

CALAMOS STRATEGIC TOTAL RETURN FUND  
Form N-CSR  
December 30, 2009

**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, 2009

DATE OF REPORTING PERIOD: November 1, 2008 through October 31, 2009

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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 over 30 years, clients have admired our adherence to a single investment approach: to seek a proper balance between risks and opportunities. We owe our success to the consistent application of this mantra: 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 annual report.

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## TABLE OF CONTENTS

Letter to Shareholders	1
Investment Team Discussion	3
Schedule of Investments	5
Statement of Assets and Liabilities	12
Statement of Operations	13
Statements of Changes In Net Assets	14
Statement of Cash Flows	15
Notes to Financial Statements	16
Financial Highlights	26
Report of Independent Registered Public Accounting Firm	27
Trustee Approval of Management Agreement	28
Tax Information	30
Trustees & Officers	31
About Closed-End Funds	33
Level Rate Distribution Policy and Automatic Dividend Reinvestment Plan	34
The Calamos Investments Advantage	35
Calamos Closed-End Funds	36

Letter to Shareholders

### **About the Fund**

The Fund is managed to according to a level distribution policy, with distributions composed of dividend income, interest income, and realized short-term and long-term gains.

As part of its total return approach, CSQ provides a competitive stream of income paid out on a monthly basis.

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 U.S. markets.

Dear Shareholder:

Enclosed is your annual report for the fiscal year ended October 31, 2009. We appreciate the opportunity to correspond with you. I encourage you to carefully review this report, which includes an assessment of market conditions and Fund commentary from our investment team. The report also includes a listing of portfolio holdings, financial data and highlights, as well as detailed information about the performance and allocations of the Calamos Strategic Total Return Fund (CSQ).

The year in review was divided into two distinct phases. In the first one, fallout from the global financial crisis kept the markets mired in pessimism. Anxiety ran high due to limited access to credit, the failing financial and auto industries, the grim housing market, and uncertainty about government stimulus plans and dire economic data. A depression scenario, rather than a severe recession was a widespread concern and panic led to the markets' lows in March. In the second phase, these issues did not go away, but the perception that the world was not falling off a cliff combined with the fact that valuations had reached very attractive levels underpinned the strong market rebound in the remainder of the year. As markets roared back, the Fund participated with holdings (such as those in quality growth stocks, convertibles, and high-yield bonds) generating solid gains.

Certainly, the problems of 2008 are not completely resolved. Future government involvement in the financial sector and health care system, the pace of economic recovery, and the long-term implications of government stimulus programs cast a shadow. However, the depression scenario has waned and the bad news has become less bad.

Although global governments have flooded the world's financial system with cash, inflation has been kept at bay (so far). Positive third-quarter gross domestic product growth in the U.S. provided a counterbalance to continued weakness in employment data. Consumer activity remains muted, but has been rekindled. Government intervention has played a role, with programs like cash for clunkers helping to loosen purse strings. Low interest rates and government incentives for first-time homebuyers have also boosted the challenged mortgage and housing markets.

Strategic Total Return Fund  
Letter to Shareholders **ANNUAL REPORT** 1

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Letter to Shareholders

Throughout the period we remained confident about our investment process, and the Fund proved to be well positioned to participate in general market trends. Convertibles performed in line with our expectations participating in equity upswings while offering a degree of downside protection. Valuations improved steadily throughout the year. The corporate debt we owned benefited from a strong rebound sparked by renewed interest in the asset class, narrowing credit spreads and the realization that credit markets were once again opened for business. The Fund stock portfolio also benefited as equities recovered amid an improved economic outlook.

We have also identified many attractive investments that take advantage of global opportunities, with some non-U.S. markets offering some of the most compelling opportunities that we have encountered over the past 40 years. In addition to U.S. and European businesses that may participate, the opportunities we are seeing extend beyond the developed markets to select companies in emerging markets such as China, India and Brazil.

If you have any questions about your portfolio, please contact us at 800.582.6959, Monday through Friday from 8:00 a.m. to 6:00 p.m., Central Time or speak to your financial advisor. I also encourage you to visit our website at calamos.com on a regular basis, for updated commentary and more information about your Fund. We thank you for your continued confidence and are honored by the opportunity to help you achieve your long-term investment goals.

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  
2 **ANNUAL REPORT** Letter to Shareholders

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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, 2009.

**TOTAL RETURN\***

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

	<b>1 Year</b>	<b>Since Inception**</b>
On Market Price	32.85%	-2.11%
On NAV	34.79%	1.32%

\*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 ALLOCATION**

Energy	15.9%
Information Technology	14.0
Health Care	13.5
Consumer Discretionary	11.1
Industrials	11.1
Financials	11.0
Consumer Staples	9.2
Materials	6.0
Telecommunication Services	5.9
Utilities	0.5

Sector Allocations are based on managed assets and may vary over time. Sector Allocations exclude Sovereign Bonds, U.S. Treasuries and certain index options that have representation across all sectors.

**Performance Overview**

The Calamos Strategic Total Return Fund (CSQ) seeks total return through a combination of capital appreciation and current income by investing in a globally diversified portfolio of equities, convertible securities and below-investment-grade (high-yield) fixed-income securities. Our goal with CSQ has been to prudently maximize the

distribution rate throughout the market cycle, while managing risk.

The Fund's fiscal year end results were very positive with the net asset value up 34.79%. While results were positive, the year was marked by much volatility. The period began with a market in the midst of one of the most challenging credit environments in history and fueled a broad decline across all asset classes save for U.S. Treasuries. In March, a strong rebound began as government intervention started to have an impact globally and it appeared that a Depression-like environment was going to be avoided this opened an opportunity for investors to purchase securities at extremely discounted prices. From March 9, 2009 to October 31, 2009, the markets climbed off their lows with the MSCI World Index climbing 61% while the BofA Merrill Lynch High Yield Index was up 53% and the BofA Merrill Lynch All Convertible Index was up 46%.

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

As noted above, the Fund performed extremely well over the 12-month period. CSQ's NAV return of 34.79% strongly outpaced that of the S&P 500 index which was up 9.8% over the same time period. The portfolio benefited greatly as the securities rebounded from the extremely low price levels observed at the end of 2009. From a sector positioning perspective, the portfolio added value versus every economic sector compared to the S&P 500 with the exception of Technology.



## Investment Team Discussion

### **Use of Leverage**

In early 2008, the auction rate securities market became frozen as the auctions that set the rates lacked buyers – this meant that the Fund’s preferred shareholders were unable to sell their holdings. Calamos worked very hard to find solutions that were in the best interest of both preferred and common shareholders and was one of the first closed-end fund complexes to begin redeeming the auction rate securities with variable rate debt financing in May, 2008. In June, 2009, Calamos completed its refinancing and redeemed the remaining auction rate shares of CSQ.

During the reporting period, the Fund reduced leverage for two reasons. First, the decline in all asset classes outside of U.S. Treasuries hampered the Fund’s ability to utilize leverage. As the Fund’s net assets declined, the Fund reduced leverage to remain in compliance with both the prospectus and legal requirements. Second, given the high volatility in the marketplace, portfolio management also felt that a reduction in leverage was appropriate. We believe that some use of leverage is still favorable, as such, the amount of leverage at the end of the fiscal year was 27.08% for CSQ. The reduction of leverage during the reported period along, with a decline in dividend yield of the equities in the portfolio, were significant factors in the Fund reducing its level rate distribution during the period to \$0.0525.

### **Outlook**

Looking forward, we will continue to seek firms with strong balance sheets, business models that may create sustainable growth in an overall slow-growth global economy, and attractive valuations. We believe that CSQ is well positioned to participate in what we expect to be a volatile market. We also view the Fund’s current distribution rate of 6.71% on NAV as attractive in this low interest rate environment.

Strategic Total Return Fund

4 **ANNUAL REPORT** Investment Team Discussion

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## Schedule of Investments

OCTOBER 31, 2009

PRINCIPAL AMOUNT		VALUE
<b>CORPORATE BONDS (34.3%)</b>		
	<i>Consumer Discretionary (5.6%)</i>	
4,863,000	Asbury Automotive Group, Inc. 8.000%, 03/15/14	\$ 4,668,480
15,077,000	DISH Network Corp. 7.125%, 02/01/16	15,152,385
14,590,000	General Motors Corp. 7.200%, 01/15/11	2,188,500
16,536,000	Hanesbrands, Inc. 4.593%, 12/15/14	14,965,080
4,085,000	Jarden Corp. 7.500%, 05/01/17	4,044,150
3,154,000	Kellwood Company 7.625%, 10/15/17	1,107,843
4,863,000	Liberty Media Corp. 8.250%, 02/01/30	4,401,015
6,322,000	Mandalay Resort Group 7.625%, 07/15/13	5,018,087
4,752,000	MGM Mirage 7.500%, 06/01/16	3,659,040
12,645,000	Royal Caribbean Cruises, Ltd. 7.500%, 10/15/27	10,242,450
3,891,000	7.250%, 06/15/16~	3,638,085
8,754,000	Service Corp. International~ 6.750%, 04/01/16	8,600,805
2,432,000 GBP	Warner Music Group Corp. 8.125%, 04/15/14	3,702,133
		81,388,053
	<i>Consumer Staples (3.8%)</i>	
11,429,000	Chiquita Brands International, Inc. 7.500%, 11/01/14	11,486,145
1,328,000	Del Monte Foods Company* 7.500%, 10/15/19	1,354,560

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10,699,000	NBTY, Inc. 7.125%, 10/01/15	10,511,768
	Pilgrim s Pride Corp.**	
11,672,000	8.375%, 05/01/17	13,043,460
5,836,000	7.625%, 05/01/15	6,536,320
14,590,000	Smithfield Foods, Inc. 7.750%, 07/01/17	11,963,800
		54,896,053
	<b>Energy (5.1%)</b>	
	Chesapeake Energy Corp.	
6,809,000	6.875%, 01/15/16	6,604,730
3,891,000	7.500%, 06/15/14	3,949,365
7,781,000	Comstock Resources, Inc. 8.375%, 10/15/17	7,742,095
1,945,000	Dresser-Rand Group, Inc. 7.375%, 11/01/14	1,930,412
2,918,000	GulfMark Offshore, Inc. 7.750%, 07/15/14	2,859,640
	Mariner Energy, Inc.	
6,809,000	8.000%, 05/15/17	6,434,505
2,918,000	11.750%, 06/30/16	3,224,390
4,863,000	Petrohawk Energy Corp. 7.125%, 04/01/12	4,863,000
2,918,000	Pride International, Inc. 8.500%, 06/15/19	3,275,455
4,863,000	Superior Energy Services, Inc. 6.875%, 06/01/14	4,765,740
1,945,000	Valero Energy Corp.~ 7.500%, 06/15/15	1,992,401
6,303,000	Whiting Petroleum Corp. 7.250%, 05/01/12	6,342,394
19,454,000	Williams Companies, Inc.~ 7.750%, 06/15/31μ	20,372,307
		74,356,434
	<b>Financials (6.2%)</b>	
41,825,000	Ford Motor Credit Company, LLC 9.875%, 08/10/11	42,798,895
	Leucadia National Corp.	
16,185,000	8.125%, 09/15/15~	16,468,238
4,863,000	7.000%, 08/15/13	4,935,945
17,508,000	Nuveen Investments, Inc.~* 10.500%, 11/15/15	15,582,120
10,213,000	Senior Housing Properties Trust~ 8.625%, 01/15/12	10,468,325
		90,253,523

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	<b><i>Health Care (0.9%)</i></b>	
2,189,000	Bio-Rad Laboratories, Inc.~ 7.500%, 08/15/13	2,232,780
10,699,000	Psychiatric Solutions, Inc. 7.750%, 07/15/15	10,592,010
		12,824,790
	<b><i>Industrials (2.2%)</i></b>	
2,918,000	BE Aerospace, Inc.~ 8.500%, 07/01/18	3,042,015
2,189,000	Belden, Inc. 7.000%, 03/15/17	2,123,330
4,863,000	Gardner Denver, Inc. 8.000%, 05/01/13	4,692,795
4,406,000	H&E Equipment Service, Inc. 8.375%, 07/15/16	4,262,805
2,918,000	Spirit AeroSystems Holdings, Inc.* 7.500%, 10/01/17	2,910,705
3,365,000	SPX Corp. 7.625%, 12/15/14	3,482,775
1,945,000	Terex Corp. 8.000%, 11/15/17	1,803,988

Strategic Total Return Fund  
Schedule of Investments **ANNUAL REPORT** 5

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

OCTOBER 31, 2009

PRINCIPAL AMOUNT		VALUE
5,593,000	Trinity Industries, Inc. 6.500%, 03/15/14	\$ 5,544,061
4,863,000	Wesco Distribution, Inc. 7.500%, 10/15/17	4,808,291
		32,670,765
	<b><i>Information Technology (3.3%)</i></b>	
11,938,000	Advanced Micro Devices, Inc.~ 7.750%, 11/01/12	10,654,665
15,563,000	Amkor Technology, Inc. 9.250%, 06/01/16	16,341,150
1,109,000	7.750%, 05/15/13	1,110,386
6,322,000	Freescale Semiconductor, Inc. 8.875%, 12/15/14	5,168,235
4,863,000	Jabil Circuit, Inc. 8.250%, 03/15/18	5,191,253
7,081,000	Lender Processing Services, Inc. 8.125%, 07/01/16	7,488,157
1,945,000	Lexmark International, Inc. 6.650%, 06/01/18~	1,961,912
		47,915,758
	<b><i>Materials (2.8%)</i></b>	
1,945,000	Allegheny Ludlum Corp. 6.950%, 12/15/25	1,727,102
2,918,000	Century Aluminum Company 7.500%, 08/15/14	2,655,380
2,629,000	Nalco Holding Company* 8.250%, 05/15/17	2,773,595
2,918,000	P.H. Glatfelter Company 7.125%, 05/01/16	2,907,057
2,957,000	Silgan Holdings, Inc.* 7.250%, 08/15/16	3,016,140
3,891,000		3,929,910

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	Steel Dynamics, Inc.*	
	8.250%, 04/15/16	
	Union Carbide Corp.~	
10,651,000	7.875%, 04/01/23μ	9,269,235
8,414,000	7.500%, 06/01/25	7,207,660
7,149,000	Westlake Chemical Corp.	
	6.625%, 01/15/16	6,773,677
		40,259,756
	<b>Telecommunication Services (3.7%)</b>	
17,216,000	Frontier Communications Corp.	
	9.000%, 08/15/31	17,086,880
17,508,000	Leap Wireless International, Inc.	
	9.375%, 11/01/14	17,070,300
14,133,000	Qwest Communications	
	International, Inc.	
	7.750%, 02/15/31	11,659,725
4,863,000	Syniverse Technologies, Inc.	
	7.750%, 08/15/13	4,668,480
2,918,000	Windstream Corp.	
	8.625%, 08/01/16	3,012,835
		53,498,220
	<b>Utilities (0.7%)</b>	
13,618,000	Energy Future Holdings Corp.~	
	10.250%, 11/01/15	9,736,870
	<b>TOTAL CORPORATE BONDS</b>	
	(Cost \$535,552,182)	497,800,222
	<b>CONVERTIBLE BONDS (13.7%)</b>	
	<b>Consumer Discretionary (4.0%)</b>	
40,000,000	Ford Motor Companyμ	
	4.250%, 12/15/36	39,450,000
280,000	General Motors Corp. - Series C	
	6.250%, 07/15/33	969,500
15,000,000	Liberty Media Corp. (Time Warner, Inc.)§	
	3.125%, 03/30/23	14,850,000
5,680,000	Liberty Media Corp. (Viacom, CBS	
	Corp. - Class B)§	
	3.250%, 03/15/31	3,258,900
		58,528,400
	<b>Energy (0.6%)</b>	
8,290,000	St. Mary Land & Exploration Company	
	3.500%, 04/01/27	8,144,925
	<b>Financials (0.9%)</b>	

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14,000,000	Affiliated Managers Group, Inc. 3.950%, 08/15/38	13,300,000
	<b>Industrials (2.7%)</b>	
25,597,000	L-3 Communications Holdings, Inc. 3.000%, 08/01/35	26,012,951
18,000,000	Trinity Industries, Inc. 3.875%, 06/01/36	13,297,500
		39,310,451
	<b>Information Technology (5.3%)</b>	
16,000,000	Euronet Worldwide, Inc. 3.500%, 10/15/25	15,120,000
31,500,000	Intel Corp.~ 2.950%, 12/15/35	28,980,000
33,900,000	Linear Technology Corp. 3.000%, 05/01/27	32,628,750
		76,728,750
	<b>Materials (0.2%)</b>	
2,000,000	Newmont Mining Corp. 3.000%, 02/15/12	2,417,500
	<b>TOTAL CONVERTIBLE BONDS</b> (Cost \$230,870,085)	198,430,026

Strategic Total Return Fund

6 ANNUAL REPORT Schedule of Investments

See accompanying Notes to Schedule of Investments

## Schedule of Investments

OCTOBER 31, 2009

PRINCIPAL AMOUNT		VALUE
<b>U.S. GOVERNMENT AND AGENCY SECURITIES (0.6%)</b>		
8,059,000	United States Treasury Note~ 3.125%, 11/30/09	\$ 8,079,784
934,000	2.125%, 01/31/10	938,890
	<b>TOTAL U.S. GOVERNMENT AND AGENCY SECURITIES</b> (Cost \$9,016,646)	9,018,674
<b>SOVEREIGN BOND (1.3%)</b>		
3,356,000 BRL	Federal Republic of Brazil 10.000%, 01/01/12 (Cost \$19,511,516)	19,118,170
<b>SYNTHETIC CONVERTIBLE SECURITIES (1.2%)</b>		
<i>Corporate Bonds (1.0%)</i>		
137,000	<b><i>Consumer Discretionary (0.2%)</i></b> Asbury Automotive Group, Inc. 8.000%, 03/15/14	131,520
423,000	DISH Network Corp. 7.125%, 02/01/16	425,115
410,000	General Motors Corp. 7.200%, 01/15/11	61,500
464,000	Hanesbrands, Inc. 4.593%, 12/15/14	419,920
115,000	Jarden Corp. 7.500%, 05/01/17	113,850
89,000	Kellwood Company 7.625%, 10/15/17	31,261
137,000	Liberty Media Corp. 8.250%, 02/01/30	123,985
178,000	Mandalay Resort Group 7.625%, 07/15/13	141,287
133,000	MGM Mirage 7.500%, 06/01/16	102,410
	Royal Caribbean Cruises, Ltd.	



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355,000	7.500%, 10/15/27	287,550
109,000	7.250%, 06/15/16~	101,915
246,000	Service Corp. International~	
	6.750%, 04/01/16	241,695
68,000 GBP	Warner Music Group Corp.	
	8.125%, 04/15/14	103,514
		2,285,522
	<b>Consumer Staples (0.1%)</b>	
321,000	Chiquita Brands International, Inc.	
	7.500%, 11/01/14	322,605
37,000	Del Monte Foods Company*	
	7.500%, 10/15/19	37,740
301,000	NBTY, Inc.	
	7.125%, 10/01/15	295,732
	Pilgrim s Pride Corp.**	
328,000	8.375%, 05/01/17	366,540
164,000	7.625%, 05/01/15	183,680
410,000	Smithfield Foods, Inc.	
	7.750%, 07/01/17	336,200
		1,542,497
	<b>Energy (0.1%)</b>	
191,000	Chesapeake Energy Corp.	
	6.875%, 01/15/16	185,270
109,000	7.500%, 06/15/14	110,635
219,000	Comstock Resources, Inc.	
	8.375%, 10/15/17	217,905
55,000	Dresser-Rand Group, Inc.	
	7.375%, 11/01/14	54,588
82,000	GulfMark Offshore, Inc.	
	7.750%, 07/15/14	80,360
	Mariner Energy, Inc.	
191,000	8.000%, 05/15/17	180,495
82,000	11.750%, 06/30/16	90,610
137,000	Petrohawk Energy Corp.	
	7.125%, 04/01/12	137,000
82,000	Pride International, Inc.	
	8.500%, 06/15/19	92,045
137,000	Superior Energy Services, Inc.	
	6.875%, 06/01/14	134,260
55,000	Valero Energy Corp.~	
	7.500%, 06/15/15	56,341
177,000	Whiting Petroleum Corp.	
	7.250%, 05/01/12	178,106
546,000	Williams Companies, Inc.~	
	7.750%, 06/15/31μ	571,773
		2,089,388

	<b>Financials (0.2%)</b>	
1,175,000	Ford Motor Credit Company, LLC 9.875%, 08/10/11	1,202,360
	Leucadia National Corp. 8.125%, 09/15/15~	462,962
455,000		
137,000	7.000%, 08/15/13	139,055
492,000	Nuveen Investments, Inc.~* 10.500%, 11/15/15	437,880
287,000	Senior Housing Properties Trust~ 8.625%, 01/15/12	294,175
		2,536,432
	<b>Health Care (0.0%)</b>	
61,000	Bio-Rad Laboratories, Inc.~ 7.500%, 08/15/13	62,220
301,000	Psychiatric Solutions, Inc. 7.750%, 07/15/15	297,990
		360,210
	<b>Industrials (0.1%)</b>	
82,000	BE Aerospace, Inc.~ 8.500%, 07/01/18	85,485

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

7

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

OCTOBER 31, 2009

PRINCIPAL AMOUNT		VALUE
61,000	Belden, Inc. 7.000%, 03/15/17	\$ 59,170
137,000	Gardner Denver, Inc. 8.000%, 05/01/13	132,205
124,000	H&E Equipment Service, Inc. 8.375%, 07/15/16	119,970
82,000	Spirit AeroSystems Holdings, Inc.* 7.500%, 10/01/17	81,795
95,000	SPX Corp. 7.625%, 12/15/14	98,325
55,000	Terex Corp. 8.000%, 11/15/17	51,013
157,000	Trinity Industries, Inc. 6.500%, 03/15/14	155,626
137,000	Wesco Distribution, Inc. 7.500%, 10/15/17	135,459
		919,048
	<b><i>Information Technology (0.1%)</i></b>	
335,000	Advanced Micro Devices, Inc.~ 7.750%, 11/01/12	298,987
437,000	Amkor Technology, Inc. 9.250%, 06/01/16	458,850
31,000	7.750%, 05/15/13	31,039
178,000	Freescale Semiconductor, Inc. 8.875%, 12/15/14	145,515
137,000	Jabil Circuit, Inc. 8.250%, 03/15/18	146,248
199,000	Lender Processing Services, Inc. 8.125%, 07/01/16	210,442
55,000	Lexmark International, Inc. 6.650%, 06/01/18~	55,478
		1,346,559

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	<b>Materials (0.1%)</b>	
55,000	Allegheny Ludlum Corp. 6.950%, 12/15/25	48,838
82,000	Century Aluminum Company 7.500%, 08/15/14	74,620
74,000	Nalco Holding Company* 8.250%, 05/15/17	78,070
82,000	P.H. Glatfelter Company 7.125%, 05/01/16	81,693
83,000	Silgan Holdings, Inc.* 7.250%, 08/15/16	84,660
109,000	Steel Dynamics, Inc.* 8.250%, 04/15/16	110,090
299,000	Union Carbide Corp.~ 7.875%, 04/01/23μ	260,210
236,000	7.500%, 06/01/25	202,164
201,000	Westlake Chemical Corp. 6.625%, 01/15/16	190,448
		1,130,793
	<b>Telecommunication Services (0.1%)</b>	
484,000	Frontier Communications Corp. 9.000%, 08/15/31	480,370
492,000	Leap Wireless International, Inc. 9.375%, 11/01/14	479,700
397,000	Qwest Communications International, Inc. 7.750%, 02/15/31	327,525
137,000	Syniverse Technologies, Inc. 7.750%, 08/15/13	131,520
82,000	Windstream Corp. 8.625%, 08/01/16	84,665
		1,503,780
	<b>Utilities (0.0%)</b>	
382,000	Energy Future Holdings Corp.~ 10.250%, 11/01/15	273,130
	<b>TOTAL CORPORATE BONDS</b>	<b>13,987,359</b>
	<b>U.S. Government and Agency Securities (0.0%)</b>	
226,000	United States Treasury Note~ 3.125%, 11/30/09	226,583
26,000	2.125%, 01/31/10	26,136
	<b>TOTAL U.S. GOVERNMENT AND AGENCY SECURITIES</b>	<b>252,719</b>

**Sovereign Bonds (0.0%)**

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94,000 BRL	Federal Republic of Brazil 10.000%, 01/01/12	535,491
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**NUMBER OF  
CONTRACTS**

**VALUE**

*Purchased Options (0.2%) #*

	<b><i>Consumer Discretionary (0.1%)</i></b>	
	Nike, Inc. - Class B	
1,470	Call, 01/16/10, Strike \$60.00	661,500
1,350	Call, 01/16/10, Strike \$70.00	108,000
		769,500
	<b><i>Consumer Staples (0.1%)</i></b>	
	Walgreen Company	
2,400	Call, 01/16/10, Strike \$32.50	1,356,000
	<b><i>Energy (0.0%)</i></b>	
	Transocean, Ltd.	
500	Call, 01/16/10, Strike \$160.00	1,250
	<b><i>Health Care (0.0%)</i></b>	
	Gilead Sciences, Inc.	
1,580	Call, 01/16/10, Strike \$55.00	19,750

Strategic Total Return Fund

8 **ANNUAL REPORT** Schedule of Investments

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

OCTOBER 31, 2009

NUMBER OF  
CONTRACTS

## VALUE

190	<i>Information Technology (0.0%)</i> Apple, Inc. Call, 01/16/10, Strike \$170.00	\$ 460,275
	TOTAL PURCHASED OPTIONS	2,606,775
	<b>TOTAL SYNTHETIC CONVERTIBLE SECURITIES</b> (Cost \$24,283,617)	17,382,344

NUMBER OF  
SHARES

## VALUE

## CONVERTIBLE PREFERRED STOCKS (13.3%)

470,000	<i>Consumer Staples (2.1%)</i> Archer-Daniels-Midland Company 6.250%	20,092,500
18,000	Bunge, Ltd. 5.125%	10,485,000
		30,577,500
425,000	<i>Financials (3.4%)</i> American International Group, Inc. 8.500%	4,781,250
43,000	Bank of America Corp. 7.250%	36,005,620
14,000	SLM Corp. 7.250%	7,780,500
		48,567,370
170,000	<i>Health Care (2.8%)</i> Merck & Company, Inc. 6.000%	41,012,500

	<b><i>Industrials (1.1%)</i></b>	
20,000	Stanley Works μ 5.125%	16,330,000
	<b><i>Materials (3.9%)</i></b>	
390,000	Freeport-McMoRan Copper & Gold, Inc.μ 6.750%	41,730,000
20,000,000 CHF	Givaudan, SA 5.375%	14,728,531
		56,458,531
	<b>TOTAL CONVERTIBLE PREFERRED STOCKS</b> (Cost \$266,929,053)	192,945,901
<b>NUMBER OF UNITS</b>		<b>VALUE</b>
<b>STRUCTURED EQUITY-LINKED SECURITIES (4.6%) +*</b>		
	<b><i>Energy (2.7%)</i></b>	
237,000	Barclays Capital, Inc. (Noble Corp.) 12.000%, 01/29/10	\$ 9,472,890
213,000	BNP Paribas, SA (ENSCO International, Inc.)μ 12.000%, 01/29/10	9,563,700
285,000	Goldman Sachs Group, Inc. (Cameron International Corp.) 12.000%, 02/16/10	9,838,200
356,000	Goldman Sachs Group, Inc. (Halliburton Company) 12.000%, 12/23/09	9,711,680
		38,586,470
	<b><i>Health Care (0.6%)</i></b>	
245,000	Deutsche Bank, AG (Medtronic, Inc.) 11.000%, 05/27/10	8,606,850
	<b><i>Information Technology (0.6%)</i></b>	
645,700	Deutsche Bank, AG (Seagate Technology) 12.000%, 05/14/10	9,285,166
	<b><i>Materials (0.7%)</i></b>	
271,400	Credit Suisse Group (Barrick Gold Corp.) 12.000%, 04/19/10	9,691,694

**TOTAL STRUCTURED  
EQUITY-LINKED SECURITIES**

(Cost \$62,647,806)

66,170,180

**NUMBER OF  
SHARES**

**VALUE**

**COMMON STOCKS (67.8%)**

	<i><b>Consumer Discretionary (5.4%)</b></i>	
102,527	Amazon.com, Inc.µ#	12,181,233
800,000	Carnival Corp.µ	23,296,000
300,000	CBS Corp.µ	3,531,000
400,000	Harley-Davidson, Inc.µ	9,968,000
1,086,217	Walt Disney Companyµ	29,729,759
		78,705,992
	<i><b>Consumer Staples (6.6%)</b></i>	
1,275,000	Coca-Cola Companyµ	67,970,250
250,000	Kimberly-Clark Corp.µ	15,290,000
450,000	Sysco Corp.µ	11,902,500
		95,162,750
	<i><b>Energy (13.3%)</b></i>	
700,000	BP, PLCµ	39,634,000
665,000	Chevron Corp.µ	50,899,100
6,500,000 HKD	CNOOC, Ltd.	9,734,635
775,000	ConocoPhillipsµ	38,889,500

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

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

OCTOBER 31, 2009

NUMBER OF SHARES		VALUE
100,000	Diamond Offshore Drilling, Inc.	\$ 9,525,000
575,000	Marathon Oil Corp.µ	18,382,750
400,000 BRL	Petróleo Brasileiro, SA	9,196,185
50,000 EUR	Technip, SA	3,136,909
150,000 EUR	TOTAL, SA	8,976,053
125,000 AUD	Woodside Petroleum, Ltd.	5,243,204
		193,617,336
	<b><i>Financials (4.4%)</i></b>	
500,000	Bank of America Corp.µ	7,290,000
1,727,457	Citigroup, Inc.µ	7,065,299
825,000	JPMorgan Chase & Companyµ	34,460,250
158,074	Lincoln National Corp.µ	3,766,903
271,950	MetLife, Inc.µ	9,254,459
71,676	Wells Fargo & Companyµ	1,972,524
		63,809,435
	<b><i>Health Care (14.2%)</i></b>	
1,375,000	Bristol-Myers Squibb Companyµ	29,975,000
300,000	Eli Lilly and Companyµ	10,203,000
945,000	Johnson & Johnsonµ	55,802,250
1,755,000	Merck & Company, Inc.µ	54,282,150
3,300,000	Pfizer, Inc.µ	56,199,000
		206,461,400
	<b><i>Industrials (9.1%)</i></b>	
312,192	Avery Dennison Corp.µ	11,129,645
680,000	Boeing Companyµ	32,504,000
3,135,000	General Electric Companyµ	44,705,100
480,000	Honeywell International, Inc.µ	17,227,200
450,000	Masco Corp.µ	5,287,500
335,000	United Technologies Corp.µ	20,585,750

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		131,439,195
	<b>Information Technology (9.9%)</b>	
600,000	eBay, Inc.µ#	13,362,000
1,787,000	Intel Corp.µ	34,149,570
1,625,000	Microsoft Corp.µ	45,061,250
300,000	Nintendo Company, Ltd.µ	9,602,850
2,200,000	Nokia Corp.µ	27,742,000
325,000	QUALCOMM, Inc.µ	13,458,250
		143,375,920
	<b>Materials (0.7%)</b>	
400,000	Dow Chemical Companyµ	9,392,000
	<b>Telecommunication Services (4.2%)</b>	
1,225,000	AT&T, Inc.µ	31,445,750
450,000 EUR	France Telecom, SA	11,150,454
639,000	Verizon Communications, Inc.µ	18,908,010
		61,504,214
	<b>TOTAL COMMON STOCKS</b>	
	(Cost \$1,349,551,582)	983,468,242
	<b>SHORT TERM INVESTMENT (1.8%)</b>	
26,901,652	Fidelity Prime Money Market Fund - Institutional Class	
	(Cost \$26,901,652)	26,901,652
	<b>TOTAL INVESTMENTS IN SECURITIES (138.6%)</b>	
	(Cost \$2,525,264,139)	2,011,235,411
	<b>LIABILITIES, LESS OTHER ASSETS (-38.6%)</b>	(560,108,230)
	<b>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS (100.0%)</b>	\$ 1,451,127,181
	<b>NUMBER OF CONTRACTS</b>	<b>VALUE</b>
	<b>WRITTEN OPTIONS (-1.3%) #</b>	
	<b>Other (-1.3%)</b>	
	SPDR Trust Series 1	
8,700	Call, 12/19/09, Strike \$98.00	(6,742,500)
6,600	Call, 11/21/09, Strike \$109.00	(376,200)
5,850	Call, 11/21/09, Strike \$108.00	(473,850)
5,850	Call, 11/21/09, Strike \$107.00	(649,350)
5,000	Call, 11/21/09, Strike \$106.00	(747,500)
4,500	Call, 12/19/09, Strike \$97.00	(3,836,250)

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4,250	Call, 12/19/09, Strike \$96.00	(3,973,750)
3,500	Call, 12/19/09, Strike \$101.00	(1,933,750)
2,500	Call, 12/19/09, Strike \$109.00	(362,500)
	<b>TOTAL WRITTEN OPTIONS</b>	
	(Premium \$17,214,164)	(19,095,650)

Strategic Total Return Fund  
10 **ANNUAL REPORT** Schedule of Investments

See accompanying Notes to Schedule of Investments

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OCTOBER 31, 2009

**NOTES TO SCHEDULE OF INVESTMENTS**

- Variable rate or step bond security. The rate shown is the rate in effect at October 31, 2009.
- ~ Security, or portion of security, is segregated as collateral for written options and swaps aggregating a total value of \$161,289,127
- \* 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, 2009, the value of 144A securities that could not be exchanged to the registered form is \$66,170,180 or 4.6% of net assets applicable to common shareholders.
- \*\* Security is in default. Pilgrim s Pride Corp. filed for bankruptcy protection on December 1, 2008.
- μ Security, or portion of security, is held in a segregated account as collateral for note payable aggregating a total value of \$1,081,652,622. \$268,700,351 of the collateral has been re-registered by the counterparty.
- § 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 security in the parenthetical.

**FOREIGN CURRENCY ABBREVIATIONS**

<b>AUD</b>	Australian Dollar
<b>BRL</b>	Brazilian Real
<b>CHF</b>	Swiss Franc
<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**

Counterparty	Fixed Rate (Fund Pays)	Floating Rate (Fund Receives)	Termination Date	Notional Amount	Unrealized Appreciation/ (Depreciation)
BNP Paribas, SA	1.8525% quarterly	3 month LIBOR	09/14/12	\$ 108,100,000	\$ (565,671)
	2.5350% quarterly	3 month LIBOR	03/09/14	90,000,000	(791,695)

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BNP Paribas, SA					
BNP Paribas, SA	2.9700% quarterly	3 month LIBOR	07/03/14	75,000,000	(1,699,094)
BNP Paribas, SA	3.3550% quarterly	3 month LIBOR	06/09/14	60,000,000	(2,582,004)
BNP Paribas, SA	2.0200% quarterly	3 month LIBOR	03/09/12	60,000,000	(962,783)
BNP Paribas, SA	2.1350% quarterly	3 month LIBOR	07/03/12	52,000,000	(772,046)
BNP Paribas, SA	2.4700% quarterly	3 month LIBOR	06/11/12	40,000,000	(1,037,937)
					\$ (8,411,230)

Strategic Total Return Fund  
Schedule of Investments **ANNUAL REPORT** 11

See accompanying Notes to Financial Statements

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## Statement of Assets and Liabilities

**October 31, 2009****ASSETS**

Investments in securities, at value (cost \$2,525,264,139)	\$ 2,011,235,411
Cash with custodian (interest bearing)	839,375
Receivables:	
Accrued interest and dividends	19,535,939
Prepaid expenses	39,209
Other assets	157,200
 Total assets	 2,031,807,134

**LIABILITIES**

Options written, at value (premium \$17,214,164)	19,095,650
Unrealized depreciation on interest rate swaps	8,411,230
Payables:	
Note payable	539,000,000
Investments purchased	11,981,848
Affiliates:	
Investment advisory fees	1,705,907
Deferred compensation to trustees	157,200
Financial accounting fees	19,627
Trustees fees and officer compensation	992
Other accounts payable and accrued liabilities	307,499
 Total liabilities	 580,679,953

NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS \$ 1,451,127,181

**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)	(20,524,256)
Accumulated net realized gain (loss) on investments, foreign currency transactions, written options and interest rate swaps	(163,992,269)
	(524,279,981)

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

NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS \$ 1,451,127,181

Net asset value per common shares based upon 154,514,000 shares issued and outstanding \$ 9.39

Strategic Total Return Fund

12 **ANNUAL REPORT** Statement of Assets and Liabilities

See accompanying Notes to Financial Statements

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## Statement of Operations

**Year Ended October 31, 2009****INVESTMENT INCOME**

Interest	\$ 57,392,724
Dividends	56,442,407
Dividends from affiliates	75,418
Securities lending income	57,852
Foreign taxes withheld	(346,903)
Total investment income	 113,621,498

**EXPENSES**

Investment advisory fees	17,532,197
Interest expense and related fees	13,518,730
Deferred debt structuring fee	1,420,274
Auction agent and rating agency fees	358,778
Printing and mailing fees	317,060
Financial accounting fees	202,901
Registration fees	147,195
Accounting fees	118,675
Audit fees	95,789
Trustees fees and officer compensation	90,601
Legal fees	86,954
Custodian fees	46,274
Transfer agent fees	34,362
Other	121,989
Total expenses	34,091,779
Less expense reductions	(15,040)
Net expenses	34,076,739
NET INVESTMENT INCOME (LOSS)	 79,544,759

**REALIZED AND UNREALIZED GAIN (LOSS)**



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

Investments, excluding purchased options	(114,747,614)
Purchased options	(25,744,267)
Foreign currency transactions	138,048
Written options	(22,684,785)
Interest rate swaps	(6,344,937)

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

Investments, excluding purchased options	435,188,880
Purchased options	22,420,831
Foreign currency translations	236,867
Written options	(935,469)
Interest rate swaps	(6,934,589)

NET GAIN (LOSS) 280,592,965

NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS 360,137,724

**DISTRIBUTIONS TO PREFERRED SHAREHOLDERS FROM**

Net investment income (1,076,145)

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

\$ 359,061,579

Statements of Changes in Net Assets

	Year Ended October 31,	
	2009	2008
<b>OPERATIONS</b>		
Net investment income (loss)	\$ 79,544,759	\$ 112,739,897
Net realized gain (loss)	(169,383,555)	77,994,522
Change in unrealized appreciation/(depreciation)	449,976,520	(1,354,519,353)
Distributions to preferred shareholders from:		
Net investment income	(1,076,145)	(20,104,421)
Net realized gains		(12,046,709)
Net increase (decrease) in net assets applicable to common shareholders resulting from operations	359,061,579	(1,195,936,064)
<b>DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM</b>		
Net investment income	(90,770,883)	(173,441,968)
Net realized gains		(21,987,343)
Return of capital	(40,566,017)	
Net decrease in net assets from distributions to common shareholders	(131,336,900)	(195,429,311)
<b>CAPITAL STOCK TRANSACTIONS</b>		
Offering costs on common shares	(40,408)	(203,747)
Net increase (decrease) in net assets from capital stock transactions	(40,408)	(203,747)
<b>TOTAL INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</b>	<b>227,684,271</b>	<b>(1,391,569,122)</b>
<b>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</b>		
Beginning of year	\$ 1,223,442,910	\$ 2,615,012,032

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End of year	1,451,127,181	1,223,442,910
Undistributed net investment income (loss)	\$ (20,524,256)	\$ (8,936,367)

Strategic Total Return Fund

14 **ANNUAL REPORT** Statements of Changes in Net Assets

See accompanying Notes to Financial Statements

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## Statement of Cash Flows

**Year Ended October 31, 2009****CASH FLOWS FROM OPERATING ACTIVITIES:**

Net increase/(decrease) in net assets from operations	\$ 360,137,724
Adjustments to reconcile net increase/(decrease) in net assets from operations to net cash used in operating activities:	
Change in unrealized appreciation or depreciation on interest rate swaps	6,934,589
Change in written options	(6,740,400)
Purchase of investment securities	(282,995,019)
Proceeds from disposition of investment securities	505,035,703
Amortization and accretion of fixed-income securities	(902,748)
Purchase of short term investments, net	(23,862,522)
Net realized gains/losses from investments, excluding purchased options	114,747,614
Net realized gains/losses from purchased options	25,744,267
Change in unrealized appreciation or depreciation on investments, excluding purchased options	(435,188,880)
Change in unrealized appreciation or depreciation on purchased options	(22,420,831)
Net change in assets and liabilities:	
(Increase)/decrease in assets:	
Accrued interest and dividends receivable	6,430,472
Prepaid expenses	1,461,450
Other assets	(79,777)
(Increase)/decrease in liabilities:	
Payables to affiliates	(37,820)
Other accounts payable and accrued liabilities	(123,159)
 Net cash provided by/(used in) operating activities	 \$ 248,140,663

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Offering costs related to common shares sold	(142,334)
Distributions to common shareholders	(131,336,900)
Distributions to preferred shareholders	(1,221,892)
Proceeds from note payable	240,000,000
Repayments of note payable	(155,000,000)
Redemption of preferred shares	(200,000,000)
 Net cash provided by/(used in) financing activities	 \$ (247,701,126)

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Net increase/(decrease) in cash	\$	439,537
Cash at beginning of year	\$	399,838
Cash at end of year	\$	839,375
Supplemental disclosure		
Cash paid for interest and related fees	\$	13,564,780

Strategic Total Return Fund  
Statement of Cash Flows **ANNUAL REPORT** 15

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 a 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 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 fixed income securities consider yield or price of bonds 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 institutional traders, a computerized matrix system, or appraisals derived from information concerning the securities or similar securities received from recognized dealers in those securities.

Strategic Total Return Fund

16 **ANNUAL REPORT** Notes to Financial Statements

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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.

**Investment in Affiliates.** As of October 31, 2008, the Fund had holdings of \$3,039,130 in the affiliated fund, Calamos Government Money Market Fund, and as of October 31, 2009, had no holdings in the affiliated fund. During the period from November 1, 2008 through October 31, 2009, the Fund had net redemptions of \$3,039,130 and earned \$75,418 in dividends from the affiliated fund. The Calamos Government Money Market Fund was liquidated on May 15, 2009 and no subsequent investments were made in the affiliated fund thereafter.

**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.

## Notes to Financial Statements

The Fund recognized no liability for unrecognized tax benefits. 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.

**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.

**New Accounting Pronouncements.** Effective November 1, 2008, the Fund adopted the provisions of the Statement of Financial Accounting Standard No. 157, Fair Value Measurements ( SFAS 157 ). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 requires disclosure surrounding the various inputs used to determine a valuation, and these inputs are segregated into three levels. Tables summarizing the Fund's investments under these levels are shown in the Notes to Financial Statements, Note 12 Valuations.

Effective November 1, 2008, the Fund adopted the Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities (SFAS 161). SFAS 161 requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. The required disclosures are reflected in the Schedules of Investments, Statements of Operations, and in the Notes to Financial Statements, Note 6 Derivative Instruments.

**Subsequent Events.** Subsequent events have been evaluated through December 17, 2009, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

## 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). Calamos Advisors has agreed to waive a portion of its advisory fee charged to the Fund equal to the advisory fee paid by Calamos Government Money Market Fund ( GMMF, which was an affiliated fund and a series of Calamos Investments Trust) attributable to the Fund's investment in GMMF, based on daily net assets. For the year ended October 31, 2009, the total advisory fee waived pursuant to such agreement was \$15,040 and is included in the Statement of Operations under the caption Less expense reductions .

Pursuant to a financial accounting services agreement, during the year 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

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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.

Strategic Total Return Fund

18 **ANNUAL REPORT** Notes to Financial Statements

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## Notes to Financial Statements

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 investments of \$157,200 are included in Other assets on the Statement of Assets and Liabilities at October 31, 2009. 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 October 31, 2009.

## NOTE 3 INVESTMENTS

The cost of purchases and proceeds from the sale of long-term investments, for the year ended October 31, 2009 were as follows:

	U.S. Gov t Securities	Other
Cost of purchases	\$ 11,689,896	\$ 171,933,873
Proceeds from sales	2,330,000	428,061,954

The following information is presented on a federal income tax basis as of October 31, 2009. Differences between the cost basis under U.S. generally accepted accounting principles and federal income tax purposes are primarily due to temporary differences.

The cost basis of investments for federal income tax purposes at October 31, 2009 was as follows:

Cost basis of Investments	\$ 2,616,117,805
Gross unrealized appreciation	42,134,947
Gross unrealized depreciation	(647,017,341)
Net unrealized appreciation (depreciation)	\$ (604,882,394)

## NOTE 4 INCOME TAXES

For the year ended October 31, 2009, the Fund recorded the following permanent reclassifications to reflect tax character. The results of operations and net assets were not affected by these reclassifications.

Paid-in capital	\$ (40,566,017)
Undistributed net investment income/(loss)	41,280,397
Accumulated net realized gain/(loss) on investments	(714,380)

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.

Notes to Financial Statements

Distributions were characterized for federal income tax purposes as follows:

	<b>Year Ended October 31, 2009</b>	<b>Year Ended October 31, 2008</b>
<b>Distributions paid from:</b>		
Ordinary income	\$ 91,992,775	\$ 194,255,543
Long-term capital gains		34,032,862
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	
Accumulated capital and other losses	(93,495,897)
Net unrealized gains/(losses)	(615,133,647)
Total accumulated earnings/(losses)	(708,629,544)
Other	(166,962)
Paid-in capital	2,159,923,687
Net assets applicable to common shareholders	\$ 1,451,127,181

As of October 31, 2009, the Fund had a 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 October 31, 2009. Calamos Advisors owned 23,014 of the outstanding shares at October 31, 2009. Transactions in common shares were as follows:

<b>Year Ended October 31, 2009</b>	<b>Year Ended October 31, 2008</b>
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Beginning shares	154,514,000	154,514,000
Shares issued through reinvestment of distributions		
Ending shares	154,514,000	154,514,000

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.

As of October 31, 2009, the Fund had no outstanding forwards.

**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

Strategic Total Return Fund

20 ANNUAL REPORT Notes to Financial Statements

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## Notes to Financial Statements

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 in determining whether the Fund has realized a gain or loss. 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 October 31, 2009, the Fund had outstanding purchased options and/or written options as listed on the Schedule of Investments. For the year ended October 31, 2009, the Fund had the following transactions in options written:

	<b>Number of Contracts</b>	<b>Premiums Received</b>
Options outstanding at October 31, 2008	56,110	\$ 24,890,033
Options written	222,940	84,226,932
Options closed	(227,298)	(89,596,471)
Options exercised	(2)	(1,361)
Options expired	(5,000)	(2,304,969)
Options outstanding at October 31, 2009	46,750	\$ 17,214,164

**Interest Rate Risk.** The Fund may engage in interest rate swaps primarily to manage duration and yield curve risk, or as alternatives to direct investments, or 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 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.

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

Notes to Financial Statements

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 October 31, 2009, 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 October 31, 2009:

	<b>Assets</b>		<b>Liabilities</b>	
	<b>Statement of Assets &amp; Liabilities Location</b>	<b>Value</b>	<b>Statement of Assets &amp; Liabilities Location</b>	<b>Value</b>
Derivative Type:				
Purchased options	Investments in securities	\$ 2,606,775	Written options	\$ 19,095,650
	Unrealized appreciation		Unrealized depreciation	
Interest Rate contracts	on swaps		on swaps	8,411,230

VOLUME OF DERIVATIVE ACTIVITY FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2009\*

Equity:	
Purchased options	
Written options	222,940
Foreign currency contracts	
Interest rate swaps	\$ 485,100,000
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. The Agreement with BNP replaced the outstanding auction rate preferred securities, and an initial draw-down of \$880,000,000 in the prior year and an additional draw down of \$200,000,000 in the current period under the Agreement was utilized to pay off outstanding indebtedness under the outstanding auction rate preferred securities in its entirety. 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 year ended October 31, 2009, the average borrowings under the Agreement and the average interest rate were \$411,072,603 and 1.89%, respectively. As of October 31, 2009, the amount of such outstanding borrowings is \$539,000,000. The interest rate applicable to the borrowings on October 31, 2009 was 1.23%.

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

Strategic Total Return Fund

22 **ANNUAL REPORT** Notes to Financial Statements

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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 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 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 Statements 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

## Notes to Financial Statements

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 their 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 October 31, 2009, the Fund had no securities on loan.

### NOTE 11 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 are recorded as dividends on the Statement of Operations.

### NOTE 12 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).

Strategic Total Return Fund

24 **ANNUAL REPORT** Notes to Financial Statements

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

<b>Valuation Inputs</b>	<b>Value of Investment Securities</b>	<b>Other Financial Instruments</b>
Level 1 - Quoted Prices		
Common Stocks	\$ 945,226,987	\$
Convertible Preferred Stocks	143,621,870	
Synthetic Convertible Securities (Purchased Options)	2,606,775	
Written Options		(19,095,650)
Short Term Investments	26,901,652	
Level 2 - Other significant observable inputs		
Common Stocks	38,241,255	
Convertible Bonds	198,430,026	
Corporate Bonds	497,800,222	
U.S. Government and Agency Securities	9,018,674	
Sovereign Bond	19,118,170	
Convertible Preferred Stocks	49,324,031	
Synthetic Convertible Securities (Corporate Bonds, U.S. Government and Agency Securities, Sovereign Bond)	14,775,569	
Structured Equity-Linked Securities	66,170,180	
Interest Rate Swaps		(8,411,230)
<b>Total</b>	<b>\$ 2,011,235,411</b>	<b>\$ (27,506,880)</b>

## Financial Highlights

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

	Year Ended October 31,				
	2009	2008	2007	2006	2005
Net asset value, beginning of period	\$7.92	\$16.92	\$15.71	\$14.44	\$14.23
Income from investment operations:					
Net investment income (loss)	0.51**	0.73**	0.86**	0.89	0.93
Net realized and unrealized gain (loss)	1.82	(8.26)	1.89	1.86	0.48
Distributions to preferred shareholders from:					
Net investment income (common share equivalent basis)	(0.01)	(0.13)	(0.32)	(0.33)	(0.21)
Net realized gains (common share equivalent basis)		(0.08)	(0.05)		
Total from investment operations	2.32	(7.74)	2.38	2.42	1.20
Less distributions to common shareholders from:					
Net investment income	(0.59)	(1.12)	(1.01)	(0.77)	(0.71)



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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	\$9.39	\$7.92	\$16.92	\$15.71	\$14.44
Market value, end of period	\$8.11	\$6.94	\$14.70	\$14.91	\$13.71
Total investment return based on: <sup>(b)</sup>					
Net asset value	34.79%	(47.73)%	16.33%	18.03%	8.95%
Market value	32.85%	(47.28)%	6.49%	17.99%	10.35%
Net assets, end of period (000)	\$1,451,127	\$1,223,443	\$2,615,012	\$2,427,632	\$2,231,348
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>	2.81%	2.35%	1.61%	1.66%	1.67%
Gross expenses prior to expense reductions and earnings credits <sup>(c)</sup>	2.81%	2.35%	1.62%	1.66%	%

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Net investment income (loss) <sup>(c)</sup>	6.56%	5.43%	5.30%	5.92%	6.25%
Preferred share distributions	0.09%	0.97%	1.95%	2.18%	1.40%
Net investment income (loss), net of preferred share distributions from net investment income	6.47%	4.46%	3.35%	3.74%	4.85%
Portfolio turnover rate	11%	53%	48%	48%	71%
Average commission rate paid	\$0.0159	\$0.0495	\$0.0283	\$0.0342	\$0.0381
Asset coverage per preferred share, at end of period <sup>(d)</sup>	\$	\$177,949	\$85,552	\$81,216	\$76,667
Asset coverage per \$1,000 of loan outstanding <sup>(e)</sup>	\$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) Calculated by subtracting the Fund's total liabilities (not including Preferred Shares) from the Fund's total assets and dividing this by the number of Preferred Shares outstanding.

- (e) 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

26 **ANNUAL REPORT** Financial Highlights

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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 audited the accompanying statement of assets and liabilities, including the schedule of investments, of Calamos Strategic Total Return Fund (the Fund ) as of October 31, 2009, the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2009, by correspondence with the Fund's custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Fund as of October 31, 2009, the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Chicago, Illinois  
December 17, 2009

Strategic Total Return Fund  
Report of Independent Registered Public Accounting Firm **ANNUAL REPORT** 27

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Trustee Approval of Management Agreement (unaudited)

The Board of Trustees of the Fund oversees the management of the Fund, and, as required by law, determines annually whether to continue the Fund's management agreement with Calamos Advisors under which Calamos Advisors serves as the investment manager and administrator for the Fund. The Independent Trustees, who comprise more than 80% of the Board, have never been affiliated with Calamos Advisors.

In connection with their most recent consideration regarding the continuation of the management agreement, the Trustees received and reviewed a substantial amount of information provided by Calamos Advisors in response to detailed requests of the Independent Trustees and their independent legal counsel. In the course of their consideration of the agreement, the Independent Trustees were advised by their counsel and, in addition to meeting with management of Calamos Advisors, they met separately in executive session with their counsel.

At a meeting held on June 17, 2009, based on their evaluation of the information referred to above and other information, the Trustees determined that the overall arrangements between the Fund and Calamos Advisors were fair and reasonable in light of the nature, extent and quality of the services provided by Calamos Advisors and its affiliates, the fees charged for those services and other matters that the Trustees considered relevant in the exercise of their business judgment. At that meeting, the Trustees, including all of the Independent Trustees, approved the continuation of the management agreement through July 31, 2010, subject to possible earlier termination as provided in the agreement.

In connection with its consideration of the management agreement, the Board considered, among other things: (i) the nature, quality and extent of the Adviser's services, (ii) the investment performance of the Fund as well as performance information for comparable funds, (iii) the fees and other expenses paid by the Fund as well as expense information for comparable funds, (iv) the profitability of the Adviser and its affiliates from their relationship with the Fund, (v) whether economies of scale may be realized as the Fund grows and whether fee levels share with Fund investors economies of scale and (vi) other benefits to the Adviser from its relationship with the Fund. In the Board's deliberations, no single factor was responsible for the Board's decision to approve continuation of the management agreements.

**Nature, Extent and Quality of Services**

The Board's consideration of the nature, extent and quality of the Adviser's services to the Fund took into account the knowledge gained from the Board's meetings with the Adviser throughout the prior year. In addition, the Board considered: the Adviser's long-term history of managing the Fund; the consistency of investment approach; the background and experience of the Adviser's investment personnel responsible for managing the Fund; the Adviser's performance as administrator of the Fund, including, among other things, in the areas of brokerage selection, trade execution, compliance and shareholder communications; and frequent favorable recognition of the Adviser in the media and in industry publications. The Board also reviewed the Adviser's resources and key personnel involved in providing investment management services to the Fund, including the time that investment personnel devote to the Fund and the investment results produced by the Adviser's in-house research. The Board also noted the significant personal investments that the Adviser's key investment personnel have made in the Fund, which further aligns the interests of the Adviser and its personnel with those of the Fund's shareholders. The Board also considered compliance reports about the Adviser from the Fund's Chief Compliance Officer. The Board concluded that the nature, extent and quality of the services provided by the Adviser to the Fund were appropriate and consistent with the management agreements and that the Fund was likely to continue to benefit from services provided under its management

agreement with the Adviser.

### **Investment Performance of the Fund**

The Board considered the Fund's investment performance over various time periods, including how the Fund performed compared to the median performance of a group of comparable funds (the Fund's Universe Median ) selected by Lipper, Inc., an independent data service provider. The performance periods considered by the Board ended on March 31, 2009. Where available, the Board considered one-, three-, five- and ten-year performance.

The Board considered the Fund's net asset value performance, noting that the Fund outperformed its Universe Median during the one-, three- and five-year periods.

Strategic Total Return Fund

28 **ANNUAL REPORT** Trustee Approval of Management Agreement

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Trustee Approval of Management Agreement (unaudited)

For the reasons noted above, the Board concluded that continuation of the management agreement for the Fund was in the best interest of the Fund and its shareholders.

**Costs of Services Provided and Profits Realized by the Adviser**

Using information provided by Lipper, the Board evaluated the Fund's actual management fee rate compared to the median management fee rate for other mutual funds similar in size, character and investment strategy (the Fund's Expense Group), and the Fund's total expense ratio compared to the median total expense ratio of the Fund's Expense Group.

The Board considered that the Fund's management fee rate and total expense ratio are higher than the respective medians of the Fund's Expense Group. The Board, in its consideration of expenses, also took into account its review of the Fund's performance.

The Board also reviewed the Adviser's management fee rates for its institutional separate accounts and for its sub-advised funds (for which the Adviser provides portfolio management services only). The Board noted that while, generally, the rates of fees paid by those clients were lower than the rates of fees paid by the Fund, the differences reflected the Adviser's significantly broader scope of services regarding the Fund, and the more extensive regulatory obligations and risks associated with managing the Fund.

The Board also considered the Adviser's costs in serving as the Fund's investment adviser and manager, including costs associated with technology, infrastructure and compliance necessary to manage the Fund. The Board reviewed the Adviser's methodology for allocating costs among the Adviser's lines of business. The Board also considered information regarding the structure of the Adviser's compensation program for portfolio managers, analysts and certain other employees and the relationship of such compensation to the attraction and retention of quality personnel. Finally, the Board reviewed information on the profitability of the Adviser in serving as the Fund's investment manager and of the Adviser and its affiliates in all of their relationships with the Fund, as well as an explanation of the methodology utilized in allocating various expenses among the Fund and the Adviser's other business units. Data was provided to the Board with respect to profitability, both on a pre- and post-marketing cost basis. The Board also reviewed the annual report of the Adviser's parent company and discussed its corporate structure.

After its review of all the matters addressed, including those outlined above, the Board concluded that the rate of management fee paid by the Fund to the Adviser was reasonable in light of the nature and quality of the services provided.

**Economies of Scale and Fee Levels Reflecting Those Economies**

In reviewing the Fund's fees and expenses, the Trustees examined the potential benefits of economies of scale and whether any economies of scale should be reflected in the Fund's fee structure. They noted that the Fund has had a relatively stable asset base since commencement of operation and that there do not appear to have been any significant economies of scale realized since that time.

**Other Benefits Derived from the Relationship with the Fund**

The Board also considered other benefits that accrue to the Adviser and its affiliates from their relationship with the Fund. The Board concluded that, other than the services to be provided by the Adviser and its affiliates pursuant to their agreements with the Fund and the fees payable by the Fund therefore, the Fund and the Adviser may potentially benefit from their relationship with each other in other ways.

The Board also considered the Adviser's use of a portion of the commissions paid by the Fund on their portfolio brokerage transactions to obtain research products and services benefiting the Fund and/or other clients of the Adviser and concluded, based on reports from the Fund's Chief Compliance Officer, that the Adviser's use of soft commission dollars to obtain research products and services was consistent with regulatory requirements.

After full consideration of the above factors as well as other factors that were instructive in their consideration, the Trustees, including all of the Independent Trustees, concluded that the continuation of the management agreement with the Adviser was in the best interest of the Fund and its shareholders.



Tax Information (unaudited)

We are providing this information as required by the Internal Revenue Code (Code). The amounts shown may differ from those elsewhere in this report due to differences between tax and financial reporting requirements. In January 2010, shareholders will receive Form 1099-DIV which will include their share of qualified dividends and capital gains distributed during the calendar year 2009. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

Under Section 854(b)(2) of the Code, the Fund hereby designates \$49,072,087 or the maximum amount allowable under the Code, as qualified dividends for the fiscal year ended October 31, 2009.

Under Section 854(b)(2) of the Code, the Fund hereby designates 50.63% of the ordinary income dividends as income qualifying for the corporate dividends received deduction for the fiscal year ended October 31, 2009.

Strategic Total Return Fund

30 **ANNUAL REPORT** Tax Information

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Trustees & Officers (unaudited)

The management of the Trust, including general supervision of the duties performed for each Fund under the investment management agreement between the Trust and Calamos Advisors, is the responsibility of its board of trustees. Each trustee elected will hold office for the lifetime of the Trust or until such trustee's earlier resignation, death or removal; however, each trustee who is not an interested person of the Trust shall retire as a trustee at the end of the calendar year in which the trustee attains the age of 72 years.

The following table sets forth each trustee's name, age at October 31, 2009, position(s) with the Trust, number of portfolios in the Calamos Fund Complex overseen, principal occupation(s) during the past five years and other directorships held, and date first elected or appointed. Each trustee oversees each Fund of the Trust.

Name and Age	Position(s) with Trust	Portfolios in Fund Complex <sup>U</sup> Overseen	Principal Occupation(s) and Other Directorships
<b>Trustees who are interested persons of the Trust:</b>			
John P. Calamos, Sr., 69*	Trustee and President (since 2003)	19	Chairman, CEO, and Co-Chief Investment Officer Calamos Asset Management, Inc. ( CAM ), Calamos Holdings LLC ( CHLLC ) and Calamos Advisors LLC and its predecessor ( Calamos Advisors ), and President and Co-Chief Investment Officer, Calamos Financial Services LLC and its predecessor ( CFS ); Director, CAM
<b>Trustees who are not interested persons of the Trust:</b>			
Joe F. Hanauer, 72**	Trustee (since 2003)	19	Private investor; Chairman and Director, Move, Inc., (internet provider of real estate information and products); Director, Combined Investments, L.P. (investment management)
Weston W. Marsh, 59	Trustee (since 2003)	19	Of Counsel and, until December 31, 2006, Partner, Freeborn & Peters (law firm)
John E. Neal, 59	Trustee (since 2003)	19	Private investor; formerly Managing Director, Banc One Capital Markets, Inc. (investment banking) (2000-2004); Director, Focused Health Services (private disease management company), Equity Residential

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(publicly-owned REIT); Partner, Private Perfumery LLC (private label perfume company); Linden LLC (health care private equity) and Greenspire Properties LLC (private homebuilder and real estate development company)

William R. Rybak, 58	Trustee (since 2003)	19	Private investor; formerly Executive Vice President and Chief Financial Officer, Van Kampen Investments, Inc. and subsidiaries (investment manager); Director, Howe Barnes Hoefler Arnett, Inc. (investment services firm) and PrivateBancorp, Inc. (bank holding company); Trustee, JNL Series Trust, JNL Investors Series Trust and JNL Variable Fund LLC***
Stephen B. Timbers, 65	Trustee (since 2004); Lead Independent Trustee (since 2005)	19	Private investor; formerly Vice Chairman, Northern Trust Corporation (bank holding company); formerly President and Chief Executive Officer, Northern Trust Investments, N.A. (investment manager); formerly President, Northern Trust Global Investments, a division of Northern Trust Corporation and Executive Vice President, The Northern Trust Corporation
David D. Tripple, 65	Trustee (since 2006)	19	Private investor; Trustee, Century Shares Trust and Century Small Cap Select Fund****

- \* Mr. Calamos is an interested person of the Trust as defined in the 1940 Act because he is an affiliate of Calamos Advisors and CFS. Mr. Calamos is the uncle of Nick P. Calamos, Vice President of the Trust.
- \*\* Mr. Hanauer will retire as of December 31, 2009, in accordance with the board's retirement policy with respect to independent trustees. There is no current intention to fill such vacancy.
- \*\*\* Overseeing 109 portfolios in fund complex
- \*\*\*\* Overseeing 2 portfolios in fund complex

Û The Fund Complex consists of CALAMOS Investment Trust, CALAMOS Advisors 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.

The address of each trustee is 2020 Calamos Court, Naperville, Illinois 60563.



## Trustees &amp; Officers (unaudited)

**Officers.** The preceding table gives information about John P. Calamos, Sr., who is president of the Trust. The following table sets forth each other officer's name, age at October 31, 2009, position with the Trust and date first appointed to that position, and principal occupation(s) during the past five years. Each officer serves until his or her successor is chosen and qualified or until his or her resignation or removal by the board of trustees.

Name and Age	Position(s) with Trust	Principal Occupation(s) During Past 5 Years
Nimish S. Bhatt, 46	Vice President and Chief Financial Officer (since 2007)	Senior Vice President and Director of Operations, CAM, CHLLC, Calamos Advisors and CFS (since 2004); prior thereto, Senior Vice President, Alternative Investments and Tax Services, The BISYS Group, Inc.
Nick P. Calamos, 48	Vice President (since 2003)	Senior Executive Vice President and Co-Chief Investment Officer, CAM, CHLLC, Calamos Advisors and CFS
James J. Boyne, 43	Vice President (since 2008)	Senior Vice President, General Counsel and Secretary, Calamos Advisors (since 2008); prior thereto, Chief Operating Officer, General Counsel and Executive Managing Director of McDonnell Investment Management, LLC (2001-2008)
Stathy Darcy, 43	Secretary (since 2007)	Vice President and Deputy General Counsel Mutual Funds, Calamos Advisors (since 2006); prior thereto, Partner, Chapman and Cutler LLP (law firm)
Mark Mickey, 58	Chief Compliance Officer (since 2005)	Chief Compliance Officer, Calamos Funds (since 2005) and Chief Compliance Officer, Calamos Advisors (2005-2006); Director of Risk Assessment and Internal Audit, Calamos Advisors (2003-2005);

The address of each officer is 2020 Calamos Court, Naperville, IL 60563.

**Proxy Voting Policies.** A description of the CALAMOS Proxy Voting Policies and Procedures is available by calling (800) 582-6959, by visiting its website at [www.calamos.com](http://www.calamos.com) or by writing CALAMOS at: CALAMOS INVESTMENTS, Attn: Client Services, 2020 Calamos Court, Naperville, IL 60563, and on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

Strategic Total Return Fund

32 ANNUAL REPORT Trustees & Officers

## 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

34 **ANNUAL REPORT** Level Rate Distribution Policy and Automatic Dividend Reinvestment Plan

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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 10/31/09**

**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

36 **ANNUAL REPORT** Calamos Closed-End Funds

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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.

(a) As of the end of the period covered by this report, the registrant has adopted a code of ethics (the Code of Ethics ) that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or person performing similar functions.

(b) No response required.

(c) The registrant has not amended its Code of Ethics as it relates to any element of the code of ethics definition enumerated in paragraph(b) of this Item 2 during the period covered by this report.

(d) The registrant has not granted a waiver or an implicit waiver from its Code of Ethics during the period covered by this report.

(e) Not applicable.

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

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

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

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) Audit Fee \$60,741 and \$74,580 are the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant to the registrant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

(b) Audit-Related Fees \$49,819 and \$69,326 are the aggregate fees billed in each of the last two fiscal years for assurance and related services rendered by the principal accountant to the registrant that are reasonably related to the performance of the audit of the

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registrant's financial statements and are not reported under paragraph (a) of this Item 4.

(c) Tax Fees \$9,668 and \$4,625 are the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant to the registrant for tax compliance, tax advice and tax planning.

(d) All Other Fees \$0 and \$26,083 are the aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant to the registrant, other than the services reported in paragraph (a)-(c) of this Item 4.

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

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

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

(e)(2) No percentage of the principal accountant's fees or services described in each of paragraphs (b) (d) of this Item were approved pursuant to the waiver provision paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

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

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(g) \$9,668 and \$30,708 are the aggregate non-audit fees billed in each of the last two fiscal years for services rendered by the principal accountant to the registrant. \$0 and \$0 are the aggregate non-audit fees billed in each of the last two fiscal years for services rendered by the principal accountant to the investment adviser or any entity controlling, controlled by or under common control with the adviser.

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

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

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

**ITEM 6. SCHEDULE OF INVESTMENTS**

Included in the Report to Shareholders in Item 1.

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

The registrant has delegated authority to vote all proxies relating to the Fund's portfolio securities to the Fund's investment adviser, Calamos Advisors LLC ( Calamos Advisors ). The Calamos Advisors Proxy Voting Policies and Procedures are included as an Exhibit hereto.

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

(a)(1) As of October 31, 2009, the registrant is lead by a team of investment professionals. The Co-Chief Investment Officers and senior strategy analysts are responsible for the day-to-day management of the registrant's portfolio: During the past five years, John P. Calamos, Sr. has been President and Trustee of the Fund and chairman, CEO and Co-CIO of the Fund's investment adviser, Calamos Advisors LLC and its predecessor company ( Calamos Advisors ). Nick P. Calamos has been Vice President and Trustee of the Fund (through June 2006) and Senior Executive Vice President and Co-CIO of Calamos Advisors and its predecessor company. John P. Calamos, Jr., Executive Vice President of Calamos Advisors, joined the firm in 1985 and has held various senior investment positions since that time. John Hillenbrand joined Calamos Advisors in 2002 and has been a senior strategy analyst since August 2002. Steve Klouda joined Calamos Advisors in 1994 and has been a senior strategy analyst since July 2002. Jeff Scudieri joined Calamos Advisors in 1997 and has been a senior strategy analyst since September 2002. Jon Vacko joined Calamos Advisors in 2000 and has been a senior strategy analyst since July 2002.

(a)(2) The portfolio managers also have responsibility for the day-to-day management of accounts other than the registrant. Information regarding these other accounts is set forth below.

**NUMBER OF OTHER ACCOUNTS MANAGED AND ASSETS BY ACCOUNT TYPE AS OF OCTOBER 31, 2009**

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	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Accounts	Assets	Accounts	Assets	Accounts	Assets
John P. Calamos Sr.	25	22,748,397,468	12	1,001,310,525	15,250	6,785,062,461
Nick P. Calamos	25	22,748,397,468	12	1,001,310,525	15,250	6,785,062,461
John P. Calamos, Jr.	25	22,748,397,468	12	1,001,310,525	15,250	6,785,062,461
John Hillenbrand	24	21,260,814,709	10	982,219,618	15,250	6,785,062,461
Steve Klouda	24	21,260,814,709	10	982,219,618	15,250	6,785,062,461
Jeff Scudieri	24	21,260,814,709	10	982,219,618	15,250	6,785,062,461
Jon Vacko	24	21,260,814,709	10	982,219,618	15,250	6,785,062,461

Number of Accounts and Assets for which Advisory Fee is Performance Based as of: October 31, 2009

	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Accounts	Assets	Accounts	Assets	Accounts	Assets
John P. Calamos Sr.	3	275,835,829	2	19,090,907	0	
Nick P. Calamos	3	275,835,829	2	19,090,907	0	
John P. Calamos, Jr.	3	275,835,829	2	19,090,907	0	
John Hillenbrand	3	275,835,829	0		0	
Steve Klouda	3	275,835,829	0		0	
Jeff Scudieri	3	275,835,829	0		0	
Jon Vacko	3	275,835,829	0		0	

Other than potential conflicts between investment strategies, the side-by-side management of both the Fund and other accounts may raise potential conflicts of interest due to the interest held by Calamos Advisors in an account and certain trading practices used by the portfolio managers (e.g., cross trades between a Fund and another account and allocation of aggregated trades). Calamos Advisors has developed policies and procedures reasonably designed to mitigate those conflicts. For example, Calamos Advisors will only place cross-trades in securities held by the Fund in accordance with the rules promulgated under the 1940 Act and has adopted policies designed to ensure the fair allocation of securities purchased on an aggregated basis.

The portfolio managers advise certain accounts under a performance fee arrangement. A performance fee arrangement may create an incentive for a portfolio manager to make investments that are riskier or more speculative than would be the case in the absence of performance fees. A performance fee arrangement may result in increased compensation to the portfolio managers from such accounts due to unrealized appreciation as well as realized gains in the client's account.

(a)(3) Calamos Advisors has developed and implemented a number of incentives that reward the professional staff to ensure that key employees are retained. Calamos Advisors' senior management has established salary, short and long term incentive programs and benefit programs that we believe are competitive. Calamos Advisors' incentive programs are based on investment performance, professional performance and an individual's overall contribution. These goals and measures are established and reviewed on an annual basis during performance reviews. As of October 31, 2009, each portfolio manager receives compensation in the form of an annual base salary and a discretionary target bonus, each payable in cash. Their discretionary target bonus is set at a percentage of the respective base salary. The amounts paid to the portfolio managers and the criteria utilized to determine the amounts are benchmarked against industry specific data provided by a third party analytical agency. The compensation structure does not differentiate between the Funds and other accounts managed by the portfolio managers, and is determined on an overall basis, taking into consideration the performance of the various strategies managed by the portfolio managers. Portfolio performance, as measured by risk-adjusted portfolio performance, is utilized to determine the discretionary target bonus, as well as overall performance of Calamos Advisors. Portfolio managers are eligible to receive annual non-equity awards under a long term incentive compensation program, set at a percentage of the respective base salary.

(a)(4) As of October 31, 2009, the end of the registrant's most recently completed fiscal year, the dollar range of securities beneficially owned by each portfolio manager in the registrant is shown below:

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**Portfolio Manager**

John P. Calamos Sr.  
Nick P. Calamos  
John P. Calamos, Jr.  
John Hillenbrand  
Steve Klouda  
Jeff Scudieri  
Jon Vacko

**Registrant**

Over \$1,000,000  
\$500,001-\$1,000,000  
\$10,001-\$50,000  
None  
None  
None  
None

(b) Not applicable.

**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

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

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

(a)(2)(iii) Proxy

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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: December 30, 2009

By: /s/ Nimish S. Bhatt

Name: Nimish S. Bhatt

Title: Principal Financial Officer

Date: December 30, 2009

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: December 30, 2009

By: /s/ Nimish S. Bhatt

Name: Nimish S. Bhatt

Title: Principal Financial Officer

Date: December 30, 2009