

Market Perspectives

CALAMOS®

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We expect ongoing volatility spikes, but we believe we can capitalize on them.

Finding Growth Opportunities in Volatile Markets

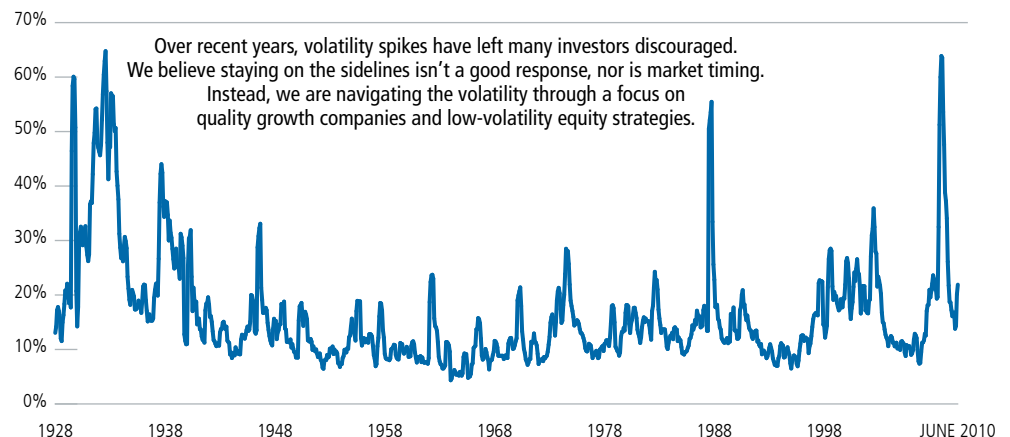
Investors have found themselves confronted with new and longer-standing uncertainties in recent months—the slowing of the economic recovery in the United States and the looming shadow of a debt crisis in Europe figuring most prominently. Against this backdrop, volatility spikes in the market have become par for the course.

We do not believe that volatility and uncertainty are reasons for staying out of the markets. If that were the case, there would never be a good time to invest! What matters is finding the opportunities amid the volatility and developing asset allocations that address the reality of the markets. Not all securities will fare equally well (quality will matter!), but we believe that active managers with highly selective strategies will continue to add value.

In this piece, we will outline where our investment team is finding opportunity. We expect volatility to continue, but we believe we can capitalize on it. We're excited about growth stocks and low-volatility equity strategies. We continue to believe that companies in a variety of sectors—most notably, information technology—offer compelling, sustainable prospects due to their participation in secular trends, such as global demographic shifts.

FIGURE 1. STOCK VOLATILITY, S&P 500 INDEX, 90-DAY VOLATILITY

APRIL 1928 TO JUNE 2010



Source: Bloomberg

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.

Past performance is no guarantee of future results.

**NOT FDIC INSURED | MAY LOSE VALUE
NO BANK GUARANTEE**

I. Positioning

Broadly, we are favoring high-quality multi-national companies that have worldwide footprints and sustainable competitive advantages. As competition increases across the globe and economic growth remains tepid, we believe higher-quality growth businesses with strong balance sheets, globally diversified revenues and the ability to fund their own growth internally will be best positioned.

We do not believe that volatility and uncertainty are reasons for staying out of the markets.

Even in challenging times, there are a number of secular themes that provide a tailwind to prosper and profit. As we consider the current environment, we believe that information technology companies are especially well positioned. IT companies are providing innovations and services to corporations that are working hard to maximize productivity and profits in an increasingly competitive global environment. IT companies are also helping individuals stay connected to each other and information. We believe that people will continue to want innovative and increasingly affordable technology, regardless of the economy.

One of the most important trends that we see in the global markets is economic progress in emerging markets. (Recently, I had the opportunity to visit Asia. The growth and transformation I saw was truly inspiring.) Companies in many sectors—and in many countries—are positioned to benefit. One such area is industrials. We continue to see opportunities among industrials that are participating in global infrastructure building.

We're keeping a close eye on financials and health care. These are areas where regulation and the political environment are giving us plenty to think about. As new financial regulations provide more clarity to the financial services sector, we are taking a look at who the winners and losers might be. Within health care, we've found select companies trading at utility-like valuations in light of regulatory changes.

In the consumer discretionary sector, we are favoring low-cost producers with global reach and brand focus. Meanwhile, in the energy sector, U.S. dollar devaluation should help support energy prices over the long term. Also, the BP oil spill and global slowdown have devastated stock prices in the sector. As heavy liability risks and global slowdown weigh on valuations, we expect to consider selective additions to our energy holdings.

Please see "Sector Outlook and Positioning" (page 7) for more sector-specific commentary.

II. How We Are Managing Risk

As active investment managers, our job is to analyze the existing and potential risks in the market, and to develop proactive and flexible strategies that address and even capitalize on this reality. As always, we are focusing on security, industry and sector risks. We are also increasingly focused on the complex inter-relationships among events, sectors and economies. We are closely analyzing changes in wages, salaries, savings, imports and exports, and consumer trends around the world.

As we noted in our July "Economic Review and Outlook," we strongly believe that downside risk should be reduced in

most asset classes. We are utilizing a number of strategies to lower exposure to potential risks, including disciplined valuation analysis and an emphasis on high-grade balance sheets. We also are using put protection, where we purchase index put options with the aim of limiting losses from significant market corrections. In the case of lower-grade companies, we are favoring short maturity debt.

III. The Case for Growth

As we have noted, we believe that in a period of uncertain economic growth, not all companies will enjoy the same good fortunes. In our view, the companies that will be best positioned to succeed are those with strong balance sheets and the ability to grow without needing quick and easy access to the credit markets. Additionally, global presence and know-how are extremely important for two major reasons. First, we want to invest in companies that are not overly dependent on one economy (and its potential missteps). Second, economic and societal progress are occurring all

over the world, with Asia serving as a particularly exciting example. In this environment, we believe established multinationals have a decided advantage.

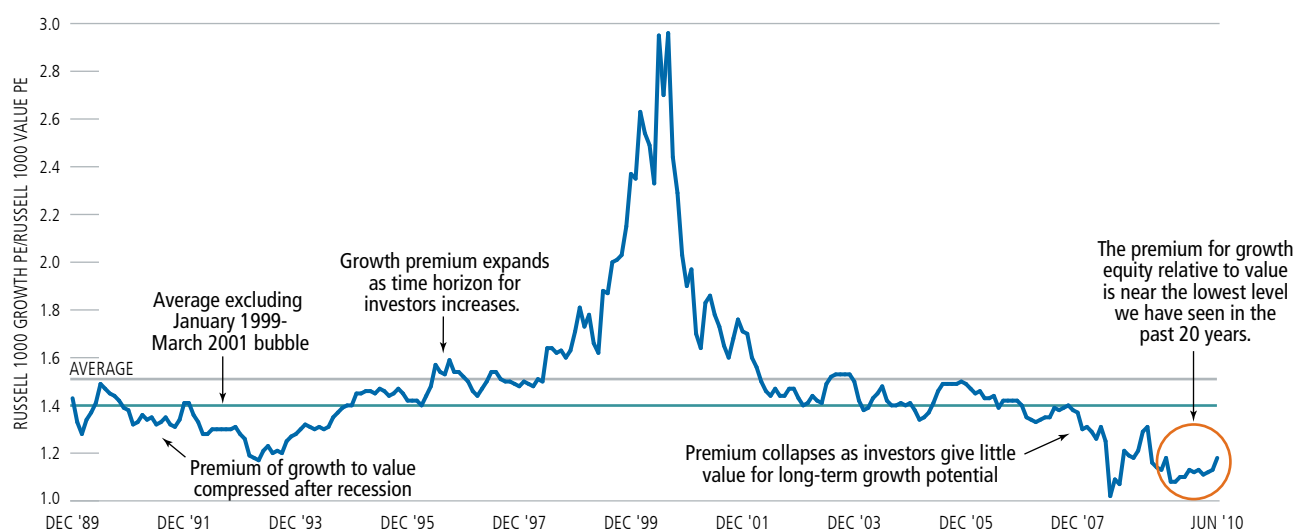
Moreover, what makes the growth opportunity particularly attractive in the current environment are the valuations we are finding. The premium for growth equity relative to value is near the lowest level we have seen in the past 20 years.

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Growth-oriented firms typically command a premium for their ability to generate stronger growth in areas such as revenues, earnings or margin improvement. Yet today, based on one-year forward P/E ratios, growth companies are trading at little premium to the rest of the market. The Russell 1000 Growth Index has a P/E of 13.7, compared to

FIGURE 2. LITTLE PREMIUM FOR GROWTH

RUSSELL 1000® GROWTH INDEX P/E RELATIVE TO RUSSELL 1000® VALUE INDEX P/E, DECEMBER 1989–JUNE 2010



Source: FactSet and Cap IQ

CALAMOS GROWTH PORTFOLIOS, RESULTS AS OF 6/30/10

We believe that the case for growth is compelling. We also believe that our results attest to the merits of our rigorous process. Our U.S., international and global growth equity offerings are managed by the same integrated investment team, according to our time-tested approach.

CALAMOS GROWTH FUND

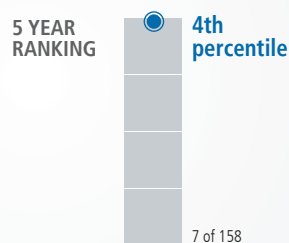
A traditional U.S. growth equity portfolio



Among Morningstar Large Cap Growth Funds

CALAMOS INTERNATIONAL GROWTH FUND

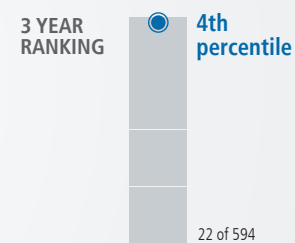
A non-U.S. equity portfolio



Among Morningstar Foreign Growth Funds

CALAMOS GLOBAL EQUITY FUND

A global equity portfolio



Among Morningstar World Stock Funds

Performance data quoted represents past performance, which is no guarantee of future results. For the one- and five-year periods, Calamos Growth Fund ranked 78 of 1770 and 504 of 1298, among Morningstar Large Cap Growth Funds. For the one-year period, Calamos International Growth Fund ranked 2 of 270 among Morningstar Foreign Growth Funds. For the one-year period, Calamos Global Equity Fund ranked 24 of 795 among Morningstar World Stock Funds. Morningstar rankings through 6/30/10 are for Class A shares at NAV and will differ for other share classes.

Percentile Ranking is a standardized ranking. The first (best) observation with the largest numerical value, in terms of net-of-fee performance, is ranked one and the observation with the smallest numerical value is ranked 100. The rest of the observations are ranked an equal distance from each other in order of their numerical values, from largest to smallest. The percentile rank is calculated by dividing the absolute rank within a peer group by the total number of observations in that peer group. © 2010 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

the Russell 1000 Value Index's P/E of 11.6—meaning growth is trading at a multiple of just 1.2 times the value market (see Figure 2).

Similarly, versus corporate bonds, growth equities also look compelling. Investors have “paid-up” for bonds and other debt instruments, which have enjoyed a strong rally. By our estimates, growth stocks look very favorable relative to government bonds, where profligate spending has led to high deficits that could lead to higher interest rates. As higher-quality growth investors, we believe current growth equity valuations are appealing and offer compelling long-term investment opportunities.

IV. The Case for Low-Volatility Equity

As difficult as it may be, the reality is that volatility is always a part of investing. Therefore, what matters is not volatility itself, but how an investor responds to volatility. In all environments, but especially now, we believe investors need asset allocation strategies that address this reality.

Accordingly, we maintain an extremely constructive view on what we refer to as “low-volatility equity strategies.” When we discuss volatility, our focus is on the variation of returns in our low-volatility equity funds versus full equity benchmarks such as the S&P 500 Index and the MSCI World Index. We consider a fund to have lower volatility when

its beta versus the equity benchmark is less than one. For example, a beta of 0.70 means a fund's returns are about 30% less volatile than its benchmark, or that the fund is taking on less "market risk".

The objective of low-volatility equity strategies is to outperform the equity market with less risk than a comparative pure-stock portfolio. They seek to provide an asymmetrical risk profile by participating in a greater portion of equity upside than downside over a full market cycle. To accomplish this, we combine equities and equity-

like securities (most notably, convertibles). The Calamos Growth and Income Fund and the Calamos Global Growth and Income Funds have delivered on this goal through short and long periods. Both demonstrated resilience during the turbulent "mini-cycle" of 2008 and 2009. During the "Lost Decade" of 2000-2009, each posted positive returns while the S&P 500 Index declined and the MSCI World Index was flat. For more on the performance of our low-volatility equity strategies, please see "Results of a Low-Volatility Equity Approach" (page 6).

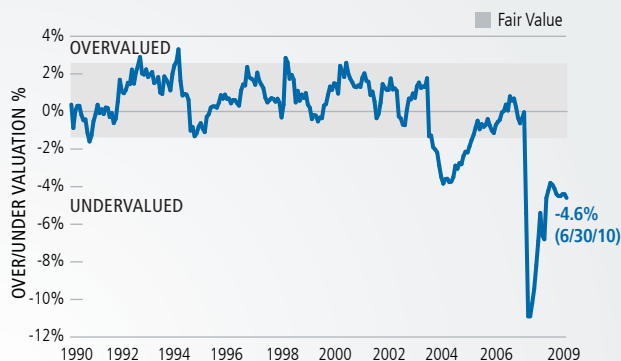
THOUGHTS ON THE CONVERTIBLE MARKET

In 2008, valuations in the convertible universe reached unprecedented lows. Now that the gap has narrowed, some ask what this means for convertible securities and strategies which utilize them, such as our low-volatility equity portfolios. We believe the case for convertibles remains extremely compelling, particularly when convertibles are dynamically combined with equities as we do within our low-volatility equity funds.

Excluding 2008, the valuation gap still falls near the lows of the past 20 years. The gap is close to levels seen during the hedge fund-driven selloff of 2004 and 2005, and is characteristic of recessionary levels. Within this context, current valuations in the convertible market imply significant opportunities remain.

It is important to remember that the undervaluation level we chart is a market average that includes a variety of overvalued and undervalued securities. And, as active managers, we do not invest in the average.

CONVERTIBLE VALUATIONS



Source: Calamos Corporate System (CCS), Calamos Advisors LLC. Please note that the above chart has been derived from CCS, a proprietary valuation system designed and maintained solely by Calamos. While we deem the above information to be reliable, Calamos makes no public claims as to the validity of the information derived from the system.

When the valuation gap narrows, it simply means that uncovering opportunity requires a deeper understanding of the market and individual situations. Strategies that include convertibles do not add value solely through market dislocations, but through active management (e.g., blending convertibles and equities to achieve a consistent risk/reward profile through market styles).

Results of a Low-Volatility Equity Approach

Calamos offers two low-volatility equity funds. Calamos Growth and Income Fund was launched in 1988, and invests in equities and equity-like securities (primarily convertibles and convertible preferreds). Calamos Global Growth and Income Fund, launched in 1996, provides low-volatility equity within a global framework.

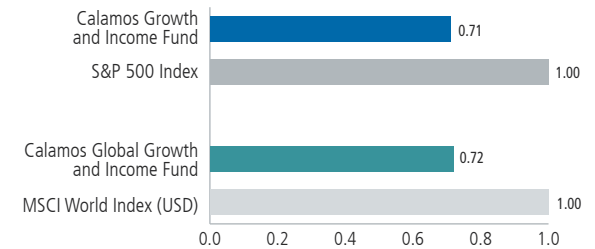
For more information, please read our paper “[Low-Volatility Equity Strategies: Crafting an Asset Allocation Core,](#)” available at www.calamos.com.

SINCE INCEPTION BETA

AS OF JUNE 30, 2010

Each fund has demonstrated notably less risk than the broad equity markets.

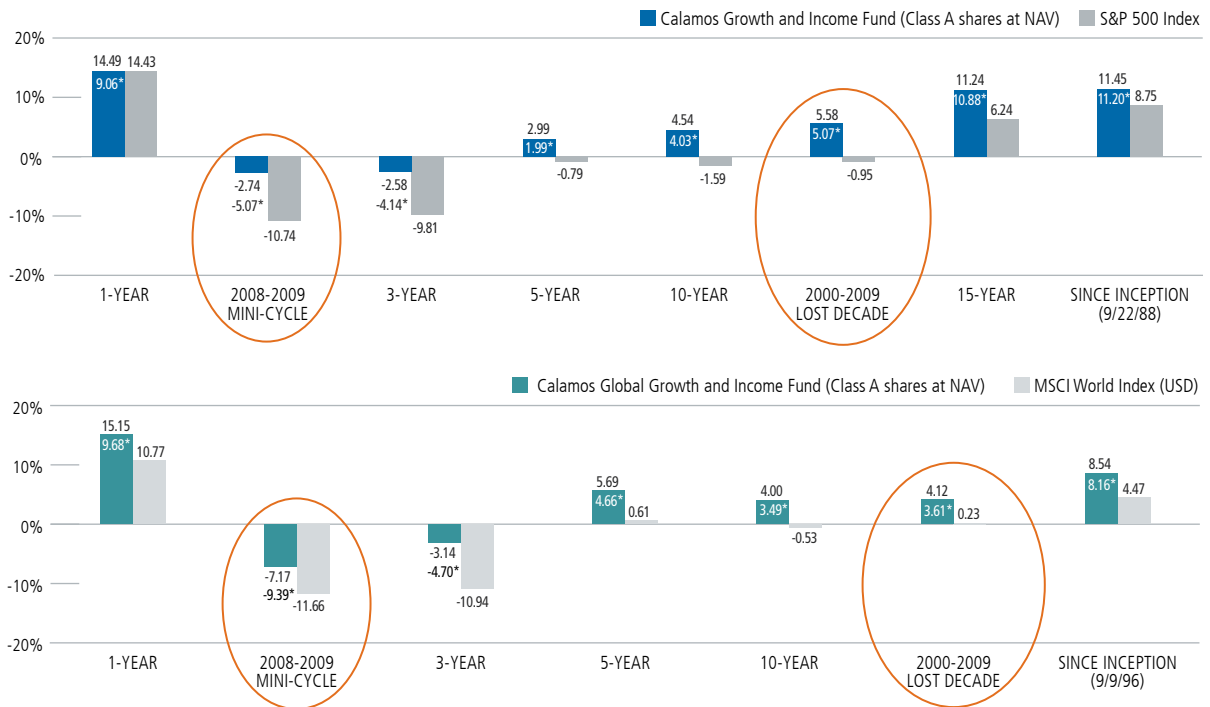
Source: Mellon Analytical Solutions LLC, Calamos Advisors LLC and State Street



Corp. Beta is a measure of stock market correlation or risk. Fund data based on A shares at NAV.

OUTPERFORMANCE OVER SHORT AND LONG TIME PERIODS

AVERAGE ANNUAL RETURNS (%) AS OF JUNE 30, 2010, UNLESS OTHERWISE NOTED



*A shares load adjusted

Sources: Mellon Analytical Solutions LLC, Calamos Advisors LLC and State Street Corp.

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 investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. You can obtain performance data current to the most recent month end by visiting www.calamos.com. Average annual total return measures net investment income and capital gain or loss from portfolio investments as an annualized average. All performance shown assumes reinvestment of dividends and capital gains distributions. Class A shares load-adjusted returns are adjusted for the maximum front-end sales load of 4.75%. The Funds also offer Class B and C shares, the performance of which may vary. Performance shown reflects an expense reimbursement that improved results. As of the prospectus dated 3/1/10, the gross expense ratio for Calamos Growth and Income Fund Class A shares is 1.13%. For Calamos Global Growth and Income Fund, the gross expense ratios is 1.45% for Class A shares. Index “Since Inception” dates are 10/1/88 for the Growth and Income Fund and 10/1/96 for the Global Growth and Income Fund.

Please visit us at www.calamos.com for more information or call us at 800.582.6959, 8:00 a.m. to 6:00 p.m. CT, Monday through Friday.

APPENDIX: SECTOR OUTLOOK AND POSITIONING

This chart originally appeared in our July "Economic Review and Outlook" and provides an outline of our general positioning.

SECTOR	POSITIONING*	KEY CONSIDERATIONS
FINANCIALS	Equal/ Underweight	<p>Banks will be under pressure to pay for the FDIC's huge insurance liability, while new regulations, lower ROEs and ROAs continue to make the banking sector less attractive.</p> <p>Current 20-25% correction has improved the risk/reward in the money center banks but they most likely present utility-like business models in the future.</p> <p>Mid-size banks should benefit from local bank consolidation and government loss share.</p> <p>Asset managers and insurers look reasonable from valuation- and business-model perspectives while offering better balance sheets and equity risk/reward.</p>
TECHNOLOGY	Significant Overweight	<p>Capital spending as a percentage of GDP is near a 40-year low, and we expect that this trend will reverse. Technology companies are positioned well for a rebound in the capital spending cycle and are very used to competing in a deflationary environment.</p> <p>Productivity enhancement and cost controls should help technology spending.</p> <p>We see consumers remaining willing to purchase certain "special" products such as cell phones, laptops and flat-screens.</p> <p>The sector will benefit from global infrastructure stimulus spending.</p> <p>Stock valuations are attractive and the risk/reward is compelling.</p> <p>The sector may be re-establishing its leadership position in the equity market for the first time since last decade's collapse.</p>
CONSUMER STAPLES	Equal weight	<p>We favor low-cost producers with global reach and brand focus.</p> <p>Recent weakness presents buying opportunity.</p>
INDUSTRIALS	Equal/ Overweight	<p>Valuations again imply a weak economic cycle for the next decade.</p> <p>Global infrastructure stimulus spending will benefit many companies in this sector, so we expect that overall growth should be above the average global growth rate.</p>
MATERIALS	Underweight	<p>As commodity prices have declined, valuations are reasonable again, but near-term economic weakness in Asia may present headwinds.</p> <p>We favor commodity businesses over raw material businesses.</p> <p>Further U.S. dollar devaluation and global stimulus spending should help boost commodity prices over the long term.</p>
ENERGY	Equal weight	<p>U.S. dollar devaluation should help support energy prices over the long term.</p> <p>Mid-East turmoil adds to the attractiveness of this sector as it can hedge unforeseen energy price spikes.</p> <p>The BP oil spill and global slowdown have devastated stock prices in the sector. As heavy liability risks and global slowdown weigh on valuations, we are looking to selectively add.</p>
CONSUMER DISCRETIONARY	Underweight	<p>Stocks offer significant discrepancies in values and opportunities, with a widening divide between winners and losers.</p> <p>High-end and trendy products still selling well.</p>
HEALTH CARE	Equal weight	<p>This sector may be undergoing some significant changes with the government taking on a more activist approach and by becoming a major player and insurer. It is important to follow government actions and adjust accordingly.</p> <p>Valuations in most industry groups reflect utility-like pricing environment, so the risk/reward is reasonable.</p>

* Sector overweights and underweights are general indications for the broad sectors. Each portfolio may hold different overweights or underweights due to characteristics particular to individual asset classes utilized.

The Fund may seek to purchase index put options to help reduce downside exposure however, the effectiveness of the Fund's index option-based risk management strategy may be reduced if the Fund's portfolio does not correlate to the performance of the underlying option positions. The Fund also risks losing all or part of the cash paid for purchasing index options. Unusual market conditions or lack of a ready market of any particular option at a specific time may reduce the effectiveness of the Fund's option strategies, and for these and other reasons, the Fund's option strategies may not reduce the Fund's volatility to the extent desired. From time to time, the Fund may reduce its holdings of put options, resulting in an increased exposure to a market decline.

Past performance does not guarantee or indicate future results. Current performance may be lower or higher than the performance quoted.

Important Fund Information

All Funds. An investment in the Fund is subject to risks, and you could lose money on your investment in the Fund. There can be no assurance that the Fund will achieve its investment objective. Your investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The risks associated with an investment in the Fund can increase during times of significant market volatility.

Each Fund entails additional principal risks, including equity securities risk, growth stock risk and portfolio selection risk, as well those noted below. More detailed information regarding each Fund's risks can be found in the Fund's prospectus.

Global Growth and Income Fund: Convertible securities risk, synthetic convertible instruments risk, foreign securities risk, emerging markets risk, interest rate risk, credit risk and high yield risk. **Growth and Income Fund:** Convertible securities risk, synthetic convertible instruments risk, small and mid-sized company risk, interest rate risk, credit risk, and high yield risk. **Growth Fund:** Mid-sized company risk and foreign securities risk. **Global Equity Fund:** value stock risk, foreign securities risk, emerging markets risk and small and mid-sized company risk. **International Growth Fund:** Foreign securities risk, emerging markets risk, and small and mid-sized company risk.

The **S&P 500 Index** is a market capitalization weighted index considered generally representative of the U.S. stock market. 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.

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.

The information in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in any account's portfolio at the time you receive this report. The securities discussed do not represent any account's entire portfolio and in the aggregate may represent only a small percentage of any account's portfolio 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 we make in the future will be profitable or will be equal the investment performance of the securities discussed herein.

Before investing, carefully consider the fund's investment objectives, risks, charges and expenses. Contact 800.582.6959 for a prospectus containing this and other information. Read it carefully.

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