data, modest earnings growth and attractive valuations support our higher growth positioning.

We have made significant investments in our business over the past year, and feel the organization is exceptionally well

positioned to meet the coming opportunities and challenges within the global asset management industry. We are encouraged that these efforts and our unrelenting commitment to our clients are bearing fruit across Calamos strategies, and our team looks forward to capitalizing on these opportunities on behalf of our clients in the quarters to come. We appreciate the relationship we've forged over the years and look forward to working with you in 2014.

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

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 Mid Cap 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.

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Returns presented reflect the Calamos Mid Cap Growth Composite which is an actively managed composite investing in common stocks, primarily in high-growth industries and companies. Ordinarily, constituent portfolios are primarily invested in equities of medium capitalization U.S. companies with market capitalizations between \$1 billion and the capitalization of the largest company in the Russell Midcap Growth Index at time of purchase. The Composite was created September 1, 2009 calculated with an inception date of February 1, 2003 and includes all fully discretionary, fee paying accounts including those no longer with the Firm.

The S&P 500 Index is a market-value weighted index and is widely regarded as the standard for measuring U.S. stock-market performance. The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price to book ratios and higher-growth values.

Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing.

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 charged 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.

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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