

Edgar Filing: CALAMOS STRATEGIC TOTAL RETURN FUND - Form N-CSR

CALAMOS STRATEGIC TOTAL RETURN FUND  
Form N-CSR  
January 07, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

INVESTMENT COMPANY ACT FILE NUMBER: 811-21484

EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER: Calamos Strategic Total  
Return Fund

ADDRESS OF PRINCIPAL EXECUTIVE OFFICES: 1111 East Warrenville Road, Naperville,  
Illinois 60563

NAME AND ADDRESS OF AGENT FOR SERVICE: James S. Hamman, Jr., Secretary,  
Calamos Advisors, LLC  
1111 East Warrenville Road  
Naperville, Illinois  
60563-1493

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (630) 245-7200

DATE OF FISCAL YEAR END: October 31, 2004

DATE OF REPORTING PERIOD: March 26, 2004 through October 31, 2004

Item 1. Reports to Stockholders

CALAMOS STRATEGIC  
TOTAL RETURN FUND

ANNUAL REPORT OCTOBER 31, 2004

[CALAMOS INVESTMENTS LOGO]  
Strategies for Serious Money(R)

PRESIDENT'S LETTER

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PRESIDENT PHOTO  
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Dear Shareholder:

We are proud to bring you the first annual report for the CALAMOS Strategic Total Return Fund (CSQ) covering the fiscal year ended October 31, 2004. Please note that CSQ's inception date was March 26, 2004, meaning this report does not cover an entire 12 month period.

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For those of you who are new to CSQ or to Calamos Investments, we welcome you as an investor. For those of you who are already familiar with our dedication to risk management and long-term performance, I thank you for your confidence in our investment process. In CSQ, as in all of our funds, we strive to maintain an appropriate balance between risk and reward that seeks to provide you with outstanding long-term performance.

The investment objective of CSQ is to seek total return, pursued by investing in a combination of equity, convertible, and high-yield securities. Based on its NAV performance and dividends, we believe that the Fund's objective has been achieved, delivering a total return that is in line with the overall equity market (as represented by the S&P 500), with a strategy that is designed to offer a total return that is more balanced between capital appreciation and income than that of a pure-equity fund. Despite positive NAV performance, the Fund's market price has traded at a discount to NAV. We look forward to expanding our communication efforts in 2005 to help investors understand the Fund's objective. At fiscal year end, the Fund's managed assets were approximately 48% common stock equity securities, with the remainder in convertible securities and high-yield bonds. To help offset some of the effects of rising short-term interest rates on the Fund's yield, the Fund has continued to maintain interest-rate swap positions in connection with approximately half of its leveraged assets.

As part of its focus on total return, the Fund has paid a consistent dividend throughout its fiscal year. Remember that you can use these distributions to your advantage by reinvesting them through the Fund's dividend reinvestment plan and accumulate additional shares of the fund. Through this plan, when the Fund's market price is at a discount to NAV, your distributions are used to purchase shares at this lower price, and even when the Fund is at premium to its NAV, your dividends automatically purchase shares at NAV or 95% of the market price, whichever is greater.

As CALAMOS Investments continues to expand its investment offerings and asset management capabilities, we remain committed to helping you achieve your long-term financial goals. Thank you for choosing the CALAMOS Strategic Total Return Fund.

Sincerely,

/s/ John P. Calamos

John P. Calamos, Sr.  
Chairman,  
Chief Executive Officer and  
Chief Investment Officer

Strategies for Serious Money (R)

1

STRATEGIC TOTAL RETURN FUND

PERFORMANCE

NAV/MARKET PRICE  
INCEPTION THROUGH OCTOBER 31, 2004

LINE GRAPH

COMMENTARY

Despite positive NAV performance since inception, as of fiscal year-end, Calamos Strategic Total Return Fund was trading at a discount to its NAV. We continue to manage the portfolio consistent with the principal

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investment strategies established in connection with the Fund's initial public offering and with the terms of the original offering. In 2005, we will strive to expand our communications efforts regarding the Fund's characteristics and long-term goals.

We seek to provide:

- Total return, achieved through a combination of capital appreciation and current income
- A dynamic allocation among common stock and other income-producing securities, with at least 50% of managed assets in equities or securities convertible into equities
- A competitive and consistent distribution rate

|                                    | Average Annual Total Return(+) |                    |
|------------------------------------|--------------------------------|--------------------|
|                                    | 1<br>YEAR                      | SINCE<br>INCEPTION |
| Common Shares -- Inception 3/26/04 |                                |                    |
| On Market Price                    | N/A                            | -8.59%             |
| On NAV                             | N/A                            | 2.10%              |

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. You can purchase or sell common shares daily. Like any other stock, market price will fluctuate with the market. Upon sale, your shares may have a market price that is above or below net asset value and may be worth more or less than your original investment. Due to ongoing market volatility, performance is subject to substantial short-term fluctuations.

+ Total return measures net investment income and capital gain or loss from portfolio investments, assuming reinvestment of income and capital gains distributions.

2 Strategies for Serious Money (R)

STRATEGIC TOTAL RETURN FUND

PORTFOLIO

FUND SECTOR ALLOCATION

[LINE GRAPH]

|                        |      |
|------------------------|------|
| Financials             | 19.0 |
| Consumer Discretionary | 17.0 |
| Health Care            | 12.3 |
| Industrials            | 11.3 |
| Energy                 | 9.0  |

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|                            |     |
|----------------------------|-----|
| Information Technology     | 8.2 |
| Telecommunication Services | 7.8 |
| Consumer Staples           | 6.9 |
| Materials                  | 6.8 |
| Utilities                  | 1.7 |

Sector allocations are based on total investments (excluding security lending collateral and short-term investments) and may vary over time.

### FUND ASSET ALLOCATION

[PIE CHART]

| COMMON STOCK | CORPORATE BONDS | CONVERTIBLE BONDS |
|--------------|-----------------|-------------------|
| 47.5         | 31.70           | 19.60             |

Strategies for Serious Money (R) 3

### STRATEGIC TOTAL RETURN FUND

SCHEDULE OF INVESTMENTS OCTOBER 31, 2004

| PRINCIPAL<br>AMOUNT            |                                      | VALUE        |
|--------------------------------|--------------------------------------|--------------|
| CORPORATE BONDS (47.3%)        |                                      |              |
| CONSUMER DISCRETIONARY (12.7%) |                                      |              |
| \$ 4,055,000                   | Asbury Automotive Group,<br>Inc. (c) |              |
|                                | 8.000%, 03/15/14                     | \$ 3,973,900 |
| 6,489,000                      | Aztar Corp. (c)                      |              |
|                                | 7.875%, 06/15/14                     | 7,073,010    |
| 9,210,000                      | Beazer Homes USA, Inc.               |              |
|                                | 8.375%, 04/15/12                     | 10,200,075   |
| 1,740,000                      | Blockbuster, Inc. (a) (c)            |              |
|                                | 8.625%, 05/15/11(c)                  | 1,914,000    |
| 11,233,000                     | Blockbuster, Inc. (a) (c)            |              |
|                                | 9.000%, 09/01/12                     | 11,569,990   |
| 4,056,000                      | Boyd Gaming Corp. (c)                |              |
|                                | 7.750%, 12/15/12                     | 4,492,020    |
| 4,056,000                      | Cadmus Communications Corp.          |              |
|                                | 8.375%, 06/15/14                     | 4,400,760    |
| 10,544,000                     | Charter Communications, Inc.         |              |
|                                | 10.000%, 04/01/09                    | 8,856,960    |
| 8,963,000                      | Charter Communications, Inc.         |              |
|                                | 9.625%, 11/15/09(c)                  | 7,304,845    |
| 8,111,000                      | Charter Communications, Inc.         |              |
|                                | 11.125%, 01/15/11(c)                 | 6,813,240    |
| 6,895,000 GBP                  | EMI Group, PLC                       |              |
|                                | 9.750%, 05/20/08                     | 13,658,647   |
| 7,300,000                      | Hovnanian Enterprises,<br>Inc. (c)   |              |
|                                | 7.750%, 05/15/13                     | 7,920,500    |
| 4,056,000                      | IMAX Corp. (a) (c)                   |              |

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|               |  |               |
|---------------|--|---------------|
|               | 9.625%, 12/01/10                             | 4,137,120     |
| 7,706,000     | Intrawest Corp.                              |               |
|               | 7.500%, 10/15/13                             | 8,283,950     |
| 6,172,000     | Jarden Corp.                                 |               |
|               | 9.750%, 05/01/12                             | 6,727,480     |
| 4,056,000     | Kellwood Company                             |               |
|               | 7.625%, 10/15/17                             | 4,495,841     |
|               | Mandalay Resort Group                        |               |
| 17,476,000    | 10.250%, 08/01/07                            | 20,010,020    |
| 5,272,000     | 7.625%, 07/15/13(c)                          | 5,706,940     |
| 10,545,000    | Meritage Corp.(c)                            |               |
|               | 7.000%, 05/01/14                             | 10,874,531    |
| 4,867,000     | NCL Holding, ASA(a)                          |               |
|               | 10.625%, 07/15/14                            | 5,086,015     |
| 4,056,000     | Oxford Industries, Inc.                      |               |
|               | 8.875%, 06/01/11                             | 4,400,760     |
|               | Pinnacle Entertainment,<br>Inc.(c)           |               |
| 7,300,000     | 8.250%, 03/15/12                             | 7,573,750     |
| 4,173,000     | 8.750%, 10/01/13                             | 4,454,678     |
| 8,123,000     | Reader's Digest Association,<br>Inc.(c)      |               |
|               | 6.500%, 03/01/11                             | 8,468,228     |
| 13,789,000    | RH Donnelley Financial<br>Corp.(c)           |               |
|               | 10.875%, 12/15/12                            | 16,925,998    |
| 10,545,000    | Royal Caribbean Cruises, Ltd.                |               |
|               | 7.250%, 03/15/18                             | 11,520,412    |
| 6,895,000     | Spanish Broadcasting System,<br>Inc.         |               |
|               | 9.625%, 11/01/09                             | 7,265,606     |
| 4,056,000     | Speedway Motorsports, Inc.                   |               |
|               | 6.750%, 06/01/13                             | 4,279,080     |
| 12,167,000    | Standard Pacific Corp.                       |               |
|               | 9.250%, 04/15/12                             | 14,174,555    |
|               |  |               |
| PRINCIPAL     |  |               |
| AMOUNT        |  | VALUE         |
| -----         |  |               |
| \$ 13,384,000 | Steinway Musical Instruments,<br>Inc.        |               |
|               | 8.750%, 04/15/11                             | \$ 14,622,020 |
| 6,895,000     | Stoneridge, Inc.                             |               |
|               | 11.500%, 05/01/12                            | 7,929,250     |
| 4,056,000     | Vail Resorts, Inc.                           |               |
|               | 6.750%, 02/15/14                             | 4,187,820     |
|               | Warner Music Group                           |               |
| 15,006,000    | 7.375%, 04/15/14(a)(c)                       | 15,493,695    |
| 2,028,000 GBP | 8.125%, 04/15/14(a)                          | 3,808,803     |
|               |  | -----         |
|               |  | 278,604,499   |
|               |  | -----         |
|               | CONSUMER STAPLES (3.0%)                      |               |
| 6,895,000     | Central Garden & Pet Company                 |               |
|               | 9.125%, 02/01/13                             | 7,687,925     |
| 11,963,000    | Chiquita Brands<br>International, Inc.(a)(c) |               |
|               | 7.500%, 11/01/14                             | 12,321,890    |

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|            |  |            |
|------------|--|------------|
| 9,328,000  | Del Monte Foods Company<br>8.625%, 12/15/12            | 10,563,960 |
| 13,789,000 | Jean Coutu Group, Inc. (a) (c)<br>8.500%, 08/01/14     | 14,133,725 |
| 4,867,000  | Rayovac Corp.<br>8.500%, 10/01/13                      | 5,365,868  |
| 8,111,000  | WH Intermediate Holdings,<br>Ltd.<br>11.750%, 07/15/10 | 9,368,205  |
| 6,489,000  | 9.500%, 04/01/11                                       | 7,137,900  |
|            |  | -----      |
|            |  | 66,579,473 |
|            |  | -----      |
|            | ENERGY (5.7%)  |            |
|            | Chesapeake Energy Corp.                                |            |
| 5,678,000  | 6.875%, 01/15/16                                       | 6,103,850  |
| 3,245,000  | 7.500%, 06/15/14(c)                                    | 3,626,287  |
| 3,245,000  | Comstock Resources, Inc.<br>6.875%, 03/01/12           | 3,374,800  |
| 12,005,000 | Giant Industries, Inc. (c)<br>8.000%, 05/15/14         | 12,575,238 |
| 4,056,000  | Houston Exploration Company<br>7.000%, 06/15/13        | 4,329,780  |
| 4,056,000  | KCS Energy, Inc.<br>7.125%, 04/01/12                   | 4,258,800  |
| 811,000    | Lone Star Technologies, Inc.<br>9.000%, 06/01/11       | 871,825    |
|            | Overseas Shipholding Group,<br>Inc.                    |            |
| 6,489,000  | 7.500%, 02/15/24                                       | 6,618,780  |
| 1,622,000  | 8.750%, 12/01/13                                       | 1,875,437  |
| 8,111,000  | Paramount Resources, Ltd.<br>7.875%, 11/01/10          | 8,962,655  |
|            | Petroleo Brasileiro, SA                                |            |
| 13,384,000 | 9.125%, 07/02/13(c)                                    | 14,655,480 |
| 4,460,000  | 8.375%, 12/10/18                                       | 4,504,600  |
|            | Premcor Refining Group, Inc.                           |            |
| 6,489,000  | 7.750%, 02/01/12(c)                                    | 7,219,013  |
| 5,678,000  | 7.500%, 06/15/15                                       | 6,245,800  |
| 9,186,000  | Swift Energy Company(c)<br>9.375%, 05/01/12            | 10,426,110 |
| 4,056,000  | Tesoro Petroleum Corp. (c)<br>9.625%, 04/01/12         | 4,755,660  |

4 See accompanying Notes to Schedule of Investments.

STRATEGIC TOTAL RETURN FUND

SCHEDULE OF INVESTMENTS OCTOBER 31, 2004

| PRINCIPAL<br>AMOUNT |  | VALUE        |
|---------------------|--|--------------|
| -----               |  |              |
| \$ 6,124,000        | Whiting Petroleum Corp.<br>7.250%, 05/01/12      | \$ 6,460,820 |
| 16,223,000          | Williams Companies, Inc. (c)<br>8.125%, 03/15/12 | 19,143,140   |

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|                |  |                               |
|----------------|--|-------------------------------|
|                |  | -----<br>126,008,075<br>----- |
|                | FINANCIALS (3.2%)  |                               |
| 16,223,000     | Dow Jones CDX North America<br>High Yield Series 3(a)(c)<br>8.000%, 12/29/09 | 16,628,575                    |
| 16,222,000     | Dow Jones CDX North America<br>High Yield Series 4(c)<br>10.500%, 12/29/09   | 16,080,057                    |
| 12,167,000     | Leucadia National Corp.<br>7.000%, 08/15/13                                  | 12,471,175                    |
| 12,978,000     | LNR Property Corp.<br>7.625%, 07/15/13                                       | 14,535,360                    |
| 8,517,000      | Senior Housing Properties<br>Trust<br>8.625%, 01/15/12                       | 9,645,503                     |
|                |  | -----<br>69,360,670<br>-----  |
|                | HEALTH CARE (3.6%)   |                               |
| 4,056,000      | Alpharma, Inc.(a)<br>8.625%, 05/01/11  | 4,238,520                     |
| 4,055,000      | Ameripath, Inc.<br>10.500%, 04/01/13   | 3,994,175                     |
| 2,961,000      | Bausch & Lomb, Inc.<br>7.125%, 08/01/28                                      | 3,180,911                     |
| 11,356,000     | Beverly Enterprises, Inc.(a)<br>7.875%, 06/15/14                             | 12,221,895                    |
| 4,867,000      | Leiner Health Products Group,<br>Inc.(a)<br>11.000%, 06/01/12                | 5,298,946                     |
| 8,922,000      | MedCath Corp.(a)<br>9.875%, 07/15/12   | 9,613,455                     |
| 7,300,000      | Psychiatric Solutions, Inc.<br>10.625%, 06/15/13                             | 8,413,250                     |
| 4,056,000      | Quintiles Transnational Corp.<br>10.000%, 10/01/13                           | 4,441,320                     |
| 15,412,000     | Service Corp.<br>International(c)<br>6.750%, 04/01/16                        | 15,951,420                    |
| 10,950,000     | Vanguard Health Systems,<br>Inc.(a)(c)<br>9.000%, 10/01/14                   | 11,497,500                    |
|                |  | -----<br>78,851,392<br>-----  |
|                | INDUSTRIALS (5.3%)   |                               |
| 13,789,000 EUR | AGCO Corp.<br>6.875%, 04/15/14   | 17,715,692                    |
| 5,394,000      | American Airlines, Inc.(a)<br>7.250%, 02/05/09                               | 4,989,450                     |
| 2,433,000      | Armor Holdings, Inc.<br>8.250%, 08/15/13                                     | 2,688,465                     |
| 13,384,000     | CNH Global, NV(a)(c)<br>9.250%, 08/01/11                                     | 15,324,680                    |
| 10,950,000     | Cummins, Inc.(c)<br>9.500%, 12/01/10   | 12,619,875                    |

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| PRINCIPAL<br>AMOUNT |  | VALUE                         |
|---------------------|--|-------------------------------|
| \$ 7,706,000        | General Cable Corp.<br>9.500%, 11/15/10                          | \$ 8,746,310                  |
| 13,788,000          | Hutchison Whampoa, Ltd. (a) (c)<br>6.250%, 01/24/14              | 14,345,821                    |
| 8,111,000           | Jacuzzi Brands, Inc.<br>9.625%, 07/01/10                         | 9,165,430                     |
| 4,258,000 EUR       | Manitowoc Company, Inc.<br>10.375%, 05/15/11                     | 6,066,353                     |
| 4,056,000           | 10.500%, 08/01/12 (c)  | 4,710,030                     |
| 4,056,000           | Monitronics International,<br>Inc. (a)<br>11.750%, 09/01/10      | 4,446,390                     |
| 4,867,000           | Navistar International<br>Corp. (c)<br>7.500%, 06/15/11          | 5,280,695                     |
| 2,433,000           | Orbital Sciences Corp.<br>9.000%, 07/15/11                       | 2,749,290                     |
| 4,056,000           | Sequa Corp.<br>8.875%, 04/01/08                                  | 4,451,460                     |
| 4,056,000           | United Rentals, Inc. (c)<br>7.000%, 02/15/14                     | 3,761,940                     |
|                     |  | -----<br>117,061,881<br>----- |
|                     | INFORMATION TECHNOLOGY (3.4%)                                    |                               |
| 12,978,000          | Advanced Micro Devices,<br>Inc. (a)<br>7.750%, 11/01/12          | 13,075,335                    |
| 15,412,000          | Avnet, Inc.<br>9.750%, 02/15/08                                  | 17,723,800                    |
| 6,895,000           | Celestica, Inc. (c)<br>7.875%, 07/01/11                          | 7,412,125                     |
| 4,056,000           | Freescale Semiconductor,<br>Inc. (a) (c)<br>7.125%, 07/15/14     | 4,319,640                     |
| 2,027,000 GBP       | Iron Mountain, Inc. (a)<br>7.250%, 04/15/14                      | 3,574,795                     |
| 5,678,000           | Sanmina-Sci Corp.<br>10.375%, 01/15/10                           | 6,685,845                     |
| 4,056,000           | Stratus Technologies, Inc.<br>10.375%, 12/01/08                  | 3,467,880                     |
| 9,733,000           | Xerox Corp. (c)<br>8.000%, 02/01/27                              | 9,781,665                     |
| 8,111,000           | 7.625%, 06/15/13   | 8,962,655                     |
|                     |  | -----<br>75,003,740<br>-----  |
|                     | MATERIALS (6.5%)   |                               |
| 9,734,000           | Arch Western Finance, LLC (c)<br>6.750%, 07/01/13                | 10,391,045                    |
| 2,433,000           | Century Aluminum<br>Company (a) (c)<br>7.500%, 08/15/14          | 2,591,145                     |
| 12,759,000          | Freeport-McMoRan Copper &<br>Gold, Inc. (c)<br>10.125%, 02/01/10 | 14,385,772                    |
| 7,706,000           | Georgia-Pacific Corp.<br>7.375%, 12/01/25                        | 8,303,215                     |



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|            |  |            |
|------------|--|------------|
| 12,167,000 | Global iTechnology, Inc.<br>10.250%, 02/15/12                    | 13,931,215 |
| 3,650,000  | Graham Packaging Holdings<br>Company (a) (c)<br>9.875%, 10/15/14 | 3,887,250  |

See accompanying Notes to Schedule of Investments.

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STRATEGIC TOTAL RETURN FUND

SCHEDULE OF INVESTMENTS OCTOBER 31, 2004

| PRINCIPAL<br>AMOUNT |   | VALUE                         |
|---------------------|---|-------------------------------|
| \$ 6,895,000        | IMCO Recycling, Inc.<br>10.375%, 10/15/10       | \$ 7,722,400                  |
| 8,111,000           | IPSCO, Inc.<br>8.750%, 06/01/13                 | 9,408,760                     |
| 13,384,000          | Ispat Inland ULC(c)<br>9.750%, 04/01/14         | 16,328,480                    |
| 8,111,000           | Phelps Dodge Corp.<br>9.500%, 06/01/31          | 12,085,301                    |
| 4,056,000           | Polyone Corp.(c)<br>10.625%, 05/15/10           | 4,522,440                     |
| 6,895,000           | Steel Dynamics, Inc.(c)<br>9.500%, 03/15/09     | 7,662,069                     |
| 9,734,000           | Texas Industries, Inc.<br>10.250%, 06/15/11     | 11,242,770                    |
| 6,489,000           | U.S. Concrete, Inc.<br>8.375%, 04/01/14         | 6,967,564                     |
| 7,787,000           | Union Carbide Corp.(c)<br>7.875%, 04/01/23      | 7,981,675                     |
| 5,394,000           | 7.500%, 06/01/25                                | 5,420,970                     |
|                     |   | -----<br>142,832,071<br>----- |
|                     | TELECOMMUNICATION SERVICES (2.3%)               |                               |
| 10,544,000          | Alamosa Holdings, Inc.<br>8.500%, 01/31/12(c)   | 11,229,360                    |
| 4,056,000           | 11.000%, 07/31/10                               | 4,765,800                     |
| 17,845,000          | AT&T Corp.(c)<br>8.750%, 11/15/31               | 20,744,812                    |
| 3,650,000           | IPCS Escrow Company(a)(c)<br>11.500%, 05/01/12  | 3,996,750                     |
| 8,111,000           | Nextel Communications, Inc.<br>7.375%, 08/01/15 | 9,043,765                     |
|                     |   | -----<br>49,780,487<br>-----  |
|                     | UTILITIES (1.6%)                                |                               |
| 20,765,000          | Calpine Corp.(c)<br>8.500%, 05/01/08            | 12,874,300                    |
| 15,817,000          | 8.500%, 02/15/11                                | 9,134,317                     |
| 3,946,000           | 7.750%, 04/15/09                                | 2,249,220                     |
| 9,734,000           | Edison International<br>9.875%, 04/15/11        | 11,559,125                    |

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|  |   |                              |
|--|---|------------------------------|
|  |   | -----<br>35,816,962<br>----- |
|  | TOTAL CORPORATE BONDS<br>(Cost \$1,004,286,036)             | 1,039,899,250<br>=====       |
| CONVERTIBLE BONDS (3.7%)                 |   |                              |
|  | CONSUMER DISCRETIONARY (0.4%)                               |                              |
| 7,000,000                                | General Motors Corp.<br>6.250%, 07/15/33                    | 7,526,400<br>-----           |
|  | ENERGY (0.8%)   |                              |
| 15,000,000                               | Repsol Ypf, SA<br>4.500%, 01/26/11                          | 16,290,798<br>-----          |
|  | FINANCIALS (0.4%)   |                              |
| 8,700,000                                | Host Marriott Corp. (a) (c)<br>3.250%, 04/15/24             | 9,200,250<br>-----           |
|  | INDUSTRIALS (0.7%)  |                              |
| 13,000,000                               | Kaydon Corp.<br>4.000%, 05/23/23                            | 15,421,250<br>-----          |
|  |   |                              |
| PRINCIPAL<br>AMOUNT                      |   | VALUE                        |
| -----                                    |   | -----                        |
|  | INFORMATION TECHNOLOGY (0.7%)                               |                              |
| \$ 16,500,000                            | Advanced Micro Devices,<br>Inc. (c) (e)<br>4.750%, 02/01/22 | \$ 16,995,000<br>-----       |
|  | MATERIALS (0.7%)  |                              |
| 10,700,000                               | Freeport-McMoRan Copper &<br>Gold, Inc.<br>7.000%, 02/11/11 | 15,555,125<br>-----          |
|  | TOTAL CONVERTIBLE BONDS<br>(Cost \$84,510,247)              | 80,988,823<br>=====          |
|  |   |                              |
| SYNTHETIC CONVERTIBLE SECURITIES (12.9%) |   |                              |
|  | CORPORATE BONDS (11.0%)                                     |                              |
|  | CONSUMER DISCRETIONARY (2.9%)                               |                              |
| 945,000                                  | Asbury Automotive Group,<br>Inc. (c)<br>8.000%, 03/15/14    | 926,100                      |
| 1,511,000                                | Aztar Corp. (c)<br>7.875%, 06/15/14                         | 1,646,990                    |
| 2,145,000                                | Beazer Homes USA, Inc.<br>8.375%, 04/15/12                  | 2,375,587                    |
| 405,000                                  | 8.625%, 05/15/11 (c)  | 445,500                      |
| 2,617,000                                | Blockbuster, Inc. (a) (c)<br>9.000%, 09/01/12               | 2,695,510                    |
| 944,000                                  | Boyd Gaming Corp. (c)<br>7.750%, 12/15/12                   | 1,045,480                    |
| 944,000                                  | Cadmus Communications Corp.                                 |                              |

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|               |                                     |           |
|---------------|-------------------------------------|-----------|
|               | 8.375%, 06/15/14                    | 1,024,240 |
|               | Charter Communications, Inc.        |           |
| 2,456,000     | 10.000%, 04/01/09                   | 2,063,040 |
| 2,087,000     | 9.625%, 11/15/09 (c)                | 1,700,905 |
| 1,889,000     | 11.125%, 01/15/11 (c)               | 1,586,760 |
| 1,605,000 GBP | EMI Group, PLC                      |           |
|               | 9.750%, 05/20/08                    | 3,179,424 |
| 1,700,000     | Hovnanian Enterprises,<br>Inc. (c)  |           |
|               | 7.750%, 05/15/13                    | 1,844,500 |
| 944,000       | IMAX Corp. (a) (c)                  |           |
|               | 9.625%, 12/01/10                    | 962,880   |
| 1,794,000     | Intrawest Corp.                     |           |
|               | 7.500%, 10/15/13                    | 1,928,550 |
| 1,437,000     | Jarden Corp.                        |           |
|               | 9.750%, 05/01/12                    | 1,566,330 |
| 944,000       | Kellwood Company                    |           |
|               | 7.625%, 10/15/17                    | 1,046,369 |
|               | Mandalay Resort Group               |           |
| 4,069,000     | 10.250%, 08/01/07                   | 4,659,005 |
| 1,228,000     | 7.625%, 07/15/13(c)                 | 1,329,310 |
| 2,455,000     | Meritage Corp. (c)                  |           |
|               | 7.000%, 05/01/14                    | 2,531,719 |
| 1,133,000     | NCL Holding, ASA(a)                 |           |
|               | 10.625%, 07/15/14                   | 1,183,985 |
| 944,000       | Oxford Industries, Inc.             |           |
|               | 8.875%, 06/01/11                    | 1,024,240 |
|               | Pinnacle Entertainment,<br>Inc. (c) |           |
| 1,700,000     | 8.250%, 03/15/12                    | 1,763,750 |
| 972,000       | 8.750%, 10/01/13                    | 1,037,610 |

6 See accompanying Notes to Schedule of Investments.

STRATEGIC TOTAL RETURN FUND

SCHEDULE OF INVESTMENTS OCTOBER 31, 2004

| PRINCIPAL<br>AMOUNT |  | VALUE        |
|---------------------|--|--------------|
| \$ 1,892,000        | Reader's Digest Association,<br>Inc. (c) |              |
|                     | 6.500%, 03/01/11                         | \$ 1,972,410 |
| 3,211,000           | RH Donnelley Financial<br>Corp. (c)      |              |
|                     | 10.875%, 12/15/12                        | 3,941,502    |
| 2,455,000           | Royal Caribbean Cruises, Ltd.            |              |
|                     | 7.250%, 03/15/18                         | 2,682,088    |
| 1,605,000           | Spanish Broadcasting System,<br>Inc.     |              |
|                     | 9.625%, 11/01/09                         | 1,691,269    |
| 944,000             | Speedway Motorsports, Inc.               |              |
|                     | 6.750%, 06/01/13                         | 995,920      |
| 2,833,000           | Standard Pacific Corp.                   |              |
|                     | 9.250%, 04/15/12                         | 3,300,445    |
| 3,116,000           | Steinway Musical Instruments,            |              |



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|           |   |            |
|-----------|---|------------|
| 1,511,000 | Premcor Refining Group, Inc.<br>7.750%, 02/01/12 (c)                          | 1,680,988  |
| 1,322,000 | 7.500%, 06/15/15  | 1,454,200  |
| 2,139,000 | Swift Energy Company (c)<br>9.375%, 05/01/12                                  | 2,427,765  |
| 944,000   | Tesoro Petroleum Corp. (c)<br>9.625%, 04/01/12                                | 1,106,840  |
| 1,426,000 | Whiting Petroleum Corp.<br>7.250%, 05/01/12                                   | 1,504,430  |
| 3,777,000 | Williams Companies, Inc. (c)<br>8.125%, 03/15/12                              | 4,456,860  |
|           |   | -----      |
|           |   | 29,339,050 |
|           |   | -----      |
|           | FINANCIALS (0.7%)   |            |
| 3,777,000 | Dow Jones CDX North America<br>High Yield Series 3(a) (c)<br>8.000%, 12/29/09 | 3,871,425  |
| 3,778,000 | Dow Jones CDX North America<br>High Yield Series 4(c)<br>10.500%, 12/29/09    | 3,744,943  |
| 2,833,000 | Leucadia National Corp.<br>7.000%, 08/15/13                                   | 2,903,825  |
| 3,022,000 | LNR Property Corp.<br>7.625%, 07/15/13  | 3,384,640  |
| 1,983,000 | Senior Housing Properties<br>Trust<br>8.625%, 01/15/12                        | 2,245,747  |
|           |   | -----      |
|           |   | 16,150,580 |
|           |   | -----      |
|           | HEALTH CARE (0.8%)  |            |
| 944,000   | Alpharma, Inc. (a)<br>8.625%, 05/01/11  | 986,480    |
| 945,000   | Ameripath, Inc.<br>10.500%, 04/01/13  | 930,825    |
| 689,000   | Bausch & Lomb, Inc.<br>7.125%, 08/01/28                                       | 740,171    |
| 2,644,000 | Beverly Enterprises, Inc. (a)<br>7.875%, 06/15/14                             | 2,845,605  |
| 1,133,000 | Leiner Health Products Group,<br>Inc. (a)<br>11.000%, 06/01/12                | 1,233,554  |
| 2,078,000 | MedCath Corp. (a)<br>9.875%, 07/15/12   | 2,239,045  |
| 1,700,000 | Psychiatric Solutions, Inc.<br>10.625%, 06/15/13                              | 1,959,250  |
| 944,000   | Quintiles Transnational Corp.<br>10.000%, 10/01/13                            | 1,033,680  |

See accompanying Notes to Schedule of Investments.

7

STRATEGIC TOTAL RETURN FUND

SCHEDULE OF INVESTMENTS OCTOBER 31, 2004

PRINCIPAL  
AMOUNT

VALUE

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|               |  |                              |
|---------------|--|------------------------------|
| \$ 3,588,000  | Service Corp.<br>International (c)<br>6.750%, 04/01/16       | \$ 3,713,580                 |
| 2,550,000     | Vanguard Health Systems,<br>Inc. (a) (c) 9.000%, 10/01/14    | 2,677,500                    |
|               |  | -----<br>18,359,690<br>----- |
|               | INDUSTRIALS (1.2%)   |                              |
| 3,211,000 EUR | AGCO Corp.<br>6.875%, 04/15/14                               | 4,125,396                    |
| 1,256,000     | American Airlines, Inc. (a)<br>7.250%, 02/05/09              | 1,161,800                    |
| 567,000       | Armor Holdings, Inc.<br>8.250%, 08/15/13                     | 626,535                      |
| 3,116,000     | CNH Global, NV(a) (c)<br>9.250%, 08/01/11                    | 3,567,820                    |
| 2,550,000     | Cummins, Inc. (c)<br>9.500%, 12/01/10                        | 2,938,875                    |
| 1,794,000     | General Cable Corp.<br>9.500%, 11/15/10                      | 2,036,190                    |
| 3,212,000     | Hutchison Whampoa, Ltd. (a) (c)<br>6.250%, 01/24/14          | 3,341,948                    |
| 1,889,000     | Jacuzzi Brands, Inc.<br>9.625%, 07/01/10                     | 2,134,570                    |
| 992,000 EUR   | Manitowoc Company, Inc.<br>10.375%, 05/15/11                 | 1,413,298                    |
| 944,000       | 10.500%, 08/01/12 (c)  | 1,096,220                    |
| 944,000       | Monitronics International,<br>Inc. (a)<br>11.750%, 09/01/10  | 1,034,860                    |
| 1,133,000     | Navistar International<br>Corp. (c)<br>7.500%, 06/15/11      | 1,229,305                    |
| 567,000       | Orbital Sciences Corp.<br>9.000%, 07/15/11                   | 640,710                      |
| 944,000       | Sequa Corp.<br>8.875%, 04/01/08                              | 1,036,040                    |
| 944,000       | United Rentals, Inc. (c)<br>7.000%, 02/15/14                 | 875,560                      |
|               |  | -----<br>27,259,127<br>----- |
|               | INFORMATION TECHNOLOGY (0.8%)                                |                              |
| 3,022,000     | Advanced Micro Devices,<br>Inc. (a)<br>7.750%, 11/01/12      | 3,044,665                    |
| 3,588,000     | Avnet, Inc.<br>9.750%, 02/15/08                              | 4,126,200                    |
| 1,605,000     | Celestica, Inc. (c)<br>7.875%, 07/01/11                      | 1,725,375                    |
| 944,000       | Freescale Semiconductor,<br>Inc. (a) (c)<br>7.125%, 07/15/14 | 1,005,360                    |
| 473,000 GBP   | Iron Mountain, Inc. (a)<br>7.250%, 04/15/14                  | 834,178                      |
| 1,322,000     | Sanmina-Sci Corp.<br>10.375%, 01/15/10                       | 1,556,655                    |

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| PRINCIPAL<br>AMOUNT |  | VALUE      |
|---------------------|--|------------|
| \$ 944,000          | Stratus Technologies, Inc.<br>10.375%, 12/01/08                  | \$ 807,120 |
| 2,267,000           | Xerox Corp. (c)<br>8.000%, 02/01/27                              | 2,278,335  |
| 1,889,000           | 7.625%, 06/15/13   | 2,087,345  |
|                     |  | -----      |
|                     |  | 17,465,233 |
|                     |  | -----      |
|                     | MATERIALS (1.6%)   |            |
| 2,266,000           | Arch Western Finance, LLC(c)<br>6.750%, 07/01/13                 | 2,418,955  |
| 567,000             | Century Aluminum<br>Company(a) (c)<br>7.500%, 08/15/14           | 603,855    |
| 2,971,000           | Freeport-McMoRan Copper &<br>Gold, Inc. (c)<br>10.125%, 02/01/10 | 3,349,803  |
| 1,794,000           | Georgia-Pacific Corp.<br>7.375%, 12/01/25                        | 1,933,035  |
| 2,833,000           | Global iTechnology, Inc.<br>10.250%, 02/15/12                    | 3,243,785  |
| 850,000             | Graham Packaging Holdings<br>Company(a) (c)<br>9.875%, 10/15/14  | 905,250    |
| 1,605,000           | IMCO Recycling, Inc.<br>10.375%, 10/15/10                        | 1,797,600  |
| 1,889,000           | IPSCO, Inc.<br>8.750%, 06/01/13                                  | 2,191,240  |
| 3,116,000           | Ispat Inland ULC(c)<br>9.750%, 04/01/14                          | 3,801,520  |
| 1,889,000           | Phelps Dodge Corp.<br>9.500%, 06/01/31                           | 2,814,589  |
| 944,000             | Polyone Corp. (c)<br>10.625%, 05/15/10                           | 1,052,560  |
| 1,605,000           | Steel Dynamics, Inc. (c)<br>9.500%, 03/15/09                     | 1,783,556  |
| 2,266,000           | Texas Industries, Inc.<br>10.250%, 06/15/11                      | 2,617,230  |
| 1,511,000           | U.S. Concrete, Inc.<br>8.375%, 04/01/14                          | 1,622,436  |
| 1,813,000           | Union Carbide Corp. (c)<br>7.875%, 04/01/23                      | 1,858,325  |
| 1,256,000           | 7.500%, 06/01/25   | 1,262,280  |
|                     |  | -----      |
|                     |  | 33,256,019 |
|                     |  | -----      |
|                     | TELECOMMUNICATION SERVICES (0.5%)                                |            |
| 2,456,000           | Alamosa Holdings, Inc.<br>8.500%, 01/31/12(c)                    | 2,615,640  |
| 944,000             | 11.000%, 07/31/10  | 1,109,200  |
| 4,155,000           | AT&T Corp. (c)<br>8.750%, 11/15/31                               | 4,830,187  |
| 850,000             | IPCS Escrow Company (a) (c)<br>11.500%, 05/01/12                 | 930,750    |
| 1,889,000           | Nextel Communications, Inc.<br>7.375%, 08/01/15                  | 2,106,235  |

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11,592,012  
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8 See accompanying Notes to Schedule of Investments.

STRATEGIC TOTAL RETURN FUND

SCHEDULE OF INVESTMENTS OCTOBER 31, 2004

| PRINCIPAL<br>AMOUNT |                       | VALUE        |
|---------------------|-----------------------|--------------|
|                     | UTILITIES (0.4%)      |              |
|                     | Calpine Corp. (c)     |              |
| \$ 4,835,000        | 8.500%, 05/01/08      | \$ 2,997,700 |
| 3,683,000           | 8.500%, 02/15/11      | 2,126,933    |
| 919,000             | 7.750%, 04/15/09      | 523,830      |
| 2,266,000           | Edison International  |              |
|                     | 9.875%, 04/15/11      | 2,690,875    |
|                     |                       | -----        |
|                     |                       | 8,339,338    |
|                     |                       | -----        |
|                     | TOTAL CORPORATE BONDS | 242,135,427  |
|                     |                       | -----        |

| NUMBER OF<br>CONTRACTS |                                | VALUE      |
|------------------------|--------------------------------|------------|
|                        | OPTIONS (1.9%)                 |            |
|                        | CONSUMER DISCRETIONARY (1.2%)  |            |
| 3,400                  | Carnival Corp. (b)             |            |
|                        | Call, 01/21/06, Strike \$45.00 | 2,992,000  |
| 2,423                  | eBay, Inc. (b)                 |            |
|                        | Call, 01/20/07, Strike \$95.00 | 5,790,970  |
| 7,450                  | Home Depot, Inc. (b)           |            |
|                        | Call, 01/20/07, Strike \$40.00 | 5,215,000  |
| 1,300                  | Nike, Inc. (b)                 |            |
|                        | Call, 01/21/06, Strike \$80.00 | 1,183,000  |
| 3,400                  | Starbucks Corp. (b)            |            |
|                        | Call, 01/21/06, Strike \$40.00 | 5,304,000  |
| 6,300                  | YUM! Brands, Inc. (b)          |            |
|                        | Call, 01/20/07, Strike \$40.00 | 5,544,000  |
|                        |                                | -----      |
|                        |                                | 26,028,970 |
|                        |                                | -----      |
|                        | CONSUMER STAPLES (0.1%)        |            |
| 3,500                  | Altria Group, Inc. (b)         |            |
|                        | Call, 01/21/06, Strike \$55.00 | 752,500    |
| 2,513                  | Coca-Cola Company (b)          |            |
|                        | Call, 01/21/06, Strike \$50.00 | 175,910    |
| 1,840                  | Gillette Company (b)           |            |
|                        | Call, 01/21/06, Strike \$40.00 | 920,000    |
| 1,330                  | Kellogg Company (b)            |            |
|                        | Call, 01/21/06, Strike \$45.00 | 305,900    |
|                        |                                | -----      |



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|                                      |  |             |
|--------------------------------------|--|-------------|
|                                      |  | 2,154,310   |
|                                      |  | -----       |
|                                      | ENERGY (0.3%)                          |             |
| 1,000                                | Amerada Hess Corp.(b)                  |             |
|                                      | Call, 01/20/07, Strike \$80.00         | 1,340,000   |
| 5,000                                | Chevrontexaco Corp.(b)                 |             |
|                                      | Call, 01/20/07, Strike \$45.00         | 4,750,000   |
|                                      |  | -----       |
|                                      |  | 6,090,000   |
|                                      |  | -----       |
|                                      | FINANCIALS (0.1%)                      |             |
| 1,300                                | Allstate Corp.(b)                      |             |
|                                      | Call, 01/21/06, Strike \$45.00         | 728,000     |
| 3,600                                | Citigroup, Inc.(b)                     |             |
|                                      | Call, 01/20/07, Strike \$40.00         | 2,808,000   |
|                                      |  | -----       |
|                                      |  | 3,536,000   |
|                                      |  | -----       |
| NUMBER OF CONTRACTS                  |  | VALUE       |
| -----                                |  |             |
|                                      | HEALTH CARE (0.0%)                     |             |
| 100                                  | Bausch & Lomb, Inc.(b)                 |             |
|                                      | Call, 01/21/06, Strike \$65.00         | \$ 59,500   |
| 1,400                                | Biogen Idec, Inc.(b)                   |             |
|                                      | Call, 01/21/06, Strike \$70.00         | 637,000     |
|                                      |  | -----       |
|                                      |  | 696,500     |
|                                      |  | -----       |
|                                      | INFORMATION TECHNOLOGY (0.2%)          |             |
| 4,800                                | QUALCOMM, Inc.(b)                      |             |
|                                      | Call, 01/21/06, Strike \$37.50         | 4,224,000   |
|                                      |  | -----       |
|                                      | TOTAL OPTIONS                          | 42,729,780  |
|                                      |  | -----       |
|                                      | TOTAL SYNTHETIC CONVERTIBLE SECURITIES |             |
|                                      | (Cost \$270,235,794)                   | 284,865,207 |
|                                      |  | =====       |
| NUMBER OF SHARES                     |  | VALUE       |
| -----                                |  |             |
| CONVERTIBLE PREFERRED STOCKS (12.5%) |  |             |
|                                      | CONSUMER DISCRETIONARY (3.4%)          |             |
| 1,505,000                            | Ford Motor Company Capital Trust II    |             |
|                                      | 6.500%                                 | 75,234,950  |
|                                      |  | -----       |
|                                      | CONSUMER STAPLES (0.7%)                |             |
| 680,000                              | Albertson's, Inc.                      |             |
|                                      | 7.250%                                 | 16,687,200  |
|                                      |  | -----       |
|                                      | FINANCIALS (3.5%)                      |             |
| 335,000                              | Capital One Financial Corp.            |             |
|                                      | 6.250%                                 | 17,651,150  |

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|         |   |            |
|---------|---|------------|
| 300,000 | Chubb Corp.<br>7.000%                       | 8,475,000  |
| 650,000 | Genworth Financial, Inc.<br>6.000%          | 19,032,000 |
| 650,000 | Lehman Brothers Holdings,<br>Inc.<br>6.250% | 16,295,500 |
| 220,000 | National Australia Bank, Ltd.<br>7.875%     | 7,876,000  |
| 35,000  | State Street Corp.<br>6.750%                | 7,257,250  |
|         |   | -----      |
|         |   | 76,586,900 |
|         |   | -----      |
|         | HEALTH CARE (2.2%)                          |            |
| 635,000 | Baxter International, Inc.(c)<br>7.000%     | 32,651,700 |
| 314,000 | Schering-Plough Corp.(f)<br>6.000%          | 16,108,200 |
|         |   | -----      |
|         |   | 48,759,900 |
|         |   | -----      |
|         | INDUSTRIALS (0.3%)                          |            |
| 80,000  | Cummins, Inc.<br>7.000%                     | 6,140,000  |
|         |   | -----      |
|         | INFORMATION TECHNOLOGY (1.5%)               |            |
| 255,000 | Xerox Corp.<br>6.250%                       | 33,703,350 |
|         |   | -----      |
|         | TELECOMMUNICATION SERVICES (0.4%)           |            |
| 170,000 | ALLTEL Corp.<br>7.750%                      | 8,619,000  |
|         |   | -----      |

See accompanying Notes to Schedule of Investments.

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STRATEGIC TOTAL RETURN FUND

SCHEDULE OF INVESTMENTS OCTOBER 31, 2004

| NUMBER OF<br>SHARES |   | VALUE         |
|---------------------|---|---------------|
| -----               |   |               |
|                     | UTILITIES (0.5%)  |               |
| 150,000             | Southern Union Company<br>5.750%                              | \$ 10,065,750 |
|                     |   | -----         |
|                     | TOTAL CONVERTIBLE PREFERRED<br>STOCKS<br>(Cost \$282,194,158) | 275,797,050   |
|                     |   | =====         |
|                     | COMMON STOCKS (70.8%)   |               |
|                     | CONSUMER DISCRETIONARY (4.4%)                                 |               |
| 2,000,000 AUD       | APN News & Media, Ltd.  | 7,137,512     |
| 577,000             | General Motors Corp.(c)                                       | 22,243,350    |
| 425,000             | Genuine Parts Company(c)                                      | 16,953,250    |

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|                     |  |               |
|---------------------|--|---------------|
| 731,000             | May Department Stores<br>Company(c)      | 19,049,860    |
| 490,000             | Maytag Corp.(c)                          | 8,526,000     |
| 980,000             | Saks, Inc.(c)                            | 11,975,600    |
| 300,000             | Sears Roebuck & Company(c)               | 10,500,000    |
|                     |  | -----         |
|                     |  | 96,385,572    |
|                     |  | -----         |
|                     | CONSUMER STAPLES (5.5%)                  |               |
| 320,000             | Altria Group, Inc.                       | 15,507,200    |
| 644,000             | Gillette Company                         | 26,713,120    |
| 410,000             | Kimberly-Clark Corp.                     | 24,464,700    |
| 482,000             | Procter & Gamble Company                 | 24,668,760    |
| 951,000             | Sara Lee Corp.                           | 22,139,280    |
| 263,000             | Supervalu, Inc.(c)                       | 7,755,870     |
|                     |  | -----         |
|                     |  | 121,248,930   |
|                     |  | -----         |
|                     | ENERGY (5.3%)                            |               |
| 1,040,000           | Chevrontexaco Corp.                      | 55,182,400    |
| 366,000             | Conocophillips                           | 30,857,460    |
| 36,000 EUR          | OMV, AG                                  | 8,640,717     |
| 395,000             | PetroChina Company, Ltd.(c)              | 20,784,900    |
|                     |  | -----         |
|                     |  | 115,465,477   |
|                     |  | -----         |
|                     | FINANCIALS (20.0%)                       |               |
| 732,900             | Allstate Corp.                           | 35,245,161    |
| 980,000             | Bank Of America Corp.                    | 43,894,200    |
| 1,372,000           | Citigroup, Inc.                          | 60,875,640    |
| 477,000             | Federal National Mortgage<br>Association | 33,461,550    |
| 220,000             | Fidelity National Corp.                  | 8,302,800     |
| 803,700             | General Growth Properties,<br>Inc.       | 26,514,063    |
| 191,000             | Independence Community Bank<br>Corp.     | 7,187,330     |
| 176,000             | Jefferson-Pilot Corp.                    | 8,499,040     |
| 449,600             | Mills Corp.                              | 24,930,320    |
| 439,000             | Morgan Stanley                           | 22,428,510    |
|                     |  | -----         |
|                     |  | -----         |
|                     |  | -----         |
| NUMBER OF<br>SHARES |  | VALUE         |
| -----               |  | -----         |
| 1,395,100           | New York Community Bancorp,<br>Inc.      | \$ 25,614,036 |
| 118,900             | UnionBanCal Corp.                        | 7,223,175     |
| 855,000             | Wachovia Corp.                           | 42,074,550    |
| 2,428,000           | Washington Mutual, Inc.                  | 93,987,880    |
|                     |  | -----         |
|                     |  | 440,238,255   |
|                     |  | -----         |
|                     | HEALTH CARE (11.4%)                      |               |
| 4,146,000           | Bristol-Myers Squibb<br>Company(c)       | 97,140,780    |
| 1,155,000           | Johnson & Johnson                        | 67,428,900    |
| 1,755,000           | Merck & Company, Inc.                    | 54,949,050    |
| 1,082,000           | Pfizer, Inc.                             | 31,323,900    |

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|            |   |                               |
|------------|---|-------------------------------|
|            |   | -----<br>250,842,630<br>----- |
|            | INDUSTRIALS (9.1%)                            |                               |
| 308,000    | 3M Company                                    | 23,891,560                    |
| 315,000    | Caterpillar, Inc.                             | 25,370,100                    |
| 439,000    | Eaton Corp.                                   | 28,074,050                    |
| 410,000    | Emerson Electric Company                      | 26,260,500                    |
| 819,000    | General Electric Company                      | 27,944,280                    |
| 724,000    | Rockwell Automation, Inc.(c)                  | 30,183,560                    |
| 1,346,000  | Waste Management, Inc.                        | 38,334,080                    |
|            |   | -----<br>200,058,130<br>----- |
|            | INFORMATION TECHNOLOGY (5.4%)                 |                               |
| 1,382,000  | Intel Corp.                                   | 30,763,320                    |
| 410,000    | International Business<br>Machines Corp.      | 36,797,500                    |
| 1,228,000  | QUALCOMM, Inc.                                | 51,342,680                    |
|            |   | -----<br>118,903,500<br>----- |
|            | MATERIALS (1.3%)                              |                               |
| 44,000 CHF | Givaudan, SA                                  | 27,455,152                    |
|            |   | -----                         |
|            | TELECOMMUNICATION SERVICES (8.4%)             |                               |
| 1,850,000  | Bellsouth Corp.                               | 49,339,500                    |
| 950,000    | MCI, Inc.                                     | 16,387,500                    |
| 3,071,000  | SBC Communications, Inc.                      | 77,573,460                    |
| 1,039,000  | Verizon Communications, Inc.                  | 40,624,900                    |
|            |   | -----<br>183,925,360<br>----- |
|            | TOTAL COMMON STOCKS<br>(Cost \$1,577,949,776) | 1,554,523,006<br>=====        |
|            | WARRANTS (0.0%)                               |                               |
|            | FINANCIALS (0.0%)                             |                               |
| 80,370     | General Growth Properties,<br>Inc.            | 85,192                        |
|            |   | -----                         |
|            | TOTAL WARRANTS<br>(Cost \$0)                  | 85,192<br>=====               |

10 See accompanying Notes to Schedule of Investments.

STRATEGIC TOTAL RETURN FUND

SCHEDULE OF INVESTMENTS OCTOBER 31, 2004

| NUMBER OF<br>SHARES | VALUE |
|---------------------|-------|
| -----               |       |
| PRINCIPAL<br>AMOUNT | VALUE |
| -----               |       |

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|  |  |               |
|--|--|---------------|
| SHORT TERM INVESTMENTS (1.8%)                                |  |               |
| \$ 25,000,000  | Citigroup, Inc.<br>Commercial Paper<br>1.650%, 11/01/04                                  | \$ 25,000,000 |
| 15,507,000   | Exxon Mobil Corporation<br>Commercial Paper<br>1.650%, 11/01/04                          | 15,507,000    |
|  | TOTAL SHORT TERM INVESTMENTS<br>(Cost \$40,507,000)                                      | 40,507,000    |
|  |  | =====         |
| NUMBER OF<br>SHARES  |  | VALUE         |
|  |  |               |
| INVESTMENT OF CASH COLLATERAL FOR SECURITIES ON LOAN (16.9%) |  |               |
| 371,513,731  | Bank of New York<br>Institutional Cash Reserve<br>Fund(d)<br>current rate 1.865%         | 371,513,731   |
|  | TOTAL INVESTMENT OF CASH<br>COLLATERAL FOR SECURITIES ON<br>LOAN<br>(Cost \$371,513,731) | 371,513,731   |
|  |  | =====         |
| TOTAL INVESTMENTS (165.9%)<br>(Cost \$3,631,196,742)         |  | 3,648,179,259 |
|  |  | =====         |

|   |   |                  |
|---|---|------------------|
| NUMBER OF<br>CONTRACTS  |   | VALUE            |
|   |   |                  |
| WRITTEN OPTIONS (-0.0%)   |   |                  |
| (6,900)   | HEALTH CARE (-0.0%)<br>Schering-Plough Corp.(b)<br>Call, 01/21/05, Strike \$17.50 | \$ (862,500)     |
|   | TOTAL WRITTEN OPTIONS<br>(Proceeds \$1,127,898)                                   | (862,500)        |
|   |   | -----            |
| LIABILITIES, LESS OTHER ASSETS (-16.8%)<br>PREFERRED SHARES AT REDEMPTION VALUE INCLUDING<br>DIVIDENDS PAYABLE (-49.1%) |   | (367,742,912)    |
|   |   | (1,080,344,632)  |
|   |   | -----            |
| NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS<br>(100.0%)  |   | \$ 2,199,229,215 |
|   |   | =====            |

### NOTES TO SCHEDULE OF INVESTMENTS

Note: Market values for securities denominated in foreign currencies are shown in U.S. dollars.

(a) 144A securities are those that are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities are generally

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issued to qualified institutional buyers ("QIBs"), such as the Fund. Any resale of these securities must generally be effected through a sale that is exempt from registration (e.g., a sale to another QIB), or the security must be registered for public sale. At October 31, 2004, the market value of 144A securities that cannot currently be exchanged to the registered form is \$251,584,012 or 11.4% of net assets applicable to common shareholders of the Fund.

- (b) Non-income producing security.
- (c) Security, or portion of security, is on loan.
- (d) Security is purchased with the cash collateral from securities loaned.
- (e) Variable rate security. Coupon changes periodically. Stated rate in effect at October 31, 2004.
- (f) Security, or portion of security, is being held as collateral for written options.

### FOREIGN CURRENCY ABBREVIATIONS

AUD: Australian Dollar  
 CHF: Swiss Franc  
 EUR: European Monetary Unit  
 GBP: British Pound Sterling

See accompanying Notes to Financial Statements.

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### STATEMENT OF ASSETS AND LIABILITIES

OCTOBER 31, 2004

#### ASSETS

|   |                 |
|---|-----------------|
| Investments, at value* (cost \$3,631,196,742)       | \$3,648,179,259 |
| Cash with custodian (interest bearing)              | 712,014         |
| Restricted cash for open options (interest bearing) | 150,000         |
| Receivable for investments sold                     | 463,500         |
| Accrued interest and dividends receivable           | 36,690,123      |
| Prepaid expenses                                    | 52,796          |
| Other assets  | 4,762           |
|   | -----           |
| Total assets  | 3,686,252,454   |
|   | -----           |

#### LIABILITIES

|   |             |
|---|-------------|
| Options written, at value (premium \$1,127,898) | 862,500     |
| Unrealized depreciation on interest rate swaps  | 10,450,028  |
| Payable upon return of securities loaned        | 371,513,731 |
| Payable for investments purchased               | 16,843,000  |
| Payable for income distribution                 | 3,761,021   |
| Payable for offering and organizational fees    | 105,425     |
| Payable to investment advisor                   | 2,758,324   |
| Payable to financial accountant                 | 32,304      |
| Payable for deferred compensation to Trustees   | 4,762       |
| Other accounts payable and accrued liabilities  | 347,512     |
|   | -----       |
| Total liabilities                               | 406,678,607 |
|   | -----       |

#### PREFERRED SHARES

|   |               |
|---|---------------|
| \$25,000 liquidation value per share applicable to 43,200 shares, including dividends payable | 1,080,344,632 |
|   | -----         |

|  |                 |
|--|-----------------|
| NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS | \$2,199,229,215 |
|--|-----------------|

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|   |                 |
|---|-----------------|
| =====   |                 |
| COMPOSITION OF NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS   |                 |
| Common stock, no par value, unlimited shares authorized,<br>154,514,000 shares issued and outstanding                                   | \$2,200,733,859 |
| Undistributed net investment income (loss)  | 6,048,858       |
| Accumulated net realized gain (loss) on investments, written<br>options, foreign currency transactions and interest rate<br>swaps       | (14,405,838)    |
| Net unrealized appreciation (depreciation) on investments,<br>written options, foreign currency translations and<br>interest rate swaps | 6,852,336       |
| -----   |                 |
| NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS  | \$2,199,229,215 |
| =====   |                 |
| Net asset value per common share based on 154,514,000 shares<br>issued and outstanding  | \$ 14.23        |
| =====   |                 |

\* Includes \$363,839,184 of securities loaned.

12 See accompanying Notes to Financial Statements.

### STATEMENT OF OPERATIONS

FOR THE PERIOD ENDED OCTOBER 31, 2004\*

|  |               |
|--|---------------|
| -----  |               |
| INVESTMENT INCOME  |               |
| Interest   | \$ 60,377,865 |
| Dividends (net of foreign taxes withheld of \$127,410)   | 39,064,510    |
| Securities lending income  | 382,267       |
| -----  |               |
| Total investment income  | 99,824,642    |
| -----  |               |
| EXPENSES   |               |
| Investment advisory fees   | 17,903,542    |
| Financial accounting fees  | 206,060       |
| Auction agent and rating agencies fees   | 1,340,242     |
| Accounting fees  | 403,161       |
| Printing and mailing fees  | 225,398       |
| Custodian fees   | 145,113       |
| Registration fees  | 74,032        |
| Audit and legal fees   | 61,531        |
| Organization fees  | 46,729        |
| Transfer agent fees  | 15,699        |
| Trustees' fees   | 9,525         |
| Other  | 16,586        |
| -----  |               |
| Total expenses   | 20,447,618    |
| -----  |               |
| NET INVESTMENT INCOME (LOSS)   | 79,377,024    |
| -----  |               |
| REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS,<br>WRITTEN OPTIONS, FOREIGN CURRENCY AND INTEREST RATE SWAPS |               |
| Net realized gain (loss) from:   |               |
| Investments  | (11,274,845)  |
| Written options  | 123,996       |

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|  |               |
|--|---------------|
| Foreign currency transactions  | 72,402        |
| Interest rate swaps  | (10,198,515)  |
| Change in net unrealized appreciation/depreciation on:   |               |
| Investments  | 16,982,517    |
| Written options  | 265,398       |
| Foreign currency translations  | 54,449        |
| Interest rate swaps  | (10,450,028)  |
| NET REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS,<br>WRITTEN OPTIONS, FOREIGN CURRENCY AND INTEREST RATE SWAPS | (14,424,626)  |
|  | -----         |
| NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM<br>OPERATIONS   | 64,952,398    |
|  | -----         |
| DIVIDENDS TO PREFERRED SHAREHOLDERS FROM<br>Net investment income  | (8,528,292)   |
|  | -----         |
| NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON<br>SHAREHOLDERS RESULTING FROM OPERATIONS                   | \$ 56,424,106 |
|  | =====         |

\* The Fund commenced operations on March 26, 2004.

See accompanying Notes to Financial Statements.

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### STATEMENT OF CHANGES IN NET ASSETS

FOR THE PERIOD ENDED OCTOBER 31, 2004\*

|   |               |
|---|---------------|
| -----   |               |
| OPERATIONS:   |               |
| Net investment income (loss)  | \$ 79,377,024 |
| Net realized gain (loss) from investments, options, foreign<br>currency transactions and interest rate swaps                            | (21,276,962)  |
| Change in net unrealized appreciation/depreciation on<br>investments, options, foreign currency translations and<br>interest rate swaps | 6,852,336     |
| Dividends to preferred shareholders from net investment<br>income   | (8,528,292)   |
|   | -----         |
| Net increase (decrease) in net assets applicable to common<br>shareholders resulting from operations                                    | 56,424,106    |
|   | -----         |
| DIVIDENDS TO COMMON SHAREHOLDERS FROM<br>Net investment income  | (57,942,750)  |
|   | -----         |
| CAPITAL STOCK TRANSACTIONS  |               |
| Proceeds from initial offering  | 2,213,412,630 |
| Offering costs on common shares   | (1,329,771)   |
| Offering costs on preferred shares  | (11,335,000)  |
|   | -----         |
| Net increase (decrease) in net assets from capital stock<br>transactions  | 2,200,747,859 |
|   | -----         |
| TOTAL INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON<br>SHAREHOLDERS  | 2,199,229,215 |
|   | -----         |



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### NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS

|  |                 |
|--|-----------------|
| Beginning of period*                       | --              |
| End of period                              | \$2,199,229,215 |
|  | =====           |
| Undistributed net investment income (loss) | \$ 6,048,858    |

\* The Fund commenced operations on March 26, 2004.

14 See accompanying Notes to Financial Statements.

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION. CALAMOS Strategic Total Return Fund (the "Fund") was organized as a Delaware statutory trust on December 31, 2003 and is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company. The Fund commenced operations on March 26, 2004.

The Fund's investment objective is to provide total return through a combination of capital appreciation and current income.

PORTFOLIO VALUATION. In computing the net asset value of the Fund, portfolio securities, including options, that are traded on a national securities exchange are valued at the last reported sales price. Securities quoted on the NASDAQ National Market System are valued at the Nasdaq Official Closing Price ("NOCP"), as determined by Nasdaq, or lacking an NOCP, the last current reported sale price as of the time of valuation. Securities traded in the over-the-counter market and listed securities for which no sales were reported are valued at the mean of the most recently quoted bid and asked prices. Short-term securities with maturities of 60 days or less are valued at amortized cost, which approximates market value.

When market quotations are not readily available or when the valuation methods mentioned above are not reflective of the fair value of the security, the security is valued at a fair value following procedures or guidelines approved by the Board of Trustees or a committee approved by the Board of Trustees. The Fund may also use fair value pricing, if the value of a security it holds is, in the opinion of the valuation committee or pursuant to Board of Trustees' guidelines, may be significantly affected by events occurring after the close of the primary market or exchange on which the security is traded. These procedures may utilize valuations furnished by pricing services approved by the Board of Trustees or a committee thereof, which may be based on market transactions for comparable securities and various relationships between securities that are generally recognized by institutional traders, a computerized matrix system, or appraisals derived from information concerning the securities or similar securities received from recognized dealers in those securities. When fair value pricing is employed, the value of the portfolio security used to calculate the Fund's net asset value may differ from quoted or published prices.

Securities that are principally traded in a foreign market are valued as of the close of the appropriate exchange or other designated time. Trading in securities on European and Far Eastern securities exchanges and over-the-counter markets is normally completed at various times before the close of business on each day on which the New York Stock Exchange ("NYSE") is open. Trading of these securities may not take place on every NYSE business day. In addition, trading may take place in various foreign markets on Saturdays or on other days when the NYSE is not open and on which the Fund's net asset value is not calculated. As stated above, if the market prices are not readily available or are not reflective of the fair value of the security, the security will be valued at a

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fair value following procedures approved by the Board of Trustees or a committee approved by the Board of Trustees.

INVESTMENT TRANSACTIONS AND INVESTMENT INCOME. Short term investment transactions are recorded on a trade date basis. Long term investment transactions are recorded on a trade date plus one basis, except for fiscal quarter ends, which are recorded on trade date. Net realized gains and losses from investment transactions are reported on an identified cost basis. Interest income is recognized using the accrual method and includes accretion of original issue and market discount and amortization of premium. Dividend income is recognized on the ex-dividend date, except that certain dividends from foreign securities are recorded as soon as the information becomes available.

FOREIGN CURRENCY TRANSLATION. Values of investments and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using the spot market rate of exchange at the date of valuation. Purchases and sales of investments and dividend and interest income are translated into U.S. dollars using the spot market rate of exchange prevailing on the respective dates of such transaction.

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### NOTES TO FINANCIAL STATEMENTS

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign currency gains or losses arise from disposition of foreign currency, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books on the transaction date and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes (due to the changes in the exchange rate) in the value of foreign currency and other assets and liabilities denominated in foreign currencies held at period end.

OPTION TRANSACTIONS. For hedging and investment purposes, the Fund may purchase or write (sell) put and call options. One of the risks associated with purchasing an option among others, is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid.

When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the

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written option.

USE OF ESTIMATES. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### NOTE 2 - INVESTMENT ADVISER AND TRANSACTIONS WITH AFFILIATES OR CERTAIN OTHER PARTIES

Pursuant to an investment advisory agreement with Calamos Advisors LLC ("Calamos Advisors"), the Fund pays an annual fee, payable monthly, equal to 1.00% based on the average weekly managed assets. "Managed Assets" means the total assets of the Fund (including any assets attributable to any leverage that may be outstanding) minus the sum of total liabilities (other than debt representing financial leverage).

Calamos Advisors receives a fee payable monthly at the annual rate of 0.0175% on the first \$1 billion of combined assets; 0.0150% on the next \$1 billion of combined assets; and 0.0110% on combined assets above \$2 billion for financial accounting services (for purposes of this calculation combined assets means the managed assets of Calamos Investment Trust, Calamos Advisors Trust, Calamos Convertible and High Income Fund and Calamos Strategic Total Return Fund). Effective November 1, 2004 the managed assets of Calamos Convertible Opportunities and Income Fund will be included in combined assets. Financial accounting services include, but are not limited to, the following: managing expenses and expense payment processing; monitoring the calculation of expense accrual amounts; calculating, tracking, and reporting tax adjustments on all assets and monitoring trustee deferred compensation plan accruals and valuations. The Funds will pay their pro rata share of the financial accounting service fee payable to Calamos Advisors based on relative assets of each Fund.

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### NOTES TO FINANCIAL STATEMENTS

Certain officers and trustees of the Fund are also officers and directors of CFS and Calamos Advisors. All officers and affiliated trustees serve without direct compensation from the Fund. The Fund has adopted a deferred compensation plan (the "Plan"). Under the Plan, a Trustee who is not an "interested person" of Calamos Advisors and has elected to participate in the Plan (a "participating trustee") may defer receipt of all or a portion of his compensation from the Fund. The deferred compensation payable to the participating trustee is credited to the trustee's deferral account as of the business day such compensation would have been paid to the trustee. The value of a trustee's deferred compensation account at any time is equal to what would be the value if the amounts credited to the account had instead been invested in shares of one or more of the funds of the Calamos Investment Trust as designated by the trustee. Thus, the value of the account increases with contributions to the account or with increases in the value of the measuring shares, and the value of the account decreases with withdrawals from the account or with declines in the value of the measuring shares. If a participating trustee retires, the trustee may elect to receive payments under the plan in a lump sum or in equal installments over a period of five years. If a participating trustee dies, any amount payable under the Plan will be paid to the trustee's beneficiaries. Deferred compensation investments of \$4,762 are included in "Other Assets" on the Statement of Assets and Liabilities at October 31, 2004. The Fund's obligation to make payments under the Plan is a general obligation of the Fund.

### NOTE 3 - INVESTMENTS

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Purchases and sales of investments other than short-term obligations for the period ended October 31, 2004 were as follows.

|                     |                 |
|---------------------|-----------------|
| Purchases           | \$3,521,965,126 |
| Proceeds from sales | 289,499,881     |

The following information is presented on an income tax basis as of October 31, 2004. Differences between amounts for financial statements and Federal income tax purposes are primarily due to timing differences. The cost basis of investments for Federal income tax purposes at October 31, 2004 was as follows:

|  |                 |
|--|-----------------|
| Cost basis of investments                  | \$3,637,224,291 |
| Gross unrealized appreciation              | 151,029,186     |
| Gross unrealized depreciation              | (140,074,218)   |
| Net unrealized appreciation (depreciation) | \$ 10,954,968   |

#### NOTE 4 - INCOME TAXES

No provision has been made for income taxes because the Fund's policy is to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders substantially all of its taxable income and gains.

Dividends and distributions paid to shareholders are recorded on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains is determined in accordance with Federal income tax regulations, which may differ from accounting principles generally accepted in the United States of America. To the extent these "book/tax" differences are permanent in nature, such amounts are reclassified within the capital accounts based on their Federal tax-basis treatment. These differences are primarily due to differing treatments for foreign currency transactions, contingent payment debt instruments and methods of amortizing and accreting on fixed income securities. Financial records are not adjusted for temporary differences.

For the year ended October 31, 2004, the Fund recorded the following permanent reclassifications to reflect tax character. Results of operations and net assets were not affected by these reclassifications.

|   |             |
|---|-------------|
| Paid-in capital   | \$ (14,000) |
| Undistributed net investment income (loss)  | (6,857,124) |
| Accumulated net realized gain (loss) on investments, written options, foreign currency transactions and interest rate swaps | 6,871,124   |

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#### NOTES TO FINANCIAL STATEMENTS

Distributions during the fiscal period ended October 31, 2004 were characterized for income tax purposes as follows:

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2004\*

|                          |               |
|--------------------------|---------------|
| -----                    |               |
| DISTRIBUTIONS PAID FROM: |               |
| Ordinary income          | \$ 62,365,389 |
| Long-term capital gain   | --            |

\* The Fund commenced operations on March 26, 2004.

As of October 31, 2004, the components of net assets on a tax basis were as follows:

|                                      |                 |
|--------------------------------------|-----------------|
| Undistributed ordinary income        | \$ 11,360,755   |
| Undistributed capital gains          | --              |
|                                      | -----           |
| Total undistributed earnings         | 11,360,755      |
| Accumulated capital and other losses | (10,297,008)    |
| Unrealized gains/(losses)            | 1,560,175       |
|                                      | -----           |
| Total accumulated earnings/(losses)  | 2,623,922       |
| Other                                | (4,128,566)     |
| Paid-in capital                      | 2,200,733,859   |
|                                      | =====           |
|                                      | \$2,199,229,215 |
|                                      | =====           |

The Fund intends to retain realized gains to the extent of available capital loss carryforwards for federal income tax purposes.

As of October 31, 2004, the Fund had capital loss carryforwards of \$10,297,008 which, if not used, will expire in 2012.

NOTE 5 - COMMON STOCK

There are unlimited common shares of beneficial interest authorized and 154,514,000 shares outstanding at October 31, 2004.

Calamos Advisors LLC owned 14,390 of the outstanding shares. Transactions in common shares were as follows:

PERIOD ENDED  
OCTOBER 31, 2004\*

|   |             |
|---|-------------|
| -----   |             |
| Beginning shares                                    | --          |
| Shares sold   | 154,514,000 |
| Shares issued through reinvestment of distributions | --          |
|   | -----       |
| Ending shares                                       | 154,514,000 |
|   | -----       |

\* The Fund commenced operations on March 26, 2004.

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### NOTE 6 - FORWARD FOREIGN CURRENCY CONTRACTS

The Fund may engage in portfolio hedging with respect to changes in currency exchange rates by entering into forward foreign currency contracts to purchase or sell currencies. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. The net unrealized gain (loss), if any, represents the credit risk to the Fund on a forward foreign currency contract. The contracts are valued daily at forward exchange rates, and an unrealized gain or loss is recorded. The Fund realizes a gain or loss upon settlement of the contracts. There were no open forward foreign currency contracts at October 31, 2004.

### NOTE 7 - SYNTHETIC CONVERTIBLE SECURITIES

The Fund may create a "synthetic" convertible security by combining separate securities that possess the two principal characteristics of a true convertible security, i.e., fixed-income securities ("fixed-income component") and the right to acquire equity securities ("convertible component"). The fixed-income component is achieved by investing in non-convertible, fixed-income securities such as bonds, preferred stocks and money market instruments. The convertible component is achieved by

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### NOTES TO FINANCIAL STATEMENTS

investing in warrants or options to buy common stock at a certain exercise price, or options on a stock index. In creating a synthetic security, the Fund may also pool a basket of fixed-income securities and a basket of warrants or options that produce the economic characteristics similar to a convertible security. Within each basket of fixed-income securities and warrants or options, different companies may issue the fixed-income and convertible components, which may be purchased separately and at different times.

The Fund may purchase synthetic securities created by other parties, typically investment banks, including convertible structured notes. Convertible structured notes are fixed-income debentures linked to equity. Convertible structured notes have the attributes of a convertible security; however, the investment bank that issued the convertible note assumes the credit risk associated with the investment, rather than the issuer of the underlying common stock into which the note is convertible. Purchasing synthetic convertible securities may offer more flexibility than purchasing a convertible security. Different companies may issue the fixed-income and convertible components, which may be purchased separately and at different times.

### NOTE 8 - OPTIONS TRANSACTIONS

The Fund may engage in options transactions and in doing so achieve the similar objectives to what they would achieve through the sale or purchase of individual securities. Transactions in options written during the period ended October 31, 2004 were as follows:

|                 | NUMBER OF<br>CONTRACTS | PREMIUMS<br>RECEIVED |
|-----------------|------------------------|----------------------|
| Options written | 8,900                  | \$1,313,894          |
| Options closed  | (2,000)                | (185,996)            |

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|   |       |             |
|---|-------|-------------|
| Options outstanding at October 31, 2004 | 6,900 | \$1,127,898 |
|   | ===== | =====       |

### NOTE 9 - PREFERRED SHARES

There are unlimited shares of Auction Rate Cumulative Preferred Shares ("Preferred Shares") authorized. The Preferred Shares have rights as determined by the Board of Trustees. The 43,200 shares of Preferred Shares outstanding consist of seven series, 7,040 shares of M, 7,040 shares of TU, 7,040 shares of W, 7,040 shares of TH, 7,040 shares of F, 4,000 shares of A, and 4,000 shares of B. The Preferred Shares have a liquidation value of \$25,000 per share plus any accumulated but unpaid dividends whether or not declared.

Dividends on the Preferred Shares are cumulative at a rate typically reset every seven or twenty-eight days based on the results of an auction. Dividend rates ranged from 1.08% to 2.01% for the period ended October 31, 2004. Under the Investment Company Act of 1940, the Fund may not declare dividends or make other distributions on shares of common stock or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Preferred Shares would be less than 200%.

The Preferred Shares are redeemable at the option of the Fund, in whole or in part, on any dividend payment date at \$25,000 per share plus any accumulated but unpaid dividends. The Preferred Shares are also subject to mandatory redemption at \$25,000 per share plus any accumulated but unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of the Fund as set forth in the Statement of Preferences are not satisfied.

The holders of Preferred Shares have voting rights equal to the holders of common stock (one vote per share) and will vote together with holders of shares of common stock as a single class except on matters affecting only the holders of Preferred Shares or the holders of common shares.

### NOTE 10 - INTEREST RATE TRANSACTIONS

The Fund may enter into interest rate swap or cap transactions to attempt to protect itself from increasing dividend or interest expense on its leverage resulting from increasing short-term interest rates. A decline in interest rates may result in a decline

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### NOTES TO FINANCIAL STATEMENTS

in the value of the swap or cap, which may result in a decline in the net asset value of the Fund. In addition, if the counterparty to an interest rate swap or cap defaults, the Fund would not be able to use the anticipated receipts under the swap or cap to offset the dividend or interest payments on the Fund's leverage. At the time an interest rate swap or cap reaches its scheduled termination, there is a risk that the Fund would not be able to obtain a replacement transaction or that the terms of the replacement would not be as favorable as on the expiring transaction. In addition, if the Fund is required to terminate any swap or cap early due to the Fund failing to maintain a required 200% asset coverage of the liquidation value of the outstanding Preferred Shares or the Fund loses its credit rating on its Preferred Shares, then the Fund could be required to make a termination payment, in addition to redeeming all or some of the Preferred Shares. Details of the swap agreements outstanding as of October 31, 2004 were as follows:

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| COUNTERPARTY | TERMINATION DATE | NOTIONAL AMOUNT (000) | FIXED RATE |
|--------------|------------------|-----------------------|------------|
| Citibank NA  | June 4, 2006     | \$150,000             | 3.04%      |
| Citibank NA  | June 4, 2007     | 150,000               | 3.61%      |
| Citibank NA  | June 4, 2008     | 200,000               | 4.34%      |
|              | =====            | =====                 | =====      |

NOTE 11 - SECURITIES LENDING

During the period ended October 31, 2004, the Fund lent certain of its securities to broker-dealers and banks. Any such loan must be continuously secured by collateral in cash or cash equivalents maintained on a current basis in an amount at least equal to the market value of the securities loaned by the Fund. The Fund would continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned and would also receive an additional return that may be in the form of a fixed fee or a percentage of the collateral. The Fund may pay reasonable fees to persons unaffiliated with the Fund for services in arranging these loans. The Fund would have the right to call the loan and obtain the securities loaned at any time on notice of not more than five business days. The Fund would not have the right to vote the securities during the existence of the loan but could call the loan in an attempt to permit voting of the securities in certain circumstances. Upon return of the securities loaned, the cash or cash equivalent collateral will be returned to the borrower. In the event of bankruptcy or other default of the borrower, the Fund could experience both delays in liquidating the loan collateral or recovering the loaned securities and losses, including (a) possible decline in the value of the collateral or in the value of the securities loaned during the period while the Fund seeks to enforce its rights thereto, (b) possible subnormal levels of income and lack of access to income during this period, and (c) expenses of enforcing its rights. In an effort to reduce these risks, the investment manager and security lending agent will monitor the creditworthiness of the firms to which the Fund lends securities. At October 31, 2004, the Fund had securities valued at \$363,839,184 that were on loan to broker-dealers and banks and \$371,513,731 in cash equivalent collateral.

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FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD WAS AS FOLLOWS:

|   | March 26, 2004*<br>through<br>October 31, 2004 |
|---|--|
| Net asset value, beginning of period                      | \$ 14.32(a)                                    |
| Income from investment operations:                        |  |
| Net investment income (loss)                              | 0.51   |
| Net realized and unrealized gain (loss) from investments, |  |



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|   |             |
|---|-------------|
| options, foreign currency and interest rate swaps   | (0.09)      |
| Dividends to preferred shareholders from:   |             |
| Net investment income (common share equivalent basis)   | (0.06)      |
|   | -----       |
| Total from investment operations  | 0.36        |
| -----   |             |
| Less dividends to common shareholders from:   |             |
| Net investment income   | (0.37)      |
| Capital charge resulting from issuance of common and preferred shares                             | (0.08)      |
|   | -----       |
| -----   |             |
| Net asset value, end of period  | \$ 14.23    |
|   | =====       |
| Market value, end of period   | \$ 13.34    |
| -----   |             |
| Total investment return based on(b) :   |             |
| Net asset value   | 2.10%       |
| Market value  | (8.59)%     |
| -----   |             |
| Ratios and Supplemental Data:   |             |
| Net assets applicable common shareholders, end of period (000's omitted)                          | \$2,199,229 |
| Preferred shares, at redemption value (\$25,000 per share liquidation preference) (000's omitted) | \$1,080,000 |
| Ratios to average net assets applicable to common shareholders:                                   |             |
| Net expenses(c) (e)   | 1.61%       |
| Net investment income (loss) (c) (e)  | 6.27%       |
| Preferred share dividends(c)  | 0.67%       |
| Net investment income (loss), net of preferred share dividends(c)                                 | 5.59%       |
| Portfolio turnover rate   | 11%         |
| Average commission rate paid  | \$ .0197    |
| Asset coverage per preferred share, at end of period(d)   | \$ 75,916   |
| -----   |             |

\* Commencement of operations.

- (a) Net of sales load of \$0.675 on initial shares issued and beginning net asset value of \$14.325.
- (b) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of the period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return is not annualized for periods less than one year. Brokerage commissions are not reflected.
- (c) Annualized.
- (d) Calculated by subtracting the Fund's total liabilities (not including Preferred Shares) from the Fund's total assets and dividing this by the number of preferred shares outstanding.
- (e) Does not reflect the effect of dividend payments to preferred shareholders.

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REPORT OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of  
CALAMOS Strategic Total Return Fund

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We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of CALAMOS Strategic Total Return Fund (the "Fund") as of October 31, 2004, and the related statement of operations, statement of changes in net assets and the financial highlights for the period from March 26, 2004 (commencement of operations) through October 31, 2004. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2004, by correspondence with the Fund's custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Fund as of October 31, 2004, and the results of its operations, the changes in its net assets, and the financial highlights for the period from March 26, 2004 (commencement of operations) through October 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Chicago, Illinois  
December 21, 2004

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### TAX INFORMATION

(UNAUDITED)

TAX INFORMATION. We are providing this information as required by the Internal Revenue Code (Code). The amounts shown may differ from those elsewhere in this report due to differences between tax and financial reporting requirements. In January 2005, shareholders will receive Form 1099-DIV which will include their share of qualified dividends and capital gains distributed during the calendar year 2004. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

Under Section 854(b)(2) of the Code, the Fund hereby designates \$30,425,186, or the maximum amount allowable under the Code, as qualified dividends for the fiscal year ended October 31, 2004.

Under Section 854(b)(2) of the Code, the Fund hereby designates 38.85% of the ordinary income dividends as income qualifying for the corporate dividends received deduction for the fiscal year ended October 31, 2004.

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TRUSTEES & OFFICERS

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The management of the Fund, including general supervision of duties performed for the Fund under the Investment Management Agreement, is the responsibility of its board of trustees.

The following table sets forth, as of October 31, 2004 each trustee's position(s) with the Fund, age, principal occupation during the past five years, number of portfolios overseen, other directorships, and the date on which the trustee first became a trustee of the Fund.

| NAME AND AGE AT<br>OCTOBER 31, 2004                     | POSITION(S) HELD WITH FUND<br>AND DATE FIRST ELECTED OR<br>APPOINTED TO OFFICE | NUMBER OF PORTFOLIOS IN<br>FUND COMPLEX(+)<br>OVERSEEN BY TRUSTEE |
|---|--|---|
| <b>TRUSTEES WHO ARE INTERESTED PERSONS OF FUND:</b>     |  |   |
| John P. Calamos, Sr., 64*                               | Trustee and President<br>(since 2004)  | 12  |
| Nick P. Calamos, 42*                                    | Trustee and Vice President<br>(since 2004)                                     | 12  |
| <b>TRUSTEES WHO ARE NOT INTERESTED PERSONS OF FUND:</b> |  |   |
| Joe F. Hanauer, 67                                      | Trustee (since 2004)   | 12  |
| Weston W. Marsh, 54                                     | Trustee (since 2004)   | 12  |
| John E. Neal, 54  | Trustee (since 2004)   | 12  |
| William R. Rybak, 53                                    | Trustee (since 2004)   | 12  |
| Stephen B. Timbers, 60                                  | Trustee (since 2004)   | 12  |

| NAME AND AGE AT<br>OCTOBER 31, 2004 | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS<br>AND OTHER DIRECTORSHIPS HELD |
|-------------------------------------|---|
|-------------------------------------|---|

|  |   |
|--|---|
| <b>TRUSTEES WHO ARE INTERESTED PER</b> |   |
| John P. Calamos, Sr., 64*              | President and CEO, Calamos Asset Management, Inc. ("CAM"), Calamos Holdings LLC ("CHLLC"), Calamos Advisors LLC and its predecessor ("Calamos Advisors"), and Calamos Financial Services LLC and its predecessor ("CFS"); Director, CAM           |
| Nick P. Calamos, 42*                   | Senior Executive Vice President, CAM, CHLLC, Calamos Advisors, and CFS; Director, CAM   |
| <b>TRUSTEES WHO ARE NOT INTERESTED</b> |   |
| Joe F. Hanauer, 67                     | Private Investor; Director, MAF Bancorp (banking), Chairman and Director, Homestore.com, Inc., (Internet provider of real estate information and products); Director, Combined Investments, L.P. (investment management)                          |
| Weston W. Marsh, 54                    | Partner, Freeborn & Peters (law firm)   |
| John E. Neal, 54                       | Private Investor; Managing Director, Bank One Capital Markets, Inc. (investment banking) (June 2004); Executive Vice President and Head of Real Estate Department, Bank One (1998-2000); Director, The Brickman Group, Ltd. (landscaping company) |
| William R. Rybak, 53                   | Private investor; formerly Executive Vice President and CFO, Van Kampen Investments, Inc. (investment management) prior thereto;  |

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Stephen B. Timbers, 60

Director, Private Bancorp, Inc.  
 Private investor; formerly Vice Chairman,  
 Northern Trust Corporation (bank holding  
 company); President and Chief Executive  
 Officer, Northern Trust Global Investments,  
 N.A. (investment management); formerly  
 President, Northern Trust Global  
 Investments, a division of Northern Trust  
 Corporation, and Executive Vice President,  
 The Northern Trust Corporation; Trustee,  
 Northern Mutual Fund Complex\*\* (registered  
 investment companies)

\* John P. Calamos and Nick P. Calamos are trustees who are "interested persons" of the Fund as defined in the Investment Company Act of 1940 (the "1940 Act") because of their position with Calamos.

\*\* Overseeing 53 portfolios in fund complex.

(+) The Fund Complex consists of CALAMOS Investment Trust, CALAMOS Advisors Trust, CALAMOS Convertible Opportunities and Income Fund, CALAMOS Convertible and High Income Fund and CALAMOS Strategic Total Return Fund.

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Officers. Messrs. John Calamos and Nick Calamos are president and vice president of the Fund, respectively. The preceding table gives more information about Messrs. John Calamos and Nick Calamos. The following table sets forth as of October 31, 2004 each other officer's name, position with the Fund, age, principal occupation during the past five years, other directorships, and the date on which he or she first became an officer of the Fund. Each officer serves until his or her successor is chosen and qualified or until his or her resignation or removal by the board of trustees.

| NAME AND AGE AT<br>OCTOBER 31, 2004 | POSITION(S) HELD WITH FUND AND DATE FIRST<br>ELECTED OR APPOINTED TO OFFICE |
|-------------------------------------|---|
|-------------------------------------|---|

|                          |                                  |
|--------------------------|----------------------------------|
| Nimish S. Bhatt, 41      | Treasurer (since 2004)           |
| Patrick H. Dudasik, 49   | Vice President (since 2004)      |
| James S. Hamman, Jr., 34 | Secretary (since 2004)           |
| Michael Ciotola, 36      | Assistant Treasurer (since 2004) |
| Ian J. McPheron, 33      | Assistant Secretary (since 2004) |

| NAME AND AGE AT<br>OCTOBER 31, 2004 | PRINCIPAL OCCUPATION(S) DURING THE PAST 5 YEARS<br>AND OTHER DIRECTORSHIPS HELD |
|-------------------------------------|---|
|-------------------------------------|---|

|                          |   |
|--------------------------|---|
| Nimish S. Bhatt, 41      | Senior Vice President and Director of Operations, CAM, CHLLC, Calamos Advisors and CFS (since 2004); Senior Vice President, Alternative Investments and Tax Services of BISYS, prior thereto  |
| Patrick H. Dudasik, 49   | Executive Vice President, Chief Financial Officer and Administrative Officer, and Treasurer of CAM and CHLLC (since 2004), Calamos Advisors and CFS (since 2001); Chief Financial Officer, David Gomez and Assoc., Inc. (1998-2001); and Chief Financial Officer, Scudder Kemper Investments, Inc., prior thereto |
| James S. Hamman, Jr., 34 | Executive Vice President, Secretary, and General Counsel, CAM and CHLLC (since 2004), Calamos Advisors and CFS (since   |

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1998)  
Michael Ciotola, 36 Manager of Mutual Fund Operations, Calamos Advisors (since 2004); Director of Financial Services, BISYS Fund Services, Inc. (2003-2004); Various positions within BISYS (prior thereto)  
Ian J. McPheron, 33 Associate Counsel, Calamos Advisors and CFS (since 2004); Associate Counsel and Director of Compliance, Calamos Advisors and CFS (2002-2004); Associate, Gardner, Carton & Douglas (law firm) (2002); Vice President, Associate General Counsel and Assistant Secretary, Van Kampen Investments, Inc. (2000-2002); Associate, Wildman, Harrold, Allen & Dixon (law firm) (1997-2000)

The mailing address of the Trustees and Officers is Calamos Funds; Attn: Secretary, 1111 E. Warrenville Road, Naperville, IL 60563-1463

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FOR 24 HOUR SHAREHOLDER ASSISTANCE  
800.432.8224

TO OBTAIN INFORMATION  
800.582.6959

VISIT OUR WEB-SITE  
[www.calamos.com](http://www.calamos.com)

INVESTMENT ADVISER  
CALAMOS ADVISORS LLC  
1111 E. Warrenville Road  
Naperville, IL 60563-1463

FUND ACCOUNTING AGENT/ADMINISTRATOR  
State Street Bank and Trust Company  
225 Franklin Street  
Boston, MA 02111

CUSTODIAN AND TRANSFER AGENT  
The Bank of New York  
P.O. Box 11258  
Church Street Station  
New York, New York 10286  
800.524.4458

INDEPENDENT AUDITORS  
Deloitte & Touche LLP  
Chicago, IL

LEGAL COUNSEL  
Bell, Boyd & Lloyd LLC

Chicago, IL

A description of the CALAMOS Proxy Voting Policies and Procedures is available free of charge upon request by calling (800) 582-6959, by visiting the CALAMOS website at [www.calamos.com](http://www.calamos.com), or by writing CALAMOS at: CALAMOS Investments, Attn: Client Services, 1111 E. Warrenville Road, Naperville, IL 60563. The Fund's proxy voting record for the twelve month period ended June 30, 2004, is also available upon request by calling or writing CALAMOS Investments and by visiting the SEC website at <http://www.sec.gov>.

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The Fund files a complete list of its portfolio holdings with the SEC for the first and third quarters each fiscal year on Form N-Q. The Form N-Q is available free of charge, upon request, by calling or writing CALAMOS Investments or by visiting the SEC website. You may also review or, for a fee, copy the forms at the SEC's Public Reference Room in Washington, D.C. (202) 942-8090.

### CALAMOS STRATEGIC TOTAL RETURN FUND

This report, including the audited financial statements contained herein, is submitted for general information for the shareholders of the Fund. The views expressed in this report reflect those of CALAMOS ADVISORS LLC only through October 31, 2004. The manager's views are subject to change at any time based on market and other conditions.

[RECYCLED LOGO]

1946 10/04

#### ITEM 2. CODE OF ETHICS.

(a) The registrant has adopted a code of ethics (the "Code of Ethics") that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or person performing similar functions.

(b) Not applicable.

(c) The registrant has not amended its Code of Ethics during the period covered by the shareholder report presented in Item 1 hereto.

(d) The registrant has not granted a waiver or an implicit waiver from its Code of Ethics during the period covered by the shareholder report presented in Item 1 hereto.

(e) Not applicable.

(f) (1) The registrant's Code of Ethics is attached as an Exhibit hereto.

#### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Trustees has determined that, for the period covered by the shareholder report presented in Item 1 hereto, it has two audit committee financial experts serving on its audit committee, each of whom is an independent Trustee for purpose of this N-CSR item: John E. Neal and William Rybak. Under applicable securities laws, a person who is determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligation, or liabilities that are greater than the duties, obligations and liabilities imposed on such person as a member of audit committee and Board of Trustees in the absence of such designation or identification.

#### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) Audit Fee - \$0 and \$34,500 are the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant to the registrant for the audit of the registrant; annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

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(b) Audit-Related Fees - \$0 and \$49,917 are the aggregate fees billed in each of the last two fiscal years for assurance and related services rendered by the principal accountant to the registrant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item 4.

(c) Tax Fees - \$0 and \$4,667 are the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant to the registrant for tax compliance, tax advice, tax planning and tax return preparation.

There were no fees billed in each of the last two fiscal years for professional services rendered by the principal accountant to the investment adviser for tax compliance, tax advice and tax planning that were required to be pre-approved by the audit committee as described in paragraph (e)(1) of this Item 4.

(d) All Other Fees - \$0 and \$2,500 are the aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant to the registrant, other than the services reported in paragraph (a)-(c) of this Item 4.

There were no fees billed in each of the last two fiscal years for products and services provided by the principal accountant to the investment adviser, other than the services reported in paragraphs (a)-(c) of this Item 4, that were required to be pre-approved by the audit committee as described in paragraph (e)(1) of this Item 4.

(e) (1) Registrant's audit committee meets with the principal accountants and management to review and pre-approve all audit services to be provided by the principal accountants.

The audit committee shall pre-approve all non-audit services to be provided by the principal accountants to the registrant, including the fees and other compensation to be paid to the principal accountants; provided that the pre-approval of non-audit services is waived if (i) the services were not recognized by management at the time of the engagement as non-audit services, (ii) the aggregate fees for all non-audit services provided to the registrant are less than 5% of the total fees paid by the registrant to its principal accountants during the fiscal year in which the non-audit services are provided, and (iii) such services are promptly brought to the attention of the audit committee by management and the audit committee approves them prior to the completion of the audit.

The audit committee shall pre-approve all non-audit services to be provided by the principal accountants to the investment adviser or any entity controlling, controlled by or under common control with the adviser that provides ongoing services to the registrant if the engagement relates directly to the operations or financial reporting of the registrant, including the fees and other compensation to be paid to the principal accountants; provided that pre-approval of non-audit services to the adviser or an affiliate of the adviser is not required if (i) the services were not recognized by management at the time of the engagement as non-audit services, (ii) the aggregate fees for all non-audit services provided to the adviser and all entities controlling, controlled by or under common control with the adviser are less than 5% of the total fees for non-audit services requiring pre-approval under paragraph (e)(1) of this Item 4 paid by the registrant, the adviser or its affiliates to the registrant's principal accountants during the fiscal year in which the non-audit services are provided, and (iii) such services are promptly brought to the attention of the audit committee by management and the audit committee approves them prior to the completion of the audit.

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(2) 100% of the services provided to the registrant described in paragraphs (b)-(d) of this Item 4 were pre-approved by the audit committee pursuant to paragraphs (e)(1) of this Item 4. There were no services provided to the investment adviser or any entity controlling, controlled by or under common control with the adviser described in paragraphs (b)-(d) of this Item 4 that were required pre-approved by the audit committee.

(f) No disclosures are required by this Item 4(f).

(g) \$0 and \$7,167 are the aggregate non-audit fees billed in each of the last two fiscal years for services rendered by the principal accountant to the registrant. \$75,500 and \$58,000 are the aggregate non-audit fees billed in each of the last two fiscal years for services rendered by the principal accountant to the investment adviser or any entity controlling, controlled by or under common control with the adviser. All of the aggregate fees billed by the principal accountant for non-audit services to the registrant's investment adviser relate to services that began prior to the adoption of rules requiring audit committee pre-approval. However, the registrant's audit committee did approve such non-audit services.

(h) No disclosures are required by this Item 4(h).

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant has a separately-designated standing audit committee. The members of the registrant's audit committee are John E. Neal, Joe F. Hanauer, Weston W. Marsh, William R. Rybak and Stephen B. Timbers.

### ITEM 6. SCHEDULE OF INVESTMENTS

Included in the Report to Shareholders in Item 1.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The registrant has delegated the voting of proxies relating to its voting securities to its investment adviser, Calamos Advisors, LLC ("Calamos"). A description of Proxy Voting Policies and Procedures of ("Calamos") are included as an Exhibit hereto.

### ITEM 8. PURCHASES OF EQUITY SECURITIES

#### REGISTRANT PURCHASES OF EQUITY SECURITIES

| PERIOD | (a) TOTAL NUMBER OF<br>SHARES (OR<br>UNITS) PURCHASED | (b) AVERAGE PRICE<br>PAID PER SHARE (OR<br>UNIT) | (c) TOTAL NUMBER OF<br>SHARES (OR UNITS)<br>PURCHASED AS PART<br>OF PUBLICLY<br>ANNOUNCED PLANS OR<br>PROGRAMS | (d) MAXI<br>(OR APPR<br>DOLLAR V<br>SHARES (<br>THAT MAY<br>PURCHASE |
|--------|---|--|--|--|
|--------|---|--|--|--|



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THE PLAN  
PROGRAMS

|                    |         |         |     |     |
|--------------------|---------|---------|-----|-----|
| MAY 1-MAY 30, 2004 | 21,000* | \$12.49 | N/A | N/A |
|--------------------|---------|---------|-----|-----|

\* Shares acquired on the open market.

ITEM 9. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No material changes.

ITEM 10. CONTROLS AND PROCEDURES.

a) The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures within 90 days of this filing and have concluded that the registrant's disclosure controls and procedures were effective, as of that date, in ensuring that information required to be disclosed by the registrant in this Form N-CSR was recorded, processed, summarized, and reported timely.

b) There were no changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the registrant's last fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 11. EXHIBITS.

- (a) (1) Code of Ethics
- (a) (2) (i) Certification of Principal Executive Officer.
- (a) (2) (ii) Certification of Principal Financial Officer.
- (b) Description of Proxy Voting Policies and Procedures

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Calamos Strategic Total Return Fund

By: /s/ John P. Calamos, Sr.

Name: John P. Calamos, Sr.  
Title: Principal Executive Officer  
Date:

By: /s/ Patrick H. Dudasik

Name: Patrick H. Dudasik  
Title: Principal Financial Officer  
Date:

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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Calamos Strategic Total Return Fund

By: /s/ John P. Calamos, Sr.

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Name: John P. Calamos, Sr.  
Title: Principal Executive Officer  
Date:

By: /s/ Patrick H. Dudasik

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Name: Patrick H. Dudasik  
Title: Principal Financial Officer  
Date: