

CALAMOS STRATEGIC TOTAL RETURN FUND

Form N-CSRS

July 03, 2007

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**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: James S. Hamman, Jr., Secretary,  
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, 2007

DATE OF REPORTING PERIOD: November 1, 2006 through April 30, 2007

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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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**Managing Your Calamos Funds Investments**

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

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**Letter to Shareholders**

Dear Fellow Shareholders:

Enclosed is your semiannual report for the six months ended April 30, 2007. As always, we value the opportunity to communicate with you and encourage you to review these materials with care. You will find share price and NAV performance information, commentary about the Fund and markets, portfolio allocations, as well as a complete listing of holdings and financial highlights.

As you will learn in this report, the Fund posted a solid gain for the period and continued to provide a stable monthly dividend to shareholders. We believe the Fund's performance both during the period and since its inception speaks to the value of dynamically blending securities from different asset classes to pursue returns and manage risk.

This year marks an important milestone for us 30 years of helping investors achieve their long-term goals. When I look back to 1977, in many ways, it was a very different world. Personal computers were years away from being standard office equipment, and we still did calculations with pencils, paper and French curves. The Dow Jones Industrial Average was trading well below the 13,000 close it achieved in April. In fact, it was trading below 1,000! Without the benefit of today's technologies, we were less connected to other countries and markets.

Although much has changed since 1977, the core values that guided Calamos Investments then continue to inform each decision we make today. We place you, our shareholders, first. We recognize the assets you entrust with us are the result of hard work and carefully thought-out choices. We regard the management of your assets as both a responsibility and an honor one which we welcome with the utmost dedication.

We continue to believe strongly in the value of teamwork. Each Calamos fund is managed by a team of investment professionals. In our view, teams maximize individual talent and the best ideas emerge from an environment of collaboration. As we have grown, we have continued to strengthen our team by adding new and talented associates. I'm pleased to announce that during these past six months, this growth has continued with the addition of seasoned fixed-income and cash management investment professionals to our ranks.

Thirty years ago, innovative and entrepreneurial spirit served to set us apart. Then, we were using convertible securities which were little understood to maximize return potential while managing risk. Throughout our history, we have continually challenged ourselves to understand and maximize the potential of the evolving marketplace indeed, the world. We believe that globalization has given rise to truly exciting opportunities for growth and progress, and believe that this fund is well positioned to participate in the dynamic global marketplace.

|                        |   |   |
|------------------------|---|---|
| Letter to Shareholders | Strategic Total Return Fund<br><b>SEMIANNUAL REPORT</b> | 1 |
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Letter to Shareholders

We view the long-term results we achieve for you as the most important measure of our success. Consistent with this, we seek to invest ahead of events rather than chase performance, and always keep a close eye on understanding and managing risk. As we have for 30 years, we view this focus on risk management on protecting your principal over the long-term as a key differentiator of our investment process.

If you have any questions about your portfolio, please contact your financial advisor, or, contact us at 800.582.6959, Monday through Friday from 8:00 a.m. to 6:00 p.m., Central Time.

We thank you for your trust and look forward to helping you achieve your financial goals in the years to come.

Sincerely,

**John P. Calamos, Sr.**

Chairman, CEO and Co-CIO

Calamos Advisors LLC

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

|   |   |                        |
|---|---|------------------------|
| 2 | Strategic Total Return Fund<br><b>SEMIANNUAL REPORT</b> | Letter to Shareholders |
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**Economic and Market Review**

*For the latest market and economic outlook, please visit our website at [www.calamos.com](http://www.calamos.com) and select the *Individual Investors* button.*

For the six months ended April 30, 2007, the major markets marched ahead. Gains were earned against a backdrop of continued global economic growth and corporate profitability and towards the end of the period, an increase in volatility in the equity markets. In the first quarter, Alan Greenspan's comments about the potential for a recession in the United States roiled markets around the globe. The slide of the U.S. sub-prime mortgage market and the deflation of the housing bubble further unsettled investors.

As the period came to a close, indications of a change in leadership in the equity and convertible markets may have begun to emerge. Concerns over weaker economic growth prompted investors to reassess the risks in the market and, specifically, the prices they have paid for the securities they own. In 2006 and during the first months of 2007, the market rewarded stocks with more cyclical long-term earnings growth prospects, particularly in the United States. After the market correction in February, however, investors began to favor quality companies with stable growth prospects. Echoing these trends, higher quality convertible securities outperformed during the final portion of the reporting period.

The high-yield market benefited from strong issuance, particularly in 2007; and defaults have remained near record lows. Unlike the equity markets, which experienced considerable volatility throughout the period, the high-yield market climbed at a fairly steady pace. Lower-quality credits outperformed the higher tiers of the high-yield universe for the period. Credit spreads remained narrow, particularly in the CCC segment of the market.

Convertible securities continued to offer investors compelling opportunities. Issuance remained strong, particularly in 2007, and valuations continued to improve. For the six-month period overall, investors rewarded lower-quality convertible securities most; speculative-grade issues outperformed investment-grade issues. From a sector perspective, cyclical and value-oriented companies outperformed growth sectors. However, as in the equity markets, indications emerged that the tide may be turning away from cyclical and lower-quality issues. After the February market correction, investors began to return their attention to higher-quality, growth-oriented convertibles.

We believe the economy is sound and a recession is not imminent. While gas prices have increased again, core inflation is in an acceptable range. Under Chairman Bernanke, the Fed has done a good job of managing the economy and has sufficient room to move rates either up or down. On the whole, consumers have access to credit. Productivity and labor trends remain positive. Despite higher prices at the gas pump, consumer trends are strong, with good gains in wage growth supporting consumer spending. Earnings growth seems likely to drop from double-digit levels in 2006, but we believe this is simply a return to more normal levels. Merger-and-acquisition activity and stock buy-backs also further the case that corporate America appears to be on solid ground.

Although the housing market remains a source of apprehension for many, it is important to remember the strength of the economy is due to its diversification, productivity gains, inflation containment and global reach. For example, since the 1980s, the U.S. economy has experienced rolling recessions in various sectors (including agriculture, commodities, banking, information technology) while avoiding a significant overall decline.

History has shown that even during periods of economic slowdown, the markets may offer considerable upside potential. This has held true during the semiannual period. Looking forward, we believe many opportunities exist for long-term investors, across asset classes. With its broad diversification among stocks, corporate bonds and convertibles, Calamos Strategic Total Return Fund is well positioned, in our view, to pursue income and total return.

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

**Table of Contents****Investment Team Interview**

In the following interview, the Calamos Investment Team, led by Co-Chief Investment Officers John P. Calamos, Sr. and Nick P. Calamos, CFA, discuss the Fund's performance, strategy and positioning during the six-month period ended April 30, 2007.

**TOTAL RETURN\*****Common Shares Inception 03/26/04**

|                | <b>6<br/>Months</b> | <b>1 Year</b> | <b>Since<br/>Inception**</b> |
|----------------|---------------------|---------------|------------------------------|
| On Share Price | 7.77%               | 20.51%        | 8.36%                        |
| On NAV         | 9.62                | 15.66         | 12.47                        |

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

\*\* Annualized since inception.

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

A. Calamos Strategic Total Return Fund (CSQ) posted strong gains over the semiannual period. Its underlying portfolio (as represented by net asset value, or NAV) returned 9.62% for the six-month period, outpacing the all-equity S&P 500 Index,<sup>1</sup> up 8.60%. On a market price basis, the Fund returned 7.77%.

The Fund continued to provide shareholders with a steady level of income. Throughout the period, the Fund delivered a stable monthly distribution of \$0.0975 per share.

**DISTRIBUTION HISTORY (LATEST 12 MONTHS)**

| <b>Date Paid</b> | <b>Per Share</b> |
|------------------|------------------|
| April            | \$0.0975         |
| March            | 0.0975           |
| February         | 0.0975           |
| January          | 0.0975           |
| December         | 0.0975           |
| November         | 0.0975           |
| October          | 0.0975           |
| September        | 0.0975           |
| August           | 0.0975           |
| July             | 0.0975           |
| June             | 0.0975           |
| May              | 0.0975           |

Includes  
\$0.0604 in net  
realized  
short-term  
capital gains  
and \$0.0371 in  
net investment  
income.

Monthly distributions are from net investment income, short-term capital gains and/or long-term capital gains. For more details please go to the Tax Center located at [www.calamos.com](http://www.calamos.com).

**Q. Before you discuss the performance of the Fund in greater detail, can you provide an overview of its strategy?**

A. The Fund offers investors a defensive approach to equity participation and an attractive monthly distribution. In pursuit of capital gains and income, the Fund opportunistically combines equities, convertible bonds and higher-yielding corporate securities. By dynamically investing across asset classes, the Fund seeks to manage risk and enhance return through full market cycles. In effect, the Fund seeks to participate in long-term upward trends of the equity markets but with the added benefit and potential downside protection of a stable monthly distribution.

**Q. How is the Fund positioned?**

A. As of the close of the period, common stocks represented approximately 47% of total investments, convertible securities represented approximately 28% and corporate bonds represented approximately 25%. Given our view that the economy has entered a period of mid-cycle slowdown, we've focused on traditional growth sectors, such as financials, consumer discretionary and health care. We're seeking companies with steady prospects for earnings growth, good cash

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## Investment Team Interview

flow, high return on invested capital, capable management and sound business strategies. In contrast, we are avoiding more cyclical areas of the market, where earnings growth prospects are entirely dependent on commodity prices or the health of the economy.

Overall, we are favoring higher quality credits within the convertible and corporate bond segments of the portfolio, investing very selectively in the more speculative tiers of the credit universe. Also, within the Fund's convertible stake, we are emphasizing issues with a greater degree of equity sensitivity.

**Q. What factors helped performance?**

A. The Fund's advance was broad based, fuelled by positive returns across all market sectors. Security selection in consumer discretionary was particularly helpful, with holdings in the media and auto industries among the notable leaders. Consumer staples were another strong area for the Fund. Here, soft drink and packaged foods companies did especially well.

On an asset class level, the stock, convertible and corporate bond allocations of the portfolio all contributed positively to performance, with equities and convertibles leading. Additionally, within the convertible stake, a bias toward equity sensitive issues proved advantageous as the stock market advanced rapidly.

**SECTOR ALLOCATION**

|                            |       |
|----------------------------|-------|
| Financials                 | 20.5% |
| Consumer Discretionary     | 19.8  |
| Health Care                | 12.4  |
| Energy                     | 9.2   |
| Consumer Staples           | 8.6   |
| Information Technology     | 8.1   |
| Telecommunication Services | 7.8   |
| Industrials                | 6.8   |
| Materials                  | 3.1   |
| Utilities                  | 2.8   |

Sector allocations are based on net assets and may vary over time.

**Q. What factors hindered performance?**

A. Security selection in the energy sector detracted from relative performance. Here, we favored companies with better prospects for sustainable growth, such as service-oriented names. While these holdings posted good gains in absolute terms, the strongest performers in the index were companies whose earnings prospects are more dependent on commodity prices and the economy. We believe that in a period of mid-cycle slowdown, there may be considerably more downside than upside in the most commodity-driven names. Selection in the materials sector also hindered relative performance.

Within our corporate and convertible bond stakes, a quality bias tempered relative performance. We believe, however, that a quality emphasis is more appropriate in a period of mid-cycle slowdown. For us, a higher coupon or income stream cannot make up for a default.

**Q. How did your leverage strategy influence performance over the period?**

A. Our leverage activities enhanced the returns to the Fund's common shareholders. (See [Leverage](#) for more information). Leverage strategies typically involve borrowing at very short-term rates and investing the proceeds at long-term rates of return. As short-term rates rise, the cost of borrowing increases, which may make leverage strategies less profitable. During the period, short-term and long-term rates generally held steady.

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## Investment Team Interview

However, we have been able to mitigate the influence of rate increases through our use of interest rate swaps. We had locked in a majority of the cost of leverage earlier in the interest rate cycle, when rates were lower. (For more on the Fund's use of leverage and interest rate swaps, see the section "Leverage.")

Additionally, it is important to note that the Fund is a total-return oriented offering, with investments in a broader pool of securities than funds with a pure income focus. We continued to find attractive opportunities across asset classes with returns that more than offset the cost of our borrowing activities.

**QUALITY ALLOCATION**

|                                 |      |
|---------------------------------|------|
| Weighted Average Credit Quality | BB+  |
| AAA                             | 2.9% |
| AA                              | 3.3  |
| A                               | 11.6 |
| BBB                             | 15.2 |
| BB                              | 27.2 |
| B                               | 24.7 |
| CCC or below                    | 8.1  |
| Not Rated                       | 7.0  |

Data is based on portfolio holdings. Credit quality shown reflects the higher of the ratings of Standard & Poor's Corporation or Moody's Investors Service, Inc. Ratings are relative, subjective and not absolute standards of quality. Excludes equity securities and cash.

**Q. As of the close of the period, the Fund was trading at a modest discount of 6.69%. In your opinion, how should investors evaluate this discount?**

A. In the first four months of 2007, many new closed-end funds were brought to market, changing the supply/demand trends in the closed-end market. In our view, these short-term factors contributed to the discount. For long-term investors, this discount may be viewed as an opportunity to invest in an established portfolio with demonstrated track record, at a value price. We believe that the Fund's NAV returns and steady distributions over both the reporting period and longer time periods speak to the value of the Fund within an overall asset allocation.

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

A. We're optimistic about the prospects of the Fund. As we noted in the Economic and Market Review, we believe that a great deal of long-term potential exists across asset classes even during a period of mid-cycle slowdown. With its opportunistic blend of equities, convertible bonds and corporate bonds, the Fund may serve as a compelling portfolio cornerstone.

Good corporate profitability and global economic growth along with merger-and-acquisition activity are among the factors which should continue to provide support for stocks. Within the equity market, we believe that traditional, higher quality growth companies offer the most compelling prospects.

We believe that the inclusion of convertible securities in the Fund will continue to benefit shareholders. As we noted, convertible securities tend to benefit from rising equity markets and volatility. Higher volatility tends to increase the value of the bond's conversion feature. Although valuations have improved, our research shows that the convertible market still offers attractively valued securities. We remain most interested in convertibles that offer a higher degree of equity sensitivity.

The health of corporate America should continue to provide support for financially sound high-yield issuers. However, given that the economy is slowing, we believe that the most speculative high-yield securities merit particular caution. Consistent with our view that the U.S. economy has entered a period of mid-cycle slowdown, we're continuing to emphasize investment grade issues and issues from the higher tiers of



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Investment Team Interview

the high-yield universe, while avoiding truly distressed issues. A great deal of credit has been extended during the past few years, and investors seem to be complacent in owning virtually any corporate debt; this is underscored by historically tight spreads in the CCC rated segment of the debt market. We believe a more prudent approach is the better course.

<sup>1</sup> The S&P 500 Index is an unmanaged index generally considered representative of the U.S. stock market. Source: Lipper Analytical Services.

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| <b>PRINCIPAL<br/>AMOUNT</b>    |   | <b>VALUE</b> |
|--------------------------------|---|--------------|
| <b>CORPORATE BONDS (36.0%)</b> |   |              |
|                                | <i>Consumer Discretionary (12.0%)</i>               |              |
| \$ 4,518,000                   | Asbury Automotive Group, Inc.<br>8.000%, 03/15/14   | \$ 4,630,950 |
| 10,261,000                     | Beazer Homes USA, Inc.<br>8.375%, 04/15/12          | 10,235,348   |
| 4,518,000                      | Boyd Gaming Corp.^<br>7.750%, 12/15/12              | 4,721,310    |
| 8,358,000                      | DIRECTV Financing Company, Inc.<br>8.375%, 03/15/13 | 8,859,480    |
| 14,006,000                     | EchoStar DBS Corp.<br>7.125%, 02/01/16              | 14,653,778   |
| 5,874,000                      | GBP EMI Group, PLC<br>8.250%, 05/20/08              | 12,157,356   |
| 18,976,000                     | Expedia, Inc.^<br>7.456%, 08/15/18                  | 19,935,256   |
| 8,133,000                      | GameStop Corp.<br>8.000%, 10/01/12                  | 8,712,476    |
| 13,554,000                     | General Motors Corp.^<br>7.200%, 01/15/11           | 12,977,955   |
| 18,072,000                     | Goodyear Tire & Rubber Company^<br>7.857%, 08/15/11 | 18,998,190   |
| 7,681,000                      | Group 1 Automotive, Inc.<br>8.250%, 08/15/13        | 7,988,240    |
| 15,362,000                     | Hanes Brands, Inc.*<br>8.735%, 12/15/14             | 15,861,265   |
| 8,133,000                      | Hovnanian Enterprises, Inc.^<br>7.750%, 05/15/13    | 7,604,355    |
| 8,133,000                      | Idearc, Inc.*<br>8.000%, 11/15/16                   | 8,519,318    |
| 3,795,000                      | Jarden Corp.<br>7.500%, 05/01/17                    | 3,904,106    |
| 2,930,000                      | Kellwood Company<br>7.625%, 10/15/17                | 2,731,082    |
| 6,777,000                      | Landry s Restaurants, Inc.<br>7.500%, 12/15/14      | 6,777,000    |
| 4,518,000                      | Liberty Media Corp.^<br>8.250%, 02/01/30            | 4,551,650    |
| 10,392,000                     | Linens n Things, Inc.^<br>10.981%, 01/15/14         | 9,833,430    |
| 13,143,000                     | Mandalay Resort Group^<br>10.250%, 08/01/07         | 13,340,145   |
| 5,874,000                      | 7.625%, 07/15/13                                    | 5,903,370    |



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|            |  |             |
|------------|--|-------------|
| 11,747,000 | Meritage Corp.<br>7.000%, 05/01/14                       | 11,365,223  |
| 5,422,000  | NCL Holding, ASA<br>10.625%, 07/15/14                    | 5,422,000   |
| 4,518,000  | Oxford Industries, Inc.<br>8.875%, 06/01/11              | 4,710,015   |
| 8,133,000  | Pinnacle Entertainment, Inc.<br>8.250%, 03/15/12         | 8,397,323   |
| 4,649,000  | 8.750%, 10/01/13^  | 4,927,940   |
| 11,747,000 | Royal Caribbean Cruises, Ltd.<br>7.500%, 10/15/27        | 11,691,260  |
| 17,169,000 | Service Corp. International<br>6.750%, 04/01/16          | 16,954,387  |
| 13,554,000 | Standard Pacific Corp.^<br>9.250%, 04/15/12              | 13,282,920  |
| 1,988,000  | Station Casinos, Inc.<br>6.875%, 03/01/16                | 1,878,660   |
| 4,518,000  | Vail Resorts, Inc.<br>6.750%, 02/15/14                   | 4,585,770   |
| 16,717,000 | Warner Music Group<br>7.375%, 04/15/14                   | 16,131,905  |
| 2,259,000  | GBP 8.125%, 04/15/14                                     | 4,506,029   |
| 1,988,000  | Wynn Las Vegas, LLC^<br>6.625%, 12/01/14                 | 2,002,910   |
|            |  | 308,752,402 |
|            | <b>Consumer Staples (2.3%)</b>                           |             |
| 1,807,000  | Alimentation Couche-Tard Inc.<br>7.500%, 12/15/13        | 1,874,763   |
| 7,681,000  | Central Garden & Pet Company<br>9.125%, 02/01/13         | 8,045,847   |
| 13,328,000 | Chiquita Brands International, Inc.^<br>7.500%, 11/01/14 | 12,261,760  |
| 10,392,000 | Del Monte Foods Company<br>8.625%, 12/15/12              | 10,963,560  |
| 9,940,000  | NBTY, Inc.<br>7.125%, 10/01/15                           | 10,113,950  |
| 10,843,000 | Pilgrim s Pride Corp.<br>8.375%, 05/01/17^               | 11,032,752  |
| 5,422,000  | 7.625%, 05/01/15   | 5,516,885   |
|            |  | 59,809,517  |
|            | <b>Energy (5.2%)</b>                                     |             |
| 10,843,000 | Arch Western Finance, LLC<br>6.750%, 07/01/13            | 10,815,892  |
| 6,325,000  | Chesapeake Energy Corp.<br>6.875%, 01/15/16              | 6,467,313   |

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|            |  |            |
|------------|--|------------|
| 3,614,000  | 7.500%, 06/15/14                                   | 3,803,735  |
| 3,827,000  | Comstock Resources, Inc.<br>6.875%, 03/01/12       | 3,760,028  |
| 13,374,000 | Giant Industries, Inc.<br>8.000%, 05/15/14         | 14,042,700 |
| 4,518,000  | Houston Exploration Company<br>7.000%, 06/15/13    | 4,563,180  |
| 6,325,000  | Mariner Energy, Inc.^<br>8.000%, 05/15/17          | 6,396,156  |
| 4,518,000  | Petrohawk Energy Corp.<br>7.125%, 04/01/12         | 4,495,410  |
| 14,910,000 | Petróleo Brasileiro, SA<br>9.125%, 07/02/13        | 17,631,075 |
| 14,006,000 | 8.375%, 12/10/18                                   | 16,947,260 |
| 1,807,000  | Premcor Refining Group, Inc.<br>7.500%, 06/15/15   | 1,866,727  |
| 4,518,000  | Superior Energy Services, Inc.<br>6.875%, 06/01/14 | 4,608,360  |

See accompanying Notes to Schedule of Investments.

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**SEMIANNUAL REPORT** Schedule of Investments

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## Schedule of Investments

**APRIL 30, 2007 (UNAUDITED)**

| <b>PRINCIPAL<br/>AMOUNT</b> |  | <b>VALUE</b>  |
|-----------------------------|--|---------------|
| \$ 10,234,000               | Swift Energy Company^<br>9.375%, 05/01/12            | \$ 10,745,700 |
| 6,822,000                   | Whiting Petroleum Corp.<br>7.250%, 05/01/12          | 6,736,725     |
| 18,072,000                  | Williams Companies, Inc.<br>7.750%, 06/15/31         | 19,562,940    |
|                             |  | 132,443,201   |
|                             | <b><i>Financials (3.7%)</i></b>                      |               |
| 18,072,000                  | Dow Jones & Company, Inc.*^<br>7.500%, 06/29/12      | 17,992,483    |
| 18,072,000                  | 6.750%, 06/29/12                                     | 18,026,820    |
|                             | E*TRADE Financial Corp.                              |               |
| 17,494,000                  | 7.375%, 09/15/13                                     | 18,346,833    |
| 12,063,000                  | 7.875%, 12/01/15                                     | 13,073,276    |
| 3,072,000                   | 8.000%, 06/15/11                                     | 3,244,800     |
| 13,554,000                  | Leucadia National Corp.<br>7.000%, 08/15/13          | 13,655,655    |
| 9,488,000                   | Senior Housing Properties Trust<br>8.625%, 01/15/12  | 10,413,080    |
|                             |  | 94,752,947    |
|                             | <b><i>Health Care (2.7%)</i></b>                     |               |
| 4,518,000                   | Ameripath, Inc.^<br>10.500%, 04/01/13                | 4,941,562     |
| 2,711,000                   | Angiotech Pharmaceuticals, Inc.^<br>7.750%, 04/01/14 | 2,514,453     |
| 4,518,000                   | Bio-Rad Laboratories, Inc.<br>7.500%, 08/15/13       | 4,704,367     |
| 1,988,000                   | DaVita, Inc.^<br>7.250%, 03/15/15                    | 2,042,670     |
|                             | HCA, Inc.*   |               |
| 3,163,000                   | 9.125%, 11/15/14^                                    | 3,423,947     |
| 1,355,000                   | 9.250%, 11/15/16                                     | 1,480,338     |
| 9,940,000                   | Psychiatric Solutions, Inc.<br>7.750%, 07/15/15      | 10,213,350    |
| 15,994,000                  | Tenet Healthcare Corp.<br>9.250%, 02/01/15           | 16,073,970    |
| 11,747,000                  |  | 11,453,325    |

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|            |   |            |
|------------|---|------------|
|            | Valeant Pharmaceuticals International     |            |
|            | 7.000%, 12/15/11                          |            |
| 12,199,000 | Vanguard Health Systems, Inc.^            |            |
|            | 9.000%, 10/01/14                          | 12,702,209 |
|            |   | 69,550,191 |
|            | <b>Industrials (2.6%)</b>                 |            |
| 6,009,000  | American Airlines, Inc.^                  |            |
|            | 7.250%, 02/05/09                          | 6,114,157  |
| 2,711,000  | Armor Holdings, Inc.                      |            |
|            | 8.250%, 08/15/13                          | 2,860,105  |
| 2,033,000  | Belden CDT, Inc.*                         |            |
|            | 7.000%, 03/15/17                          | 2,089,399  |
| 14,910,000 | CNH Global, NV                            |            |
|            | 9.250%, 08/01/11                          | 15,748,687 |
| 1,807,000  | FTI Consulting, Inc.^                     |            |
|            | 7.625%, 06/15/13                          | 1,874,763  |
| 4,518,000  | Gardner Denver, Inc.                      |            |
|            | 8.000%, 05/01/13                          | 4,811,670  |
| 4,093,000  | H&E Equipment Service, Inc.               |            |
|            | 8.375%, 07/15/16                          | 4,461,370  |
| 3,393,000  | Manitowoc Company, Inc.                   |            |
|            | 10.500%, 08/01/12                         | 3,622,028  |
| 4,518,000  | Sequa Corp.                               |            |
|            | 8.875%, 04/01/08                          | 4,664,835  |
| 5,196,000  | Trinity Industries, Inc.                  |            |
|            | 6.500%, 03/15/14                          | 5,196,000  |
| 4,518,000  | WESCO International, Inc.                 |            |
|            | 7.500%, 10/15/17                          | 4,653,540  |
| 4,518,000  | Westinghouse Air Brake Technologies Corp. |            |
|            | 6.875%, 07/31/13                          | 4,563,180  |
| 4,970,000  | Williams Scotsman International, Inc.^    |            |
|            | 8.500%, 10/01/15                          | 5,293,050  |
|            |   | 65,952,784 |
|            | <b>Information Technology (2.0%)</b>      |            |
| 16,512,000 | Advanced Micro Devices, Inc.^             |            |
|            | 7.750%, 11/01/12                          | 16,264,320 |
| 1,988,000  | Avago Technologies^                       |            |
|            | 11.875%, 12/01/15                         | 2,281,230  |
| 7,681,000  | Celestica, Inc.^                          |            |
|            | 7.875%, 07/01/11                          | 7,604,190  |
| 15,362,000 | Freescale Semiconductor, Inc.*            |            |
|            | 8.875%, 12/15/14                          | 15,458,013 |
| 9,488,000  | SunGard Data Systems, Inc.                |            |
|            | 9.125%, 08/15/13                          | 10,223,320 |

51,831,073

|            |     |  |            |
|------------|-----|--|------------|
|            |     | <b><i>Materials (2.7%)</i></b>                     |            |
| 2,711,000  |     | Century Aluminum Company^                          |            |
|            |     | 7.500%, 08/15/14                                   | 2,816,051  |
| 7,889,000  |     | Freeport-McMoRan Copper & Gold, Inc.^              |            |
|            |     | 10.125%, 02/01/10                                  | 8,288,420  |
| 1,988,000  |     | Gibraltar Industries, Inc.                         |            |
|            |     | 8.000%, 12/01/15                                   | 2,012,850  |
|            |     | Ineos Group Holdings, PLC*                         |            |
| 12,199,000 | EUR | 7.875%, 02/15/16                                   | 15,773,371 |
| 2,259,000  |     | 8.500%, 02/15/16^                                  | 2,196,877  |
| 9,036,000  |     | IPSCO, Inc.  |            |
|            |     | 8.750%, 06/01/13                                   | 9,712,516  |
| 2,711,000  |     | P.H. Glatfelter Company                            |            |
|            |     | 7.125%, 05/01/16                                   | 2,741,499  |
|            |     | Union Carbide Corp.                                |            |
| 9,895,000  |     | 7.875%, 04/01/23^                                  | 10,593,587 |
| 7,816,000  |     | 7.500%, 06/01/25                                   | 8,029,377  |
| 6,642,000  |     | Westlake Chemical Corp.                            |            |
|            |     | 6.625%, 01/15/16                                   | 6,492,555  |
|            |     |  | 68,657,103 |
|            |     | <b><i>Telecommunication Services (1.8%)</i></b>    |            |
| 11,747,000 |     | Alamosa Holdings, Inc.^                            |            |
|            |     | 8.500%, 01/31/12                                   | 12,398,865 |
|            |     | See accompanying Notes to Schedule of Investments. |            |

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## Schedule of Investments

**APRIL 30, 2007 (UNAUDITED)**

| <b>PRINCIPAL<br/>AMOUNT</b> |   | <b>VALUE</b> |
|-----------------------------|---|--------------|
| \$ 1,536,000                | Citizens Communications Company<br>9.000%, 08/15/31           | \$ 1,693,440 |
| 8,133,000                   | Leap Wireless International, Inc.^*<br>9.375%, 11/01/14       | 8,722,643    |
| 4,093,000                   | Qwest Communications International, Inc.^<br>7.750%, 02/15/31 | 4,174,860    |
| 4,518,000                   | Sprint Nextel Corp.<br>11.000%, 07/31/10                      | 4,812,397    |
| 4,518,000                   | Syniverse Technologies, Inc.<br>7.750%, 08/15/13              | 4,450,230    |
| 8,133,000                   | Windstream Corp.<br>8.625%, 08/01/16                          | 8,966,632    |
|                             |   | 45,219,067   |
|                             | <b>Utilities (1.0%)</b>                                       |              |
| 10,843,000                  | Edison International<br>7.730%, 06/15/09                      | 11,439,365   |
| 16,265,000                  | TXU Corp.<br>6.500%, 11/15/24                                 | 14,157,284   |
|                             |   | 25,596,649   |
|                             | <b>TOTAL CORPORATE BONDS</b><br>(Cost \$907,509,281)          | 922,564,934  |
|                             | <b>CONVERTIBLE BONDS (14.0%)</b>                              |              |
|                             | <b>Consumer Discretionary (4.9%)</b>                          |              |
| 7,000,000                   | General Motors Corp.<br>6.250%, 07/15/33                      | 6,437,200    |
| 21,500,000                  | Interpublic Group of Companies, Inc.*<br>5.705%, 06/15/09     | 26,919,225   |
| 5,680,000                   | Liberty Media Corp. (CBS Corp.)<br>3.250%, 03/15/31           | 4,899,000    |
| 16,500,000 GBP              | Punch Taverns Redwood Jersey Company Ltd.<br>5.000%, 12/14/10 | 43,956,654   |
| 2,931,000                   | United Auto Group, Inc.<br>3.500%, 04/01/26*                  | 3,117,851    |
| 1,345,000                   | 3.500%, 04/01/26  | 1,430,744    |
| 32,000,000                  | Walt Disney Company^<br>2.125%, 04/15/23                      | 39,280,000   |

|            |   |             |
|------------|---|-------------|
|            |   | 126,040,674 |
|            | <b>Financials (1.7%)</b>                                |             |
| 7,000,000  | Host Hotels & Resorts, Inc.*^<br>2.625%, 04/15/27       | 6,746,250   |
| 34,000,000 | Prudential Financial, Inc.<br>2.600%, 11/15/35          | 36,233,120  |
|            |   | 42,979,370  |
|            | <b>Industrials (2.7%)</b>                               |             |
| 32,750,000 | L-3 Communications Holdings, Inc.^<br>3.000%, 08/01/35  | 35,574,687  |
| 16,000,000 | Lockheed Martin Corp.<br>5.110%, 08/15/33               | 21,911,520  |
| 7,500,000  | Quanta Services, Inc.^<br>3.750%, 04/30/26              | 10,425,000  |
|            |   | 67,911,207  |
|            | <b>Information Technology (1.8%)</b>                    |             |
| 17,000,000 | Electronic Data Systems Corp.^<br>3.875%, 07/15/23      | 17,765,000  |
| 18,880,000 | Linear Technology Corp.*^<br>3.000%, 05/01/27           | 19,517,200  |
| 8,000,000  | Mentor Graphics Corp.*<br>6.250%, 03/01/26              | 9,790,000   |
|            |   | 47,072,200  |
|            | <b>Utilities (2.9%)</b>                                 |             |
| 20,000,000 | CenterPoint Energy, Inc.<br>3.750%, 05/15/23            | 33,525,000  |
| 5,750,000  | EUR International Power, PLC<br>3.250%, 07/20/13        | 10,567,093  |
| 8,750,000  | GBP Scottish & Southern Energy, PLC<br>3.750%, 10/29/09 | 29,534,561  |
|            |   | 73,626,654  |
|            | <b>TOTAL CONVERTIBLE BONDS</b><br>(Cost \$320,127,062)  | 357,630,105 |
|            | <b>SYNTHETIC CONVERTIBLE SECURITIES (4.5%)</b>          |             |
|            | <b>Corporate Bonds (3.8%)</b>                           |             |
|            | <b>Consumer Discretionary (1.3%)</b>                    |             |
| 482,000    | Asbury Automotive Group, Inc.<br>8.000%, 03/15/14       | 494,050     |

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|           |   |           |
|-----------|---|-----------|
| 1,094,000 | Beazer Homes USA, Inc.<br>8.375%, 04/15/12          | 1,091,265 |
| 482,000   | Boyd Gaming Corp.^<br>7.750%, 12/15/12              | 503,690   |
| 892,000   | DIRECTV Financing Company, Inc.<br>8.375%, 03/15/13 | 945,520   |
| 1,494,000 | EchoStar DBS Corp.<br>7.125%, 02/01/16              | 1,563,097 |
| 626,000   | GBP EMI Group, PLC<br>8.250%, 05/20/08              | 1,295,626 |
| 2,024,000 | Expedia, Inc.^<br>7.456%, 08/15/18                  | 2,126,315 |
| 867,000   | GameStop Corp.<br>8.000%, 10/01/12                  | 928,774   |
| 1,446,000 | General Motors Corp.^<br>7.200%, 01/15/11           | 1,384,545 |
| 1,928,000 | Goodyear Tire & Rubber Company^<br>7.857%, 08/15/11 | 2,026,810 |
| 819,000   | Group 1 Automotive, Inc.<br>8.250%, 08/15/13        | 851,760   |
| 1,638,000 | Hanes Brands, Inc.*<br>8.735%, 12/15/14             | 1,691,235 |
| 867,000   | Hovnanian Enterprises, Inc.^<br>7.750%, 05/15/13    | 810,645   |
| 867,000   | Idearc, Inc.*<br>8.000%, 11/15/16                   | 908,183   |
| 405,000   | Jarden Corp.<br>7.500%, 05/01/17                    | 416,644   |

See accompanying Notes to Schedule of Investments.

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



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## Schedule of Investments

**APRIL 30, 2007 (UNAUDITED)**

| <b>PRINCIPAL<br/>AMOUNT</b> |   | <b>VALUE</b> |
|-----------------------------|---|--------------|
| \$ 313,000                  | Kellwood Company<br>7.625%, 10/15/17              | \$ 291,750   |
| 723,000                     | Landry's Restaurants, Inc.<br>7.500%, 12/15/14    | 723,000      |
| 482,000                     | Liberty Media Corp.^<br>8.250%, 02/01/30          | 485,590      |
| 1,108,000                   | Linens 'n Things, Inc.^<br>10.981%, 01/15/14      | 1,048,445    |
| 1,402,000                   | Mandalay Resort Group^<br>10.250%, 08/01/07       | 1,423,030    |
| 626,000                     | 7.625%, 07/15/13                                  | 629,130      |
| 1,253,000                   | Meritage Corp.<br>7.000%, 05/01/14                | 1,212,277    |
| 578,000                     | NCL Holding, ASA<br>10.625%, 07/15/14             | 578,000      |
| 482,000                     | Oxford Industries, Inc.<br>8.875%, 06/01/11       | 502,485      |
| 867,000                     | Pinnacle Entertainment, Inc.<br>8.250%, 03/15/12  | 895,178      |
| 496,000                     | 8.750%, 10/01/13^                                 | 525,760      |
| 1,253,000                   | Royal Caribbean Cruises, Ltd.<br>7.500%, 10/15/27 | 1,247,055    |
| 1,831,000                   | Service Corp. International<br>6.750%, 04/01/16   | 1,808,112    |
| 1,446,000                   | Standard Pacific Corp.^<br>9.250%, 04/15/12       | 1,417,080    |
| 212,000                     | Station Casinos, Inc.<br>6.875%, 03/01/16         | 200,340      |
| 482,000                     | Vail Resorts, Inc.<br>6.750%, 02/15/14            | 489,230      |
| 1,783,000                   | Warner Music Group<br>7.375%, 04/15/14            | 1,720,595    |
| 241,000                     | GBP 8.125%, 04/15/14                              | 480,723      |
| 212,000                     | Wynn Las Vegas, LLC^<br>6.625%, 12/01/14          | 213,590      |
|                             |   | 32,929,529   |
|                             | <b>Consumer Staples (0.2%)</b>                    |              |
| 193,000                     | Alimentation Couche-Tard Inc.<br>7.500%, 12/15/13 | 200,238      |
| 819,000                     | Central Garden & Pet Company<br>9.125%, 02/01/13  | 857,902      |

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|           |  |            |
|-----------|--|------------|
| 1,422,000 | Chiquita Brands International, Inc.^<br>7.500%, 11/01/14 | 1,308,240  |
| 1,108,000 | Del Monte Foods Company<br>8.625%, 12/15/12              | 1,168,940  |
| 1,060,000 | NBTY, Inc.<br>7.125%, 10/01/15                           | 1,078,550  |
| 1,157,000 | Pilgrim s Pride Corp.<br>8.375%, 05/01/17^               | 1,177,247  |
| 578,000   | 7.625%, 05/01/15   | 588,115    |
|           |  | 6,379,232  |
|           | <b>Energy (0.5%)</b>                                     |            |
| 1,157,000 | Arch Western Finance, LLC<br>6.750%, 07/01/13            | 1,154,107  |
| 675,000   | Chesapeake Energy Corp.<br>6.875%, 01/15/16              | 690,188    |
| 386,000   | 7.500%, 06/15/14   | 406,265    |
| 408,000   | Comstock Resources, Inc.<br>6.875%, 03/01/12             | 400,860    |
| 1,426,000 | Giant Industries, Inc.<br>8.000%, 05/15/14               | 1,497,300  |
| 482,000   | Houston Exploration Company<br>7.000%, 06/15/13          | 486,820    |
| 675,000   | Mariner Energy, Inc.^<br>8.000%, 05/15/17                | 682,594    |
| 482,000   | Petrohawk Energy Corp.<br>7.125%, 04/01/12               | 479,590    |
| 1,590,000 | Petróleo Brasileiro, SA<br>9.125%, 07/02/13              | 1,880,175  |
| 1,494,000 | 8.375%, 12/10/18   | 1,807,740  |
| 193,000   | Premcor Refining Group, Inc.<br>7.500%, 06/15/15         | 199,379    |
| 482,000   | Superior Energy Services, Inc.<br>6.875%, 06/01/14       | 491,640    |
| 1,091,000 | Swift Energy Company^<br>9.375%, 05/01/12                | 1,145,550  |
| 728,000   | Whiting Petroleum Corp.<br>7.250%, 05/01/12              | 718,900    |
| 1,928,000 | Williams Companies, Inc.<br>7.750%, 06/15/31             | 2,087,060  |
|           |  | 14,128,168 |
|           | <b>Financials (0.4%)</b>                                 |            |
| 1,928,000 | Dow Jones & Company, Inc.*^<br>7.500%, 06/29/12          | 1,919,517  |
| 1,928,000 | 6.750%, 06/29/12   | 1,923,180  |
| 1,866,000 | E*TRADE Financial Corp.<br>7.375%, 09/15/13              | 1,956,968  |

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|           |  |            |
|-----------|--|------------|
| 1,287,000 | 7.875%, 12/01/15                                     | 1,394,786  |
| 328,000   | 8.000%, 06/15/11                                     | 346,450    |
| 1,446,000 | Leucadia National Corp.<br>7.000%, 08/15/13          | 1,456,845  |
| 1,012,000 | Senior Housing Properties Trust<br>8.625%, 01/15/12  | 1,110,670  |
|           |  | 10,108,416 |
|           | <b><i>Health Care (0.3%)</i></b>                     |            |
| 482,000   | Ameripath, Inc.^<br>10.500%, 04/01/13                | 527,187    |
| 289,000   | Angiotech Pharmaceuticals, Inc.^<br>7.750%, 04/01/14 | 268,048    |
| 482,000   | Bio-Rad Laboratories, Inc.<br>7.500%, 08/15/13       | 501,882    |
| 212,000   | DaVita, Inc.^<br>7.250%, 03/15/15                    | 217,830    |

See accompanying Notes to Schedule of Investments.

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## Schedule of Investments

**APRIL 30, 2007 (UNAUDITED)**

| <b>PRINCIPAL<br/>AMOUNT</b> |   | <b>VALUE</b> |
|-----------------------------|---|--------------|
|                             | HCA, Inc.*                                |              |
| \$ 337,000                  | 9.125%, 11/15/14^                         | \$ 364,803   |
| 145,000                     | 9.250%, 11/15/16                          | 158,413      |
| 1,060,000                   | Psychiatric Solutions, Inc.               |              |
|                             | 7.750%, 07/15/15                          | 1,089,150    |
| 1,706,000                   | Tenet Healthcare Corp.                    |              |
|                             | 9.250%, 02/01/15                          | 1,714,530    |
| 1,253,000                   | Valeant Pharmaceuticals International     |              |
|                             | 7.000%, 12/15/11                          | 1,221,675    |
| 1,301,000                   | Vanguard Health Systems, Inc.^            |              |
|                             | 9.000%, 10/01/14                          | 1,354,666    |
|                             |   | 7,418,184    |
|                             | <b><i>Industrials (0.3%)</i></b>          |              |
| 641,000                     | American Airlines, Inc.^                  |              |
|                             | 7.250%, 02/05/09                          | 652,218      |
| 289,000                     | Armor Holdings, Inc.                      |              |
|                             | 8.250%, 08/15/13                          | 304,895      |
| 217,000                     | Belden CDT, Inc.*                         |              |
|                             | 7.000%, 03/15/17                          | 223,020      |
| 1,590,000                   | CNH Global, NV                            |              |
|                             | 9.250%, 08/01/11                          | 1,679,437    |
| 193,000                     | FTI Consulting, Inc.^                     |              |
|                             | 7.625%, 06/15/13                          | 200,238      |
| 482,000                     | Gardner Denver, Inc.                      |              |
|                             | 8.000%, 05/01/13                          | 513,330      |
| 437,000                     | H&E Equipment Service, Inc.               |              |
|                             | 8.375%, 07/15/16                          | 476,330      |
| 362,000                     | Manitowoc Company, Inc.                   |              |
|                             | 10.500%, 08/01/12                         | 386,435      |
| 482,000                     | Sequa Corp.                               |              |
|                             | 8.875%, 04/01/08                          | 497,665      |
| 554,000                     | Trinity Industries, Inc.                  |              |
|                             | 6.500%, 03/15/14                          | 554,000      |
| 482,000                     | WESCO International, Inc.                 |              |
|                             | 7.500%, 10/15/17                          | 496,460      |
| 482,000                     | Westinghouse Air Brake Technologies Corp. |              |
|                             | 6.875%, 07/31/13                          | 486,820      |
| 530,000                     | Williams Scotsman International, Inc.^    |              |
|                             | 8.500%, 10/01/15                          | 564,450      |

7,035,298

**Information Technology (0.2%)**

|           |  |           |
|-----------|--|-----------|
| 1,761,000 | Advanced Micro Devices, Inc.^<br>7.750%, 11/01/12  | 1,734,585 |
| 212,000   | Avago Technologies^<br>11.875%, 12/01/15           | 243,270   |
| 819,000   | Celestica, Inc.^<br>7.875%, 07/01/11               | 810,810   |
| 1,638,000 | Freescale Semiconductor, Inc.*<br>8.875%, 12/15/14 | 1,648,237 |
| 1,012,000 | SunGard Data Systems, Inc.<br>9.125%, 08/15/13     | 1,090,430 |
|           |  | 5,527,332 |

**Materials (0.3%)**

|           |  |           |
|-----------|--|-----------|
| 289,000   | Century Aluminum Company^<br>7.500%, 08/15/14              | 300,199   |
| 841,000   | Freeport-McMoRan Copper & Gold, Inc.^<br>10.125%, 02/01/10 | 883,580   |
| 212,000   | Gibraltar Industries, Inc.<br>8.000%, 12/01/15             | 214,650   |
| 1,301,000 | EUR Ineos Group Holdings, PLC*<br>7.875%, 02/15/16         | 1,682,200 |
| 241,000   | 8.500%, 02/15/16^  | 234,372   |
| 964,000   | IPSCO, Inc.<br>8.750%, 06/01/13                            | 1,036,174 |
| 289,000   | P.H. Glatfelter Company<br>7.125%, 05/01/16                | 292,251   |
| 1,055,000 | Union Carbide Corp.<br>7.875%, 04/01/23^                   | 1,129,483 |
| 834,000   | 7.500%, 06/01/25   | 856,768   |
| 708,000   | Westlake Chemical Corp.<br>6.625%, 01/15/16                | 692,070   |
|           |  | 7,321,747 |

**Telecommunication Services (0.2%)**

|           |   |           |
|-----------|---|-----------|
| 1,253,000 | Alamosa Holdings, Inc.^<br>8.500%, 01/31/12                   | 1,322,531 |
| 164,000   | Citizens Communications Company<br>9.000%, 08/15/31           | 180,810   |
| 867,000   | Leap Wireless International, Inc.^*<br>9.375%, 11/01/14       | 929,858   |
| 437,000   | Qwest Communications International, Inc.^<br>7.750%, 02/15/31 | 445,740   |
| 482,000   |   | 513,408   |

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|                                    |  |                   |
|------------------------------------|--|-------------------|
|                                    | Sprint Nextel Corp.<br>11.000%, 07/31/10           |                   |
| 482,000                            | Syniverse Technologies, Inc.<br>7.750%, 08/15/13   | 474,770           |
| 867,000                            | Windstream Corp.<br>8.625%, 08/01/16               | 955,867           |
|                                    |  | 4,822,984         |
|                                    | <b>Utilities (0.1%)</b>                            |                   |
| 1,157,000                          | Edison International<br>7.730%, 06/15/09           | 1,220,635         |
| 1,735,000                          | TXU Corp.<br>6.500%, 11/15/24                      | 1,510,168         |
|                                    |  | 2,730,803         |
|                                    | <b>TOTAL CORPORATE BONDS</b>                       | <b>98,401,693</b> |
| <b>NUMBER<br/>OF<br/>CONTRACTS</b> |  | <b>VALUE</b>      |
|                                    | <b>Options (0.7%)</b>                              |                   |
|                                    | <b>Consumer Discretionary (0.3%)</b>               |                   |
| 3,375                              | Comcast Corp.#<br>Call, 01/17/09, Strike \$28.37   | 1,231,875         |
| 310                                | Garmin, Ltd.#<br>Call, 01/19/09, Strike \$55.00    | 375,100           |
|                                    | See accompanying Notes to Schedule of Investments. |                   |

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

**Table of Contents**

## Schedule of Investments

APRIL 30, 2007 (UNAUDITED)

| NUMBER<br>OF<br>CONTRACTS |  | VALUE      |
|---------------------------|--|------------|
| 1,450                     | Harley-Davidson, Inc.#<br>Call, 01/17/09, Strike \$70.00                       | \$ 906,250 |
|                           | Nike, Inc.#  |            |
| 1,120                     | Call, 01/17/09, Strike \$55.00   | 733,600    |
| 1,120                     | Call, 01/17/09, Strike \$50.00   | 1,052,800  |
| 1,100                     | Omnicom Group, Inc.#<br>Call, 01/17/09, Strike \$100.00                        | 1,782,000  |
|                           |  | 6,081,625  |
|                           | <b><i>Consumer Staples (0.0%)</i></b>  |            |
| 1,250                     | Kroger Company#<br>Call, 01/17/09, Strike \$30.00                              | 456,250    |
|                           | <b><i>Energy (0.0%)</i></b>  |            |
| 330                       | Schlumberger N.V. (Schlumberger Ltd.)#<br>Call, 01/17/09, Strike \$80.00       | 348,150    |
|                           | <b><i>Financials (0.1%)</i></b>  |            |
| 1,150                     | Charles Schwab Corp.#<br>Call, 01/19/08, Strike \$17.50                        | 330,625    |
| 55                        | Chicago Mercantile Exchange Holdings, Inc.#<br>Call, 01/19/08, Strike \$510.00 | 317,075    |
| 650                       | E*TRADE Financial Corp.#<br>Call, 01/19/08, Strike \$25.00                     | 102,375    |
|                           | Goldman Sachs Group, Inc.#   |            |
| 265                       | Call, 01/17/09, Strike \$195.00  | 1,336,925  |
| 110                       | Call, 01/17/09, Strike \$220.00  | 396,000    |
| 360                       | Lehman Brothers Holdings, Inc.#<br>Call, 01/19/08, Strike \$75.00              | 302,400    |
| 380                       | Merrill Lynch & Company, Inc.#<br>Call, 01/19/08, Strike \$85.00               | 423,700    |
|                           |  | 3,209,100  |
|                           | <b><i>Health Care (0.0%)</i></b>   |            |
| 215                       | Allergan, Inc.#<br>Call, 01/19/08, Strike \$110.00                             | 402,050    |
|                           | <b><i>Industrials (0.1%)</i></b>   |            |
| 1,400                     |  | 1,799,000  |

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General Dynamics Corp.#  
Call, 01/17/09, Strike \$75.00

|   |   |                |
|---|---|----------------|
| <b><i>Information Technology (0.2%)</i></b>     |   |                |
| 2,100   | Apple Computer, Inc.#<br>Call, 01/19/08, Strike \$90.00               | 3,843,000      |
| 820   | Hewlett-Packard Company#<br>Call, 01/19/08, Strike \$40.00            | 434,600        |
| 800   | Motorola, Inc.#<br>Call, 01/19/08, Strike \$22.50                     | 30,000         |
|   |   | 4,307,600      |
| <b><i>Telecommunication Services (0.0%)</i></b> |   |                |
| 380   | America Movil, S.A. de C.V.#<br>Call, 01/17/09, Strike \$50.00        | 418,000        |
| 230   | NII Holdings, Inc.#<br>Call, 01/17/09, Strike \$80.00                 | 342,700        |
|   |   | 760,700        |
|   | <b>TOTAL OPTIONS</b>  | 17,364,475     |
|   | <b>TOTAL SYNTHETIC CONVERTIBLE SECURITIES</b><br>(Cost \$116,214,985) | \$ 115,766,168 |

**NUMBER  
OF  
SHARES**

**VALUE**

**CONVERTIBLE PREFERRED STOCKS (19.3%)**

|   |   |             |
|---|---|-------------|
| <b><i>Consumer Discretionary (4.3%)</i></b> |   |             |
| 2,652,400                                   | Ford Motor Company Capital Trust II<br>6.500% | 94,955,920  |
| 14,788                                      | Stanley Works<br>6.975%                       | 15,873,069  |
|   |   | 110,828,989 |
| <b><i>Energy (1.2%)</i></b>                 |   |             |
| 110,000                                     | Chesapeake Energy Corp.<br>6.250%             | 30,635,000  |
| <b><i>Financials (10.5%)</i></b>            |   |             |
| 1,600,000                                   |   | 54,000,000  |



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|           |  |             |
|-----------|--|-------------|
|           | Citigroup, Inc. (Genworth Financial, Inc.) ∞                 |             |
|           | 5.683%   |             |
| 27,600    | Fortis Insurance, N.V. (Assurant, Inc.)*∞                    | 40,168,792  |
|           | 7.750%   |             |
| 725,000   | Lazard, Ltd.   | 33,538,500  |
|           | 6.625%   |             |
| 1,950,000 | Lehman Brothers Holdings, Inc.<br>(General Mills, Inc.)∞     | 54,990,000  |
|           | 6.250%   |             |
| 460,000   | Merrill Lynch & Company, Inc.<br>(Nuveen Investments, Inc.)∞ | 20,843,750  |
|           | 6.750%   |             |
| 1,400,000 | MetLife, Inc.  | 46,046,000  |
|           | 6.375%   |             |
| 685,000   | XL Capital, Ltd.   | 18,769,000  |
|           | 7.000%   |             |
|           |  | 268,356,042 |
|           | <b>Health Care (1.8%)</b>                                    |             |
| 639,000   | Schering-Plough Corp.  | 46,091,070  |
|           | 6.000%   |             |
|           | <b>Materials (1.5%)</b>                                      |             |
| 200,000   | Freeport-McMoRan Copper & Gold, Inc.                         | 21,708,000  |
|           | 6.750%   |             |
| 2,000     | CHF Givaudan SA  | 16,969,137  |
|           | 5.375%   |             |
|           |  | 38,677,137  |
|           | <b>TOTAL CONVERTIBLE<br/>PREFERRED STOCKS</b>                |             |
|           | (Cost \$459,542,220)   | 494,588,238 |
|           | <b>COMMON STOCKS (66.9%)</b>                                 |             |
|           | <b>Consumer Discretionary (5.3%)</b>                         |             |
| 400,000   | Carnival Corp.<>   | 19,556,000  |
| 300,000   | CBS Corp.^   | 9,531,000   |

See accompanying Notes to Schedule of Investments.

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Schedule of Investments

**APRIL 30, 2007 (UNAUDITED)**

| <b>NUMBER<br/>OF<br/>SHARES</b> |   | <b>VALUE</b>  |
|---------------------------------|---|---------------|
| 340,000                         | SEK Hennes & Mauritz, AB                | \$ 22,476,542 |
| 550,000                         | Home Depot, Inc.^                       | 20,828,500    |
| 51,950                          | Idearc, Inc.^                           | 1,805,262     |
| 375,000                         | Mattel, Inc.                            | 10,612,500    |
| 375,000                         | Tupperware Corp.^                       | 10,545,000    |
| 450,000                         | V.F. Corp.^                             | 39,514,500    |
|                                 |   | 134,869,304   |
|                                 | <b><i>Consumer Staples (9.6%)</i></b>   |               |
| 320,000                         | Altria Group, Inc.                      | 22,054,400    |
| 350,000                         | Anheuser-Busch Companies, Inc.          | 17,216,500    |
| 1,300,000                       | Coca-Cola Company                       | 67,847,000    |
| 425,000                         | H. J. Heinz Company                     | 20,021,750    |
| 471,447                         | Kraft Foods, Inc.^                      | 15,779,331    |
| 410,000                         | Procter & Gamble Company                | 26,367,100    |
| 840,000                         | Reynolds American, Inc.^                | 53,978,400    |
| 185,000                         | Universal Corp.^                        | 11,595,800    |
| 450,000                         | AUD Woolworths, Ltd.                    | 10,539,594    |
|                                 |   | 245,399,875   |
|                                 | <b><i>Energy (6.1%)</i></b>             |               |
| 775,000                         | Chevron Corp.                           | 60,287,250    |
| 550,000                         | ConocoPhillips                          | 38,142,500    |
| 250,000                         | Marathon Oil Corp.                      | 25,387,500    |
| 295,000                         | PetroChina Company, Ltd.                | 33,081,300    |
|                                 |   | 156,898,550   |
|                                 | <b><i>Financials (12.7%)</i></b>        |               |
| 500,000                         | Bank of America Corp.                   | 25,450,000    |
| 1,372,000                       | Citigroup, Inc.                         | 73,566,640    |
| 250,000                         | Federal Home Loan Mortgage Corp.^       | 16,195,000    |
| 777,000                         | Federal National Mortgage Association<> | 45,780,840    |
| 600,000                         | JPMorgan Chase & Company                | 31,260,000    |
| 158,074                         | Lincoln National Corp.^                 | 11,246,965    |
| 500,000                         | U.S. Bancorp^                           | 17,175,000    |
| 360,000                         | Wachovia Corp.^                         | 19,994,400    |

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|           |   |               |
|-----------|---|---------------|
| 2,000,000 | Washington Mutual, Inc.                         | 83,960,000    |
|           |   | 324,628,845   |
|           | <b><i>Health Care (12.8%)</i></b>               |               |
| 525,000   | Abbott Laboratories                             | 29,725,500    |
| 300,000   | Eli Lilly and Company                           | 17,739,000    |
| 1,600,000 | Johnson & Johnson                               | 102,752,000   |
| 1,755,000 | Merck & Company, Inc.                           | 90,277,200    |
| 3,300,000 | Pfizer, Inc.                                    | 87,318,000    |
|           |   | 327,811,700   |
|           | <b><i>Industrials (4.1%)</i></b>                |               |
| 1,175,000 | General Electric Company                        | 43,310,500    |
| 450,000   | Masco Corp.^                                    | 12,244,500    |
| 350,000   | R.R. Donnelley & Sons Company                   | 14,070,000    |
| 435,000   | Raytheon Company                                | 23,289,900    |
| 375,000   | Tyco International, Ltd.^                       | 12,236,250    |
|           |   | 105,151,150   |
|           | <b><i>Information Technology (7.2%)</i></b>     |               |
| 450,000   | Cisco Systems, Inc.#                            | 12,033,000    |
| 615,000   | Electronic Data Systems Corp.                   | 17,982,600    |
| 850,000   | Hewlett-Packard Company                         | 35,819,000    |
| 570,000   | Infosys Technologies, Ltd.                      | 29,839,500    |
| 1,382,000 | Intel Corp.<>                                   | 29,713,000    |
| 1,225,000 | Microsoft Corp.                                 | 36,676,500    |
| 500,000   | Nokia Corp.                                     | 12,625,000    |
| 600,000   | Oracle Corp.#                                   | 11,280,000    |
|           |   | 185,968,600   |
|           | <b><i>Telecommunication Services (9.1%)</i></b> |               |
| 4,044,875 | AT&T, Inc.                                      | 156,617,560   |
| 823,500   | CAD BCE Inc.                                    | 27,741,837    |
| 1,500,000 | GBP BT Group, PLC                               | 9,435,622     |
| 1,039,000 | Verizon Communications, Inc.^                   | 39,669,020    |
|           |   | 233,464,039   |
|           | <b>TOTAL COMMON STOCKS</b>                      |               |
|           | (Cost \$1,456,372,873)                          | 1,714,192,063 |

| NUMBER<br>OF<br>CONTRACTS |  | VALUE         |
|---------------------------|--|---------------|
|                           | <i>Put Options (0.2%)</i>  |               |
|                           | <i>Financials (0.2%)</i>   |               |
| 1,930                     | S & P 500 Index#<br>Put, 12/22/07, Strike \$1,350.00<br>(Cost \$7,474,890)                         | 3,908,250     |
| <br>                      |  |               |
| PRINCIPAL<br>AMOUNT       |  | VALUE         |
|                           | <b>SHORT-TERM INVESTMENT (0.4%)</b>  |               |
|                           | <i>Commercial Paper (0.4%)</i>   |               |
| \$ 9,423,000              | Citigroup, Inc.<br>5.250%, 05/01/07<br>(Cost \$9,423,000)  | 9,423,000     |
| <br>                      |  |               |
| NUMBER<br>OF<br>SHARES    |  | VALUE         |
|                           | <b>INVESTMENTS OF CASH COLLATERAL<br/>FOR SECURITIES ON LOAN (15.2%)</b>                           |               |
| 390,508,604               | Bank of New York Institutional<br>Cash Reserve Fund<br>current rate 5.378%<br>(Cost \$390,508,604) | 390,508,604   |
|                           | <b>TOTAL INVESTMENTS (156.5%)</b><br>(Cost \$3,667,172,915)  | 4,008,581,362 |

See accompanying Notes to Schedule of Investments.

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

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## Schedule of Investments

**APRIL 30, 2007 (UNAUDITED)**

| NUMBER<br>OF<br>CONTRACTS      |   | VALUE                   |
|--------------------------------|---|-------------------------|
| <b>WRITTEN OPTIONS (-0.2%)</b> |   |                         |
|                                | <i>Financials (-0.2%)</i>   |                         |
| 1,700                          | Carnival Corporation & Plc#<br>Call, 10/20/07, Strike \$47.50                 | \$ (697,000)            |
| 3,250                          | Federal National Mortgage Association#<br>Call, 09/22/07, Strike \$55.00      | (2,096,250)             |
| 6,900                          | Intel Corp.#<br>Call, 10/20/07, Strike \$20.00                                | (1,711,200)             |
|                                | <b>TOTAL WRITTEN OPTIONS</b><br>(Premium \$2,673,638)                         | (4,504,450)             |
|                                | PAYABLE UPON RETURN OF SECURITIES ON LOAN (-15.2%)                            | (390,508,604)           |
|                                | OTHER ASSETS, LESS LIABILITIES (1.1%)   | 28,914,435              |
|                                | PREFERRED SHARES AT LIQUIDATION VALUE<br>INCLUDING DIVIDENDS PAYABLE (-42.2%) | (1,081,292,689)         |
|                                | <b>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS (100.0%)</b>                  | <b>\$ 2,561,190,054</b> |

**NOTES TO SCHEDULE OF INVESTMENTS**

Note: Market Value for Securities denominated in foreign currencies are shown in U.S. dollars.

- \* 144A securities are those that are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities are generally issued to qualified institutional buyers ( QIBs ), such as the Fund. Any resale of these

securities must generally be effected through a sale that is exempt from registration (e.g. a sale to another QIB), or the security must be registered for public sale. At April 30, 2007, the market value of 144A securities that were not subject to mandatory issuer registration obligations is \$214,578,957 or 8.4% of net assets.

^ Security, or portion of security, is on loan.

# Non-income producing security.

Variable rate or step bond security. The rate shown is the rate in effect at April 30, 2007.

<> Security position is held in a segregated account as collateral for written options aggregating a total market value of \$42,295,300.

∞ Securities  
exchangeable or  
convertible into  
securities of an  
entity different  
than the issuer.  
Such entity is  
identified in the  
parenthetical.

**FOREIGN CURRENCY ABBREVIATIONS**

|     |                        |
|-----|------------------------|
| AUD | Australian Dollar      |
| CAD | Canadian Dollar        |
| CHF | Swiss Franc            |
| EUR | European Monetary Unit |
| GBP | British Pound Sterling |
| SEK | Swedish Krona          |

See accompanying Notes to Financial Statements.

Schedule of Investments      Strategic Total Return Fund  
**SEMIANNUAL REPORT**      15

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**Table of Contents****Statement of Assets and Liabilities****April 30, 2007 (unaudited)****ASSETS**

|   |                      |
|---|----------------------|
| Investments, at value* (cost \$3,667,172,915)       | \$ 4,008,581,362     |
| Cash with custodian (interest bearing)              | 1,964,427            |
| Restricted cash for open options (interest bearing) | 150,000              |
| Foreign currency (cost \$459,101)                   | 458,887              |
| Receivable for investments sold                     | 1,504,502            |
| Accrued interest and dividends receivable           | 30,025,150           |
| Unrealized appreciation on interest rate swaps      | 2,764,450            |
| Prepaid expenses                                    | 91,454               |
| Other assets  | 60,331               |
| <b>Total assets</b>                                 | <b>4,045,600,563</b> |

**LIABILITIES**

## Payables:

|   |                    |
|---|--------------------|
| Cash collateral for securities on loan          | 390,508,604        |
| Options written, at value (premium \$2,673,638) | 4,504,450          |
| Investments purchased                           | 3,518,767          |
| Income distribution                             | 1,066,442          |
| Affiliates:                                     |                    |
| Investment advisory fees                        | 2,955,418          |
| Deferred compensation to Trustees               | 60,331             |
| Financial accounting fees                       | 33,505             |
| Trustee fees and officer compensation           | 1,137              |
| Accounts payable and accrued liabilities        | 469,166            |
| <b>Total liabilities</b>                        | <b>403,117,820</b> |

**PREFERRED SHARES**

|   |               |
|---|---------------|
| \$25,000 liquidation value per share applicable to 43,200 shares, including dividends payable | 1,081,292,689 |
|---|---------------|

|   |                         |
|---|-------------------------|
| <b>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</b> | <b>\$ 2,561,190,054</b> |
|---|-------------------------|

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

|   |                  |
|---|------------------|
| Common stock, no par value, unlimited shares authorized, 154,514,000 shares issued and outstanding                                | \$ 2,200,733,859 |
| Undistributed net investment income (loss)  | (37,174,310)     |
| Accumulated net realized gain (loss) on investments, written options, foreign currency transactions and interest rate swaps       | 55,214,782       |
| Net unrealized appreciation (depreciation) on investments, written options, foreign currency translations and interest rate swaps | 342,415,723      |

|   |                         |
|---|-------------------------|
| <b>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</b> | <b>\$ 2,561,190,054</b> |
|---|-------------------------|

|   |          |
|---|----------|
| Net asset value per common share based on 154,514,000 shares issued and outstanding | \$ 16.58 |
|---|----------|



\* Including securities on loan with a value of \$376,404,623.

See accompanying Notes to Financial Statements.

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

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**Table of Contents****Statement of Operations****Six Months Ended April 30, 2007 (unaudited)****INVESTMENT INCOME**

|   |                |
|---|----------------|
| Interest  | \$ 49,310,346  |
| Dividends (net of foreign taxes withheld of \$22,582) | 37,470,593     |
| Securities lending income                             | 227,432        |
| <br>Total investment income                           | <br>87,008,371 |

**EXPENSES**

|  |                |
|--|----------------|
| Investment advisory fees               | 17,662,918     |
| Auction agent and rating agency fees   | 1,374,177      |
| Financial accounting fees              | 199,872        |
| Printing and mailing fees              | 186,785        |
| Audit and legal fees                   | 95,500         |
| Accounting fees                        | 93,174         |
| Custodian fees                         | 86,016         |
| Registration fees                      | 67,369         |
| Investor support services              | 57,946         |
| Trustees fees and officer compensation | 48,774         |
| Transfer agent fees                    | 16,146         |
| Other                                  | 79,710         |
| <br>Total expenses                     | <br>19,968,387 |
| Less earnings credits                  | (53,388)       |
| <br>Net expenses                       | <br>19,914,999 |

NET INVESTMENT INCOME (LOSS) 67,093,372

**REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS, WRITTEN OPTIONS, FOREIGN CURRENCY AND INTEREST RATE SWAPS****Net realized gain (loss) from:**

|                               |            |
|-------------------------------|------------|
| Investments                   | 60,572,053 |
| Foreign currency transactions | 180,382    |
| Interest rate swaps           | 2,297,678  |

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

|                               |             |
|-------------------------------|-------------|
| Investments                   | 125,218,921 |
| Written options               | (1,830,812) |
| Foreign currency translations | 51,468      |
| Interest rate swaps           | (1,944,550) |

NET REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS, WRITTEN OPTIONS, FOREIGN CURRENCY AND INTEREST RATE SWAPS 184,545,140

NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS 251,638,512

**DIVIDENDS TO PREFERRED SHAREHOLDERS FROM**

|                       |              |
|-----------------------|--------------|
| Net investment income | (22,357,868) |
| Capital gains         | (5,332,179)  |

|  |                       |
|--|-----------------------|
| <b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS</b> | <b>\$ 223,948,465</b> |
|--|-----------------------|

See accompanying Notes to Financial Statements.

|                         |                             |    |
|-------------------------|-----------------------------|----|
| Statement of Operations | Strategic Total Return Fund | 17 |
|                         | <b>SEMIANNUAL REPORT</b>    |    |

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**Table of Contents****Statements of Changes in Net Assets**

|  | Six Months<br>Ended<br>April 30, 2007<br>(unaudited) | Year Ended<br>October 31,<br>2006 |
|--|--|-----------------------------------|
| <b>OPERATIONS</b>  |  |                                   |
| Net investment income (loss)   | \$ 67,093,372  | \$ 137,603,943                    |
| Net realized gain (loss) from investments, written options, foreign<br>currency transactions and interest rate swaps                         | 63,050,113   | 82,747,989                        |
| Change in net unrealized appreciation/depreciation on investments,<br>written options, foreign currency translations and interest rate swaps | 121,495,027  | 204,396,753                       |
| Distributions to preferred shareholders from:  |  |                                   |
| Net investment income  | (22,357,868)   | (50,773,343)                      |
| Capital gains  | (5,332,179)  |                                   |
| Net increase (decrease) in net assets applicable to common shareholders<br>resulting from operations   | 223,948,465  | 373,975,342                       |
| <b>DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM</b>   |  |                                   |
| Net investment income  | (81,058,049)   | (118,970,833)                     |
| Capital gains  | (9,332,646)  | (58,720,277)                      |
| Net decrease in net assets from distributions to common shareholders   | (90,390,695)   | (177,691,110)                     |
| <b>CAPITAL STOCK TRANSACTIONS</b>  |  |                                   |
| Net increase (decrease) in net assets from capital stock transactions  |  |                                   |
| <b>TOTAL INCREASE (DECREASE) IN NET ASSETS APPLICABLE<br/>TO COMMON SHAREHOLDERS</b>   | 133,557,770  | 196,284,232                       |
| <b>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</b>  |  |                                   |
| Beginning of period  | 2,427,632,284  | 2,231,348,052                     |
| End of period  | \$ 2,561,190,054                                     | \$ 2,427,632,284                  |
| Undistributed net investment income (loss)   | \$ (37,174,310)                                      | \$ (851,765)                      |
|  | See accompanying Notes to Financial Statements.      |                                   |

**Table of Contents****Notes to Financial Statements (unaudited)****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 investment grade debt securities.

**Portfolio Valuation.** The valuation of the Fund's portfolio securities is in accordance with policies and procedures adopted by and under the ultimate supervision of the Board of Trustees.

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

When a most recent last sale or closing price is not available, portfolio securities, other than option securities, that are traded on a U.S. securities exchange and other securities traded in the OTC 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 OTC option that is not traded through the Options Clearing Corporation is valued by the counterparty to such option.

Trading in securities on European and Far Eastern securities exchanges and OTC 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 OTC markets is evaluated 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 current sale price at the time as of which 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, in accordance with guidelines adopted by the Board of Trustees. 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, including any thinly-traded security, junk bond or synthetic convertible instrument, 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 Board of Trustees guidelines and under the ultimate supervision of the Board of Trustees if the value of a foreign security it holds is materially affected by events occurring before their valuation time but after the close of the primary market or exchange on which the security is traded. 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.

When fair value pricing of securities is employed, the prices of securities used by the Fund to calculate its NAV may differ from market quotations or official closing prices.



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Notes to Financial Statements (unaudited)

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

**Foreign Currency Translation.** Values of investments and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using 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.

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

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

**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 (the Code), 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 contingent payment debt instruments and methods of amortizing and accreting fixed income securities. Financial records are not adjusted for temporary differences.

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**SEMIANNUAL REPORT** Notes to Financial Statements

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Notes to Financial Statements (unaudited)

**Indemnifications.** Under the Fund's organizational documents, its officers and trustees are indemnified 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 enters 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. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

**New Accounting Pronouncements.** On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken in the course of preparing the Fund's tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. At this time, management is evaluating the implications of FIN 48, and its impact on the financial statements has not yet been determined.

In addition, in September 2006, the Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Management is currently evaluating the impact the adoption of SFAS 157 will have on the Fund's financial statements and their disclosures, and its impact has not yet been determined.

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

Pursuant to an investment advisory agreement with Calamos Advisors LLC ( Calamos Advisors ), the Fund pays an annual fee, payable monthly, equal to 1.00% based on the average weekly managed assets.

Pursuant to a financial accounting services agreement, Calamos Advisors receives a fee payable monthly at the annual rate of 0.0175% on the first \$1 billion of combined assets; 0.0150% on the next \$1 billion of combined assets; and 0.0110% on combined assets above \$2 billion for financial accounting services (for purposes of this calculation

combined assets means the total of the average daily managed net assets of Calamos Investment Trust and Calamos Advisors Trust and the average weekly managed net assets of Calamos Convertible and High Income Fund, Calamos Convertible Opportunities and Income Fund, Calamos Strategic Total Return Fund and Calamos Global Total Return 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 the Fund's relative portion of combined assets.

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 expenses on the Statement of Operations.

Included in the statement of operations under the caption Earnings Credits is an expense offset of \$53,388 arising from credits on cash balances maintained on deposit.

Certain officers and trustees of the Fund are also officers and directors of Calamos Financial Services LLC ( CFS ) and Calamos Advisors. All officers and affiliated trustees serve without direct compensation from the Fund, except for the Chief Compliance Officer as described above.

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) of the Fund 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

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## Notes to Financial Statements (unaudited)

measuring shares, and the value of the account decreases with withdrawals from the account or with declines in the value of the measuring shares. Deferred compensation of \$60,331 is included in Other assets on the Statement of Assets and Liabilities at April 30, 2007. The Fund's obligation to make payments under the Plan is a general obligation of the Fund and is included in Payable for deferred compensation to Trustees on the Statement of Assets and Liabilities at April 30, 2007.

**NOTE 3 INVESTMENTS**

Purchases and sales of investments, other than short-term investments for the six months ended April 30, 2007 were as follows:

|                     |               |
|---------------------|---------------|
| Purchases           | \$744,422,403 |
| Proceeds from sales | 785,566,274   |

The following information is presented on a Federal income tax basis as of April 30, 2007. Differences between the cost basis under U.S. generally accepted accounting principles and Federal income tax purposes are primarily due to timing differences.

The cost basis of investments for Federal income tax purposes at April 30, 2007 was as follows:

|  |                  |
|--|------------------|
| Cost basis of investments                  | \$ 3,678,005,257 |
| Gross unrealized appreciation              | 398,535,986      |
| Gross unrealized depreciation              | (67,959,881)     |
| Net unrealized appreciation (depreciation) | \$ 330,576,105   |

**NOTE 4 INCOME TAXES**

The tax character of distributions for the period ended April 30, 2007 will be determined at the end of the Fund's current fiscal year.

Distributions during the fiscal year ended October 31, 2006 were characterized for Federal income tax purposes as follows:

**Distributions paid from:**

|                         |               |
|-------------------------|---------------|
| Ordinary income         | \$216,951,537 |
| Long-term capital gains | 15,065,115    |

As of October 31, 2006, the components of accumulated earnings/(loss) on a tax basis were as follows:

|                                      |               |
|--------------------------------------|---------------|
| Undistributed ordinary income        | \$ 6,370,479  |
| Undistributed capital gains          | 17,788,433    |
| Total undistributed earnings         | 24,158,912    |
| Accumulated capital and other losses |               |
| Net unrealized gains/(losses)        | 203,671,995   |
| Total accumulated earnings/(losses)  | 227,830,907   |
| Other                                | (932,482)     |
| Paid-in capital                      | 2,200,733,859 |

Net assets applicable to common shareholders \$ 2,427,632,284

**NOTE 5 COMMON SHARES**

There are unlimited common shares of beneficial interest authorized and 154,514,000 shares outstanding at April 30, 2007. Calamos Advisors owned 17,408 of the outstanding shares at April 30, 2007. Transactions in common shares were as follows:

|   | <b>For the Six<br/>Months<br/>Ended April 30,<br/>2007<br/>(unaudited)</b> | <b>For the Year<br/>Ended<br/>October 31, 2006</b> |
|---|--|--|
| Beginning shares                                    | 154,514,000  | 154,514,000  |
| Shares issued through reinvestment of distributions |  |  |
| Ending shares                                       | 154,514,000  | 154,514,000  |

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**SEMIANNUAL REPORT** Notes to Financial Statements

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Notes to Financial Statements (unaudited)

**NOTE 6 FORWARD FOREIGN CURRENCY CONTRACTS**

The Fund may engage in portfolio hedging with respect to changes in currency exchange rates by entering into forward foreign currency contracts to purchase or sell currencies. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. Risks associated with such contracts include, 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 exchange rates, and an unrealized gain or loss is recorded. The Fund realizes a gain or loss when a position is closed or upon settlement of the contracts.

There were no open forward foreign currency contracts at April 30, 2007.

**NOTE 7 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 or 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 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 convertible instruments 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 8 WRITTEN OPTIONS TRANSACTIONS**

The Fund may engage in options transactions and in doing so achieve objectives similar to what it would achieve through the sale or purchase of individual securities. Transactions in options written during the six months ended April 30, 2007 were as follows:

|   | Number<br>of<br>Contracts | Premiums<br>Received |
|---|---------------------------|----------------------|
| Options outstanding at October 31, 2006 |                           | \$ -                 |
| Options written                         | 11,850                    | 2,673,638            |
| Options closed                          |                           | -                    |
| Options expired                         |                           | -                    |
| Options exercised                       |                           |                      |
| Options outstanding at April 30, 2007   | 11,850                    | \$ 2,673,638         |

**NOTE 9 PREFERRED SHARES**

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



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## Notes to Financial Statements (unaudited)

Dividends on the Preferred Shares are cumulative at a rate typically reset every seven or twenty-eight days based on the results of an auction. Dividend rates ranged from 4.70% to 5.32% for the six months ended April 30, 2007. Under the 1940 Act, the Fund may not declare dividends or make other distributions on common shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Preferred Shares would be less than 200%.

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

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

**NOTE 10 INTEREST RATE TRANSACTIONS**

The Fund may engage in swaps primarily to manage duration and yield curve risk, or as alternatives to direct investments. 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 unrealized gains or losses in the Statement of Operations. A realized gain or loss is recorded 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.

Amounts paid to or by the 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 on dealer-supplied valuations and changes in value are recorded as unrealized appreciation (depreciation). Gains or losses are realized upon early termination of the contract. Risks may exceed amounts recognized in the Statement of Assets and Liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms and the possible lack of liquidity with respect to the contracts.

If the Fund is required to terminate any swap or cap early due to the Fund's failure to maintain a required 200% asset coverage of the liquidation value of the outstanding Preferred Shares or the Fund loses its credit rating on its Preferred Shares, then the Fund could be required to make a termination payment, in addition to redeeming all or some of the Preferred Shares.

Details of the interest rate swap agreements outstanding as of April 30, 2007 were as follows:

| <b>Counterparty</b> | <b>Termination<br/>Date</b> | <b>Notional<br/>Amount<br/>(000)</b> | <b>Fixed<br/>Rate<br/>(Fund<br/>Pays)</b> | <b>Floating<br/>Rate<br/>(Fund<br/>Receives)</b> | <b>Unrealized<br/>Appreciation<br/>(Depreciation)</b> |
|---------------------|-----------------------------|--------------------------------------|---|--|---|
| Citibank NA         | 6/4/2007                    | \$ 150,000,000                       | 3.610%                                    | 1 month<br>LIBOR                                 | \$ 426,080  |
| Citibank NA         | 6/4/2009                    | 200,000,000                          | 4.340%                                    | 1 month<br>LIBOR                                 | 2,338,370   |
|                     |                             |                                      |   |  | \$ 2,764,450  |

**NOTE 11 SECURITIES LENDING**

For the six months ended April 30, 2007, the Fund loaned certain of its securities to broker-dealers and banks. Any such loan must be continuously secured by collateral in cash or cash equivalents maintained on a current basis in an amount at least equal to the market value of the securities loaned by the Fund. The Fund continues to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned and also receives an additional return that may be in the form of a fixed fee or a percentage of the income earned on the 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 the loan and obtain the securities loaned at any time on notice of not more than five business days. The Fund does not

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**SEMIANNUAL REPORT** Notes to Financial Statements

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Notes to Financial Statements (unaudited)

have the right to vote the securities during the existence of the loan but could call the loan in an attempt to permit voting of the securities in certain circumstances. Upon return of the securities loaned, the cash or cash equivalent collateral will be returned to the borrower. In the event of bankruptcy or other default of the borrower, the Fund could experience both delays in liquidating the loan collateral or recovering the loaned securities and losses, including (a) possible decline in the value of the collateral or in the value of the securities loaned during the period while the Fund seeks to enforce its rights thereto, (b) possible subnormal levels of income and lack of access to income during this period, and (c) the expenses of enforcing its rights. In an effort to reduce these risks, the Fund's securities lending agent monitors, and reports to Calamos Advisors on, the creditworthiness of the firms to which the Fund lends securities. At April 30, 2007, the Fund had securities valued at \$376,404,623 that were on loan to broker-dealers and banks and \$390,508,604 in cash or cash equivalent collateral.

Notes to Financial Statements Strategic Total Return Fund  
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**Table of Contents****Financial Highlights****Selected data for a common share outstanding throughout each period were as follows:**

The financial highlights table is intended to help you understand the Fund's financial performance for the periods indicated below. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). The information for the period ended April 30, 2007 is unaudited. Deloitte & Touche LLP, an independent registered public accounting firm, has audited the information for the fiscal years ended October 31, 2006 and 2005 and the period ended October 31, 2004.

|  | Six Months<br>Ended<br>April 30,<br>(Unaudited) | For the Year Ended October 31, |              | March 26,<br>2004*<br>through<br>October 31, |
|--|---|--------------------------------|--------------|--|
|  | 2007  | 2006                           | 2005         | 2004   |
| Net asset value, beginning of period   | \$ 15.71  | \$ 14.44                       | \$ 14.23     | \$ 14.32 <sup>(a)</sup>                      |
| Income from investment operations:   |   |                                |              |  |
| Net investment income (loss)   | 0.43  | 0.89                           | 0.93         | 0.51   |
| Net realized and unrealized gain<br>(loss) from investments, written<br>options, foreign currency and interest<br>rate swaps | 1.19  | 1.86                           | 0.48         | (0.09)                                       |
| Distributions to preferred shareholders<br>from:   |   |                                |              |  |
| Net investment income (common share<br>equivalent basis)   | (0.14)  | (0.33)                         | (0.21)       | (0.06)                                       |
| Capital gains (common share<br>equivalent basis)   | (0.03)  |                                |              |  |
| Total from investment operations   | 1.45  | 2.42                           | 1.20         | 0.36   |
| Less distributions to common<br>shareholders from:   |   |                                |              |  |
| Net investment income  | (0.52)  | (0.77)                         | (0.71)       | (0.37)                                       |
| Capital gains  | (0.06)  | (0.38)                         | (0.28)       |  |
| Capital charge resulting from issuance<br>of common and preferred shares   |   |                                |              | (0.08)                                       |
| Net asset value, end of period   | \$ 16.58  | \$ 15.71                       | \$ 14.44     | \$ 14.23                                     |
| Market value, end of period  | \$ 15.47  | \$ 14.91                       | \$ 13.71     | \$ 13.34                                     |
| Total investment return based on <sup>(b)</sup> :  |   |                                |              |  |
| Net asset value  | 9.62%   | 18.03%                         | 8.95%        | 2.10%  |
| Market value   | 7.77%   | 17.99%                         | 10.35%       | (8.59)%                                      |
| Ratios and supplemental data:  |   |                                |              |  |
| Net assets applicable to common<br>shareholders, end of period (000's<br>omitted)  | \$ 2,561,190                                    | \$ 2,427,632                   | \$ 2,231,348 | \$ 2,199,229                                 |
| Preferred shares, at redemption value<br>(\$25,000 per share liquidation<br>preference) (000's omitted)                      | \$ 1,080,000                                    | \$ 1,080,000                   | \$ 1,080,000 | \$ 1,080,000                                 |

Ratios to average net assets applicable to common shareholders:

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| Net expenses <sup>(c)(d)(e)</sup>   | 1.62%     | 1.66%     | 1.67%     | 1.61%     |
| Net investment income (loss) <sup>(c)(d)</sup>                                    | 5.45%     | 5.92%     | 6.25%     | 6.27%     |
| Preferred share distributions <sup>(c)</sup>                                      | 1.82%     | 2.18%     | 1.40%     | 0.67%     |
| Net investment income (loss), net of preferred share distributions <sup>(c)</sup> | 3.63%     | 3.74%     | 4.85%     | 5.60%     |
| Portfolio turnover rate   | 21%       | 48%       | 71%       | 11%       |
| Average commission rate paid  | \$ 0.0330 | \$ 0.0342 | \$ 0.0381 | \$ 0.0197 |
| Asset coverage per preferred share, at end of period <sup>(f)</sup>               | \$ 84,317 | \$ 81,216 | \$ 76,667 | \$ 75,916 |

\* Commencement of operations.

(a) Net of sales load of \$0.675 on initial shares issued and beginning net asset value of \$14.325.

(b) Total investment return is calculated assuming a purchase of common shares 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) Annualized for periods less than one year.
- (d) Does not reflect the effect of dividend payments to Preferred Shareholders.
- (e) Net of custody credits which are less than 0.01% for the six months ended April 30, 2007 and the year ended

October 31,  
2006.

- (f) 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.

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**SEMIANNUAL 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 reviewed the accompanying statement of assets and liabilities, including the schedule of investments, of Calamos Strategic Total Return Fund (the Fund ) as of April 30, 2007, and the related statements of operations and changes in net assets and the financial highlights for the semi-annual period then ended. These interim financial statements and financial highlights are the responsibility of the Fund s management.

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

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of changes in net assets of the Fund for the year ended October 31, 2006 and the financial highlights for each of the two years then ended and for the period from March 26, 2004 (commencement of operations) through October 31, 2004; and in our report dated December 19, 2006, we expressed an unqualified opinion on such statement of changes in net assets and financial highlights.

Chicago, Illinois

June 21, 2007

Report of Independent Registered Public Accounting Firm Strategic Total Return Fund  
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**About Closed-End Funds**

**What is a Closed-End Fund?**

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

**Potential Advantages of Closed-End Fund Investing**

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

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

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

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

**Ability to Put Leverage to Work** Closed-end funds may issue senior securities (such as preferred stock 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 stock and bonds  
 Price determined by the marketplace  
 Traded in the secondary market  
 Fund does not redeem shares



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**Leverage**

**Using Leverage to Enhance Total Return**

Closed-end funds can use leverage which utilizes borrowed money in an attempt to increase the return on invested capital. The Fund invests the borrowed assets into securities, which we believe will provide a greater total return to investors than the cost of the borrowing.

**Highlights on Leverage**

Leveraging the portfolio allows the investment team to potentially enhance the income and total returns of the Fund.

In a rising-rate environment, the cost of leverage typically increases. To protect against increases, the investment team has locked in the cost of leverage for a longer term. In leveraged closed-end funds that invest in interest-rate sensitive securities (high-quality traditional fixed income), rising rates can negatively impact a fund in two ways: increasing the cost of leverage and decreasing the value of securities.

This portfolio does not have notable sensitivity to rising interest rates. Much of the cost of leverage has been locked in, and the portfolio seeks to invest in securities that should be more economically sensitive and less interest rate-sensitive.

**Managing the Interest Rate Risk of Leverage**

In general, leverage can expose a closed-end fund to the risk of fluctuations in short-term interest rates. As we discussed in the Investment Team Interview, Calamos Advisors has taken steps to mitigate some of this risk to our shareholders. Specifically, we hedged the Fund's preferred shares (used these shares as principal) to enter into interest rate swap agreements. In its simplest form, an interest rate swap involves two parties agreeing to exchange or swap one set of cash flows for another set. In essence, the agreement allows a party that desires to avoid a variable rate (the Fund) to pay a fixed rate to a party that desires variability.

Under these agreements, the Fund pays a potentially higher rate for borrowing initially, but that rate is fixed for a period of three to five years, thereby potentially reducing the interest costs that the Fund would otherwise pay over the period based on a floating or variable rate.

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**SEMIANNUAL REPORT** Leverage

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**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 or visit us on the web at [www.calamos.com/csq.aspx](http://www.calamos.com/csq.aspx). 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.

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**The Calamos Investments Advantage**

Calamos history is one of performing well for our clients through nearly 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 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 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.

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**Calamos Closed-End Funds**

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

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

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

**Fund Asset Allocation as of 4/30/07**

**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 Strategic Total Return Fund (CSQ)**

**Providing Defensive Equity**

**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 Defensive Global Equity**

**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.

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A description of the Calamos Proxy Voting Policies and Procedures and the Fund's proxy voting record for the 12 month period ended June 30, 2006 are available free of charge upon request by calling 800.582.6959, by visiting the Calamos website at [www.calamos.com](http://www.calamos.com), by writing Calamos at: Calamos Investments, Attn: Client Services, 2020 Calamos Court, Naperville, IL 60563 or by visiting the SEC website at <http://www.sec.gov>.

The Fund files its complete list of portfolio holdings with the SEC for the first and third quarters each fiscal year on Form N-Q. The Forms N-Q are available free of charge, upon request, by calling or writing Calamos Investments at the phone number or address provided above or by visiting the SEC website at <http://www.sec.gov>. You may also review or, for a fee, copy the forms at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800.732.0330.

FOR 24 HOUR AUTOMATED SHAREHOLDER ASSISTANCE 800.823.7386 TO OBTAIN INFORMATION 800.582.6959 VISIT OUR WEB SITE [www.calamos.com](http://www.calamos.com) INVESTMENT ADVISER Calamos Advisors LLC 2020 Calamos Court

Naperville, IL 60563-2787 FUND ACCOUNTING AGENT State Street Bank and Trust Company 225 Franklin Street Boston, MA 02111 CUSTODIAN AND TRANSFER AGENT The Bank of New York P.O. Box 11258 Church Street Station New York, NY 10286 800.524.4458 INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM Deloitte & Touche LLP Chicago, IL LEGAL COUNSEL Bell, Boyd & Lloyd LLP Chicago, IL

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ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. SCHEDULE OF INVESTMENTS

Included in the Report to Shareholders in Item 1.

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

Not applicable.

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

Not applicable

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| <b>Period</b>             | <b>(a)<br/>Total<br/>Number<br/>of<br/>Shares<br/>(or<br/>Units)<br/>Purchased</b> | <b>(b)<br/>Average<br/>Price<br/>Paid per<br/>Share<br/>(or<br/>Unit)</b> | <b>(c) Total<br/>Number of<br/>Shares (or<br/>Units)<br/>Purchased as<br/>Part of<br/>Publicly<br/>Announced<br/>Plans or<br/>Programs</b> | <b>(d) Maximum<br/>Number (or<br/>Approximate<br/>Dollar Value) of<br/>Shares (or Units)<br/>that May Yet Be<br/>Purchased Under<br/>the Plans or<br/>Programs</b> |
|---------------------------|--|---|--|--|
| November 1 to November 30 | N/A  | N/A   | N/A  | N/A  |
| December 1 to December 31 | N/A  | N/A   | N/A  | N/A  |
| January 1 to January 31   | N/A  | N/A   | N/A  | N/A  |
| February 1 to February 28 | N/A  | N/A   | N/A  | N/A  |
| March 1 to March 31       | N/A  | N/A   | N/A  | N/A  |
| April 1 to April 30       | N/A  | N/A   | N/A  | N/A  |
| Total                     | N/A  | N/A   | N/A  | N/A  |

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

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



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SIGNATURES

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

Calamos Strategic Total Return Fund

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

Name: John P. Calamos, Sr.

Title: Principal Executive Officer

Date: June 25, 2007

By: /s/ Patrick H. Dudasik

Name: Patrick H. Dudasik

Title: Principal Financial Officer

Date: June 25, 2007

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

Calamos Strategic Total Return Fund

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

Name: John P. Calamos, Sr.

Title: Principal Executive Officer

Date: June 25, 2007

By: /s/ Patrick H. Dudasik

Name: Patrick H. Dudasik

Title: Principal Financial Officer

Date: June 25, 2007