U.S. All Cap Growth Strategy

CALAMOS®

Market Environment

The Russell 3000 Growth Index gained 5.17% during the fourth quarter, slightly outpacing the 4.93% return of the S&P 500 Index. Overall, the market broadly trended higher over the three-month period, but not without a few dramatic bouts of volatility. The quarter started out in a fear-driven mode with most risk assets falling across the board as gathering signs of a global slowdown shook markets in early October.

Growing discord among European Union members on how to jump start economic growth and stave off deflationary pressures as well as concerns regarding the Ebola virus added to the angst. By the end of October, however, the Bank of Japan's surprise extension of its quantitative and qualitative easing program spurred market momentum and erased early quarter losses.

Investors again shifted to a "risk-off" stance in December on renewed concerns of a global economic slowdown brought on by a slide in oil prices and Russia's worsening financial crisis. Yet, by mid-month the market returned its focus to Federal Reserve policy, as the Board emphasized "patience" regarding increasing short-term interest rates. The absence of notable inflationary pressures provided policymaker's considerable latitude in setting their intermediate-term agenda. By the end of the quarter, the market had righted the ship and proceeded to a new all-time high.

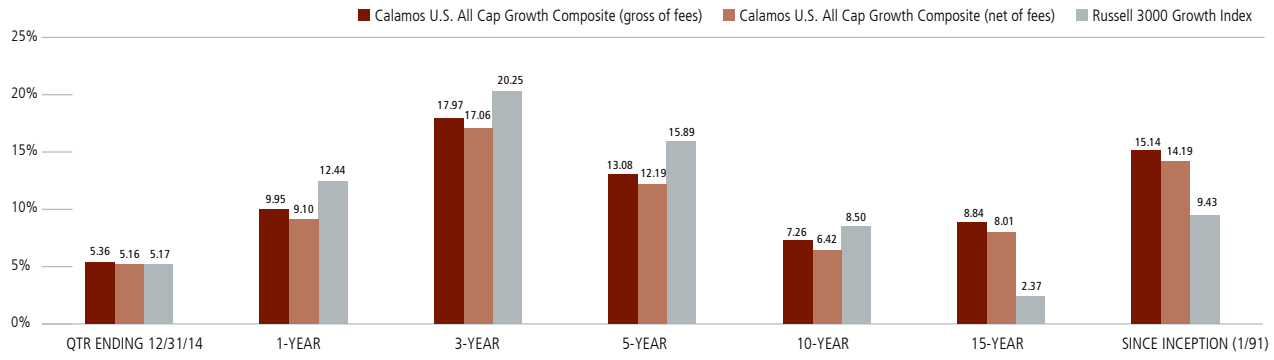
U.S. economic data continued to be positive and employment data posted healthy gains. Consumer confidence also rose to a seven-year high, on the heels of falling gasoline prices and continued job growth. In addition, the U.S. economy expanded at the fastest pace in more than a decade during the third quarter, coming in at 5.0%.

Sector performance within the Russell 3000 Growth Index was mostly positive during the quarter. After lagging for most of the year, small-cap stocks significantly outperformed their larger-cap brethren. Benchmark performance by sector varied significantly, as health care led the index with a 9.74% return while energy declined -19.44%, a difference of more than 29 percentage points. Health care (+9.74%), industrials (+8.55%), utilities (+8.26%) and financials (8.15%) outpaced the aggregate index return, while energy (-19.44%) and telecom services (-4.28%) underperformed.

Performance Review

During the quarter, the broad market continued to be narrow and largely rotational, with no single factor or style enjoying what we

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



Source: Calamos Advisors LLC and Mellon Analytical Solutions LLC.
Past performance is no guarantee of future results.
Data as of 12/31/14.

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

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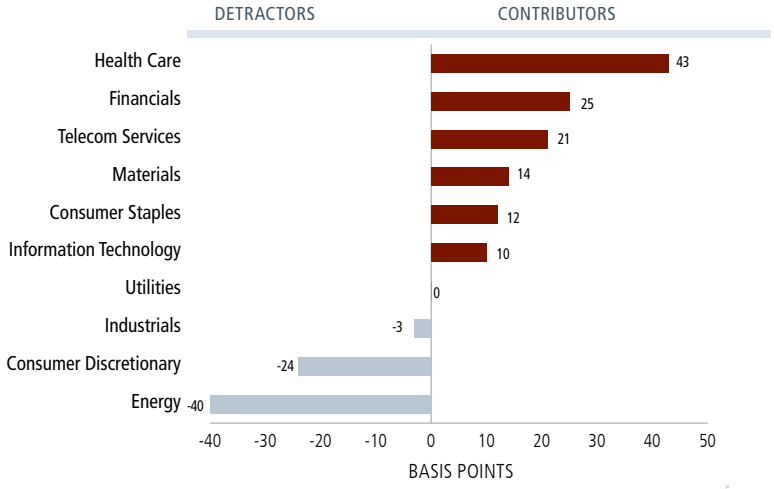
FIGURE 2. REPRESENTATIVE PORTFOLIO PERFORMANCE VERSUS RUSSELL 3000 GROWTH INDEX
FOURTH QUARTER 2014



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 12/31/14.

would term sustained success. Market leadership moved from one sector or industry to another in short order.

Top-down sector positioning as well as security selection contributed positively to the portfolio's quarterly performance. An overweight position to and security selection in health care and financials was additive to returns, while relative underweights to telecommunication services and materials also contributed. An overweight stance in energy and selection within the sector detracted from performance, as did selection in consumer discretionary. In appraising the portfolio's bottom-up positioning, weaker fundamentals and the need to pare our exposure to higher-valuation momentum names led us to reduce select holdings within information technology. Conversely, we increased our allocation to the consumer discretionary sector.

During the quarter, the areas and factors that had the most significant impact on performance included:

Health Care. An overweight to and stock selection in health care, the biotechnology industry in particular, benefited relative performance. We continue to favor leaders in health care consumerism and innovation, including those companies pursuing growth opportunities in developing markets as well as those with the least vulnerability to government regulations. In addition to biotechnology, the portfolio's industry exposures in this sector include, health care technology, health care equipment, and life sciences tools and services.

Financials. An overweight to and security selection in the financials sector added to portfolio returns. In particular, holdings in the asset management and custody banks industry proved notable. Based on healthier consumer balance sheets, an improving housing market, and select financial companies that will benefit from higher interest rates, we maintain a positive outlook for many industries in the sector.

Energy. An average overweight position and security selection in the energy sector hampered relative performance. Among industries, holdings in oil-and-gas exploration-and-production underperformed. Despite the severe drop in oil prices, the oil-and-gas equipment/services and exploration/production industries, the portfolio's largest energy exposures, continue to offer sound long-term growth fundamentals. Furthermore, we believe continued innovation in these industries will support attractive growth opportunities.

Consumer Discretionary. Security selection in the consumer discretionary sector, specifically the footwear industry, trailed the index. We continue to favor strong franchises with well-known brands, sustainable growth catalysts and improving fundamentals. Current sector holdings extend across industries including Internet retail, movies and entertainment, footwear, restaurants and home improvement.

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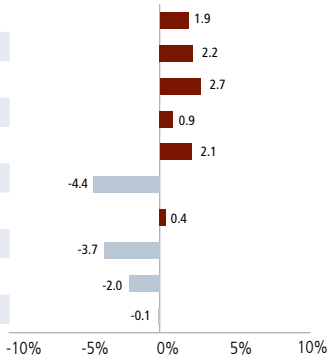
FIGURE 3. SECTOR ALLOCATIONS VERSUS RUSSELL 3000 GROWTH INDEX

SECTOR	REPRESENTATIVE PORTFOLIO %	RUSSELL 3000 GROWTH INDEX	PORTFOLIO SECTOR WEIGHTING CHANGE SINCE 9/30/14 (PCT. POINTS)
Information Technology	30.0%	28.1%	-2.5
Consumer Discretionary	20.7	18.5	3.6
Health Care	17.6	14.9	0.9
Industrials	13.3	12.4	0.7
Financials	7.6	5.5	0.5
Consumer Staples	5.6	10.0	-1.5
Energy	4.8	4.4	-1.6
Materials	0.4	4.1	-0.1
Telecommunication Services	0.0	2.0	0.0
Utilities	0.0	0.1	0.0



Source: Calamos Advisors LLC.

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.

Data as of 12/31/14.

Positioning

Entering 2015, we demonstrated consistency in our investment style by continuing to overweight secular and cyclical growth opportunities in technology, health care, and consumer discretionary, while remaining underweight defensives, energy/commodities and late cyclicals. In the context of our top-down perspectives, we expect the portfolio holdings to benefit from a number of macro themes, including connectivity, mobility and innovation, open access to information and entertainment and productivity enhancements. As always, disciplined in valuation is critical as we seek to reduce exposure to higher-valuation momentum names, while focusing on quality growth opportunities.

Among the quarter's positioning changes, we sought to manage risk within the portfolio by reducing exposure to higher-momentum and higher-P/E holdings, especially within the information technology sector. We sold or trimmed names with deteriorating fundamentals and/or higher relative valuations. We pared back our weight across a variety of industries, including application software, systems software and semiconductors. Despite decreasing the weight to information technology, we see long-term prospects within the sector and continue to find attractive growth opportunities. We also identified new holdings within the consumer discretionary, health care and industrials sectors, which showed compelling growth catalysts and attractive characteristics.

In absolute terms, the portfolio's largest sector allocations include information technology, consumer discretionary and health care, while consumer discretionary and health care represent the largest overweights relative to the Russell 3000 Growth Index. Conversely, the consumer staples sector is presently the most significant underweight.

2014 Review

The strategy had a solid gain in 2014, although it did not keep pace with the Russell 3000 Growth Index. Initially, the strategy benefitted from the market's preference for cyclical growth areas and businesses with higher growth expectations, which outperformed slower growing and more defensive sectors during this time. Growth was supported by the market's view that the economic recovery was continuing at a slow-and-steady pace.

In the early part of the year, however, the market experienced a strong rotation out of higher-growth companies and into more

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value and defensive stocks with lower valuations within the broad market and the growth market. This rotation was prompted by Federal Reserve Chair Janet Yellen's March 2014 comments that interest rates could start rising sooner than expected, though she later softened her stance on the timing. She also voiced her view that certain higher-growth areas of the market may be overvalued. Technology and health care sectors were especially hurt by the subsequent sell-off.

Because economic indicators continued to signal growth in the economy, the strategy remained in a pro-economic growth mode. Near the end of the period, in October, the market experienced a swift downturn once again, with slower growing and more defensive sectors serving as safe havens, and the strategy's relative performance was strong as a result of moves we had made earlier within the portfolio. Market action this year has been very rotational and narrow, with little consistency between the leaders and laggards, and has not always favored a fundamental growth approach like the one the Strategy pursues.

Turning to the more specific factors that influenced the strategy's performance versus the Russell 3000 Growth Index, an overweight position and selection within health care (the biotechnology industry) contributed to returns. An overweight stance and selection within information technology (the technology hardware, storage and peripherals industry) also helped returns during the period. Conversely, an overweight allocation and selection in industrials (the construction and engineering industry) held back returns relative to the index. An overweight allocation and selection in consumer discretionary (the apparel, accessories and luxury goods industry) also detracted from returns.

Outlook

As the Calamos investment team evaluates global market opportunities through an integrated set of lenses capable of focusing on both top-down macro-economic factors and bottom-up fundamentals, we have determined that U.S. equities, and growth companies, in particular, offer attractive upside potential entering 2015. Certainly, as we witnessed in the fourth quarter, market sentiment can shift quickly, having a potentially harmful impact on volatility, market valuations and the ability of active management to outperform.

While the U.S. is the world's brightest beacon with its low inflation, solid corporate earnings growth and reasonable valuations—all supported by an accommodative Fed—our comprehensive investment process demands that we execute this U.S.-focused strategy in the context of global risks.

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 All 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. 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 All Cap Growth Composite, is an actively managed strategy that invests In common stocks, preferred stocks, securities convertible into U.S. common stocks, and U.S. dollar-denominated American Depository Receipts, primarily in high growth industries and companies across all market capitalizations. Results include 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.

The **Standard & Poor's 500 Stock Index** (S&P 500) is an unmanaged index generally representative of the U.S. Stock Market, without regard to company size. The **Russell 3000 Growth Index** measures the performance of the broad growth segment of the U.S. equity universe and includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

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.

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