

CALAMOS STRATEGIC TOTAL RETURN FUND  
Form N-CSRS  
June 24, 2010

**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: 2020 Calamos Court, Naperville,  
Illinois 60563-2787

NAME AND ADDRESS OF AGENT FOR SERVICE: John P. Calamos, Sr., President  
Calamos Advisors LLC  
2020 Calamos Court  
Naperville, Illinois  
60563-2787

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

DATE OF FISCAL YEAR END: October 31, 2010

DATE OF REPORTING PERIOD: November 1, 2009 through April 30, 2010

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**ITEM 1. REPORTS TO SHAREHOLDERS**

Include a copy of the report transmitted to stockholders pursuant to Rule 30e-1 under the Act (17 CFR 270. 30e-1).

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Calamos Investments: Expertise and Foresight

Since our founding in 1977, Calamos Investments has been committed to addressing the investment needs of individual and institutional investors. For more than 30 years, clients have admired our adherence to a single investment approach: to seek a proper balance between risks and opportunities. Much of our success is due to our consistent application of our core belief when it comes to investment management: one-team, one-process. A single team of investment professionals analyzes the entire capital structure of a company prior to selecting individual securities for the portfolios. The versatility of our approach, our disciplined focus on risk management, and our goal of consistently achieving superior returns for our clients are three pillars that support our ongoing prosperity. Leveraging founder John P. Calamos, Sr.'s expertise in the complex convertible market, the company has evolved from a small boutique manager into a global, growth-focused investment firm that offers multiple investment vehicles across equity, fixed-income and alternative strategies.

We invite you to review our semiannual report.

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Letter to Shareholders

**About the Fund**

The Fund's dynamic asset allocation approach and broad investment universe including equities, higher yielding convertible and corporate bonds provides enhanced opportunities for income and total returns.

Invests primarily in securities of U.S. issuers.

Dear current and prospective shareholders:

Since 1977, our experience and the evolution of our one-team, one-process approach to investing have continued to meet the investment needs of our individual and institutional investors through many uncertain times and volatile markets. Our goal is to find the optimal balance between opportunity and risk, allowing our investors to take advantage of market gains while minimizing the impact of downward markets. At Calamos Investments, a single team of experts manages all of our strategies including equity, fixed-income and alternative strategies. Our unique process allows us to dynamically invest in a combination of asset classes where we see opportunity.

In 1985, we created our first mutual Fund and one of the first convertible securities mutual Funds by utilizing our experience managing institutional portfolios. Over the years, we have built upon that experience to create many investment strategies in open-end and closed-end Fund formats. Beginning in 1996, we began offering global investment strategies to capitalize on investment opportunities around the world.

In 2002, we launched our first closed-end Fund to great success. Closed-end Funds are long-term investments, the majority of which focus on providing monthly distributions, but there are important differences among individual closed-end Funds.

Today, we manage a total of five closed-end Funds. While each closed-end Fund has a different risk profile, the overall objectives are consistent. Calamos closed-end Funds can be grouped into two broad categories: enhanced fixed-income Funds and total return Funds. Each of our closed-end Funds invests in a combination of asset classes, maintaining the potential for capital appreciation and providing sources of income.

### **Enhanced Fixed-Income Funds**

*Portfolios positioned to pursue high current income from investment income and capital gains.*

**Convertible Opportunities and Income Fund (CHI)** invests in high yield and convertible securities, primarily in U.S. markets.

**Convertible and High Income Fund (CHY)** invests in high yield and convertible securities, primarily in U.S. markets.

Letter to Shareholders

**Global Dynamic Income Fund (CHW)** invests in equities and higher yielding convertible securities and corporate bonds in both U.S. and non-U.S. markets.

**Total Return Funds**

*Portfolios positioned to seek current income with increased emphasis on capital gains potential.*

**Global Total Return Fund (CGO)** invests in equities and higher yielding convertible securities and corporate bonds, in both U.S. and non-U.S. markets.

**Strategic Total Return Fund (CSQ)** invests in equities and higher yielding convertible securities and corporate bonds, primarily in U.S. markets.

Broadly speaking, we continue to favor companies and issuers with stronger balance sheets and the ability to grow without over-relying on the capital markets. We continue to emphasize companies with global leadership positions, well-recognized brands and capable management teams. Our investment process also reflects long-term thematic influences, such as productivity improvements, globalization and infrastructure building.

We believe that the volatility in the markets will continue to be unpredictable; accordingly, our aim is to think globally and be flexible. We have positioned the portfolios in higher quality names relative to the investment universe in which each respective Fund may participate. In regards to equities, while focusing on income and total return objectives, we have favored larger companies that have stronger balance sheets and global revenue streams, which we believe are better positioned to take advantage of opportunities that globalization offers and have the strength to withstand potential market turbulence.

While there are many positive signs in the economic picture, we continue to favor more conservative positioning in convertibles and high yield bonds. Notably, we have maintained an underweight position in the lowest quality credit tier. Over the years, we have relied heavily on our credit process to serve shareholders. We continue to believe that avoiding these speculative credits is prudent risk management, and historically has served our shareholders well. We have conviction that this positioning provides the portfolio with an attractive risk/reward profile in the current market environment.

In this semiannual report you will find a variety of information about the six months ended April 30, 2010 for your review. Enclosed are commentaries from our investment team, a list of portfolio holdings, financial data and highlights, as well as details about the performance and asset allocation.

During the reporting period, the Fund continued to operate in a very low interest rate environment. The environment has been conducive to the prudent use of leverage in the Fund, as we were able to borrow at inexpensive rates and achieve a return greater than the cost of leverage on the invested proceeds. The use of leverage has also been supportive of the Fund's distribution rate. We plan to continue the judicious use of leverage so long as we believe it will create value for shareholders. Further, we believe that the Fund's current distribution rate remains very attractive, especially when viewed against other income producing strategies. We and the Fund's Board of

Strategic Total Return Fund

**SEMIANNUAL REPORT** Letter to Shareholders

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Letter to Shareholders

Trustees remain committed to providing a distribution that we believe is generally sustainable over the long-term and we will continue to keep a watchful eye on the investment climate to determine an appropriate rate for our shareholders.

We encourage you to call your financial advisor or Calamos Investments at 800.582.6959 to talk further about your individual investments. You may also visit our website at [www.calamos/ce.com](http://www.calamos/ce.com) for more information about our Funds, their objectives and performances, as well as up-to-date market commentary.

Thank you for your confidence and for letting us serve your investment needs both now and in years to come.

Sincerely,

**John P. Calamos, Sr.**  
Chairman, CEO and Co-CIO  
Calamos Advisors LLC

*This report is for informational purposes only and should not be considered investment advice.*

Strategic Total Return Fund  
Letter to Shareholders **SEMIANNUAL REPORT** 3

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Investment Team Commentary

The Calamos Investment Management Team, led by Co-Chief Investment Officers John P. Calamos, Sr. and Nick P. Calamos, CFA, discusses the Fund's performance, strategy and positioning during the six-month period ended April 30, 2010.

**TOTAL RETURN\***

**Common Shares Inception 03/26/04**

|                 | <b>6 Months</b> | <b>1 Year</b> | <b>Since Inception**</b> |
|-----------------|-----------------|---------------|--------------------------|
| On Market Price | 18.03%          | 53.73%        | 0.77%                    |
| On NAV          | 13.97%          | 47.73%        | 3.40%                    |

\*Total return measures net investment income and net realized gain or loss from portfolio investments, and change in net unrealized appreciation or depreciation, assuming reinvestment of income and net realized gains distributions.

\*\*Annualized since inception.

**SECTOR WEIGHTINGS**

|                            |       |
|----------------------------|-------|
| Energy                     | 16.3% |
| Information Technology     | 15.7  |
| Health Care                | 12.6  |
| Financials                 | 10.6  |
| Industrials                | 10.6  |
| Consumer Discretionary     | 9.5   |
| Consumer Staples           | 8.2   |
| Materials                  | 5.9   |
| Telecommunication Services | 5.3   |
| Utilities                  | 0.5   |

Sector Weightings are based on managed assets and may vary over time. Sector Weightings exclude any government/sovereign bonds or options on broad market indexes the portfolio may hold.

The objective for the Strategic Total Return Fund (CSQ) is to seek total return through a combination of capital appreciation and current income by investing in a diversified portfolio of equities, convertible securities and below-investment-grade (high yield) fixed-income securities. The Fund seeks to offer investors a defensive approach to equity participation and an attractive monthly distribution (with the added benefit of potential downside protection). By combining equities, convertible bonds and higher yielding corporate securities, the Fund has the capacity to generate capital gains as well as income providing the opportunity to manage risk and reward over the full course of a

market cycle.

#### About the Fund

The Fund's dynamic asset allocation approach and broad investment universe including equities, higher yielding convertible and corporate bonds provides enhanced opportunities for income and total returns.

Invests primarily in securities of U.S. issuers.

#### **SINCE INCEPTION MARKET PRICE AND NAV HISTORY**

##### **How did the Fund perform over the reporting period on a NAV basis?**

CSQ's net asset value (NAV) total return was a gain of 13.97% for the reporting period, outperforming the Credit Suisse High Yield Bond Index performance of 11.53% but lagging the BofA ML Convertible Excluding Mandatories Index performance of 15.88% and the S&P 500 Index return of 15.66%.

Strategic Total Return Fund

4 **SEMIANNUAL REPORT** Investment Team Commentary

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**How did the Fund perform over the reporting period on a market price basis?**

The return on market price was 18.03% for the six-month period ended April 30, 2010. This significantly outperformed both the high yield and convertible indexes mentioned above.

**What affected the Fund's performance over the reporting period?**

The Fund is invested in equities, high yield bonds and convertibles. During the reporting period, many of our equity holdings in the Fund performed well and provided significant downside protection during the challenging month of January, when the market sold off due to profit taking by investors, and then subsequently participated on the upside when the markets rebounded.

The Fund's NAV also benefited as high yield bonds and convertible securities performed well, as investors sought income producing securities during the reporting period. High yield credit spreads narrowed, indicating a preference for high yield bonds, and ended the period with the average spread trading at 588 basis points according to JP Morgan market data (at the beginning of the period, the spread was 749 basis points). In the convertible market, the reporting period was characterized by significant outperformance of the CCC credit tier of the convertible market. In this uncertain market environment, we have been significantly underweight the CCC rated issuers and this hampered the Fund's performance.

From a top down sector positioning perspective, an overweight position relative to the overall market was supportive to the Fund's performance over the past six months. An overweight position within energy and an underweight position in consumer staples detracted from performance during the period.

The Fund is focused on investing in securities that potentially offer total return longer term, and that will also provide a yield or distribution. To help manage risks in this area, and certainly in light of current economic and market conditions, the Fund tends to have a higher quality bias than the broad high yield or convertible markets. While this did somewhat reduce returns as the lowest quality tiers of these markets showed the strongest performance, we continue to protect against volatility and default potential of the lowest grade securities.

**What are your current thoughts regarding the Fund's distribution rate?**

The Fund has as its objective an emphasis on total return. It has also been operating in a very low interest rate environment as witnessed by the lower relative yields found in the marketplace. The S&P 500 Dividend Yield has been roughly 2%, 10 Year Treasury Bonds were yielding 3.3% and 30 Year Treasuries were yielding 4.2%. To reflect the lower interest rate environment, we reduced the monthly distribution of the Fund last November from \$0.0625 to \$.0525 per share. We believe that the market price yield of 6.82% at the end of the reporting period is very competitive. The goal of the level rate distribution policy is to provide investors a predictable, though not assured, level of cash flow, which can either serve as a stable income stream or, through reinvestment, contribute significantly to long-term total return.

## Schedule of Investments

APRIL 30, 2010 (UNAUDITED)

| PRINCIPAL<br>AMOUNT            |  | VALUE        |
|--------------------------------|--|--------------|
| <b>CORPORATE BONDS (32.4%)</b> |  |              |
|                                | <i>Consumer Discretionary (6.3%)</i>                 |              |
| 4,824,000                      | Asbury Automotive Group, Inc.<br>8.000%, 03/15/14    | \$ 4,866,210 |
| 14,955,000                     | DISH Network Corp.<br>7.125%, 02/01/16               | 15,254,100   |
| 14,473,000                     | General Motors Corp.<br>7.200%, 01/15/11             | 5,463,557    |
| 16,402,000                     | Hanesbrands, Inc.<br>3.831%, 12/15/14                | 15,909,940   |
| 6,947,000                      | Jarden Corp.<br>7.500%, 05/01/17                     | 7,138,042    |
| 3,129,000                      | Kellwood Company<br>7.625%, 10/15/17                 | 1,470,630    |
| 4,824,000                      | Liberty Media Corp.<br>8.250%, 02/01/30              | 4,528,530    |
| 135,000                        | Live Nation Entertainment, Inc.*<br>8.125%, 05/15/18 | 139,388      |
| 6,271,000                      | Mandalay Resort Group<br>7.625%, 07/15/13            | 5,604,706    |
| 4,713,000                      | MGM Mirage<br>7.500%, 06/01/16                       | 4,182,788    |
| 7,140,000                      | NetFlix, Inc.<br>8.500%, 11/15/17                    | 7,639,800    |
| 285,000                        | Phillips-Van Heusen Corp.<br>7.375%, 05/15/20        | 293,550      |
| 12,543,000                     | Royal Caribbean Cruises, Ltd.<br>7.500%, 10/15/27    | 11,664,990   |
| 3,859,000                      | 7.250%, 06/15/16~                                    | 3,926,533    |
| 8,684,000                      | Service Corp. International~<br>6.750%, 04/01/16     | 8,727,420    |
| 2,412,000 GBP                  | Warner Music Group Corp.<br>8.125%, 04/15/14         | 3,505,959    |
|                                |  | 100,316,143  |

|            |   |            |
|------------|---|------------|
|            | <b><i>Consumer Staples (2.3%)</i></b>                   |            |
| 11,337,000 | Chiquita Brands International, Inc.<br>7.500%, 11/01/14 | 11,535,398 |
| 1,317,000  | Del Monte Foods Company*<br>7.500%, 10/15/19            | 1,397,666  |
| 8,684,000  | NBTY, Inc.<br>7.125%, 10/01/15                          | 8,781,695  |
| 14,473,000 | Smithfield Foods, Inc.<br>7.750%, 07/01/17              | 14,382,544 |
| 256,000    | TreeHouse Foods, Inc.<br>7.750%, 03/01/18               | 267,520    |
|            |   | 36,364,823 |
|            | <b><i>Energy (5.6%)</i></b>                             |            |
| 2,446,000  | Berry Petroleum Company<br>8.250%, 11/01/16             | 2,501,035  |
| 6,754,000  | Chesapeake Energy Corp.<br>6.875%, 01/15/16             | 6,770,885  |
| 3,859,000  | 7.500%, 06/15/14  | 3,945,828  |
| 3,184,000  | Complete Production Services, Inc.<br>8.000%, 12/15/16  | 3,271,560  |
| 7,719,000  | Comstock Resources, Inc.<br>8.375%, 10/15/17            | 8,008,462  |
| 4,824,000  | Concho Resources, Inc.<br>8.625%, 10/01/17              | 5,173,740  |
| 651,000    | Continental Resources, Inc.*<br>7.375%, 10/01/20        | 677,040    |
| 1,930,000  | Dresser-Rand Group, Inc.<br>7.375%, 11/01/14            | 1,958,950  |
| 2,895,000  | GulfMark Offshore, Inc.<br>7.750%, 07/15/14             | 2,895,000  |
| 6,754,000  | Mariner Energy, Inc.<br>8.000%, 05/15/17                | 7,480,055  |
| 2,895,000  | 11.750%, 06/30/16                                       | 3,720,075  |
| 4,824,000  | Petrohawk Energy Corp.<br>7.125%, 04/01/12              | 4,848,120  |
| 2,895,000  | Pride International, Inc.<br>8.500%, 06/15/19           | 3,340,106  |
| 4,824,000  | Superior Energy Services, Inc.<br>6.875%, 06/01/14      | 4,824,000  |
| 6,754,000  | Swift Energy Company<br>8.875%, 01/15/20                | 7,100,142  |
| 6,252,000  | Whiting Petroleum Corp.<br>7.250%, 05/01/12             | 6,291,075  |
| 14,290,000 | Williams Companies, Inc.~<br>7.750%, 06/15/31           | 16,498,234 |
|            |   | 89,304,307 |

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|            |   |            |
|------------|---|------------|
|            | <b>Financials (5.8%)</b>                                      |            |
| 41,488,000 | Ford Motor Credit Company, LLC<br>9.875%, 08/10/11            | 43,917,288 |
| 16,055,000 | Leucadia National Corp.~<br>8.125%, 09/15/15                  | 16,897,887 |
| 17,367,000 | Nuveen Investments, Inc.<br>10.500%, 11/15/15                 | 17,453,835 |
| 3,377,000  | OMEGA Healthcare Investors, Inc.*<br>7.500%, 02/15/20         | 3,486,753  |
| 10,131,000 | Senior Housing Properties Trust<br>8.625%, 01/15/12           | 10,662,878 |
|            |   | 92,418,641 |
|            | <b>Health Care (1.2%)</b>                                     |            |
| 2,171,000  | Bio-Rad Laboratories, Inc.~<br>7.500%, 08/15/13               | 2,214,420  |
| 3,859,000  | Psychiatric Solutions, Inc.<br>7.750%, 07/15/15               | 3,955,475  |
| 3,859,000  | Talecris Biotherapeutics Holdings Corp.*<br>7.750%, 11/15/16  | 3,916,885  |
| 9,055,000  | Valeant Pharmaceuticals<br>International*<br>7.625%, 03/15/20 | 9,258,738  |
|            |   | 19,345,518 |

Strategic Total Return Fund

6 **SEMIANNUAL REPORT** Schedule of Investments

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

APRIL 30, 2010 (UNAUDITED)

| PRINCIPAL<br>AMOUNT |  | VALUE        |
|---------------------|--|--------------|
|                     | <i><b>Industrials (2.3%)</b></i>                       |              |
| 2,895,000           | BE Aerospace, Inc.<br>8.500%, 07/01/18                 | \$ 3,104,887 |
| 2,171,000           | Belden, Inc.<br>7.000%, 03/15/17                       | 2,149,290    |
| 4,824,000           | Gardner Denver, Inc.<br>8.000%, 05/01/13               | 4,878,270    |
| 4,371,000           | H&E Equipment Service, Inc.<br>8.375%, 07/15/16        | 4,371,000    |
| 367,000             | Oshkosh Corp.*<br>8.250%, 03/01/17                     | 388,103      |
| 2,895,000           | Spirit AeroSystems Holdings, Inc.*<br>7.500%, 10/01/17 | 2,974,612    |
| 3,338,000           | SPX Corp.<br>7.625%, 12/15/14                          | 3,546,625    |
| 1,930,000           | Terex Corp.<br>8.000%, 11/15/17                        | 1,891,400    |
| 5,548,000           | Trinity Industries, Inc.<br>6.500%, 03/15/14           | 5,693,635    |
| 2,644,000           | Triumph Group, Inc.<br>8.000%, 11/15/17                | 2,657,220    |
| 4,824,000           | Wesco Distribution, Inc.<br>7.500%, 10/15/17           | 4,799,880    |
|                     |  | 36,454,922   |
|                     | <i><b>Information Technology (2.5%)</b></i>            |              |
| 15,438,000          | Amkor Technology, Inc.<br>9.250%, 06/01/16             | 16,518,660   |
| 2,895,000           | 7.375%, 05/01/18*                                      | 2,902,237    |
| 1,100,000           | 7.750%, 05/15/13                                       | 1,115,125    |
| 1,925,000           | Equinix, Inc.<br>8.125%, 03/01/18                      | 2,014,031    |
| 6,271,000           | Freescale Semiconductor, Inc.<br>8.875%, 12/15/14      | 6,208,290    |

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|            |   |             |
|------------|---|-------------|
| 4,824,000  | Jabil Circuit, Inc.~<br>8.250%, 03/15/18                        | 5,246,100   |
| 719,000    | JDA Software Group, Inc.*<br>8.000%, 12/15/14                   | 756,748     |
| 1,930,000  | Lexmark International, Inc.~<br>6.650%, 06/01/18                | 2,065,876   |
| 3,618,000  | Xerox Corp.<br>8.000%, 02/01/27                                 | 3,649,574   |
|            |   | 40,476,641  |
|            | <b>Materials (2.6%)</b>   |             |
| 1,930,000  | Allegheny Ludlum Corp.<br>6.950%, 12/15/25                      | 1,909,469   |
| 2,608,000  | Nalco Holding Company*<br>8.250%, 05/15/17                      | 2,810,120   |
| 2,933,000  | Silgan Holdings, Inc.<br>7.250%, 08/15/16                       | 3,072,317   |
| 5,403,000  | Steel Dynamics, Inc.<br>7.750%, 04/15/16                        | 5,666,396   |
| 1,351,000  | 7.625%, 03/15/20*<br>Union Carbide Corp.~                       | 1,405,040   |
| 10,565,000 | 7.875%, 04/01/23  | 10,554,467  |
| 8,346,000  | 7.500%, 06/01/25  | 8,158,724   |
| 7,092,000  | Westlake Chemical Corp.<br>6.625%, 01/15/16                     | 7,127,460   |
|            |   | 40,703,993  |
|            | <b>Telecommunication Services (3.2%)</b>                        |             |
| 17,078,000 | Frontier Communications Corp.<br>9.000%, 08/15/31               | 17,334,170  |
| 8,684,000  | Leap Wireless International, Inc.<br>9.375%, 11/01/14           | 9,020,505   |
| 3,666,000  | New Communications Holdings, Inc.*<br>8.250%, 04/15/17          | 3,794,310   |
| 14,019,000 | Qwest Communications<br>International, Inc.<br>7.750%, 02/15/31 | 13,808,715  |
| 4,824,000  | Syniverse Technologies, Inc.<br>7.750%, 08/15/13                | 4,920,480   |
| 2,895,000  | Windstream Corp.<br>8.625%, 08/01/16                            | 2,978,231   |
|            |   | 51,856,411  |
|            | <b>Utilities (0.6%)</b>   |             |
| 13,508,000 | Energy Future Holdings Corp.~<br>10.250%, 11/01/15              | 10,198,540  |
|            |   | 517,439,939 |



**TOTAL CORPORATE BONDS**

(Cost \$523,142,396)

**CONVERTIBLE BONDS (12.1%)**

|            |   |            |
|------------|---|------------|
|            | <b>Consumer Discretionary (1.4%)</b>                                      |            |
| 7,000,000  | General Motors Corp. - Series C<br>6.250%, 07/15/33                       | 2,431,100  |
| 15,000,000 | Liberty Media Corp. (Time Warner, Inc.)§<br>3.125%, 03/30/23              | 16,612,500 |
| 5,680,000  | Liberty Media Corp. (Viacom, CBS Corp. - Class<br>B)§<br>3.250%, 03/15/31 | 3,699,100  |
|            |   | 22,742,700 |
|            | <b>Energy (0.6%)</b>  |            |
| 8,290,000  | St. Mary Land & Exploration Company<br>3.500%, 04/01/27                   | 8,714,863  |
|            | <b>Financials (0.8%)</b>  |            |
| 13,020,000 | Affiliated Managers Group, Inc.<br>3.950%, 08/15/38                       | 13,361,775 |

Strategic Total Return Fund  
Schedule of Investments **SEMIANNUAL REPORT**

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See accompanying Notes to Schedule of Investments

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## Schedule of Investments

APRIL 30, 2010 (UNAUDITED)

| PRINCIPAL<br>AMOUNT |  | VALUE         |
|---------------------|--|---------------|
|                     | <i><b>Industrials (2.7%)</b></i>                       |               |
| 25,597,000          | L-3 Communications Holdings, Inc.<br>3.000%, 08/01/35  | \$ 26,972,839 |
| 18,000,000          | Trinity Industries, Inc.<br>3.875%, 06/01/36           | 15,480,000    |
|                     |  | 42,452,839    |
|                     | <i><b>Information Technology (6.1%)</b></i>            |               |
| 2,700,000 GBP       | Autonomy Corp., PLC<br>3.250%, 03/04/15                | 4,692,972     |
| 16,000,000          | Euronet Worldwide, Inc.<br>3.500%, 10/15/25            | 15,360,000    |
| 31,500,000          | Intel Corp.<br>2.950%, 12/15/35                        | 32,051,250    |
| 33,900,000          | Linear Technology Corp.<br>3.000%, 05/01/27            | 33,984,750    |
| 12,000,000          | VeriSign, Inc.<br>3.250%, 08/15/37                     | 11,370,000    |
|                     |  | 97,458,972    |
|                     | <i><b>Materials (0.5%)</b></i>                         |               |
| 5,000,000           | AngloGold Ashanti, Ltd.<br>3.500%, 05/22/14            | 5,880,915     |
| 2,000,000           | Newmont Mining Corp.<br>3.000%, 02/15/12               | 2,675,000     |
|                     |  | 8,555,915     |
|                     | <b>TOTAL CONVERTIBLE BONDS</b><br>(Cost \$204,336,560) | 193,287,064   |
|                     | <b>U.S. GOVERNMENT AND AGENCY SECURITY (0.7%)</b>      |               |
| 11,723,000          |  | 11,795,354    |

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United States Treasury Note~  
1.500%, 10/31/10  
(Cost \$11,795,587)

**SOVEREIGN BOND (1.2%)**

3,329,000 BRL

Federal Republic of Brazil  
10.000%, 01/01/12  
(Cost \$19,353,971)

19,155,314

**SYNTHETIC CONVERTIBLE SECURITIES (1.5%)**

*Corporate Bonds (1.2%)*

*Consumer Discretionary (0.2%)*

|            |  |           |
|------------|--|-----------|
| 176,000    | Asbury Automotive Group, Inc.<br>8.000%, 03/15/14    | 177,540   |
| 545,000    | DISH Network Corp.<br>7.125%, 02/01/16               | 555,900   |
| 527,000    | General Motors Corp.<br>7.200%, 01/15/11             | 198,942   |
| 598,000    | Hanesbrands, Inc.<br>3.831%, 12/15/14                | 580,060   |
| 253,000    | Jarden Corp.<br>7.500%, 05/01/17                     | 259,957   |
| 114,000    | Kellwood Company<br>7.625%, 10/15/17                 | 53,580    |
| 176,000    | Liberty Media Corp.<br>8.250%, 02/01/30              | 165,220   |
| 5,000      | Live Nation Entertainment, Inc.*<br>8.125%, 05/15/18 | 5,163     |
| 229,000    | Mandalay Resort Group<br>7.625%, 07/15/13            | 204,669   |
| 172,000    | MGM Mirage<br>7.500%, 06/01/16                       | 152,650   |
| 260,000    | NetFlix, Inc.<br>8.500%, 11/15/17                    | 278,200   |
| 10,000     | Phillips-Van Heusen Corp.<br>7.375%, 05/15/20        | 10,300    |
| 457,000    | Royal Caribbean Cruises, Ltd.<br>7.500%, 10/15/27    | 425,010   |
| 141,000    | Service Corp. International~<br>7.250%, 06/15/16~    | 143,468   |
| 316,000    | Warner Music Group Corp.<br>6.750%, 04/01/16         | 317,580   |
| 88,000 GBP | Warner Music Group Corp.<br>8.125%, 04/15/14         | 127,912   |
|            |  | 3,656,151 |

*Consumer Staples (0.1%)*

|         |   |         |
|---------|---|---------|
| 413,000 | Chiquita Brands International, Inc.<br>7.500%, 11/01/14 | 420,228 |
| 48,000  | Del Monte Foods Company*<br>7.500%, 10/15/19            | 50,940  |

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|         |  |           |
|---------|--|-----------|
| 316,000 | NBTY, Inc.<br>7.125%, 10/01/15                         | 319,555   |
| 527,000 | Smithfield Foods, Inc.<br>7.750%, 07/01/17             | 523,706   |
| 9,000   | TreeHouse Foods, Inc.<br>7.750%, 03/01/18              | 9,405     |
|         |  | 1,323,834 |
|         | <b><i>Energy (0.2%)</i></b>                            |           |
| 89,000  | Berry Petroleum Company<br>8.250%, 11/01/16            | 91,003    |
| 246,000 | Chesapeake Energy Corp.<br>6.875%, 01/15/16            | 246,615   |
| 141,000 | 7.500%, 06/15/14                                       | 144,173   |
| 116,000 | Complete Production Services, Inc.<br>8.000%, 12/15/16 | 119,190   |
| 281,000 | Comstock Resources, Inc.<br>8.375%, 10/15/17           | 291,537   |
| 176,000 | Concho Resources, Inc.<br>8.625%, 10/01/17             | 188,760   |
| 24,000  | Continental Resources, Inc.*<br>7.375%, 10/01/20       | 24,960    |
| 70,000  | Dresser-Rand Group, Inc.<br>7.375%, 11/01/14           | 71,050    |
| 105,000 | GulfMark Offshore, Inc.<br>7.750%, 07/15/14            | 105,000   |

Strategic Total Return Fund

8 **SEMIANNUAL REPORT** Schedule of Investments

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

APRIL 30, 2010 (UNAUDITED)

| PRINCIPAL<br>AMOUNT |   | VALUE      |
|---------------------|---|------------|
| 246,000             | Mariner Energy, Inc.<br>8.000%, 05/15/17              | \$ 272,445 |
| 105,000             | 11.750%, 06/30/16                                     | 134,925    |
| 176,000             | Petrohawk Energy Corp.<br>7.125%, 04/01/12            | 176,880    |
| 105,000             | Pride International, Inc.<br>8.500%, 06/15/19         | 121,144    |
| 176,000             | Superior Energy Services, Inc.<br>6.875%, 06/01/14    | 176,000    |
| 246,000             | Swift Energy Company<br>8.875%, 01/15/20              | 258,607    |
| 228,000             | Whiting Petroleum Corp.<br>7.250%, 05/01/12           | 229,425    |
| 521,000             | Williams Companies, Inc.~<br>7.750%, 06/15/31         | 601,510    |
|                     |   | 3,253,224  |
|                     | <b><i>Financials (0.2%)</i></b>                       |            |
| 1,512,000           | Ford Motor Credit Company, LLC<br>9.875%, 08/10/11    | 1,600,534  |
| 585,000             | Leucadia National Corp.~<br>8.125%, 09/15/15          | 615,712    |
| 633,000             | Nuveen Investments, Inc.<br>10.500%, 11/15/15         | 636,165    |
| 123,000             | OMEGA Healthcare Investors, Inc.*<br>7.500%, 02/15/20 | 126,998    |
| 369,000             | Senior Housing Properties Trust<br>8.625%, 01/15/12   | 388,372    |
|                     |   | 3,367,781  |
|                     | <b><i>Health Care (0.1%)</i></b>                      |            |
| 79,000              | Bio-Rad Laboratories, Inc.~<br>7.500%, 08/15/13       | 80,580     |

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|         |   |           |
|---------|---|-----------|
| 141,000 | Psychiatric Solutions, Inc.<br>7.750%, 07/15/15               | 144,525   |
| 141,000 | Talecris Biotherapeutics Holdings Corp.*<br>7.750%, 11/15/16  | 143,115   |
| 330,000 | Valeant Pharmaceuticals<br>International*<br>7.625%, 03/15/20 | 337,425   |
|         |   | 705,645   |
|         | <b>Industrials (0.1%)</b>                                     |           |
| 105,000 | BE Aerospace, Inc.<br>8.500%, 07/01/18                        | 112,612   |
| 79,000  | Belden, Inc.<br>7.000%, 03/15/17                              | 78,210    |
| 176,000 | Gardner Denver, Inc.<br>8.000%, 05/01/13                      | 177,980   |
| 159,000 | H&E Equipment Service, Inc.<br>8.375%, 07/15/16               | 159,000   |
| 13,000  | Oshkosh Corp.*<br>8.250%, 03/01/17                            | 13,748    |
| 105,000 | Spirit AeroSystems Holdings, Inc.*<br>7.500%, 10/01/17        | 107,888   |
| 122,000 | SPX Corp.<br>7.625%, 12/15/14                                 | 129,625   |
| 70,000  | Terex Corp.<br>8.000%, 11/15/17                               | 68,600    |
| 202,000 | Trinity Industries, Inc.<br>6.500%, 03/15/14                  | 207,302   |
| 96,000  | Triumph Group, Inc.<br>8.000%, 11/15/17                       | 96,480    |
| 176,000 | Wesco Distribution, Inc.<br>7.500%, 10/15/17                  | 175,120   |
|         |   | 1,326,565 |
|         | <b>Information Technology (0.1%)</b>                          |           |
| 562,000 | Amkor Technology, Inc.<br>9.250%, 06/01/16                    | 601,340   |
| 105,000 | 7.375%, 05/01/18*   | 105,262   |
| 40,000  | 7.750%, 05/15/13  | 40,550    |
| 70,000  | Equinix, Inc.<br>8.125%, 03/01/18                             | 73,238    |
| 229,000 | Freescale Semiconductor, Inc.<br>8.875%, 12/15/14             | 226,710   |
| 176,000 | Jabil Circuit, Inc.~<br>8.250%, 03/15/18                      | 191,400   |
| 26,000  | JDA Software Group, Inc.*<br>8.000%, 12/15/14                 | 27,365    |
| 70,000  | Lexmark International, Inc.~<br>6.650%, 06/01/18              | 74,928    |

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|         |   |           |
|---------|---|-----------|
| 132,000 | Xerox Corp.<br>8.000%, 02/01/27                   | 133,152   |
|         |   | 1,473,945 |
|         | <b><i>Materials (0.1%)</i></b>                    |           |
| 70,000  | Allegheny Ludlum Corp.<br>6.950%, 12/15/25        | 69,255    |
| 95,000  | Nalco Holding Company*<br>8.250%, 05/15/17        | 102,363   |
| 107,000 | Silgan Holdings, Inc.<br>7.250%, 08/15/16         | 112,082   |
| 197,000 | Steel Dynamics, Inc.<br>7.750%, 04/15/16          | 206,604   |
| 49,000  | 7.625%, 03/15/20*                                 | 50,960    |
|         | Union Carbide Corp.~                              |           |
| 385,000 | 7.875%, 04/01/23                                  | 384,616   |
| 304,000 | 7.500%, 06/01/25                                  | 297,179   |
| 258,000 | Westlake Chemical Corp.<br>6.625%, 01/15/16       | 259,290   |
|         |   | 1,482,349 |
|         | <b><i>Telecommunication Services (0.1%)</i></b>   |           |
| 622,000 | Frontier Communications Corp.<br>9.000%, 08/15/31 | 631,330   |

Strategic Total Return Fund  
Schedule of Investments **SEMIANNUAL REPORT** 9

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

APRIL 30, 2010 (UNAUDITED)

| PRINCIPAL<br>AMOUNT    |   | VALUE             |
|------------------------|---|-------------------|
| 316,000                | Leap Wireless International, Inc.<br>9.375%, 11/01/14           | \$ 328,245        |
| 134,000                | New Communications Holdings, Inc.*<br>8.250%, 04/15/17          | 138,690           |
| 511,000                | Qwest Communications<br>International, Inc.<br>7.750%, 02/15/31 | 503,335           |
| 176,000                | Syniverse Technologies, Inc.<br>7.750%, 08/15/13                | 179,520           |
| 105,000                | Windstream Corp.<br>8.625%, 08/01/16                            | 108,018           |
|                        |   | 1,889,138         |
|                        | <i>Utilities (0.0%)</i>   |                   |
| 492,000                | Energy Future Holdings Corp.~<br>10.250%, 11/01/15              | 371,460           |
|                        | <b>TOTAL CORPORATE BONDS</b>                                    | <b>18,850,092</b> |
|                        | <i>U.S. Government and Agency Security (0.0%)</i>               |                   |
| 427,000                | United States Treasury Note~<br>1.500%, 10/31/10                | 429,635           |
|                        | <i>Sovereign Bond (0.1%)</i>                                    |                   |
| 121,000 BRL            | Federal Republic of Brazil<br>10.000%, 01/01/12                 | 696,243           |
| NUMBER OF<br>CONTRACTS |   | VALUE             |
|                        | <i>Purchased Options (0.2%) #</i>                               |                   |
| 335                    | <i>Information Technology (0.2%)</i>                            | 2,717,688         |



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|     |  |                   |
|-----|--|-------------------|
| 190 | Apple, Inc.<br>Call, 01/21/12, Strike \$210.00                           |                   |
|     | Mastercard, Inc.<br>Call, 01/21/12, Strike \$250.00                      | 808,450           |
|     | <b>TOTAL PURCHASED OPTIONS</b>   | <b>3,526,138</b>  |
|     | <b>TOTAL SYNTHETIC<br/>CONVERTIBLE SECURITIES</b><br>(Cost \$22,945,453) | <b>23,502,108</b> |

**NUMBER OF  
SHARES**

**VALUE**

**CONVERTIBLE PREFERRED STOCKS (7.9%)**

|         |   |                    |
|---------|---|--------------------|
|         | <i><b>Consumer Staples (1.8%)</b></i>                                 |                    |
| 470,000 | Archer-Daniels-Midland Companyµ<br>6.250%                             | 18,612,000         |
| 18,000  | Bunge, Ltd.<br>5.125%   | 9,832,500          |
|         |   | 28,444,500         |
|         | <i><b>Financials (3.5%)</b></i>                                       |                    |
| 425,000 | American International Group, Inc.<br>8.500%                          | 4,186,250          |
| 43,000  | Bank of America Corp.µ<br>7.250%                                      | 42,225,570         |
| 14,000  | SLM Corp.<br>7.250%   | 9,217,740          |
|         |   | 55,629,560         |
|         | <i><b>Industrials (0.2%)</b></i>                                      |                    |
| 3,192   | Stanley Works<br>5.125%   | 3,348,408          |
|         | <i><b>Materials (2.4%)</b></i>  |                    |
| 315,000 | Freeport-McMoRan Copper & Gold, Inc.<br>6.750%                        | 32,611,005         |
| 65,000  | Vale, SAµ<br>6.750%   | 5,731,700          |
|         |   | 38,342,705         |
|         | <b>TOTAL CONVERTIBLE<br/>PREFERRED STOCKS</b><br>(Cost \$180,141,867) | <b>125,765,173</b> |

**NUMBER OF**

| UNITS  |  | VALUE      |
|--|--|------------|
| <b>STRUCTURED EQUITY-LINKED SECURITIES (7.2%) +*</b> |  |            |
|  | <i>Consumer Discretionary (0.6%)</i>                                 |            |
| 42,300   | Credit Suisse Group<br>(Priceline.com, Inc.)<br>11.000%, 10/19/10    | 10,465,020 |
|  | <i>Energy (2.9%)</i>   |            |
| 267,500  | BNP Paribas, SA (ENSCO, PLC)<br>11.000%, 11/22/10                    | 12,519,000 |
| 110,100  | Deutsche Bank, AG (Apache Corp.)<br>8.000%, 06/10/10                 | 11,067,252 |
| 300,000  | Goldman Sachs Group, Inc. (Noble Corp.)<br>12.000%, 06/30/10         | 11,970,000 |
| 150,404  | JPMorgan Chase & Company<br>(Devon Energy Corp.)<br>8.000%, 05/28/10 | 10,135,726 |
|  |  | 45,691,978 |
|  | <i>Health Care (0.6%)</i>  |            |
| 245,000  | Deutsche Bank, AG (Medtronic, Inc.)<br>11.000%, 05/27/10             | 9,305,100  |

Strategic Total Return Fund

10 SEMIANNUAL REPORT Schedule of Investments

See accompanying Notes to Schedule of Investments

## Schedule of Investments

APRIL 30, 2010 (UNAUDITED)

| NUMBER OF<br>UNITS  |   | VALUE         |
|---------------------|---|---------------|
|                     | <b><i>Information Technology (1.6%)</i></b>   |               |
| 590,000             | Barclays Capital, Inc. (EMC Corp.)<br>8.000%, 09/08/10                                  | \$ 10,738,000 |
| 150,000             | Barclays Capital, Inc.<br>(Lexmark International, Inc.)<br>11.000%, 11/12/10            | 5,458,500     |
| 501,300             | Deutsche Bank, AG<br>(Seagate Technology)<br>11.000%, 08/31/10                          | 9,424,440     |
|                     |   | 25,620,940    |
|                     | <b><i>Materials (1.5%)</i></b>  |               |
| 262,000             | Credit Suisse Group (Barrick Gold Corp.)<br>11.000%, 11/16/10                           | 11,001,380    |
| 170,300             | JPMorgan Chase & Company<br>(Freeport-McMoRan Copper & Gold, Inc.)<br>12.000%, 05/19/10 | 12,934,285    |
|                     |   | 23,935,665    |
|                     | <b>TOTAL STRUCTURED<br/>EQUITY-LINKED SECURITIES</b><br>(Cost \$115,663,263)            | 115,018,703   |
|                     |   |               |
| NUMBER OF<br>SHARES |   | VALUE         |
|                     | <b>COMMON STOCKS (66.3%)</b>  |               |
|                     | <b><i>Consumer Discretionary (4.1%)</i></b>   |               |
| 100,000             | Amazon.com, Inc.μ#  | 13,706,000    |
| 800,000             | Carnival Corp.μ   | 33,360,000    |
| 300,000             | CBS Corp.μ  | 4,863,000     |
| 400,000             | Harley-Davidson, Inc.μ  | 13,532,000    |

|               |                                       |             |
|---------------|---------------------------------------|-------------|
|               |                                       | 65,461,000  |
|               | <b><i>Consumer Staples (6.7%)</i></b> |             |
| 1,275,000     | Coca-Cola Companyμ                    | 68,148,750  |
| 600,000 GBP   | Diageo, PLC                           | 10,233,074  |
| 250,000       | Kimberly-Clark Corp.μ                 | 15,315,000  |
| 450,000       | Sysco Corp.μ                          | 14,193,000  |
|               |                                       | 107,889,824 |
|               | <b><i>Energy (12.5%)</i></b>          |             |
| 800,000       | BP, PLCμ                              | 41,720,000  |
| 665,000       | Chevron Corp.μ                        | 54,157,600  |
| 6,500,000 HKD | CNOOC, Ltd.                           | 11,433,316  |
| 775,000       | ConocoPhillipsμ                       | 45,872,250  |
| 100,000       | Diamond Offshore Drilling, Inc.       | 7,910,000   |
| 575,000       | Marathon Oil Corp.μ                   | 18,486,250  |
| 400,000 BRL   | Petróleo Brasileiro, SA               | 8,502,805   |
| 50,000 EUR    | Technip, SA                           | 3,998,045   |
| 150,000 EUR   | TOTAL, SA                             | 8,161,096   |
|               |                                       | 200,241,362 |
|               | <b><i>Financials (3.9%)</i></b>       |             |
| 500,000       | Bank of America Corp.μ                | 8,915,000   |
| 1,727,457     | Citigroup, Inc.μ#                     | 7,548,987   |
| 600,000       | JPMorgan Chase & Companyμ             | 25,548,000  |
| 158,074       | Lincoln National Corp.μ               | 4,835,484   |
| 271,950       | MetLife, Inc.μ                        | 12,395,481  |
| 71,676        | Wells Fargo & Companyμ                | 2,373,192   |
|               |                                       | 61,616,144  |
|               | <b><i>Health Care (15.0%)</i></b>     |             |
| 925,000       | Bristol-Myers Squibb Companyμ         | 23,393,250  |
| 300,000       | Eli Lilly and Companyμ                | 10,491,000  |
| 945,000       | Johnson & Johnsonμ                    | 60,763,500  |
| 2,559,134     | Merck & Company, Inc.μ                | 89,672,055  |
| 3,300,000     | Pfizer, Inc.μ                         | 55,176,000  |
|               |                                       | 239,495,805 |
|               | <b><i>Industrials (9.0%)</i></b>      |             |
| 312,192       | Avery Dennison Corp.μ                 | 12,184,854  |
| 230,000       | Boeing Companyμ                       | 16,658,900  |
| 3,135,000     | General Electric Companyμ             | 59,126,100  |
| 480,000       | Honeywell International, Inc.μ        | 22,785,600  |
| 450,000       | Masco Corp.                           | 7,303,500   |
| 335,000       | United Technologies Corp.μ            | 25,108,250  |

|             |   |               |
|-------------|---|---------------|
|             |   | 143,167,204   |
|             | <b><i>Information Technology (10.5%)</i></b>    |               |
| 600,000     | eBay, Inc.µ#                                    | 14,286,000    |
| 1,787,000   | Intel Corp.µ                                    | 40,797,210    |
| 650,000 TWD | MediaTek, Inc.                                  | 11,005,827    |
| 1,625,000   | Microsoft Corp.µ                                | 49,627,500    |
| 300,000     | Nintendo Company, Ltd.                          | 12,644,940    |
| 2,200,000   | Nokia Corp.µ#                                   | 26,752,000    |
| 325,000     | QUALCOMM, Inc.µ                                 | 12,590,500    |
|             |   | 167,703,977   |
|             | <b><i>Materials (0.8%)</i></b>                  |               |
| 400,000     | Dow Chemical Companyµ                           | 12,332,000    |
|             | <b><i>Telecommunication Services (3.8%)</i></b> |               |
| 1,225,000   | AT&T, Inc.µ                                     | 31,923,500    |
| 450,000 EUR | France Telecom, SA                              | 9,851,245     |
| 639,000     | Verizon Communications, Inc.µ                   | 18,460,710    |
|             |   | 60,235,455    |
|             | <b>TOTAL COMMON STOCKS</b>                      |               |
|             | (Cost \$1,329,311,406)                          | 1,058,142,771 |

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

**APRIL 30, 2010 (UNAUDITED)**

| <b>NUMBER OF<br/>SHARES</b>                                  |  | <b>VALUE</b>     |
|--|--|------------------|
| <b>SHORT TERM INVESTMENT (4.0%)</b>                          |  |                  |
| 63,749,193   | Fidelity Prime Money Market<br>Fund - Institutional Class<br>(Cost \$63,749,193) | \$ 63,749,193    |
| <b>TOTAL INVESTMENTS (133.3%)</b><br>(Cost \$2,470,439,696)  |  | 2,127,855,619    |
| <b>LIABILITIES, LESS OTHER ASSETS (-33.3%)</b>               |  | (531,648,096)    |
| <b>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS (100.0%)</b> |  | \$ 1,596,207,523 |

**NOTES TO SCHEDULE OF INVESTMENTS**

Variable rate or step bond security. The rate shown is the rate in effect at April 30, 2010.

\* Securities issued and sold pursuant to a Rule 144A transaction are excepted from the registration requirement of the Securities Act of 1933, as amended. These securities may only be sold to qualified institutional buyers ( QIBs ), such as the fund. Any resale of these securities must generally be effected through a sale that is registered under the Act or otherwise exempted from such registration requirements. At April 30, 2010, the value of 144A securities that could not be exchanged to the registered form is \$115,163,254 or 7.2% of net assets applicable to common shareholders.

Security or a portion of the security purchased on a delayed delivery or when-issued basis.

~ Security, or portion of security, is segregated as collateral (or potential collateral for future transactions) for written options and swaps. The aggregate value of such securities aggregate a total value of \$91,480,643.

§ Securities exchangeable or convertible into securities of one or more entities that are different than the issuer. Each entity is identified in the parenthetical.

μ Security, or portion of security, is held in a segregated account as collateral for note payable aggregating a total value of \$859,256,261. \$478,209,710 of the collateral has been re-registered by the counterparty.

+ Structured equity-linked securities are designed to simulate the characteristics of the equity security in the parenthetical.

# Non-income producing security.

#### FOREIGN CURRENCY ABBREVIATIONS

|            |                        |
|------------|------------------------|
| <b>BRL</b> | Brazilian Real         |
| <b>EUR</b> | European Monetary Unit |
| <b>GBP</b> | British Pound Sterling |
| <b>HKD</b> | Hong Kong Dollar       |
| <b>TWD</b> | New Taiwanese Dollar   |

*Note: Value for securities denominated in foreign currencies is shown in U.S. dollars. The principal amount for such securities is shown in the respective foreign currency. The date on options represents the expiration date of the option contract. The option contract may be exercised at any date on or before the date shown.*

#### INTEREST RATE SWAPS

| <b>Counterparty</b> | <b>Fixed Rate<br/>(Fund Pays)</b> | <b>Floating Rate<br/>(Fund Receives)</b> | <b>Termination<br/>Date</b> | <b>Notional<br/>Amount</b> | <b>Unrealized<br/>Appreciation/<br/>(Depreciation)</b> |
|---------------------|-----------------------------------|--|-----------------------------|----------------------------|--|
| BNP Paribas, SA     | 1.8525% quarterly                 | 3 month LIBOR                            | 09/14/12                    | \$ 108,100,000             | \$ (1,485,515)   |
| BNP Paribas, SA     | 2.5350% quarterly                 | 3 month LIBOR                            | 03/09/14                    | 90,000,000                 | (1,794,275)  |
| BNP Paribas, SA     | 2.9700% quarterly                 | 3 month LIBOR                            | 07/03/14                    | 75,000,000                 | (2,394,611)  |
| BNP Paribas, SA     | 2.0200% quarterly                 | 3 month LIBOR                            | 03/09/12                    | 60,000,000                 | (1,211,461)  |
| BNP Paribas, SA     | 3.3550% quarterly                 | 3 month LIBOR                            | 06/09/14                    | 60,000,000                 | (3,049,356)  |
| BNP Paribas, SA     | 2.1350% quarterly                 | 3 month LIBOR                            | 07/03/12                    | 52,000,000                 | (1,066,837)  |
| BNP Paribas, SA     | 2.4700% quarterly                 | 3 month LIBOR                            | 06/11/12                    | 40,000,000                 | (1,191,904)  |
|                     |                                   |  |                             |                            | \$ (12,193,959)  |

Strategic Total Return Fund

12 **SEMIANNUAL REPORT** Schedule of Investments

See accompanying Notes to Financial Statements

## Statement of Assets and Liabilities

**April 30, 2010 (unaudited)****ASSETS**

|  |                  |
|--|------------------|
| Investments in securities, at value (cost \$2,470,439,696) | \$ 2,127,855,619 |
| Foreign currency (cost \$54,452)                           | 54,115           |
| Receivables:   |                  |
| Accrued interest and dividends                             | 16,700,541       |
| Investments sold   | 8,622,114        |
| Prepaid expenses   | 142,077          |
| Other assets   | 190,232          |
| <br>   |                  |
| Total assets   | 2,153,564,698    |

**LIABILITIES**

|  |             |
|--|-------------|
| Unrealized depreciation on interest rate swaps | 12,193,959  |
| Payables:                                      |             |
| Note payable                                   | 539,000,000 |
| Investments purchased                          | 3,870,703   |
| Affiliates:                                    |             |
| Investment advisory fees                       | 1,770,015   |
| Deferred compensation to trustees              | 190,232     |
| Financial accounting fees                      | 20,260      |
| Trustees fees and officer compensation         | 1,386       |
| Other accounts payable and accrued liabilities | 310,620     |
| <br>   |             |
| Total liabilities                              | 557,357,175 |

|  |                  |
|--|------------------|
| NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS | \$ 1,596,207,523 |
|--|------------------|

**COMPOSITION OF NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS**

|   |                  |
|---|------------------|
| Common stock, no par value, unlimited shares authorized 154,514,000 shares issued and outstanding                           | \$ 2,159,923,687 |
| Undistributed net investment income (loss)  | (28,617,733)     |
| Accumulated net realized gain (loss) on investments, foreign currency transactions, written options and interest rate swaps | (180,300,655)    |
|   | (354,797,776)    |



Unrealized appreciation (depreciation) of investments, foreign currency translations and interest rate swaps

NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS \$ 1,596,207,523

Net asset value per common shares based upon 154,514,000 shares issued and outstanding \$ 10.33

Strategic Total Return Fund  
Statement of Assets and Liabilities **SEMIANNUAL REPORT** 13

See accompanying Notes to Financial Statements

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Statement of Operations

**Six Months Ended April 30, 2010 (unaudited)**

**INVESTMENT INCOME**

|                           |               |
|---------------------------|---------------|
| Interest                  | \$ 27,950,096 |
| Dividends                 | 29,121,569    |
| Securities lending income | 111,323       |
| Dividend taxes withheld   | (49,173)      |
| <br>                      |               |
| Total investment income   | 57,133,815    |

**EXPENSES**

|  |            |
|--|------------|
| Investment advisory fees               | 10,333,770 |
| Interest expense and related fees      | 5,607,522  |
| Printing and mailing fees              | 136,588    |
| Financial accounting fees              | 118,128    |
| Registration fees                      | 67,694     |
| Accounting fees                        | 57,439     |
| Custodian fees                         | 47,518     |
| Audit fees                             | 45,842     |
| Legal fees                             | 40,806     |
| Trustees fees and officer compensation | 39,364     |
| Transfer agent fees                    | 18,744     |
| Other                                  | 41,967     |

|                |            |
|----------------|------------|
| Total expenses | 16,555,382 |
|----------------|------------|

|              |            |
|--------------|------------|
| Net expenses | 16,555,382 |
|--------------|------------|

|                              |            |
|------------------------------|------------|
| NET INVESTMENT INCOME (LOSS) | 40,578,433 |
|------------------------------|------------|

**REALIZED AND UNREALIZED GAIN (LOSS)**

**Net realized gain (loss) from:**

|  |             |
|--|-------------|
| Investments, excluding purchased options | 18,915,008  |
| Purchased options                        | (5,313,571) |
| Foreign currency transactions            | (6,499)     |

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|  |                |
|--|----------------|
| Written options  | (24,608,435)   |
| Interest rate swaps  | (5,294,889)    |
| <b>Change in net unrealized appreciation/(depreciation) on:</b>                                      |                |
| Investments, excluding purchased options   | 164,842,912    |
| Purchased options  | 6,601,739      |
| Foreign currency translations  | (61,203)       |
| Written options  | 1,881,486      |
| Interest rate swaps  | (3,782,729)    |
| <br>   |                |
| NET GAIN (LOSS)  | 153,173,819    |
| <br>   |                |
| NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON<br>SHAREHOLDERS RESULTING FROM OPERATIONS | \$ 193,752,252 |

Strategic Total Return Fund

14 **SEMIANNUAL REPORT** Statement of Operations

See accompanying Notes to Financial Statements

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Statements of Changes in Net Assets

|   | Six Months Ended<br>April 30, 2010<br>(unaudited) | Year Ended<br>October 31,<br>2009 |
|---|---|-----------------------------------|
| <b>OPERATIONS</b>   |   |                                   |
| Net investment income (loss)  | \$ 40,578,433                                     | \$ 79,544,759                     |
| Net realized gain (loss)  | (16,308,386)                                      | (169,383,555)                     |
| Change in unrealized appreciation/(depreciation)  | 169,482,205                                       | 449,976,520                       |
| Distributions to preferred shareholders from:   |   |                                   |
| Net investment income   |   | (1,076,145)                       |
| Net increase (decrease) in net assets applicable to common shareholders resulting from operations | 193,752,252                                       | 359,061,579                       |
| <b>DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM</b>  |   |                                   |
| Net investment income   | (48,671,910)                                      | (90,770,883)                      |
| Return of capital   |   | (40,566,017)                      |
| Net decrease in net assets from distributions to common shareholders                              | (48,671,910)                                      | (131,336,900)                     |
| <b>CAPITAL STOCK TRANSACTIONS</b>   |   |                                   |
| Offering costs on common shares   |   | (40,408)                          |
| Net increase (decrease) in net assets from capital stock transactions                             |   | (40,408)                          |
| <b>TOTAL INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</b>                  | <b>145,080,342</b>                                | <b>227,684,271</b>                |
| <b>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</b>   |   |                                   |
| Beginning of period   | \$ 1,451,127,181                                  | \$ 1,223,442,910                  |

|  |                 |                 |
|--|-----------------|-----------------|
| End of period                              | 1,596,207,523   | 1,451,127,181   |
| Undistributed net investment income (loss) | \$ (28,617,733) | \$ (20,524,526) |

Strategic Total Return Fund  
Statements of Changes in Net Assets **SEMIANNUAL REPORT** 15

See accompanying Notes to Financial Statements

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## Statement of Cash Flows

**Six Months Ended April 30, 2010 (unaudited)****CASH FLOWS FROM OPERATING ACTIVITIES:**

|  |                   |
|--|-------------------|
| Net increase/(decrease) in net assets from operations  | \$ 193,752,252    |
| Adjustments to reconcile net increase/(decrease) in net assets from operations to net cash used for operating activities |                   |
| Change in unrealized appreciation or depreciation on interest rate swaps   | 3,782,729         |
| Change in written options  | (19,095,650)      |
| Purchase of investment securities  | (417,789,893)     |
| Proceeds from disposition of investment securities   | 506,335,780       |
| Amortization and accretion of fixed-income securities  | (5,725)           |
| Purchase of short term investments, net  | (36,847,541)      |
| Net realized gains/losses from investments, excluding purchased options  | (18,915,008)      |
| Net realized gains/losses from purchased options   | 5,313,571         |
| Change in unrealized appreciation or depreciation on investments, excluding purchased options                            | (164,842,912)     |
| Change in unrealized appreciation or depreciation on purchased options   | (6,601,739)       |
| Net change in assets and liabilities:  |                   |
| (Increase)/decrease in assets:   |                   |
| Accrued interest and dividends receivable  | 2,835,398         |
| Prepaid expenses   | (102,868)         |
| Other assets   | (33,032)          |
| Increase/(decrease) in liabilities:  |                   |
| Payables to affiliates   | 98,167            |
| Other accounts payable and accrued liabilities   | 3,121             |
| <br>   |                   |
| Net cash provided by/(used in) operating activities  | <br>\$ 47,886,650 |

**CASH FLOWS FROM FINANCING ACTIVITIES:**

|  |                     |
|--|---------------------|
| Distributions to common shareholders                   | (48,671,910)        |
| <br>   |                     |
| Net cash provided by/(used in) in financing activities | <br>\$ (48,671,910) |
| <br>   |                     |
| Net increase/(decrease) in cash                        | <br>\$ (785,260)    |
| <br>   |                     |
| Cash at beginning of period                            | <br>\$ 839,375      |

|  |    |           |
|--|----|-----------|
| Cash and foreign currency at end of period | \$ | 54,115    |
| Supplemental disclosure                    |    |           |
| Cash paid for interest and related fees    | \$ | 5,637,498 |

Strategic Total Return Fund

16 **SEMIANNUAL REPORT** Statement of Cash Flows

See accompanying Notes to Financial Statements

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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 (the 1940 Act ) 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. Under normal circumstances, the Fund invests primarily in common and preferred stocks and income producing securities such as investment grade and below grade debt securities.

**Fund Valuation.** The valuation of the Fund's securities is in accordance with policies and procedures adopted by and under the ultimate supervision of the board of trustees.

Fund securities that are traded on U.S. securities exchanges, except option securities, are valued at the last current reported sales price at the time a Fund determines its net asset value ( NAV ). Securities traded in the over-the-counter market and quoted on The NASDAQ Stock Market are valued at the NASDAQ Official Closing Price, as determined by NASDAQ, or lacking a NASDAQ Official Closing Price, the last current reported sale price on NASDAQ at the time the Fund determines its NAV.

When a last sale or closing price is not available, equity securities, other than option securities, that are traded on a U.S. securities exchange and other equity securities traded in the over-the-counter market are valued at the mean between the most recent bid and asked quotations in accordance with guidelines adopted by the board of trustees. Each option security traded on a U.S. securities exchange is valued at the mid-point of the consolidated bid/ask quote for the option security, also in accordance with guidelines adopted by the board of trustees. Each over-the-counter option that is not traded through the Options Clearing Corporation is valued based on a quotation provided by the counterparty to such option under the ultimate supervision of the board of trustees.

Fixed income securities and certain convertible preferred securities are generally traded in the over-the-counter market and are valued by independent pricing services or by dealers who make markets in such securities. Valuations of such fixed income securities and certain convertible preferred securities consider yield or price of equivalent securities of comparable quality, coupon rate, maturity, type of issue, trading characteristics and other market data and do not rely exclusively upon exchange or over-the-counter prices.

Trading on European and Far Eastern exchanges and over-the-counter markets is typically completed at various times before the close of business on each day on which the New York Stock Exchange ( NYSE ) is open. Each security trading on these exchanges or over-the-counter markets may be valued utilizing a systematic fair valuation model provided by an independent pricing service approved by the board of trustees. The valuation of each security that meets certain criteria in relation to the valuation model is systematically adjusted to reflect the impact of movement in the U.S. market after the foreign markets close. Securities that do not meet the criteria, or that are principally traded in other foreign markets, are valued as of the last reported sale price at the time the Fund determines its NAV, or when reliable market prices or quotations are not readily available, at the mean between the most recent bid and asked quotations as of the close of the appropriate exchange or other designated time. Trading of foreign 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 NAV is not calculated.



If the pricing committee determines that the valuation of a security in accordance with the methods described above is not reflective of a fair value for such security, the security is valued at a fair value by the pricing committee, under the ultimate supervision of the board of trustees, following the guidelines and/or procedures adopted by the board of trustees.

The Fund also may use fair value pricing, pursuant to guidelines adopted by the board of trustees and under the ultimate supervision of the board of trustees, if trading in the security is halted or if the value of a security it holds is materially affected by events occurring before the Fund's pricing time but after the close of the primary market or exchange on which the security is listed. Those procedures may utilize valuations furnished by pricing services approved by the board of trustees, which may be based on market transactions for comparable securities and various relationships between securities that are generally recognized by

## Notes to Financial Statements

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 of securities is employed, the prices of securities used by a Fund to calculate its NAV may differ from market quotations or official closing prices. In light of the judgment involved in fair valuations, there can be no assurance that a fair value assigned to a particular security is accurate.

**Investment Transactions.** Investment transactions are recorded on a trade date basis. 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 after the ex-dividend date.

**Foreign Currency Translation.** Values of investments and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using a rate quoted by a major bank or dealer in the particular currency market, as reported by a recognized quotation dissemination service.

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, the difference in the foreign exchange rates 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 ex-date or accrual 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.

**Allocation of Expenses Among Funds.** Expenses directly attributable to the Fund are charged to the Fund; certain other common expenses of Calamos Advisors Trust, Calamos Investment Trust, Calamos Convertible Opportunities and Income Fund, Calamos Convertible and High Income Fund, Calamos Strategic Total Return Fund, Calamos Global Total Return Fund and Calamos Global Dynamic Income Fund are allocated proportionately among each fund to which the expenses relate in relation to the net assets of each fund or on another reasonable basis.

**Use of Estimates.** The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

**Income Taxes.** No provision has been made for U.S. income taxes because the Fund's policy is to continue to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended, and distribute to shareholders substantially all of its taxable income and net realized 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 U.S. generally accepted accounting principles. 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. The financial statements are not adjusted for temporary differences.

The Fund recognized no liability for uncertain tax positions. A reconciliation is not provided as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions or settlements. Tax years 2005-2008 remain subject to examination by the U.S. and the State of Illinois tax jurisdictions.

Strategic Total Return Fund

18 **SEMIANNUAL REPORT** Notes to Financial Statements

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**Indemnifications.** Under the Fund's organizational documents, the Fund is obligated to indemnify its officers and trustees against certain liabilities incurred by them by reason of having been an officer or trustee of the Fund. In addition, in the normal course of business, the Fund may enter into contracts that provide general indemnifications to other parties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund's management expects the risk of material loss in connection to a potential claim to be remote.

## NOTE 2 INVESTMENT ADVISOR 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 a fund's total assets (including any assets attributable to any leverage that may be outstanding) minus total liabilities (other than debt representing financial leverage).

Pursuant to a financial accounting services agreement, during the period the Fund paid Calamos Advisors a fee for financial accounting services 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 purposes of this calculation combined assets means the sum of the total average daily net assets of Calamos Investment Trust, Calamos Advisors Trust, and the total average weekly managed assets of Calamos Convertible and High Income Fund, Calamos Strategic Total Return Fund, Calamos Convertible Opportunities and Income Fund, Calamos Global Total Return Fund and Calamos Global Dynamic Income Fund). 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 Fund pays its pro rata share of the financial accounting services fee payable to Calamos Advisors based on its relative portion of combined assets used in calculating the fee.

The Fund reimburses Calamos Advisors for a portion of compensation paid to the Fund's Chief Compliance Officer. This compensation is reported as part of Trustees' fees and officer compensation expense on the Statement of Operations.

A trustee and certain officers of the Fund are also officers and directors of Calamos Advisors. Such trustee and officers 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 (as defined in the 1940 Act) 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 participating trustee. The value of amounts deferred for a participating trustee is determined by reference to the change in value of Class I shares of one or more funds of Calamos Investment Trust designated by the participant. 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. Deferred compensation of \$190,232 is included in Other assets on the Statement of Assets and Liabilities at April 30, 2010. The Fund's obligation to make payments under the Plan is a general obligation of the Fund and is included in Payable for deferred compensation to trustees on the Statement of Assets and Liabilities at April 30, 2010.

NOTE 3 INVESTMENTS

The cost of purchases and proceeds from sale of long-term investments, for the period ended April 30, 2010 were as follows:

|                     |                |
|---------------------|----------------|
| Cost of purchases   | \$ 240,219,715 |
| Proceeds from sales | 370,540,319    |

The following information is presented on a federal income tax basis as of April 30, 2010. Differences between the cost basis under U.S. generally accepted accounting principles and federal income tax purposes are primarily due to temporary differences.

## Notes to Financial Statements

The cost basis of investments for federal income tax purposes at April 30, 2010 was as follows:

|  |                 |
|--|-----------------|
| Cost basis of Investments                  | \$2,566,452,419 |
| Gross unrealized appreciation              | 47,384,893      |
| Gross unrealized depreciation              | (485,981,693)   |
| Net unrealized appreciation (depreciation) | \$(438,596,800) |

## NOTE 4 INCOME TAXES

The Fund intends to make monthly distributions from its income available for distribution, which consists of the Fund's dividends and interest income after payment of Fund expenses, and net realized gains on stock investments. At least annually, the Fund intends to distribute all or substantially all of its net realized capital gains, if any.

Distributions are recorded on the ex-dividend date. The Fund distinguishes between distributions on a tax basis and a financial reporting basis. Accounting principles generally accepted in the United States of America require that only distributions in excess of tax basis earnings and profits be reported in the financial statements as a return of capital. Permanent differences between book and tax accounting relating to distributions are reclassified to paid-in-capital. For tax purposes, distributions from short-term capital gains are considered to be from ordinary income. Distributions in any year may include a return of capital component. The tax character of distributions for the period ended April 30, 2010 will be determined at the end of each Fund's current fiscal year.

Distributions for the fiscal year ended October 31, 2009, were characterized for federal income tax purposes as follows:

**Distributions paid from:**

|                         |               |
|-------------------------|---------------|
| Ordinary income         | \$ 91,992,775 |
| Long-term capital gains |               |
| Return of capital       | 40,566,017    |

As of October 31, 2009, the components of accumulated earnings/(loss) on a tax basis were as follows:

|                               |    |
|-------------------------------|----|
| Undistributed ordinary income | \$ |
| Undistributed capital gains   |    |

Total undistributed earnings

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|  |                  |
|--|------------------|
| Accumulated capital and other losses         | (93,495,897)     |
| Net unrealized gains/(losses)                | (615,133,647)    |
| <br>   |                  |
| Total accumulated earnings/(losses)          | (708,629,544)    |
| Other  | (166,962)        |
| Paid-in capital                              | 2,159,923,687    |
| <br>   |                  |
| Net assets applicable to common shareholders | \$ 1,451,127,181 |

As of October 31, 2009, the Fund had capital loss carryforward of \$93,495,897 which, if not used, will expire in 2017.

NOTE 5 COMMON SHARES

There are unlimited common shares of beneficial interest authorized and 154,514,000 shares outstanding at April 30, 2010. Calamos Advisors owned 23,855 of the outstanding shares at April 30, 2010. Transactions in common shares were as follows:

|  | <b>Period Ended<br/>April 30, 2010</b> | <b>Year Ended<br/>October 31, 2009</b> |
|--|--|--|
| Beginning shares                                   | 154,514,000                            | 154,514,000                            |
| Shares issued through reinvestment of distribution |  |  |
| <br>   |  |  |
| Ending shares                                      | 154,514,000                            | 154,514,000                            |

Strategic Total Return Fund

20 **SEMIANNUAL REPORT** Notes to Financial Statements

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Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may from time to time purchase its shares of common stock in the open market.

#### NOTE 6 DERIVATIVE INSTRUMENTS

**Foreign Currency Risk.** The Fund may engage in portfolio hedging with respect to changes in currency exchange rates by entering into 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, among other things, 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, if any, represents the credit risk to the Fund on a forward foreign currency contract. The contracts are valued daily at forward foreign exchange rates and an unrealized gain or loss is recorded. The Fund realizes a gain or loss when a position is closed or upon settlement of the contracts. There were no open forward currency contracts at April 30, 2010.

**Equity Risk.** The Fund may engage in option transactions and in doing so achieve the similar objectives to what it would achieve through the sale or purchase of individual securities. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller of the option the obligation to sell, the underlying security, index or other instrument at the exercise price. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the seller the obligation to buy, the underlying security, index, or other instrument at the exercise price.

To seek to offset some of the risk of a potential decline in value of certain long positions, the Fund may also purchase put options on individual securities, broad-based securities indexes or certain exchange traded funds ( ETFs ). The Fund may also seek to generate income from option premiums by writing (selling) options on a portion of the equity securities (including securities that are convertible into equity securities) in the Fund's portfolio, on broad-based securities indexes, or certain ETFs.

When a Fund purchases an option, it pays a premium and an amount equal to that premium is recorded as an asset. When a Fund writes an option, it receives a premium and an amount equal to that premium is recorded as a liability. The asset or liability is adjusted daily to reflect the current market value of the option. If an option expires unexercised, the Fund realizes a gain or loss to the extent of the premium received or paid. If an option is exercised, the premium received or paid is recorded as an adjustment to the proceeds from the sale or the cost basis of the purchase. The difference between the premium and the amount received or paid on a closing purchase or sale transaction is also treated as a realized gain or loss. 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. Gain or loss on written options and purchased options is presented separately as net realized gain or loss on written options and net realized gain or loss on purchased options, respectively.

As of April 30, 2010, the Fund had outstanding purchased options and/or written options as listed on the Schedule of Investments. For the period ended April 30, 2010, the Fund had the following transactions in options written:

| Number of<br>Contracts | Premiums Received |
|------------------------|-------------------|
|------------------------|-------------------|



|   |          |               |
|---|----------|---------------|
| Options outstanding at October 31, 2009 | 46,750   | \$ 17,214,164 |
| Options written                         | 32,250   | 7,864,270     |
| Options closed                          | (79,000) | (25,078,434)  |
| Options exercised                       |          |               |
| Options expired                         |          |               |

Options outstanding at April 30, 2010 \$

**Interest Rate Risk.** The Fund engages in interest rate swaps primarily to hedge the interest rate risk on the fund's borrowings (see Note 8 - Borrowings). An interest rate swap is a contract that involves the exchange of one type of interest rate for another type of interest rate. Three main types of interest rate swaps are coupon swaps (fixed rate to floating rate in the same currency); basis swaps (one floating rate index to another floating rate index in the same currency); and cross-currency interest rate swaps (fixed rate in one currency to floating rate in another). In the case of a coupon swap, a Fund may agree with a counterparty that the Fund will pay a fixed rate (multiplied by a notional amount) while the counterparty will pay a floating rate multiplied by the same

Notes to Financial Statements

notional amount. If interest rates rise, resulting in a diminution in the value of the Fund's portfolio, the Fund would receive payments under the swap that would offset, in whole or in part, such diminution in value; if interest rates fall, the Fund would likely lose money on the swap transaction. Unrealized gains are reported as an asset, and unrealized losses are reported as a liability on the Statement of Assets and Liabilities. The change in value of swaps, including accruals of periodic amounts of interest to be paid or received on swaps, is reported as change in net unrealized appreciation/depreciation on interest rate swaps in the Statement of Operations. A realized gain or loss is recorded in net realized gain (loss) in the Statement of Operations upon payment or receipt of a periodic payment or termination of the swap agreements. Swap agreements are stated at fair value. Notional principal amounts are used to express the extent of involvement in these transactions, but the amounts potentially subject to credit risk are much smaller. In connection with these contracts, securities may be identified as collateral in accordance with the terms of the respective swap contracts in the event of default or bankruptcy of the Fund.

Premiums paid to or by a Fund are accrued daily and included in realized gain (loss) when paid on swaps in the accompanying Statement of Operations. The contracts are marked-to-market daily based upon third party vendor valuations and changes in value are recorded as unrealized appreciation (depreciation). Gains or losses are realized upon early termination of the contract. Risks may exceed amounts recognized in the Statement of Assets and Liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms, counterparty's creditworthiness, and the possible lack of liquidity with respect to the contracts.

As of April 30, 2010, the Fund had outstanding interest rate swap agreements as listed on the Schedule of Investments.

Below are the types of derivatives in the Fund by gross value as of April 30, 2010:

|                         | <b>Assets</b>   |              | <b>Liabilities</b>                                    |               |
|-------------------------|---|--------------|---|---------------|
| Derivative Type:        | <b>Statement of Assets &amp; Liabilities Location</b> | <b>Value</b> | <b>Statement of Assets &amp; Liabilities Location</b> | <b>Value</b>  |
| Purchased options       | Investments in securities                             | \$ 3,526,138 |   |               |
|                         | Unrealized appreciation                               |              | Unrealized depreciation                               |               |
| Interest Rate contracts | on swaps  |              | on swaps  | \$ 12,193,959 |

**VOLUME OF DERIVATIVE ACTIVITY FOR THE SIX MONTHS ENDED APRIL 30, 2010\***

|                            |  |        |
|----------------------------|--|--------|
| Equity:                    |  |        |
| Purchased options          |  | 525    |
| Written options            |  | 32,250 |
| Foreign currency contracts |  |        |
| Interest rate swaps        |  |        |
| Credit swaps               |  |        |

\*Activity during the period is measured by opened number of contracts for options and opened notional amount for swap contracts.

NOTE 7 PREFERRED SHARES

On March 18, 2009, the Fund's Board approved the final redemption of all preferred shares outstanding. The shares were redeemed at a price of \$25,000 per share plus any accrued and unpaid dividends (an aggregate price of \$200,027,445).

NOTE 8 BORROWINGS

The Fund, with the approval of its board of trustees, including its independent trustees, has entered into a financing package that includes a Committed Facility Agreement (the Agreement) with BNP Paribas Prime Brokerage, Inc. (as successor to Bank of America N.A.) (BNP) that allows the Fund to borrow up to an initial limit of \$1,080,000,000 and a Lending Agreement, as defined below. Borrowings under the Agreement are secured by assets of the Fund that are held with the Fund's custodian in a separate account (the pledged collateral). Interest is charged at the quarterly LIBOR (London Inter-bank Offered Rate) plus .95% on the amount borrowed and .85% on the undrawn balance. For the period ended April 30, 2010, the average borrowings under the Agreement

Strategic Total Return Fund

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## Notes to Financial Statements

and the average interest rate were \$539,000,000 and 1.22%, respectively. As of April 30, 2010, the amount of such outstanding borrowings is \$539,000,000. The interest rate applicable to the borrowings on April 30, 2010 was 1.29%.

The Lending Agreement is a separate side-agreement between the Fund and BNP pursuant to which BNP may borrow a portion of the pledged collateral (the Lent Securities) in an amount not to exceed the outstanding borrowings owed by the Fund to BNP under the Agreement. The Lending Agreement is intended to permit the Fund to significantly reduce the cost of its borrowings under the Agreement. BNP may re-register the Lent Securities in its own name or in another name other than the Fund, and may pledge, re-pledge, sell, lend or otherwise transfer or use the Lent Securities with all attendant rights of ownership. (It is the Fund's understanding that BNP will perform due diligence to determine the creditworthiness of any party that borrows Lent Securities from BNP.) The Fund may designate any security within the pledged collateral as ineligible to be a Lent Security, provided there are eligible securities within the pledged collateral in an amount equal to the outstanding borrowing owed by the Fund. During the period in which the Lent Securities are outstanding, BNP must remit payment to the Fund equal to the amount of all dividends, interest or other distributions earned or made by the Lent Securities.

Under the terms of the Lending Agreement, the Lent Securities are marked to market daily, and if the value of the Lent Securities exceeds the value of the then-outstanding borrowings owed by the Fund to BNP under the Agreement (the Current Borrowings), BNP must, on that day, either (1) return Lent Securities to the Fund's custodian in an amount sufficient to cause the value of the outstanding Lent Securities to equal the Current Borrowings; or (2) post cash collateral with the Fund's custodian equal to the difference between the value of the Lent Securities and the value of the Current Borrowings. If BNP fails to perform either of these actions as required, the Fund will recall securities, as discussed below, in an amount sufficient to cause the value of the outstanding Lent Securities to equal the Current Borrowings. The Fund can recall any of the Lent Securities and BNP shall, to the extent commercially possible, return such security or equivalent security to the Fund's custodian no later than three business days after such request. If the Fund recalls a Lent Security pursuant to the Lending Agreement, and BNP fails to return the Lent Securities or equivalent securities in a timely fashion, BNP shall remain liable to the Fund's custodian for the ultimate delivery of such Lent Securities, or equivalent securities, and for any buy-in costs that the executing broker for the sales transaction may impose with respect to the failure to deliver. The Fund shall also have the right to apply and set-off an amount equal to one hundred percent (100%) of the then-current fair market value of such Lent Securities against the Current Borrowings.

**NOTE 9 SYNTHETIC CONVERTIBLE SECURITIES**

The Fund may establish a synthetic convertible instrument by combining separate securities that possess the economic characteristics similar to a convertible security, i.e., fixed-income securities (fixed-income component), which may be a convertible or non-convertible security and the right to acquire equity securities (convertible component). The fixed-income component is achieved by investing in fixed income securities such as bonds, preferred stocks, and money market instruments. The convertible component is achieved by investing in warrants or purchased options to buy common stock at a certain exercise price, or options on a stock index. In establishing a synthetic instrument, the Fund may pool a basket of fixed-income securities and a basket of warrants or purchased 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 also 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.

NOTE 10 SECURITIES LENDING

The Fund may loan one or more of their securities to broker-dealers and banks. Any such loan must be secured by collateral in cash or cash equivalents maintained on a current basis in an amount at least equal to the value of the securities loaned by the Fund. The

## Notes to Financial Statements

Fund continues to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned and also receive an additional return that may be in the form of a fixed fee or a percentage of the collateral. Upon receipt of cash or cash equivalent collateral, the Fund's securities lending agent invests the collateral into short term investments following investment guidelines approved by Calamos Advisors. The Fund records the investment of collateral as an asset and the value of the collateral as a liability on the Statement of Assets and Liabilities. If the value of the invested collateral declines below the value of the collateral deposited by the borrower, the Fund will record unrealized depreciation equal to the decline in value of the invested collateral. The Fund may pay reasonable fees to persons unaffiliated with the Fund for services in arranging these loans. The Fund has the right to call a loan and obtain the securities loaned at any time. The Fund does 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) the expenses of enforcing its rights. In an effort to reduce these risks, the Fund's security lending agent monitors and reports to Calamos Advisors on the creditworthiness of the firms to which a Fund lends securities. At April 30, 2010, the Fund had no securities on loan.

### NOTE 11 WHEN-ISSUED AND DELAYED DELIVERY SECURITIES

A Fund may purchase securities on a when-issued or delayed-delivery basis. Although the payment and interest terms of these securities are established at the time the Fund enters into the commitment, the securities may be delivered and paid for a month or more after the date of purchase, when their value may have changed. A Fund makes such commitments only with the intention of actually acquiring the securities, but may sell the securities before the settlement date if Calamos Advisors deems it advisable for investment reasons. A Fund may utilize spot and forward foreign currency exchange transactions to reduce the risk inherent in fluctuations in the exchange rate between one currency and another when securities are purchased or sold on a when-issued or delayed-delivery basis.

At the time when the Fund enters into a binding obligation to purchase securities on a when-issued basis, liquid assets (cash, U.S. Government securities or other high-grade debt obligations) of the Fund having a value at least as great as the purchase price of the securities to be purchased will be segregated on the books of the Fund and held by the custodian throughout the period of the obligation. The use of this investment strategy may increase net asset value fluctuation.

### NOTE 12 STRUCTURED EQUITY-LINKED SECURITIES

The Fund may also invest in structured equity-linked securities created by third parties, typically investment banks. Structured equity-linked securities created by such parties may be designed to simulate the characteristics of traditional convertible securities or may be designed to alter or emphasize a particular feature. Traditional convertible securities typically offer stable cash flows with the ability to participate in capital appreciation of the underlying common stock. Because traditional convertible securities are exercisable at the option of the holder, the holder is protected against downside risk. Structured equity-linked securities may alter these characteristics by offering enhanced yields in exchange for reduced capital appreciation or less downside protection, or any combination of these features. Structured equity-linked instruments may include structured notes, equity-linked notes, mandatory convertibles and combinations of securities and instruments, such as a debt instrument combined with a forward contract. Income received from these securities is recorded as dividends on the Statement of Operations.

Strategic Total Return Fund

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## NOTE 13 VALUATIONS

Various inputs are used to determine the value of the Fund's investments. These inputs are categorized into three broad levels as follows:

Level 1 assets and liabilities use inputs from unadjusted quoted prices from active markets (including securities actively traded on a securities exchange).

Level 2 assets and liabilities reflect inputs other than quoted prices, but use observable market data (including quoted prices of similar securities, interest rates, credit risk, etc.).

Level 3 assets and liabilities are valued using unobservable inputs (including the Fund's own judgments about assumptions market participants would use in determining fair value).

The following is a summary of the inputs used in valuing the Fund's holdings at fair value:

| <b>Valuation Inputs</b>   | <b>Value of Investment Securities</b> | <b>Other Financial Instruments</b> |
|---|---------------------------------------|------------------------------------|
| Level 1 Quoted Prices   |                                       |                                    |
| Common Stocks   | \$ 1,003,460,168                      | \$                                 |
| Convertible Preferred Stocks  | 103,366,525                           |                                    |
| Synthetic Convertible Securities (Purchased Options)  | 3,526,138                             |                                    |
| Short Term Investments  | 63,749,193                            |                                    |
| Level 2 Other significant observable inputs   |                                       |                                    |
| Common Stocks   | 54,682,603                            |                                    |
| Convertible Bonds   | 193,287,064                           |                                    |
| Corporate Bonds   | 517,439,939                           |                                    |
| U.S. Government and Agency Security   | 11,795,354                            |                                    |
| Sovereign Bond  | 19,155,314                            |                                    |
| Convertible Preferred Stocks  | 22,398,648                            |                                    |
| Synthetic Convertible Securities (Corporate Bonds, U.S. Government and Agency Security, Sovereign Bond) | 19,975,970                            |                                    |
| Structured Equity-Linked Securities   | 115,018,703                           |                                    |
| Interest Rate Swaps   |                                       | (12,193,959)                       |
| <b>Total</b>  | <b>\$ 2,127,855,619</b>               | <b>\$ (12,193,959)</b>             |





Financial Highlights

Selected data for a share outstanding throughout each period were as follows:

|   | Six Months Ended<br>April 30,<br>(unaudited) |        | Year Ended October 31, |         |         |         |
|---|--|--------|------------------------|---------|---------|---------|
|   | 2010   | 2009   | 2008                   | 2007    | 2006    | 2005    |
| Net asset value,<br>beginning of<br>period  | \$9.39                                       | \$7.92 | \$16.92                | \$15.71 | \$14.44 | \$14.23 |
| Income from<br>investment<br>operations:<br>Net investment<br>income (loss)   | 0.26**                                       | 0.51** | 0.73**                 | 0.86**  | 0.89    | 0.93    |
| Net realized and<br>unrealized gain<br>(loss)   | 1.00   | 1.82   | (8.26)                 | 1.89    | 1.86    | 0.48    |
| Distributions to<br>preferred<br>shareholders<br>from:<br>Net investment<br>income<br>(common share<br>equivalent<br>basis) |  | (0.01) | (0.13)                 | (0.32)  | (0.33)  | (0.21)  |
| Net realized<br>gains (common<br>share equivalent<br>basis)   |  |        | (0.08)                 | (0.05)  |         |         |

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|  |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Total from investment operations   | 1.26        | 2.32        | (7.74)      | 2.38        | 2.42        | 1.20        |
| Less distributions to common shareholders from:  |             |             |             |             |             |             |
| Net investment income  | (0.32)      | (0.59)      | (1.12)      | (1.01)      | (0.77)      | (0.71)      |
| Net realized gains   |             |             | (0.14)      | (0.16)      | (0.38)      | (0.28)      |
| Return of capital  |             | (0.26)      |             |             |             |             |
| Capital charge resulting from issuance of common and preferred shares and related offering costs |             | (a)         | (a)         |             |             |             |
| Net asset value, end of period   | \$10.33     | \$9.39      | \$7.92      | \$16.92     | \$15.71     | \$14.44     |
| Market value, end of period  | \$9.24      | \$8.11      | \$6.94      | \$14.70     | \$14.91     | \$13.71     |
| Total investment return based on <sup>(b)</sup> :  |             |             |             |             |             |             |
| Net asset value  | 13.97%      | 34.79%      | (47.73)%    | 16.33%      | 18.03%      | 8.95%       |
| Market value   | 18.03%      | 32.85%      | (47.28)%    | 6.49%       | 17.99%      | 10.35%      |
| Net assets, end of period (000)  | \$1,596,208 | \$1,451,127 | \$1,223,443 | \$2,615,012 | \$2,427,632 | \$2,231,348 |

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|   |                      |       |           |             |             |             |
|---|----------------------|-------|-----------|-------------|-------------|-------------|
| Preferred shares, at redemption value (\$25,000 per share liquidation preference) (000 s omitted) | \$                   | \$    | \$200,000 | \$1,080,000 | \$1,080,000 | \$1,080,000 |
| Ratios to average net assets applicable to common shareholders:                                   |                      |       |           |             |             |             |
| Net expenses <sup>(c)</sup>   | 2.16% <sup>(d)</sup> | 2.81% | 2.35%     | 1.61%       | 1.66%       | 1.67%       |
| Gross expenses prior to expense reductions and earnings credits <sup>(c)</sup>                    | 2.16% <sup>(d)</sup> | 2.81% | 2.35%     | 1.62%       | 1.66%       | 1.67%       |
| Net expenses, excluding interest expense  | 1.43% <sup>(d)</sup> | 1.69% | 1.93%     | 1.61%       | 1.66%       | 1.67%       |
| Net investment income (loss) <sup>(c)</sup>   | 5.30% <sup>(d)</sup> | 6.56% | 5.43%     | 5.30%       | 5.92%       | 6.25%       |
| Preferred share distributions   | ∅ <sup>(d)</sup>     | 0.09% | 0.97%     | 1.95%       | 2.18%       | 1.40%       |
| Net investment income (loss), net of preferred share distributions from net investment income     | 5.30% <sup>(d)</sup> | 6.47% | 4.46%     | 3.35%       | 3.74%       | 4.85%       |

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|   |          |          |           |          |          |          |
|---|----------|----------|-----------|----------|----------|----------|
| Portfolio turnover rate   | 12%      | 11%      | 53%       | 48%      | 48%      | 71%      |
| Average commission rate paid  | \$0.0179 | \$0.0159 | \$0.0495  | \$0.0283 | \$0.0342 | \$0.0381 |
| Asset coverage per preferred share, at end of period <sup>(e)</sup> | \$       | \$       | \$177,949 | \$85,552 | \$81,216 | \$76,667 |
| Asset coverage per \$1,000 of loan outstanding <sup>(f)</sup>       | \$3,961  | \$3,692  | \$3,694   | \$       | \$       | \$       |

\*\* Net investment income allocated based on average shares method.

(a) Amount equated to less than \$0.005 per common share.

(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. NAV per share is determined by dividing the value of the Fund's portfolio securities, cash and other assets, less all liabilities, by the total number of common shares outstanding. The common share market price is the price the market is willing to pay for shares of the Fund at a given time. Common share market price is influenced by a range of factors, including supply and demand and market conditions.

(c) Does not reflect the effect of dividend payments to Preferred Shareholders.

(d) Annualized.

(e) 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.

(f) Calculated by subtracting the Fund's total liabilities (not including Note payable) and preferred shares from the Fund's total assets and dividing this by the amount of note payable outstanding, and by multiplying the result by 1,000.

Strategic Total Return Fund

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Report of Independent Registered Public Accounting Firm

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

We have reviewed the accompanying statement of assets and liabilities, including the schedule of investments, for Calamos Strategic Total Return Fund (the Fund ) as of April 30, 2010, and the related statements of operations, changes in net assets, and cash flows and the financial highlights for the semi-annual period then ended. These interim financial statements and financial highlights are the responsibility of the Fund's management.

We conducted our review in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements and financial highlights taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such interim financial statements and financial highlights for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of changes in net assets of the Fund for the year ended October 31, 2009 and the financial highlights for each of the five years then ended; and in our report dated December 17, 2009, we expressed an unqualified opinion on such statement of changes in net assets and financial highlights.

Chicago, Illinois  
June 22, 2010

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## About Closed-End Funds

### What is a Closed-End Fund?

A closed-end fund is a publicly traded investment company that raises its initial investment capital through the issuance of a fixed number of shares to investors in a public offering. Shares of a closed-end fund are listed on a stock exchange or traded in the over-the-counter market. Like all investment companies, a closed-end fund is professionally managed and offers investors a unique investment solution based on its investment objective approved by the fund's Board of Directors.

### Potential Advantages of Closed-End Fund Investing

**Defined Asset Pool Allows Efficient Portfolio Management** Although closed-end fund shares trade actively on a securities exchange, this doesn't affect the closed-end fund manager because there are no new investors buying into or selling out of the fund's portfolio.

**More Flexibility in the Timing and Price of Trades** Investors can purchase and sell shares of closed-end funds throughout the trading day, just like the shares of other publicly traded securities.

**Lower Expense Ratios** The expense ratios of closed-end funds are oftentimes less than those of mutual funds. Over time, a lower expense ratio could enhance investment performance.

**Closed-End Structure Makes Sense for Less-Liquid Asset Classes** A closed-end structure makes sense for investors considering less-liquid asset classes, such as high-yield bonds or micro-cap stocks.

**Ability to Put Leverage to Work** Closed-end funds may issue senior securities (such as preferred shares or debentures) or borrow money to leverage their investment positions.

### No Minimum Investment Requirements

## OPEN-END MUTUAL FUNDS VERSUS CLOSED-END FUNDS

### Open-End Fund

Issues new shares on an ongoing basis  
Issues equity shares

Sold at NAV plus any sales charge  
Sold through the fund's distributor  
Fund redeems shares at NAV calculated at the close of business day

### Closed-End Fund

Issues a fixed number of shares  
Can issue senior securities such as preferred shares and bonds  
Price determined by the marketplace  
Traded in the secondary market  
Fund does not redeem shares



## Level Rate Distribution Policy

### **Using a Level Rate Distribution Policy to Promote Dependable Income and Total Return**

The goal of the level rate distribution policy is to provide investors a predictable, though not assured, level of cash flow, which can either serve as a stable income stream or, through reinvestment, contribute significantly to long-term total return.

We understand the importance that investors place on the stability of dividends and their ability to contribute to long-term total return, which is why we have instituted a level rate distribution policy for the Fund. Under the policy, monthly distributions paid may include net investment income, net realized short-term capital gains and, if necessary, return of capital. In addition, a limited number of distributions per calendar year may include net realized long-term capital gains. There is no guarantee that the Fund will realize capital gains in any given year. Distributions are subject to re-characterization for tax purposes after the end of the fiscal year. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for distributions via Form 1099-DIV.

Distributions from the Fund are generally subject to Federal income taxes. For purposes of maintaining the level rate distribution policy, the Fund may realize short-term capital gains on securities that, if sold at a later date, would have resulted in long-term capital gains. Maintenance of a level rate distribution policy may increase transaction and tax costs associated with the Fund.

## Automatic Dividend Reinvestment Plan

### **Maximizing Investment with an Automatic Dividend Reinvestment Plan**

The Automatic Dividend Reinvestment Plan offers a simple, cost-efficient and convenient way to reinvest your dividends and capital gains distributions in additional shares of the Fund, allowing you to increase your investment in the Fund.

### **Potential Benefits**

**Compounded Growth:** By automatically reinvesting with the Plan, you gain the potential to allow your dividends and capital gains to compound over time.

**Potential for Lower Commission Costs:** Additional shares are purchased in large blocks, with brokerage commissions shared among all plan participants. There is no cost to enroll in the Plan.

**Convenience:** After enrollment, the Plan is automatic and includes detailed statements for participants. Participants can terminate their enrollment at any time.

For additional information about the Plan, please contact the Plan Agent, The Bank of New York, at 800.432.8224. If you wish to participate in the Plan and your shares are held in your own name, simply call the Plan Agent. If your shares are not held in your name, please contact your brokerage firm, bank, or other nominee to request that they participate in the Plan on your behalf. If your brokerage firm, bank, or other nominee is unable to participate on your behalf, you may request that your shares be re-registered in your own name.

We're pleased to provide our shareholders with the additional benefit of the Fund's Dividend Reinvestment Plan and hope that it may serve your financial plan.

Strategic Total Return Fund

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## The Calamos Investments Advantage

Calamos' history is one of performing well for our clients through 30 years of advances and declines in the market. We use proprietary risk-management strategies designed to control volatility, and maintain a balance between risk and reward throughout a market cycle.

### **Disciplined Investment Philosophy and Process**

Calamos Investments has developed a proprietary research and monitoring process that goes far beyond traditional security analysis. This process applies to each of our investment strategies, with emphasis varying by strategy. When combined with the company-specific research and industry insights of our investment team, the goal is nimble, dynamic management of a portfolio that allows us to anticipate and adapt to changing market conditions. In each of our investment strategies, from the most conservative to the most aggressive, our goals include maximizing return while controlling risk, protecting principal during volatile markets, avoiding short-term market timing, and maintaining a vigilant long-term outlook.

### **Comprehensive Risk Management**

Our approach to risk management includes continual monitoring, adherence to our discipline, and a focus on assuring a consistent risk profile during all phases of the market cycle. Incorporating qualitative and quantitative factors as well as a strong sell discipline, this risk-control policy seeks to help preserve investors' capital over the long term.

### **Proven Investment Management Team**

The Calamos Family of Funds benefits from our team's decades of experience in the investment industry. We follow a one-team, one-process approach that leverages the expertise of more than 50 investment professionals, led by Co-Chief Investment Officers John P. Calamos, Sr. and Nick P. Calamos, whose investment industry experience dates back to 1970 and 1983, respectively. Through the collective industry experience and educational achievements of our research and portfolio staff, we can respond to the challenges of the market with innovative and timely ideas.

### **Sound Proprietary Research**

Over the years, we have invested significant time and resources in developing and refining sophisticated analytical models that are the foundation of the firm's research capabilities, which we apply in conjunction with our assessment of broad themes. We believe evolving domestic policies, the growing global economy, and new technologies present long-term investment opportunities for those who can detect them.

Calamos Closed-End Funds

**Intelligent Asset Allocation in Five Distinct Closed-End Funds**

Depending on which Calamos closed-end fund you currently own, you may want to consider one or more of our other closed-end strategies to further diversify your investment portfolio.

Seek the advice of your financial advisor, who can help you determine your financial goals, risk tolerance, time horizon and income needs. To learn more, you can also visit our website at [www.calamos.com](http://www.calamos.com).

**Fund Asset Allocation as of 4/30/10**

**Fund Profile**

**Calamos Convertible Opportunities and Income Fund (CHI)**

**Providing Enhanced Fixed Income Potential**

**Objective:** The Fund seeks total return through a combination of capital appreciation and current income by investing in a diversified portfolio of convertible securities and below investment-grade (high-yield) fixed-income securities.

**Calamos Convertible and High Income Fund (CHY)**

**Providing Enhanced Fixed Income Potential**

**Objective:** The Fund seeks total return through a combination of capital appreciation and current income by investing in a diversified portfolio of convertible securities and below investment-grade (high-yield) fixed-income securities.

**Calamos Global Dynamic Income Fund (CHW)**

**Providing Global Enhanced Fixed Income Potential**

**Objective:** The Fund seeks to generate a high level of current income with a secondary objective of capital appreciation. The Fund has maximum flexibility to dynamically allocate among equities, fixed-income securities and alternative investments around the world.

**Calamos Strategic Total Return Fund (CSQ)**

**Providing Total Return**

**Objective:** The Fund seeks total return through a combination of capital appreciation and current income by investing in a diversified portfolio of equity, convertible and below investment-grade (high-yield) fixed-income securities.

**Calamos Global Total Return Fund (CGO)**

**Providing Global Total Return**

**Objective:** The Fund seeks total return through a combination of capital appreciation and current income by investing in a diversified portfolio of global equity, global convertible and below investment-grade (high-yield) fixed-income securities.

Fund asset allocations are based on total investments and may vary over time.

Strategic Total Return Fund

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## Managing Your Calamos Funds Investments

Calamos Investments offers several convenient means to monitor, manage and feel confident about your Calamos investment choice.

### **PERSONAL ASSISTANCE**

**800.582.6959** Dial this toll-free number to speak with a knowledgeable Client Services Representative who can help answer questions or address issues concerning your Calamos Fund

### **YOUR FINANCIAL ADVISOR**

We encourage you to talk to your financial advisor to determine how Calamos Investments can benefit your investment portfolio based on your financial goals, risk tolerance, time horizon and income needs

### **Go Paperless!**

#### **Sign Up for e-Delivery**

It's convenient, timely and helps reduce mailbox clutter.

You can view shareholder communications, including fund prospectuses, annual reports and other shareholder materials online long before the printed publications would have arrived by traditional mail.

Visit **www.calamos.com** and sign up for e-Delivery.

Visit **www.calamos.com** for timely fund performance, detailed fund profiles, fund news and insightful market commentary.

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ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

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ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

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.

Not applicable.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

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ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No material changes.

ITEM 11. 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 second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a)(1) Code of Ethics Not applicable.

(a)(2)(i) Certification of Principal Executive Officer.

(a)(2)(ii) Certification of Principal Financial Officer.

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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: June 24, 2010

By: /s/ Nimish S. Bhatt

Name: Nimish S. Bhatt  
Title: Principal Financial Officer  
Date: June 24, 2010

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.

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

Name: John P. Calamos, Sr.  
Title: Principal Executive Officer  
Date: June 24, 2010

By: /s/ Nimish S. Bhatt

Name: Nimish S. Bhatt  
Title: Principal Financial Officer  
Date: June 24, 2010