

CALAMOS STRATEGIC TOTAL RETURN FUND

Form N-CSR

December 21, 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 October 31, 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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### **About Calamos Investments**

For more than 30 years, we have helped investors like you manage and build wealth to meet their long-term individual objectives by working to capitalize on the opportunities of the evolving global marketplace. We launched our first open-end mutual fund in 1985 and our first closed-end fund in 2002. Today, we manage five closed-end funds. Three are enhanced fixed-income offerings, which pursue high current income from income and capital gains. Two are total-return oriented offerings, which seek current income, with increased emphasis on capital gains potential. Calamos Strategic Total Return Fund (CSQ), falls into this category. Please see page 4 for a more detailed overview of our closed-end offerings.

**We are dedicated to helping our clients build and protect wealth.** We understand when you entrust us with your assets, you also entrust us with your achievements, goals and aspirations. We believe we best honor this trust by making investment decisions guided by integrity, by discipline, and by our conscientious research.

**We believe that an active, risk-conscious approach is essential for wealth creation.** In the 1970s, we pioneered low-volatility equity strategies, which seek to participate in equity market upside and mitigate some of the potential risks of equity market volatility. Our investment process seeks to manage risk at multiple levels and draws upon our experience investing through multiple market cycles.

**We have a global perspective.** We believe that globalization offers tremendous opportunities for countries and companies all over the world. In our view, this creates significant opportunities for investors. In our U.S., global and international portfolios, we are seeking to capitalize on the potential growth of the global economy.

**We believe there are opportunities in all markets.** Our history traces back to the 1970s, a period of significant volatility and economic concerns. We have invested through multiple market cycles, each with its own challenges. Out of this experience comes our belief that the flipside of volatility is opportunity.

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**JOHN P. CALAMOS, SR.**  
Chairman, CEO/Co-CIO

Dear Fellow Shareholder:

Welcome to your annual report for the year ended October 31, 2010. On behalf of the team here at Calamos, I appreciate the opportunity to correspond with you. I invite you to review this report, which includes market commentary and other insights from the investment team. This report also includes a listing of portfolio holdings, financial data and highlights, as well as detailed information about the performance and asset allocation of your Fund.

As we will discuss at greater length in the commentary beginning on page 5, the Fund provided a steady stream of monthly distributions, as well as a total return that outpaced the broad equity market, as represented by the S&P 500 Index, a broad measure of the U.S. stock market. We believe that this speaks to the merits of our innovative risk-conscious approach to pursuing total return and income particularly given the persistently low interest rates in many areas of the fixed-income market.

CSQ provided a steady distribution stream and gained more than the S&P 500 Index during the reporting period. To us, this demonstrates the benefits of including income-oriented total return strategy within a long-term asset allocation.

#### **A Focus on Steady Distributions**

In this Fund, we employ a level rate distribution policy. This means that we endeavor to keep distributions consistent from month to month. We do this because we understand that many of our investors may prefer a steady stream of distributions, rather than distributions that fluctuate monthly. We therefore take a longer-term approach to setting the monthly distribution rate. We and the Fund's Board of Trustees are steadfast in our commitment to providing a distribution that we believe is sustainable over the long term. We monitor the investment environment on an ongoing basis to ensure that the distribution rate is appropriate given the market opportunity.

#### **Our Use of Leverage**

We believe that this is an environment that is conducive to the prudent use of leverage, as a means of enhancing total return and supporting the Fund's distribution rate. During the period, our use of leverage enhanced returns. We were able to borrow at attractive rates,

Letter to Shareholders

invest the proceeds and achieve a greater return than the cost of leverage. We intend to judiciously use leverage, provided that we believe it will benefit shareholders.

**The Economic and Market Environment**

The S&P 500 Index posted a strong return of 16.52% during the year. Convertible securities and high-yield bonds joined equity markets in their advance over the reporting period. Convertible securities gained 20.66%, as measured by the BofA ML All U.S. Convertibles Ex-Mandatory Index, while the Credit Suisse High Yield Index gained 18.47%. Within the convertible market, valuations continued to improve alongside a rising equity market, but remain attractive on the whole. In the high-yield market, investors' thirst for yield in a global low interest rate environment has helped elevate prices, as has a massive amount of new issuance, strong corporate results and the slowing pace of defaults. Against this backdrop, the lowest-quality issues performed with particular strength. We, however, believe that a more prudent approach is appropriate given our long-term focus and the potential for slower economic recovery. We intend to continue with our more conservative credit selection process.

Although the equity, high-yield and convertible markets posted solid gains, the annual period was also notable for its volatility. Investors focused on economic concerns in European markets, such as Greece, and the potential for ripple effects across other economies. Unemployment and a slower economic recovery in the U.S. also remained at the forefront of investors' considerations, as did the potential impact of health care legislation, stimulus spending, the deficit, additional quantitative easing (the practice of printing more money to stimulate spending), the election cycle and tax policy.

Yet, there were many positive developments. We have seen encouraging signs of global rebalancing: rebounding global trade, an increase in consumption and growth from emerging markets, and increased exports and deleveraging from developed markets. We've also seen a significant recovery in the velocity of money in the U.S. (a key measure of how rapidly money is flowing through the economy and a gauge of economic activity).

**Staying Focused On Opportunity**

I often have the privilege of speaking with investors in our funds, and I know that uncertainty and volatility are never comfortable. However, I have been investing for more than 40 years, first for my family and then for my clients. In all these years, I have yet to see a normal environment. To me, what this means is that volatility and uncertainty aren't reasons for staying on the sidelines—they are instead reasons for taking a risk-conscious, thorough and long-term approach, which is what the investment team at Calamos does. As we assess the current environment, our team continues to find attractively valued securities. In particular, valuations in larger-capitalization growth-oriented stocks are more attractive than I've seen in more than 20 years.

### **The Importance of Global Perspective**

We believe that investors should think more globally than ever before. Our investment team is extremely excited about the investment potential that globalization has created. While we are seeing more moderate growth in the U.S. economy, more rapid growth is occurring elsewhere, particularly in some of the developing markets, such as India and China. There are many powerful secular trends that we believe will drive global growth in decades to come. One of the most far-reaching is the growth of a middle class in developing markets. This mega-trend has tremendous implications for infrastructure building, and consumer spending, among other factors. The growth in global economies is something that all countries can participate in, including U.S. companies.

In this Fund, we are emphasizing U.S. companies with global strategies and geographically diversified revenues to take advantage of a growing global economy. We are also emphasizing companies with reliable debt servicing, respectable balance sheets and prospects for sustainable growth. We utilize exacting proprietary credit research to balance risk and reward considerations.

We hope this report provides you a meaningful update about your investment in CSQ. If you would like any information about the Fund or our other closed-end offerings, please contact your financial advisor or our client services team at 800.582.6959 (Monday through Friday from 8:00 a.m. to 6:00 p.m., Central Time). You can also visit us at [www.calamos.com](http://www.calamos.com).

We are honored that you have chosen Calamos to help you achieve your investment goals. We look forward to serving your needs in the 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.*

## The Calamos Closed-End Funds: An Overview

In our closed-end funds, we draw upon decades of investment experience, including a long history of opportunistically blending asset classes in an attempt to capture upside potential while managing downside risk. We launched our first closed-end fund in 2002.

Closed-end funds are long-term investments. Most focus on providing monthly distributions, but there are important differences among individual closed-end funds. Calamos closed-end funds can be grouped into two broad categories: (1) enhanced fixed income and (2) total return. Funds in both groups provide a stream of income paid out on a monthly basis and invest in a combination of asset classes.

### **OBJECTIVE: ENHANCED FIXED INCOME**

**Portfolios Positioned to Pursue High Current Income from Income and Capital Gains**

#### **Calamos Convertible Opportunities and Income Fund (Ticker: CHI)**

Invests in high-yield and convertible securities, primarily in U.S. markets

#### **Calamos Convertible and High Income Fund (Ticker: CHY)**

Invests in high-yield and convertible securities, primarily in U.S. markets

#### **Calamos Global Dynamic Income Fund (Ticker: CHW)**

Invests in global fixed-income securities, alternative in

### **OBJECTIVE: TOTAL RETURN**

**Portfolios Positioned to Seek Current Income, with Increased Emphasis on Capital Gains Potential**

#### **Calamos Global Total Return Fund (Ticker: CGO)**

Invests in equities and higher-yielding convertible securities and corporate bonds, in both U.S. and non-U.S. markets

#### **Calamos Strategic Total Return Fund (Ticker: CSQ)**

Invests in equities and higher-yielding convertible securities and corporate bonds, primarily in U.S. markets

vestments and equities

## **Our Level Rate Distribution Policy**

Investors often choose a closed-end fund because they seek a steady stream of income. In recognition of this, all five Calamos closed-end funds have adopted a level distribution policy. Our policy is to pay a distribution reflective of the funds' past results and projected earnings potential through income as well as capital gains. Our team is focused on delivering an attractive monthly distribution, while maintaining a long-term focus on risk management. The level of the funds' distributions can be greatly influenced by market conditions, including the interest rate environment. The

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funds' distributions will depend on the individual performance of positions the funds hold, our view of the benefits of retaining leverage, fund tax considerations, and maintaining regulatory requirements.

For more information about any of these funds, we encourage you to contact your financial advisor or Calamos Investments at 800.582.6959 (Monday through Friday from 8:00 a.m. to 6:00 p.m., Central Time). You can also visit us at [www.calamos.com](http://www.calamos.com).

For more information on our level rate distribution policy, please see page 35.

### **4 CALAMOS STRATEGIC TOTAL RETURN FUND ANNUAL REPORT**

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**TOTAL RETURN\* AS OF 10/31/10**

	<b>Common Shares</b>	<b>Inception 3/26/04</b>	<b>Since Inception**</b>
<b>On Market Price</b>		<b>1 Year</b> 20.13%	0.98%
<b>On NAV</b>		17.61%	3.63%

\*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**

<b>Energy</b>	16.2%
<b>Information Technology</b>	14.2
<b>Health Care</b>	13.8
<b>Industrials</b>	10.7
<b>Consumer Discretionary</b>	9.2
<b>Consumer Staples</b>	8.8
<b>Materials</b>	8.5
<b>Financials</b>	7.8
<b>Telecommunication Services</b>	5.6
<b>Utilities</b>	0.9

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.

**STRATEGIC TOTAL RETURN FUND  
INVESTMENT TEAM DISCUSSION**

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 one-year period ended October 31, 2010.

**Q. Before discussing the performance of the Fund during the one-year period, please provide an overview of its strategy and role within an asset allocation.**

A. Calamos Strategic Total Return Fund (CSQ) is a total return oriented offering that seeks to provide a steady stream of income paid out on a monthly basis. We invest in a diversified portfolio of equities, convertible securities and high-yield securities. The allocation to each asset class is dynamic, and reflects our view of the economic landscape as well as the potential of individual securities. By combining these asset classes, we believe that we are well positioned to generate capital gains as well as income. The broader range of security types also provides us with increased opportunities to manage the risk and reward characteristics of the portfolio over full market cycles. Through this approach, we seek to offer investors not only an attractive monthly distribution, but a more defensive approach to equity participation.

While we invest primarily in securities of U.S. issuers, we favor those companies that are actively participating in globalization, with geographically diversified revenue streams and global business strategies. We emphasize companies with reliable debt servicing, respectable balance sheets and good prospects for sustainable growth.

**Q. How did the Fund perform during the reporting period?**

A. CSQ gained 17.61% on a net asset value (NAV) basis for the one-year period ended October 31, 2010. On a market price basis, the Fund returned 20.13%. The Fund's returns surpassed the broad equity market, as measured by the S&P 500 Index, up 16.52%.

**Q. Did the Fund provide steady distributions during the annual period?**

A. The Fund provided shareholders with a steady distribution stream, with monthly distributions of \$0.0525. The Fund's current annualized distribution rate was 6.95% of market price as of the close of the reporting period.

**SINCE INCEPTION MARKET PRICE AND NAV HISTORY THROUGH 10/31/10**

## Investment Team Discussion

We believe that this distribution level and rate are very competitive, given the broader economic and market conditions. Indeed, during the reporting period, very low interest rates and yields remained the norm throughout much of the marketplace. As of the close of the reporting period, the dividend yield of the stocks in the S&P 500 Index was roughly 1.9%, on average. Ten-year U.S. Treasury bonds yielded 2.6% and 30-Year U.S. Treasury bonds yielded 4.0%.

Additionally, we would note that under its level rate distribution policy, the Fund distributes income and short-term capital gains on a monthly basis and long-term capital gains at the Fund's fiscal year end and calendar year end. The Fund had capital loss carry forwards from the previous fiscal year, which were offset against a portion of gains. As a result, these gains were not available to be distributed during the current fiscal year.

### **Q. What is the difference between market return and NAV return?**

A. Closed-end funds trade on exchanges, where the price of shares may be driven by factors other than the value of the underlying securities. The price of a share in the market is called market value. Market price may be influenced by factors unrelated to the performance of the Fund's holdings, such as investor sentiment.

We believe that closed-end funds are best viewed as part of a long-term asset allocation strategy. In terms of assessing the performance of a closed-end fund, we believe that NAV returns are the more relevant measure. The Fund's NAV return measures the gains or losses of the individual securities in the Fund's portfolio. NAV return is a measure of the investment manager's ability to capitalize on market opportunities.

### **Q. As of the close of the period, the Fund traded at a discount of 11.78%. How do you believe investors should view this discount?**

A. When a fund is trading at a discount, it means that its market share price is less than its NAV share price. As we discussed, the price of a share may be affected by factors other than the performance of the Fund's holdings. For long-term investors, a discount could be viewed as a buying opportunity because a discount provides investors with an opportunity to buy shares at a price that is lower than the fair value of the portfolio, as measured by the Fund's NAV.

### **Q. What were some of the most important factors influencing performance during the period?**

A. As investors sought income in a low-rate environment, the Fund benefited from its stakes in high yield bonds and convertible securities as spreads compressed, driving prices up. However, this appetite for yield led investors to favor the most speculative tiers in the convertible and high yield securities markets. We, however, believe that income considerations must be measured against default risk, and that this analysis must be particularly rigorous in an economic environment where challenges still remain. Our goal is to invest in securities that provide a yield or distribution, while offering good prospects for longer-term total return. Given these considerations, the Fund was significantly underweighted in the lowest-quality issues that led in the convertible and high yield market. As long-term and risk-conscious investors, we believe that this positioning is appropriate in the current environment.

Turning to sector- and security-level influences, our positioning within the financials sector enhanced performance relative to the broad equity market, as represented by the

Investment Team Discussion

S&P 500 Index. Both an underweighting relative to the overall market and good investment selection within the sector proved advantageous. We remain cautious about the sector, given the potential risks that may remain in individual companies and our concerns around deleveraging and new regulations. Returns were also enhanced by our security selection within the health care sector. In contrast, an underweight position and security selection within industrials hampered performance, as did overall security selection decisions within the Fund's consumer discretionary stake.

**Q. What is your outlook for the Fund?**

A. We believe that CSQ is well positioned for the road ahead and remains a compelling choice for investors seeking income, total return and a more defensive approach for equity market participation. While we believe that the Fund's multi-asset class approach is beneficial throughout market cycles, we believe it may be particularly important now. Unlike funds that invest in one type of fixed income security to generate income—for example, U.S. Treasuries or municipal bonds—this Fund has more sources to draw from for income potential. Moreover, the Fund's investments in high-yield and convertible securities may be less sensitive to interest-rate increases compared to Treasury issues. We believe that this will be essential, given our concerns about the impact that quantitative easing and government debt build-up could have on the Treasury market.

Using our highly selective approach, we continue to find attractive opportunities in the equity, convertible and fixed income markets. We believe that our risk-conscious approach will serve the Fund in good stead—including our emphasis on companies with respectable balance sheets, good business strategies and where possible, globally diversified revenues.

## Schedule of Investments October 31, 2010

<b>PRINCIPAL AMOUNT</b>		<b>VALUE</b>
<b>CORPORATE BONDS (30.3%)</b>		
	<b>Consumer Discretionary (6.1%)</b>	
14,688,000	DISH Network Corp. 7.125%, 02/01/16	\$ 15,642,721
14,214,000	General Motors Corp.** 7.200%, 01/15/11	5,010,435
16,110,000	Hanesbrands, Inc. 4.121%, 12/15/14	16,150,275
6,823,000	Jarden Corp. 7.500%, 05/01/17	7,292,081
3,073,000	Kellwood Company 7.625%, 10/15/17	1,628,690
4,738,000	Liberty Media Corp. 8.250%, 02/01/30	4,767,613
3,317,000	Live Nation Entertainment, Inc.* 8.125%, 05/15/18	3,433,095
4,629,000	MGM Resorts International 7.500%, 06/01/16	4,142,955
7,012,000	NetFlix, Inc. 8.500%, 11/15/17	7,888,500
12,319,000	Royal Caribbean Cruises, Ltd. 7.500%, 10/15/27	12,411,392
4,359,000	7.250%, 06/15/16	4,773,105
8,529,000	Service Corp. International 6.750%, 04/01/16	9,030,079
2,369,000 GBP	Warner Music Group Corp. 8.125%, 04/15/14	3,568,211
1,658,000	Wynn Las Vegas, LLC* 7.750%, 08/15/20	1,807,220
		97,546,372
	<b>Consumer Staples (2.3%)</b>	
11,135,000	Chiquita Brands International, Inc. 7.500%, 11/01/14	11,357,700
1,294,000	Del Monte Foods Company 7.500%, 10/15/19	1,426,635
8,529,000	NBTY, Inc. 7.125%, 10/01/15	8,784,870
14,214,000	Smithfield Foods, Inc. 7.750%, 07/01/17	14,622,653

		36,191,858
	<b>Energy (4.9%)</b>	
2,402,000	Berry Petroleum Company 8.250%, 11/01/16	2,546,120
3,790,000	Brigham Exploration Company* 8.750%, 10/01/18	4,112,150
3,127,000	Complete Production Services, Inc.µ 8.000%, 12/15/16	3,306,803
7,581,000	Comstock Resources, Inc. 8.375%, 10/15/17	7,884,240
5,212,000	Concho Resources, Inc.mu 8.625%, 10/01/17	5,668,050
1,895,000	Dresser-Rand Group, Inc. 7.375%, 11/01/14	1,921,056
948,000	Frontier Oil Corp. 8.500%, 09/15/16	1,002,510
2,843,000	GulfMark Offshore, Inc. 7.750%, 07/15/14	2,906,968
986,000	Holly Corp. 9.875%, 06/15/17	1,084,600
6,633,000	Mariner Energy, Inc. 8.000%, 05/15/17	7,362,630
2,843,000	11.750%, 06/30/16	3,589,287
4,738,000	Petrohawk Energy Corp. 7.125%, 04/01/12	4,761,690
2,843,000	Pride International, Inc. 8.500%, 06/15/19	3,464,906
4,738,000	Superior Energy Services, Inc.µ 6.875%, 06/01/14	4,809,070
7,581,000	Swift Energy Company 8.875%, 01/15/20	8,225,385
6,117,000	7.125%, 06/01/17	6,208,755
7,384,000	Williams Companies, Inc. 7.750%, 06/15/31	8,267,872
		77,122,092
	<b>Financials (2.6%)</b>	
15,768,000	Leucadia National Corp. 8.125%, 09/15/15	17,285,670
9,476,000	Nuveen Investments, Inc. 10.500%, 11/15/15	9,949,800
3,317,000	OMEGA Healthcare Investors, Inc.* 7.500%, 02/15/20	3,590,653
9,950,000	Senior Housing Properties Trust 8.625%, 01/15/12	10,596,750

41,422,873

	<b>Health Care (2.9%)</b>	
2,132,000	Bio-Rad Laboratories, Inc. 7.500%, 08/15/13	2,174,640
4,738,000	Community Health Systems, Inc. 8.875%, 07/15/15	5,081,505
2,369,000	HealthSouth Corp. 7.750%, 09/15/22	2,508,179
1,895,000	7.250%, 10/01/18	1,980,275
	Mylan, Inc.*	
4,738,000	7.875%, 07/15/20	5,306,560
3,947,000	7.625%, 07/15/17	4,361,435
3,790,000	Psychiatric Solutions, Inc. 7.750%, 07/15/15	3,960,550
3,790,000	Talecris Biotherapeutics Holdings Corp. 7.750%, 11/15/16	4,263,750
	Valeant Pharmaceuticals International*	
8,529,000	7.000%, 10/01/20	8,976,773
1,421,000	6.750%, 10/01/17	1,486,721

Schedule of Investments October 31, 2010

PRINCIPAL AMOUNT		VALUE
5,212,000	Warner Chilcott Company, LLC* 7.750%, 09/15/18	\$ 5,446,540
		45,546,928
	<b>Industrials (2.8%)</b>	
3,790,000	BE Aerospace, Inc. 8.500%, 07/01/18	4,254,275
2,132,000	Belden, Inc.µ 7.000%, 03/15/17	2,174,640
4,738,000	Gardner Denver, Inc. 8.000%, 05/01/13	4,856,450
4,293,000	H&E Equipment Services, Inc. 8.375%, 07/15/16	4,357,395
2,274,000	Oshkosh Corp. 8.500%, 03/01/20	2,529,825
1,308,000	8.250%, 03/01/17	1,435,530
4,738,000	Spirit AeroSystems Holdings, Inc. 7.500%, 10/01/17	4,998,590
3,279,000	SPX Corp. 7.625%, 12/15/14	3,656,085
1,895,000	Terex Corp. 8.000%, 11/15/17	1,899,738
5,449,000	Trinity Industries, Inc. 6.500%, 03/15/14	5,598,847
4,492,000	Triumph Group, Inc. 8.000%, 11/15/17	4,660,450
4,738,000	WESCO Distribution, Inc. 7.500%, 10/15/17	4,856,450
		45,278,275
	<b>Information Technology (3.0%)</b>	
8,529,000	Advanced Micro Devices, Inc. 7.750%, 08/01/20*	9,083,385
4,084,000	8.125%, 12/15/17	4,431,140
15,162,000	Amkor Technology, Inc. 9.250%, 06/01/16	16,337,055
2,843,000	7.375%, 05/01/18*	2,970,935
3,980,000	Equinix, Inc.µ 8.125%, 03/01/18	4,238,700
853,000		936,167

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	Fidelity National Information Services, Inc.*	
	7.875%, 07/15/20	
1,895,000	Lexmark International, Inc.~	
	6.650%, 06/01/18	2,121,070
7,012,000	Xerox Corp.	
	8.000%, 02/01/27	7,209,058
		47,327,510
	<b>Materials (2.2%)</b>	
1,895,000	Allegheny Ludlum Corp.	
	6.950%, 12/15/25	1,953,743
2,561,000	Nalco Holding Company	
	8.250%, 05/15/17	2,865,119
2,881,000	Silgan Holdings, Inc.	
	7.250%, 08/15/16	3,086,271
	Steel Dynamics, Inc.	
5,847,000	7.750%, 04/15/16	6,270,907
1,327,000	7.625%, 03/15/20*	1,429,843
	Union Carbide Corp.~	
10,376,000	7.875%, 04/01/23	11,020,557
8,197,000	7.500%, 06/01/25	8,564,447
		35,190,887
	<b>Telecommunication Services (3.0%)</b>	
	Frontier Communications Corp.	
16,773,000	9.000%, 08/15/31μ	18,785,760
3,601,000	8.250%, 04/15/17	4,123,145
395,000	MetroPCS Wireless, Inc.	
	7.875%, 09/01/18	425,613
13,769,000	Qwest Communications International, Inc.μ	
	7.750%, 02/15/31	14,388,605
4,738,000	Syniverse Technologies, Inc.	
	7.750%, 08/15/13	4,844,605
	Windstream Corp.	
2,843,000	8.625%, 08/01/16	3,034,902
1,895,000	7.750%, 10/15/20*	2,018,175
		47,620,805
	<b>Utilities (0.5%)</b>	
13,267,000	Energy Future Holdings Corp.~	
	10.250%, 11/01/15	8,291,875
	<b>TOTAL CORPORATE BONDS</b>	
	(Cost \$473,272,504)	481,539,475

**CONVERTIBLE BONDS (13.7%)**

	<b>Consumer Discretionary (1.6%)</b>	
7,000,000	General Motors Corp. - Series C** 6.250%, 07/15/33	2,397,500
1,795,000	Interpublic Group of Companies, Inc. 4.750%, 03/15/23	2,088,931
15,000,000	Liberty Media Corp. (Time Warner, Inc.)§ 3.125%, 03/30/23	16,912,500
5,680,000	Liberty Media Corp. (Viacom, CBS Corp. - Class B)§ 3.250%, 03/15/31	3,905,000
		25,303,931
	<b>Energy (0.5%)</b>	
8,290,000	SM Energy Company 3.500%, 04/01/27	8,880,662
	<b>Financials (1.0%)</b>	
15,782,000	Affiliated Managers Group, Inc. 3.950%, 08/15/38	16,650,010
	<b>Industrials (2.7%)</b>	
25,597,000	L-3 Communications Holdings, Inc. 3.000%, 08/01/35	25,852,970

See accompanying Notes to Schedule of Investments

CALAMOS STRATEGIC TOTAL RETURN FUND  
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## Schedule of Investments October 31, 2010

<b>PRINCIPAL AMOUNT</b>		<b>VALUE</b>
18,000,000	Trinity Industries, Inc. 3.875%, 06/01/36	\$ 16,852,500
		42,705,470
	<b>Information Technology (5.6%)</b>	
3,250,000 GBP	Autonomy Corp., PLC 3.250%, 03/04/15	5,700,880
16,000,000	Euronet Worldwide, Inc. 3.500%, 10/15/25	15,820,000
31,500,000	Intel Corp.µ 2.950%, 12/15/35	31,815,000
33,900,000	Linear Technology Corp. 3.000%, 05/01/27	35,256,000
		88,591,880
	<b>Materials (2.3%)</b>	
12,500,000	Anglo American, PLC 4.000%, 05/07/14	22,304,867
9,000,000	AngloGold Ashanti, Ltd. 3.500%, 05/22/14	10,965,096
2,000,000	Newmont Mining Corp.µ 3.000%, 02/15/12	2,785,000
		36,054,963
	<b>TOTAL CONVERTIBLE BONDS</b> (Cost \$226,089,808)	218,186,916
	<b>U.S. GOVERNMENT AND AGENCY SECURITIES (1.4%)</b>	
13,219,000	United States Treasury Note~ 0.875%, 04/30/11	13,266,509
9,713,000	0.875%, 02/28/11	9,736,904
	<b>TOTAL U.S. GOVERNMENT AND AGENCY SECURITIES</b> (Cost \$22,997,831)	23,003,413
	<b>SOVEREIGN BONDS (1.6%)</b>	
3,269,000 BRL	Federal Republic of Brazil 10.000%, 01/01/12	19,547,209

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948,000 BRL	10.000%, 01/01/13	5,560,929
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**TOTAL SOVEREIGN BONDS**

(Cost \$24,602,641)	25,108,138
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**SYNTHETIC CONVERTIBLE SECURITIES (2.2%)**

**Corporate Bonds (1.7%)**

**Consumer Discretionary (0.3%)**

812,000	DISH Network Corp. 7.125%, 02/01/16	864,780
786,000	General Motors Corp.** 7.200%, 01/15/11	277,065
890,000	Hanesbrands, Inc. 4.121%, 12/15/14	892,225
377,000	Jarden Corp. 7.500%, 05/01/17	402,919
170,000	Kellwood Company 7.625%, 10/15/17	90,100
262,000	Liberty Media Corp. 8.250%, 02/01/30	263,637
183,000	Live Nation Entertainment, Inc.* 8.125%, 05/15/18	189,405
256,000	MGM Resorts International 7.500%, 06/01/16	229,120
388,000	NetFlix, Inc. 8.500%, 11/15/17	436,500
681,000	Royal Caribbean Cruises, Ltd. 7.500%, 10/15/27	686,107
241,000	7.250%, 06/15/16	263,895
471,000	Service Corp. International 6.750%, 04/01/16	498,671
131,000 GBP	Warner Music Group Corp. 8.125%, 04/15/14	197,314
92,000	Wynn Las Vegas, LLC* 7.750%, 08/15/20	100,280
		5,392,018

**Consumer Staples (0.1%)**

615,000	Chiquita Brands International, Inc. 7.500%, 11/01/14	627,300
71,000	Del Monte Foods Company 7.500%, 10/15/19	78,278
471,000	NBTY, Inc. 7.125%, 10/01/15	485,130
786,000	Smithfield Foods, Inc. 7.750%, 07/01/17	808,597
		1,999,305

<b>Energy (0.3%)</b>		
133,000	Berry Petroleum Company 8.250%, 11/01/16	140,980
210,000	Brigham Exploration Company* 8.750%, 10/01/18	227,850
173,000	Complete Production Services, Inc.µ 8.000%, 12/15/16	182,947
419,000	Comstock Resources, Inc. 8.375%, 10/15/17	435,760
288,000	Concho Resources, Inc.µ 8.625%, 10/01/17	313,200
105,000	Dresser-Rand Group, Inc. 7.375%, 11/01/14	106,444
52,000	Frontier Oil Corp. 8.500%, 09/15/16	54,990
157,000	GulfMark Offshore, Inc. 7.750%, 07/15/14	160,533
54,000	Holly Corp. 9.875%, 06/15/17	59,400
367,000	Mariner Energy, Inc. 8.000%, 05/15/17	407,370
157,000	11.750%, 06/30/16	198,212
262,000	Petrohawk Energy Corp. 7.125%, 04/01/12	263,310

Schedule of Investments October 31, 2010

PRINCIPAL AMOUNT		VALUE
157,000	Pride International, Inc. 8.500%, 06/15/19	\$ 191,344
262,000	Superior Energy Services, Inc. 6.875%, 06/01/14	265,930
419,000	Swift Energy Company 8.875%, 01/15/20	454,615
338,000	7.125%, 06/01/17	343,070
408,000	Williams Companies, Inc. 7.750%, 06/15/31	456,838
		4,262,793
	<b>Financials (0.1%)</b>	
872,000	Leucadia National Corp. 8.125%, 09/15/15	955,930
524,000	Nuveen Investments, Inc. 10.500%, 11/15/15	550,200
183,000	OMEGA Healthcare Investors, Inc.* 7.500%, 02/15/20	198,098
550,000	Senior Housing Properties Trust 8.625%, 01/15/12	585,750
		2,289,978
	<b>Health Care (0.2%)</b>	
118,000	Bio-Rad Laboratories, Inc. 7.500%, 08/15/13	120,360
262,000	Community Health Systems, Inc. 8.875%, 07/15/15	280,995
131,000	HealthSouth Corp. 7.750%, 09/15/22	138,696
105,000	7.250%, 10/01/18	109,725
	Mylan, Inc.*	
262,000	7.875%, 07/15/20	293,440
218,000	7.625%, 07/15/17	240,890
210,000	Psychiatric Solutions, Inc. 7.750%, 07/15/15	219,450
210,000	Talecris Biotherapeutics Holdings Corp. 7.750%, 11/15/16	236,250
	Valeant Pharmaceuticals International*	
471,000	7.000%, 10/01/20	495,727
79,000	6.750%, 10/01/17	82,654

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288,000	Warner Chilcott Company, LLC*	
	7.750%, 09/15/18	300,960
		2,519,147
	<b>Industrials (0.2%)</b>	
210,000	BE Aerospace, Inc.	
	8.500%, 07/01/18	235,725
118,000	Belden, Inc.µ	
	7.000%, 03/15/17	120,360
262,000	Gardner Denver, Inc.	
	8.000%, 05/01/13	268,550
237,000	H&E Equipment Services, Inc.	
	8.375%, 07/15/16	240,555
	Oshkosh Corp.	
126,000	8.500%, 03/01/20	140,175
72,000	8.250%, 03/01/17	79,020
262,000	Spirit AeroSystems Holdings, Inc.	
	7.500%, 10/01/17	276,410
181,000	SPX Corp.	
	7.625%, 12/15/14	201,815
105,000	Terex Corp.	
	8.000%, 11/15/17	105,263
301,000	Trinity Industries, Inc.	
	6.500%, 03/15/14	309,277
248,000	Triumph Group, Inc.	
	8.000%, 11/15/17	257,300
262,000	WESCO Distribution, Inc.	
	7.500%, 10/15/17	268,550
		2,503,000
	<b>Information Technology (0.2%)</b>	
	Advanced Micro Devices, Inc.	
471,000	7.750%, 08/01/20*	501,615
226,000	8.125%, 12/15/17	245,210
	Amkor Technology, Inc.	
838,000	9.250%, 06/01/16	902,945
157,000	7.375%, 05/01/18*	164,065
220,000	Equinix, Inc.µ	
	8.125%, 03/01/18	234,300
47,000	Fidelity National Information Services, Inc.*	
	7.875%, 07/15/20	51,583
105,000	Lexmark International, Inc.~	
	6.650%, 06/01/18	117,526
388,000	Xerox Corp.	
	8.000%, 02/01/27	398,904
		2,616,148

<b>Materials (0.1%)</b>		
105,000	Allegheny Ludlum Corp. 6.950%, 12/15/25	108,255
142,000	Nalco Holding Company 8.250%, 05/15/17	158,862
159,000	Silgan Holdings, Inc. 7.250%, 08/15/16	170,329
323,000	Steel Dynamics, Inc. 7.750%, 04/15/16	346,417
73,000	7.625%, 03/15/20*	78,658
574,000	Union Carbide Corp.~ 7.875%, 04/01/23	609,657
453,000	7.500%, 06/01/25	473,307
		1,945,485
<b>Telecommunication Services (0.2%)</b>		
927,000	Frontier Communications Corp. 9.000%, 08/15/31μ	1,038,240
199,000	8.250%, 04/15/17	227,855

See accompanying Notes to Schedule of Investments

CALAMOS STRATEGIC TOTAL RETURN FUND  
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## Schedule of Investments October 31, 2010

<b>PRINCIPAL AMOUNT</b>		<b>VALUE</b>
22,000	MetroPCS Wireless, Inc. 7.875%, 09/01/18	\$ 23,705
761,000	Qwest Communications International, Inc.μ 7.750%, 02/15/31	795,245
262,000	Syniverse Technologies, Inc. 7.750%, 08/15/13	267,895
157,000	Windstream Corp. 8.625%, 08/01/16	167,597
105,000	7.750%, 10/15/20*	111,825
		2,632,362
	<b>Utilities (0.0%)</b>	
733,000	Energy Future Holdings Corp.~ 10.250%, 11/01/15	458,125
	<b>TOTAL CORPORATE BONDS</b>	<b>26,618,361</b>
	<b>U.S. Government and Agency Securities (0.1%)</b>	
731,000	United States Treasury Note~ 0.875%, 04/30/11	733,627
537,000	0.875%, 02/28/11	538,322
	<b>TOTAL U.S. GOVERNMENT AND AGENCY SECURITIES</b>	<b>1,271,949</b>
	<b>Sovereign Bonds (0.1%)</b>	
181,000 BRL	Federal Republic of Brazil 10.000%, 01/01/12	1,082,302
52,000 BRL	10.000%, 01/01/13	305,030
	<b>TOTAL SOVEREIGN BONDS</b>	<b>1,387,332</b>
	<b>NUMBER OF CONTRACTS</b>	<b>VALUE</b>
	<b>Purchased Options (0.3%) #</b>	
	<b>Information Technology (0.3%)</b>	
315	Apple, Inc. Call, 01/19/13, Strike \$290.00	2,249,887
265		2,347,900

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190	Google, Inc. Call, 01/21/12, Strike \$600.00	
	MasterCard, Inc. Call, 01/21/12, Strike \$250.00	568,575
	<b>TOTAL PURCHASED OPTIONS</b>	5,166,362
	<b>TOTAL SYNTHETIC CONVERTIBLE SECURITIES</b> (Cost \$34,274,069)	34,444,004

<b>NUMBER OF SHARES</b>		<b>VALUE</b>
<b>CONVERTIBLE PREFERRED STOCKS (9.3%)</b>		
	<b>Consumer Staples (2.0%)</b>	
720,000	Archer-Daniels-Midland Company 6.250%	31,118,400
	<b>Energy (1.4%)</b>	
385,000	Apache Corp. 6.000%	22,594,687
	<b>Financials (3.3%)</b>	
425,000	American International Group, Inc. 8.500%	3,123,750
43,000	Bank of America Corp. 7.250%	40,721,000
14,000	SLM Corp. 7.250%	8,683,500
		52,528,250
	<b>Materials (2.0%)</b>	
339,400	Vale, SA 6.750%	31,523,443
	<b>Utilities (0.6%)</b>	
200,000	NextEra Energy, Inc. 7.000%	10,125,000
	<b>TOTAL CONVERTIBLE PREFERRED STOCKS</b> (Cost \$182,802,310)	147,889,780

<b>NUMBER OF UNITS</b>		<b>VALUE</b>
<b>STRUCTURED EQUITY-LINKED SECURITIES (4.4%) +*</b>		
	<b>Energy (2.2%)</b>	
267,500	BNP Paribas, SA (ENSCO, PLC) 11.000%, 11/22/10	12,510,975
112,900	Deutsche Bank, AG (Apache Corp.) 12.000%, 12/21/10	10,956,945
170,000	JPMorgan Chase & Company (Devon Energy Corp.) 12.000%, 02/02/11	10,924,200
		34,392,120
	<b>Information Technology (0.8%)</b>	
307,200	Deutsche Bank, AG (SanDisk Corp.) 12.000%, 01/24/11	12,592,128
	<b>Materials (1.4%)</b>	
262,000	Credit Suisse Group (Barrick Gold Corp.) 11.000%, 11/16/10	11,745,460
239,000	Goldman Sachs Group, Inc. (Goldcorp, Inc.) 12.000%, 07/20/11	10,348,700
		22,094,160
	<b>TOTAL STRUCTURED EQUITY-LINKED SECURITIES</b> (Cost \$66,543,535)	<b>69,078,408</b>

Schedule of Investments October 31, 2010

NUMBER OF SHARES COMMON STOCKS (68.5%)		VALUE
	<b>Consumer Discretionary (4.3%)</b>	
100,000	Amazon.com, Inc.μ#	\$ 16,514,000
800,000	Carnival Corp.μ	34,536,000
300,000	CBS Corp.μ	5,079,000
400,000	Harley-Davidson, Inc.μ	12,272,000
		68,401,000
	<b>Consumer Staples (7.5%)</b>	
1,275,000	Coca-Cola Companyμ	78,183,000
600,000 GBP	Diageo, PLC	11,068,561
250,000	Kimberly-Clark Corp.μ	15,835,000
450,000	Sysco Corp.μ	13,257,000
		118,343,561
	<b>Energy (12.5%)</b>	
800,000	BP, PLCμ	32,664,000
665,000	Chevron Corp.μ	54,935,650
12,000,000 HKD	CNOOC, Ltd.	25,052,617
775,000	ConocoPhillipsμ	46,035,000
100,000	Diamond Offshore Drilling, Inc.	6,616,000
575,000	Marathon Oil Corp.μ	20,452,750
50,000 EUR	Technip, SA	4,212,157
150,000 EUR	TOTAL, SA	8,165,087
		198,133,261
	<b>Financials (3.3%)</b>	
500,000	Bank of America Corp.μ	5,720,000
1,727,457	Citigroup, Inc.μ#	7,203,496
600,000	JPMorgan Chase & Companyμ	22,578,000
158,074	Lincoln National Corp.μ	3,869,652
271,950	MetLife, Inc.μ	10,967,743
71,676	Wells Fargo & Companyμ	1,869,310
		52,208,201

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	<b>Health Care (15.5%)</b>	
925,000	Bristol-Myers Squibb Companyµ	24,882,500
300,000	Eli Lilly and Companyµ	10,560,000
945,000	Johnson & Johnsonµ	60,168,150
2,559,134	Merck & Company, Inc.µ	92,845,381
3,300,000	Pfizer, Inc.µ	57,420,000
		245,876,031
	<b>Industrials (8.7%)</b>	
312,192	Avery Dennison Corp.µ	11,348,179
230,000	Boeing Companyµ	16,247,200
85,000	Eaton Corp.µ	7,550,550
3,135,000	General Electric Companyµ	50,222,700
480,000	Honeywell International, Inc.µ	22,612,800
450,000	Masco Corp.µ	4,797,000
335,000	United Technologies Corp.µ	25,047,950
		137,826,379
	<b>Information Technology (9.1%)</b>	
600,000	eBay, Inc.µ#	17,886,000
1,787,000	Intel Corp.µ	35,865,090
1,625,000	Microsoft Corp.µ	43,290,000
300,000	Nintendo Company, Ltd.µ	9,706,710
2,200,000	Nokia Corp.µ	23,496,000
325,000	QUALCOMM, Inc.µ	14,667,250
		144,911,050
	<b>Materials (3.3%)</b>	
400,000	Dow Chemical Companyµ	12,332,000
432,054	Freeport-McMoRan Copper & Gold, Inc.	40,906,873
		53,238,873
	<b>Telecommunication Services (4.3%)</b>	
1,225,000	AT&T, Inc.µ	34,912,500
450,000 EUR	France Telecom, SA	10,796,912
153,385	Frontier Communications Corp.	1,346,721
639,000	Verizon Communications, Inc.µ	20,748,330
		67,804,463
	<b>TOTAL COMMON STOCKS</b>	
	(Cost \$1,365,643,919)	1,086,742,819

**SHORT TERM INVESTMENT (3.4%)**

53,399,938	Fidelity Prime Money Market Fund - Institutional Class (Cost \$53,399,938)	53,399,938
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**TOTAL INVESTMENTS (134.8%)**

(Cost \$2,449,626,555)		2,139,392,891
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LIABILITIES, LESS OTHER ASSETS (-34.8%)	(552,424,427)
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NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS (100.0%)	\$ 1,586,968,464
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**NOTES TO SCHEDULE OF INVESTMENTS**

Variable rate or step bond security. The rate shown is the rate in effect at October 31, 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 October 31, 2010, the value of 144A securities that could not be exchanged to the registered form is \$93,945,108 or 5.9% of net assets applicable to common shareholders.

See accompanying Notes to Financial Statements

CALAMOS STRATEGIC TOTAL RETURN FUND  
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- \*\* General Motors filed for bankruptcy on June 1, 2009 and the bankruptcy plan transferred the assets and liabilities of the company into one of four trusts. The General Unsecured Creditors Trust will resolve the outstanding claims and distribute common stock and warrants of the new General Motors in lieu of cash proceeds.
- μ Security, or portion of security, is held in a segregated account as collateral for note payable aggregating a total value of \$1,038,296,547. \$539,526,233 of the collateral has been re-registered by the counterparty.
- ~ 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 \$55,056,456.
- § Securities exchangeable or convertible into securities of one or more entities that are different than the issuer. Each entity is identified in the parenthetical.
- # Non-income producing security.
- + Structured equity-linked securities are designed to simulate the characteristics of the equity security in the parenthetical.

**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

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 (FUND PAYS)</b>	<b>FLOATING RATE (FUND RECEIVES)</b>	<b>TERMINATION DATE</b>	<b>NOTIONAL AMOUNT</b>	<b>UNREALIZED APPRECIATION/ (DEPRECIATION)</b>
BNP Paribas, SA	1.8525% quarterly	3 month LIBOR	09/14/12	\$ 108,100,000	\$ (3,054,106)
BNP Paribas, SA	2.5350% quarterly	3 month LIBOR	03/09/14	90,000,000	(5,490,494)
BNP Paribas, SA	2.9700% quarterly	3 month LIBOR	07/03/14	75,000,000	(5,797,272)
BNP Paribas, SA	2.0200% quarterly	3 month LIBOR	03/09/12	60,000,000	(1,489,300)
BNP Paribas, SA	3.3550% quarterly	3 month LIBOR	06/09/14	60,000,000	(5,588,487)
BNP Paribas, SA	2.1350% quarterly	3 month LIBOR	07/03/12	52,000,000	(1,567,483)
BNP Paribas, SA	2.4700% quarterly	3 month LIBOR	06/11/12	40,000,000	(1,460,131)
					\$ (24,447,273)

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See accompanying Notes to Financial Statements

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Statement of Assets and Liabilities October 31, 2010

**ASSETS**

Investments in securities, at value (cost \$2,449,626,555)	\$ 2,139,392,891
Receivables:	
Accrued interest and dividends	16,824,454
Investments sold	1,021,250
Prepaid expenses	38,709
Other assets	211,847
 Total assets	 2,157,489,151

**LIABILITIES**

Unrealized depreciation on interest rate swaps	24,447,273
Payables:	
Note payable	539,000,000
Investments purchased	4,573,471
Affiliates:	
Investment advisory fees	1,790,507
Deferred compensation to trustees	211,847
Financial accounting fees	20,427
Trustees fees and officer compensation	943
Other accounts payable and accrued liabilities	476,219
 Total liabilities	 570,520,687

NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS \$ 1,586,968,464

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

Common stock, no par value, unlimited shares authorized 154,514,000 shares issued and outstanding	\$ 2,141,935,910
Undistributed net investment income (loss)	(29,416,351)
Accumulated net realized gain (loss) on investments, foreign currency transactions, written options and interest rate swaps	(190,860,601)
Unrealized appreciation (depreciation) of investments, foreign currency translations and interest rate swaps	(334,690,494)

NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS \$ 1,586,968,464

Net asset value per common shares based upon 154,514,000 shares issued and outstanding \$ 10.27

See accompanying Notes to Financial Statements

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## Statement of Operations Year Ended October 31, 2010

**INVESTMENT INCOME**

Interest	\$ 54,292,157
Dividends	58,001,983
Securities lending income	239,075
Dividend taxes withheld	(538,700)
<b>Total investment income</b>	<b>111,994,515</b>

**EXPENSES**

Investment advisory fees	20,519,769
Interest expense and related fees	11,697,522
Legal fees	359,353
Printing and mailing fees	346,013
Financial accounting fees	234,562
Registration fees	136,510
Accounting fees	115,277
Custodian fees	114,468
Trustees fees and officer compensation	107,078
Audit fees	106,260
Transfer agent fees	34,093
Other	84,171
<b>Total expenses</b>	<b>33,855,076</b>

**NET INVESTMENT INCOME (LOSS)** **78,139,439**

**REALIZED AND UNREALIZED GAIN (LOSS)****Net realized gain (loss) from:**

Investments, excluding purchased options	4,214,838
Purchased options	(3,870,276)
Foreign currency transactions	43,754
Written options	(24,608,435)
Interest rate swaps	(10,323,704)

**Change in net unrealized appreciation/(depreciation) on:**

Investments, excluding purchased options	198,280,583
Purchased options	5,514,481
Foreign currency translations	(51,020)
Written options	1,881,486
Interest rate swaps	(16,036,043)

**NET GAIN (LOSS)** **155,045,664**

**\$ 233,185,103**

NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON  
SHAREHOLDERS RESULTING FROM OPERATIONS

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See accompanying Notes to Financial Statements

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Statements of Changes in Net Assets

	<b>YEAR ENDED OCTOBER 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>OPERATIONS</b>		
Net investment income (loss)	\$ 78,139,439	\$ 79,544,759
Net realized gain (loss)	(34,543,823)	(169,383,555)
Change in unrealized appreciation/(depreciation)	189,589,487	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	233,185,1	