U.S. Opportunities Strategy

CALAMOS® INVESTMENTS

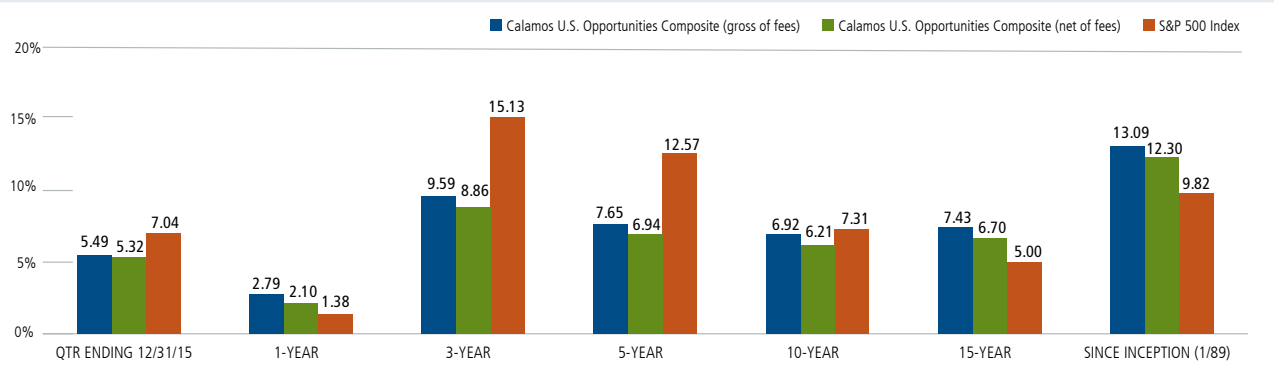
Market Overview

U.S. equities, as represented by the S&P 500 Index, advanced 7.04% during the fourth quarter, although the total return masked tremendous dispersion among stocks and industries. Higher growth areas of the market (for example, consumer, health care, technology) led, while those companies more closely tied to the commodity and cyclical areas (for example energy and materials) suffered large losses during the year. In the quarter, larger cap companies, particularly those exhibiting stronger fundamentals, more resilient balance sheets and growing businesses, held up better than their small and mid cap counterparts. Growth equities outpaced value in the period, continuing a trend witnessed for all of 2015.

While equities experienced strong gains in the fourth quarter, the period was not void of volatility and trepidation. After retesting the lows experienced during a late summer downturn, the markets steadily climbed and approached pre-correction levels early in the quarter. Equities bounced in October, led by beaten-down commodity-related names and other lower quality, riskier assets that rallied strongly from late summer lows. The markets traded in a choppy pattern for the remainder of the quarter, holding onto gains but also encountering greater instability. Slowing global growth continued to weigh on commodities, with oil and metals prices slumping in the face of unfavorable supply-demand dynamics. However, U.S. consumer spending has been resilient and the labor and housing markets remain strong. In December, the Fed elected to raise interest rates for the first time since June 2006, which removed marketplace uncertainty as investors had spent much of the year contemplating the timing of the Fed move.

U.S. convertibles gained in the fourth quarter but lagged the broad equity market. While the convertible market's underlying equities demonstrate a historically high correlation to the broader equity market, the current convertible market comprises a significant number of mid-cap issuers ($1 billion to $12 billion market cap) that have tapped convertibles to finance growth. Subsequently, the recent divergence between large and mid cap stock performance has resulted in convertibles being more

FIGURE 1. CALAMOS U.S. OPPORTUNITIES STRATEGY RETURNS



Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC.
Past performance is no guarantee of future results.
Data as of 12/31/15.

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

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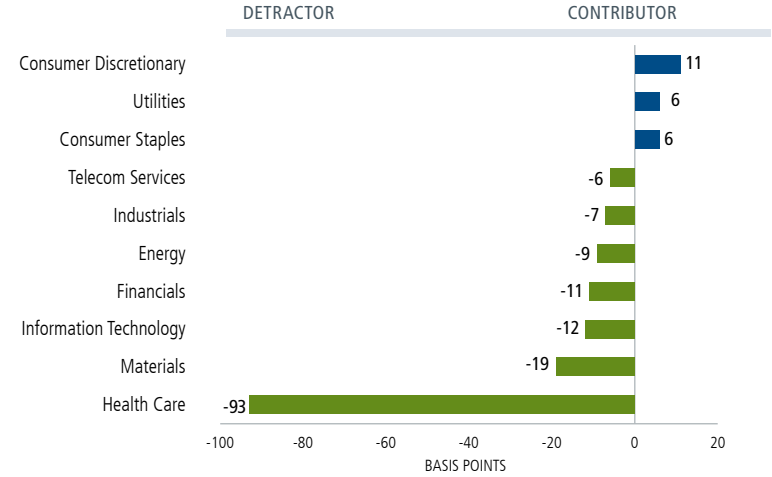
FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS S&P 500 INDEX
FOURTH QUARTER 2015



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 12/31/15.

in line with mid cap growth equities that have underperformed large cap growth.

In this environment, convertibles in the commodity-based sectors, namely energy and materials, underperformed while consumer staples and information technology outperformed. Speculative-grade convertibles experienced a widening of credit spreads and significantly underperformed investment grade convertibles. Lastly, convertibles with the greatest equity sensitivity outperformed those issues with more balanced or credit sensitive attributes.

Performance Review

In this risk-managed equity strategy we dynamically manage the portfolio's risk-reward profile, seeking to deliver upside equity market participation and downside capital preservation through ownership of equities and equity-sensitive securities, such as convertibles. In the fourth quarter, the portfolio posted a strong gain and captured a significant portion of the S&P 500 Index return. Selection in the consumer discretionary and consumer staples sectors contributed to relative performance as did the portfolio's underweight to the energy sector. On an absolute basis, selection in the health care and financials sectors was positive but trailed stronger gains by the benchmark constituents.

Selection in consumer discretionary, notably the home improvement retail, housewares and specialties industries, aided fourth-quarter performance. In this sector, we prefer companies demonstrating sustainable growth catalysts and solid balance sheets, and current holdings extend across a number of different industries, including Internet retail, home improvement retail, catalog retail, homebuilding, broadcasting, restaurants and footwear. Selection of hypermarkets, super centers, and packaged foods and meats companies in the consumer staples sector also aided results.

An underweight to and selection in health care, notably in biotechnology and health care equipment, hindered relative performance. We believe our holdings continue to offer an attractive blend of innovation, quality characteristics and strong fundamentals, although the sector does face headwinds in the form of potential legislation targeting drug pricing practices. The financials sector also dampened performance in the period, due primarily to security selection in the asset management, custody banks, and specialized REITs industries. Despite some headwinds facing the sector, we continue to hold a positive long-term outlook for many industries, founded in improving consumer balance sheets, a thriving housing market and solid corporate fundamentals.

2015 Performance Review

The strategy performed similarly to the S&P 500 Index through the first months of the year, as underweight allocations to underperforming sectors such as energy, materials, telecommunication services and utilities added value. During

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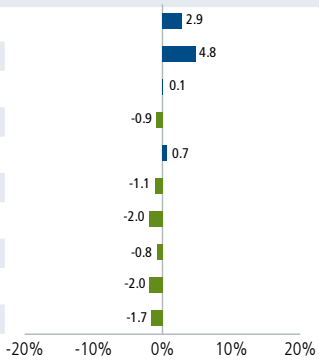
FIGURE 3. SECTOR ALLOCATIONS VERSUS S&P 500 INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	S&P 500 INDEX	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 9/30/15 (PCT. POINTS)	UNDER/OVERWEIGHT %
Information Technology	23.5%	20.6%	0.5%	2.9
Consumer Discretionary	17.7	12.9	0.4	4.8
Financials	16.6	16.5	0.1	0.1
Health Care	14.3	15.2	-1.4	-0.9
Industrials	10.7	10.0	0.9	0.7
Consumer Staples	9.0	10.1	0.5	-1.1
Energy	4.5	6.5	-0.7	-2.0
Utilities	2.2	3.0	0.0	-0.8
Materials	0.8	2.8	-0.3	-2.0
Telecommunication Services	0.7	2.4	0.0	-1.7



Source: Calamos Advisors LLC.
Data as of 12/31/15.
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.

the late summer market correction, the strategy showed its risk-management characteristics and downside protection capabilities, holding up better than the equity benchmark in bouts of volatility. In October 2015, as the market swiftly recovered from the late summer correction, the strategy once again advanced and posted positive performance, capturing a significant amount of the S&P 500 Index performance. As a result, portfolio outperformed the S&P 500 Index for the year.

From an economic sector perspective versus the S&P 500 Index, our overweight to and selection in consumer discretionary, including an overweight to the home improvement retail industry, contributed for the year. Also, an overweight to and selection in information technology, such as semiconductors, aided results.

Conversely, selection in health care, including holdings in pharmaceuticals and biotechnology, held back results. Selection in energy, with holdings in oil and gas exploration and production, also hindered.

Positioning

Technology, financials, health care and consumer discretionary are the portfolio's largest absolute allocations, as our positioning reflects a cautious but positive long-term outlook. While we maintain a consistent risk-management and valuation discipline across all sectors, we seek to identify companies with sustainable competitive advantages, accelerating fundamentals, growth potential uncaptured by current street estimates, and catalysts for unlocking shareholder value. Among the themes we believe will drive growth are productivity enhancements, demographic shifts, data digitization and security, biotechnology and genomics advancements, and the global infrastructure build-out. We are cognizant of valuations within the portfolio and have reduced risk in some more richly valued names.

While we have been active in many sectors, absolute and relative changes to the portfolio have been moderate. Among adjustments in the quarter, we increased our weight to the information technology sector, as we purchased select companies in the systems software, Internet software and services, and semiconductor equipment industries. Similar to existing IT holdings, these additions exhibit the strong

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fundamentals, growth prospects and company-specific advantages we continue to favor.

We trimmed the portfolio's allocation to health care by cutting holdings with deteriorating fundamentals, full valuations or other company-specific issues. Still, we generally view companies in the sector constructively because of the desirable combination of innovation, quality characteristics and attractive fundamentals.

Outlook

While we do not believe a recession in the U.S. is imminent, our view is that U.S. economic growth will be slow in 2016, as we expect it will be for the global economy. The U.S. economy continues to benefit from favorable trends in employment, consumer confidence and housing. Although the recent budget deal marked a slight shift in a favorable direction, we feel that fiscal policy and political uncertainty remain formidable headwinds to more robust growth. Against this backdrop and in light of global growth concerns, the Fed may not carry through with as many rate increases in 2016 as it has indicated. When assessing all factors in aggregate, this may not be the most comfortable market in which to invest. We are committed to exercising diligence and flexibility to identify appropriate growth opportunities for your portfolio, and we remain mindful of our valuation and risk-management tenets. This is particularly true given the uncertainty in the markets, but this low-volatility equity strategy, employing convertibles to improve the portfolio's risk efficiency, is ideally suited to navigate the coming quarters.

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.

For Institutional Use Only

The information portrayed is for the Calamos U.S. Opportunities 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 experienced 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.

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 U.S. Opportunities Composite which is an actively managed composite investing in equity, convertible and high yield securities seeking long term total return through growth and current income. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

The **BofA Merrill Lynch All U.S. Convertibles Index (VXA0)** measures the return of all U.S. convertibles.

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 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 Growth or the Russell 2000 Growth indexes. 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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