

CALAMOS CONVERTIBLE & HIGH INCOME FUND  
Form N-CSR  
December 29, 2008

**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: 811-21319

EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER: Calamos Convertible and High Income Fund

ADDRESS OF PRINCIPAL EXECUTIVE OFFICES: 2020 Calamos Court, Naperville, Illinois 60563-2787

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

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

DATE OF FISCAL YEAR END: October 31, 2008

DATE OF REPORTING PERIOD: November 1, 2007 through October 31, 2008

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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

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

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### **PERSONAL ASSISTANCE**

**800.582.6959**

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

**YOUR FINANCIAL ADVISOR**

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

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Letter to Shareholders

### **About the Fund**

CHY utilizes a blend of high-yield and convertible securities to produce a stream of income paid out on a monthly basis.

The Fund's dynamic asset allocation approach and broad investment universe provides enhanced opportunities to pursue income and total returns.

Invests primarily in U.S. markets.

Dear Fellow Shareholders:

Enclosed is your annual report for the year ended October 31, 2008. We appreciate the opportunity to correspond with you. I encourage you to carefully review this report, which includes an assessment of market conditions and fund commentary from our investment team. The report also includes a listing of portfolio holdings, financial data and highlights, as well as detailed information about the performance and allocations of Calamos Convertible and High Income Fund (CHY).

As we discuss in the Economic and Market Review, the annual period was characterized by unprecedented market events and volatility, including a global credit crisis, the freezing of the auction rate preferred securities (ARPS) market and, more recently, a panicked sell-off driven by deleveraging activity. Poor policy decisions, such as a lack of hedge fund regulations, have also contributed. In this environment of extreme pessimism, good investments have been sold off alongside bad, across the global markets. Closed-end funds have not been immune, as investors have sought to exit the market at any cost. Moreover, because they trade on securities exchanges, closed-end funds offer relatively high liquidity, and therefore, a more ready source of cash.

Despite these challenges, the Fund continued to provide a competitive income stream. The Fund's monthly distribution was at least \$0.1219 per share throughout the period. The Fund's current annualized distribution rate was 11.67%, based on a closing market price of \$8.74 on October 31, 2008. Due to broader conditions in the troubled global markets—most notably, less robust opportunities for capital gains—we announced a reduction in the November 2008 distribution to \$0.0850, subsequent to the end of the reporting period. Even so, we believe that the Fund's distribution remains competitive and appropriate for the current market environment.

CHY continues to utilize leverage strategies to enhance the long-term yield and dividend potential of the Fund. This reflects our belief that leverage strategies can be accretive to common shareholders. The leverage strategies used within the Fund are compliant with the Investment Company Act of 1940, as well as the Fund's prospectus.

Although each economic and market downturn is unique, we believe that past experience provides us with the perspective and knowledge required to navigate these current difficulties. I began my investment career in the 1970s—a period which was also marked by unprecedented market and economic conditions. Yet, there were opportunities for long-term investors. I believe the same is true today.

Additionally, it is important to remember that the U.S. and global economies have demonstrated incredible resilience in the face of significant past challenges.

All of us at Calamos Investments recognize how difficult this period is for our shareholders. Managing your assets is a responsibility that we take very seriously. We assure you that we are carefully evaluating market and economic events on an ongoing basis; and we are rigorously tracking every security in which the Fund is invested. We are seeking to capitalize on the market's extreme pessimism, by selectively investing in securities with good distributions and very attractive prices.

Convertible and High Income Fund  
Letter to Shareholders **ANNUAL REPORT** 1

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Letter to Shareholders

With its broader investable universe of higher-yielding securities, we believe the Fund is well positioned to provide an attractive income stream. Due in large part to hedge-fund deleveraging, the convertible market has reached a level of undervaluation that we have not seen in our more than 30 years of investing. We believe this presents a rare and significant opportunity for long-term investors, which we will discuss in greater detail in the Investment Management Team Discussion. Similarly, we have seen a number of opportunities emerge in the high-yield market, as emotion has caused investors to overlook longer-term considerations.

Also, in keeping with our dedication to all of the Fund's shareholders, we did refinance the majority of our ARPS financing in the Fund. We continue to work diligently to secure refinancing for all outstanding ARPS, in such a way that accounts for the best interests of all Fund shareholders both investors in the preferred share class and the common shareholders who hold the majority of Fund assets. (Please see page 6, "ARPS Update" for additional information.)

If you have any questions about your portfolio, please speak to 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. I also encourage you to visit our website at calamos.com on a regular basis, for updated commentary and more information about the Fund. You will also find a section of our website dedicated to our ARPS-related activities.

As always, and especially during these difficult markets, we thank you for your continued confidence. We are honored by the opportunity to serve you and to help you achieve your long-term investment goals.

Sincerely,

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

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

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2 **ANNUAL REPORT** 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 Fund Investors link.*

The year ended October 31, 2008, proved to be one of the most challenging periods since the Great Depression. In the United States, stocks dropped 36.10% as measured by the S&P 500 Index<sup>1</sup>. The Credit Suisse High Yield Index<sup>2</sup>, representative of the high-yield bond market, fell 24.59%. Convertible securities, which blend characteristics of stocks and bonds, had a disappointing loss of 35.36%, based on the Merrill Lynch All U.S. Convertibles Ex Mandatory Index<sup>3</sup>. The investment-grade bond markets had a muted return; the Barclays Capital (formerly Lehman Brothers) U.S. Aggregate Index<sup>4</sup> rose 0.30%.

As the past decade demonstrates, the stock market is fraught with swings driven by fear and greed. Just eight years ago, we experienced the incredible excess optimism priced into technology and telecommunications stocks. Today, we are experiencing the polar opposite in the markets' extreme pessimism. Over the long run, the stock market reflects the strength of the economy, which has proven remarkably resilient in the face of world wars, terrorism, natural disasters, bank crises, inflation and other problems. We believe that maintaining patience and staying invested over the long-term will prove to be the most prudent and fruitful course of action.

The January 2008 plunge in the equity markets made it clear that investors were anxious about instability among Wall Street's biggest banks and brokers and had further concerns regarding the possibility of a broader slowdown. In March, Bear Stearns, teetering on bankruptcy, was acquired by JPMorgan Chase in a government-coordinated deal. Soon after, the Fed cut its benchmark fed funds rate by 75 basis points to support the markets. Congress provided liquidity on the order of \$200 to \$300 billion to mortgage insurers Fannie Mae and Freddie Mac.

In April and May, investors appeared to believe that the bad news had run its course and stocks began to recover. It proved to be a short-lived spring, however, and the market reversed course in June and July as earnings reports reflected dour outlooks on the economy and uneasiness over the unfolding credit crunch. The ill wind, which had stirred up trouble throughout 2008, accelerated into a full-blown shock wave in the final two months of the period. The fall season took on a second meaning as major financial institutions toppled, forcing unprecedented government intervention. In September, the government took over Fannie Mae and Freddie Mac, Lehman Brothers filed for bankruptcy protection, and insurer AIG had to be bailed out. A \$700 billion rescue package for financial companies did little to calm investors, and markets continued to decline precipitously throughout October. Despite all this negative news, it is our belief that once the sell-off frenzy ends and the dust settles, we will be presented with a highly attractive investment landscape where equity valuations are the best they have been since 1990.

Convertible bonds' fixed-income characteristics typically provide a floor that can cushion losses as the underlying stock declines. During the latter part of the period, however, this fixed-income value was largely ignored in the market place. In recent years, convertible arbitrage hedge funds have used leverage to deliver market performance, borrowing through prime brokers such as the now defunct Bear Stearns, Lehman Brothers and others. As the cost of borrowing and poor performance dramatically increased, it appears many hedge funds could not maintain their leverage and were forced to liquidate portfolios. At the same time, the market makers and the prime brokers also began deleveraging. In



the past, the convertible arbitrage community along with traditional market makers would provide liquidity in the convertible market, reducing the spreads. In this way, the convertible market generally benefited. The recent forced liquidation made convertibles uncharacteristically vulnerable to the panic of the stock market. This past

#### Economic and Market Review

October, in fact, the decline in convertible prices closely matched plunging stock prices. As a result, convertible securities finished the period significantly undervalued. In the past, valuations have reverted back over a period of several quarters to just a few months, so we see an excellent investment opportunity in the convertible market for investors who have an investment horizon beyond the current crisis.

High-yield corporate bonds also struggled. Here again, we believe the beaten-down valuations are largely attributable to forced selling in the financial industry and hedge fund arena. The investment banks and hedge funds are liquidity providers, and during normal times act as efficiency capital to allow markets to function smoothly. Because these liquidity providers are themselves under extreme duress, the entire financial industry is suffering from too much debt and a crisis in capital access and liquidity. There is an abundance of sellers, but buyers are only stepping in at very distressed prices because most have limited capital and, in many cases, are net sellers. We believe this environment offers buyers a long-term opportunity to earn a high return on capital as corporate-bond issuers are forced to pay substantially higher yields. In fact, we have been able to find higher-yielding investments that we believe are well-managed and well-positioned to benefit from long-term secular growth themes.

As the broad market struggled, closed-end funds faced added challenges due to the conditions in the credit markets, specifically the auction rate preferred securities (ARPS) market. Like many other closed-end funds, the Fund had used ARPS as a way to leverage portfolios and potentially increase returns for common shareholders. During the period, the credit crunch which originated in the subprime mortgage sector cascaded across other areas of the credit market, including the ARPS market. However, unlike many other segments of the credit market, the problems in the closed-end fund ARPS market were liquidity-based, and not driven by problematic credit quality or fundamentals.

The events of the past year understandably bring up comparisons to the Great Depression. However, there are significant differences between conditions today and those of the 1930s. The Great Depression started with tight monetary policy, a 33% decline in industrial production and trade tariffs that ground the economy to a halt all before the banking crisis even hit. Today, the economy is more diversified and benefits from additional safety nets and insurance that did not exist during the 1930s. The Fed and world central bankers seem to be coordinating globally to fend off a deflationary scenario, with liquidity injections occurring on a consistent basis. We would expect additional injections of liquidity in the near future.

While a slow-growth economy may be with us for the near future, we think odds are that the economy eventually will adjust to this financial crisis as in the past. The credit markets need a sign that a bottom has been established in the mortgage-debt market; then, some confidence will be restored. As always, we hold the view that investing is a long-term proposition. Short-term investors view the current environment through a lens of fear. From our long-term perspective, we see bargains cropping up all over the financial markets.

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

<sup>2</sup> The Credit Suisse High Yield Index is an unmanaged index of high yield debt securities. Source: Mellon Analytical Solutions, LLC.

<sup>3</sup> The Merrill Lynch All U.S. Convertibles Ex. Mandatory Index represents the U.S. convertibles market excluding mandatory convertibles. The index includes 660 issues with a total value of \$227 billion. Source: Mellon Analytical Solutions, LLC.

<sup>4</sup> The Barclays Capital (formerly Lehman Brothers) U.S. Aggregate Index is considered generally representative of the investment-grade bond market. Source: Lipper, Inc.

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Investment Team Discussion

The Calamos Investment Management Team, led by Co-Chief Investment Officers John P. Calamos, Sr. and Nick P. Calamos, CFA, discusses the Fund's performance, strategy and positioning during the one-year period ended October 31, 2008.

**TOTAL RETURN\***

**Common Shares Inception 05/28/03**

	<b>1 Year</b>	<b>Since Inception**</b>
On Share Price	-32.59%	-0.17%
On NAV	-39.96%	-0.27%

\*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.

**Performance Overview**

The underlying portfolio (as represented by net asset value, or NAV) of Calamos Convertible and High Income Fund (CHY) declined 39.96% for the one-year period ended October 31, 2008. In comparison, the Credit Suisse High Yield Index<sup>1</sup> fell 24.59% and the Merrill Lynch All U.S. Convertibles Ex Mandatory Index<sup>2</sup> dropped 35.36%. On a market price basis, the Fund declined 32.59% assuming reinvestment of distributions.

Throughout the period, the Fund provided shareholders with monthly distributions of at least \$0.1219 per share. Although the Fund did reduce its monthly distribution to \$0.0850 for November 2008 due to unprecedented market conditions, the current annualized distribution rate (based on the \$0.0850 monthly distribution) remains attractive at 11.67% based on the Fund's closing market price of \$8.74 on October 31, 2008. For the fiscal year, the Fund had no return of capital from a tax standpoint. Simply put, this means the Fund earned its distribution through the course of the period despite the challenging circumstances.

**SINCE INCEPTION MARKET PRICE AND NAV HISTORY**

**DISTRIBUTION HISTORY  
(LATEST 12 MONTHS)**

<b>Date Paid</b>	<b>Per share</b>
October	\$ 0.1219
September	0.1219
August	0.1219
July	0.1219
June	0.1219
May	0.1219

April	0.1219
March	0.1219
February	0.1219
January	0.2271
December	0.1219
November	0.1219

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).

The year ending October 31, 2008, proved to be one of the most challenging market environments in history. In the final months of the period, frozen credit markets, recessionary concerns, bank failures and deleveraging fuelled a widespread and severe retreat across asset classes. Stocks, bonds and convertible securities were all caught up in a ferocious downdraft. In this environment, closed-end funds including CHY fell sharply. (For further analysis, please read the Economic and Market Review on page 3.)

The massive deleveraging of hedge funds has exerted significant pricing pressure on convertibles, which represent a significant allocation in this portfolio. We believe the current level of undervaluation within convertibles is extreme and may offer long-term

Investment Team Discussion

investors compelling opportunities. We are diligently exploring ways to put the valuation opportunity to work.

Specific to the Fund, issue selection within the materials sector hindered performance during the period. Our holdings within the metals & mining industry performed poorly relative to the Credit Suisse High Yield Index. Our selection within the health care sector also detracted value as our names within the life sciences tools & services industry underperformed.

**ASSET ALLOCATION**

Fund asset allocations are based on total investments (excluding securities lending collateral) and may vary over time.

**SECTOR ALLOCATION**

Consumer Discretionary	18.5%
Information Technology	15.5%
Financials	13.5%
Consumer Staples	10.4%
Industrials	9.6%
Energy	9.1%
Health Care	8.3%
Materials	8.2%
Telecommunication Services	3.0%
Utilities	0.6%

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

Regarding financials, our holdings within the insurance and diversified financial services areas were caught up in the general downturn brought on by the deepening credit crisis. Our overweight in financials also hurt performance.

The Fund's relative security selection and underweight position within the consumer discretionary sector held up better than the sector's component of the index. Most of the positive difference was due to selection within the media and household durables industries. Strong individual selection within the industrials sector also helped overall performance, as the Fund's holdings in industrial conglomerates were resistant to the general downturn.

We favor higher-quality, high-yield investments over the more speculative, lower-grade tiers in the universe. Our higher-quality bias was beneficial to overall performance during the period. Our underweight position within the riskiest CCC-rated securities, which turned in the worst performance of all credit-quality tiers, helped returns.

**ARPS Update**

In June 2008, Calamos redeemed 81.4% of the Fund's outstanding auction rate preferred securities (ARPS) under a refinancing program. Since then, we have been committed to continuing efforts to gain access to additional debt financing and to pursue other forms of equity financing with the goal of refinancing the remaining outstanding ARPS across the Calamos closed-end funds. With respect to the potential of additional debt financing, utilization of any available debt financing is not currently an option because of the constraints imposed by the Investment Company Act of 1940, which requires coverage of 300% for debt leverage and 200% for equity leverage. As we have previously disclosed, we have submitted an application for exemptive relief to the SEC on behalf of the funds to provide for temporary decrease of coverage to 200% for debt leverage. If such an application is granted, the funds would have the flexibility to refinance the remaining ARPS with debt financing. We are continuously mindful of the need to find a

total solution to the ARPS issue, while acting in the best interests of the funds and all shareholders. Please visit the ARPS Information Center on [www.calamos.com](http://www.calamos.com) for the latest developments as they occur.

### **Portfolio Positioning**

Our focus remains on more stable, higher-quality and less-cyclical assets within the higher-yielding investment universe. We continue to find higher-yielding securities that we believe are well positioned to benefit from long-term secular growth trends. As

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## Investment Team Discussion

risk is priced more appropriately, we expect to see more opportunities among below investment-grade issues, perhaps even among the lower tiers. However, we believe that it may be too early to invest in this area as of the time of this writing.

**QUALITY ALLOCATION**

Weighted Average Credit Quality	BBB-
AAA	0.0%
AA	0.5
A	11.4
BBB	22.9
BB	35.4
B	18.4
CCC or below	0.8
Not Rated	10.6

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, options, cash and short-term investments.

Our primary area of focus continues to be within the traditional growth sectors, while maintaining an underweight to the more regulated cyclical areas. While the portfolio is overweight in financials versus the high-yield index, our emphasis is on diversified insurers and the capital markets and not those lenders who continue to be pressured by questionable loans and write-offs.

As mentioned, our broader opportunity set allows us to invest in high-yield debt, as well as convertible securities. Although convertibles sold off dramatically with hedge fund deleveraging toward the end of the period, convertibles typically provide potential downside protection as well as equity participation. As equilibrium returns to the markets, we believe the use of convertibles will again enhance the risk/reward profile of the Fund. We believe the current level of undervaluation within the convertible market is extreme and we are positioned to take advantage of this opportunity to invest in higher-growth firms at prices that should be very attractive to long-term investors.

It's important to remember that a convertible bond, on one level, functions as a short-term bond. As long as the issuing company's credit-worthiness is good and they are making their interest payments, the convertible will be redeemable at par when it matures. This bond-like feature provides a measure of stability. When you consider that convertible bonds are currently steeply discounted as a consequence of the historic sell-off and are, in many instances, trading a fraction of their face value, they are especially attractive at this time.

Throughout the life of the Calamos closed-end funds, leverage has been accretive to the common shareholders. The cost of leverage has been less than the yield and dividend levels of the portfolios, allowing the funds to pay a higher distribution to shareholders. Because of the recent market volatility, we have engaged in moderate deleveraging of the Calamos closed-end funds to ensure compliance with the Investment Company Act of 1940 and the funds prospectuses.

<sup>1</sup> The Credit Suisse High Yield Index is an unmanaged index of high yield debt securities. Source: Mellon Analytical Solutions, LLC.



<sup>2</sup> The Merrill Lynch All U.S. Convertibles Ex Mandatory Index represents the U.S. convertibles market excluding mandatory convertibles. The index includes 660 issues with a total value of \$227 billion. Source: Mellon Analytical Solutions, LLC.

## Schedule of Investments

OCTOBER 31, 2008

PRINCIPAL AMOUNT		VALUE
<b>CORPORATE BONDS (87.1%)</b>		
	<i>Consumer Discretionary (20.9%)</i>	
4,306,000	Asbury Automotive Group, Inc.Û 7.625%, 03/15/17	\$ 1,916,170
931,000	Boyd Gaming Corp.Û 7.125%, 02/01/16	581,875
3,724,000	Cooper Tire & Rubber Company 8.000%, 12/15/19	2,066,820
3,724,000	D.R. Horton, Inc. 7.875%, 08/15/11	2,941,960
2,328,000	8.000%, 02/01/09	2,258,160
1,862,000	9.750%, 09/15/10	1,657,180
14,291,000	DIRECTV Financing Company, Inc. 8.375%, 03/15/13	13,469,267
5,866,000	EchoStar Communication 7.125%, 02/01/16	4,736,795
11,172,000	Expedia, Inc. 7.456%, 08/15/18	8,434,860
6,308,000	GameStop Corp. 8.000%, 10/01/12	5,882,210
6,052,000	General Motors Corp.Û 7.200%, 01/15/11	2,466,190
4,469,000	7.125%, 07/15/13	1,530,633
4,655,000	Goodyear Tire & Rubber Company 7.000%, 03/15/28	2,536,975
6,750,000	Hanesbrands, Inc. 6.508%, 12/15/14	4,615,312
8,659,000	Hasbro, Inc. 6.600%, 07/15/28	7,201,578
4,655,000	Interpublic Group of Companies, Inc. 7.250%, 08/15/11	3,886,925
1,397,000	J.C. Penney Company, Inc. 7.650%, 08/15/16	1,167,660
776,000	9.000%, 08/01/12Û	699,270

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2,774,000	Jarden Corp.Ù	
	7.500%, 05/01/17	2,080,500
2,989,000	Kellwood Company	
	7.625%, 10/15/17	1,509,445
3,259,000	Liberty Media Corp.Ù	
	8.250%, 02/01/30	1,857,630
3,654,000	Mandalay Resort GroupÙ	
	7.625%, 07/15/13	1,662,570
8,640,000	Oxford Industries, Inc.	
	8.875%, 06/01/11	7,128,000
884,000	Phillips-Van Heusen Corp.	
	8.125%, 05/01/13	764,660
4,655,000	Pulte Homes, Inc.	
	7.875%, 08/01/11	4,073,125
	Royal Caribbean Cruises, Ltd.	
11,079,000	7.500%, 10/15/27	6,924,375
2,328,000	7.000%, 06/15/13	1,629,600
	Service Corp. International	
7,914,000	7.500%, 04/01/27	5,520,015
2,793,000	7.625%, 10/01/18	2,206,470
1,397,000	Sotheby s Holdings, Inc.*Ù	
	7.750%, 06/15/15	831,215
6,517,000	Toll Brothers, Inc.	
	8.250%, 12/01/11	5,572,035
8,007,000	Vail Resorts, Inc.	
	6.750%, 02/15/14	6,165,390
1,862,000 GBP	Warner Music Group	
	8.125%, 04/15/14	1,902,847
		117,877,717
	<b>Consumer Staples (13.2%)</b>	
5,009,000	Alliance One International, Inc.	
	8.500%, 05/15/12	3,881,975
13,035,000	Anheuser-Busch Companies, Inc.	
	5.000%, 03/01/19	9,521,859
5,121,000	Chattem, Inc.	
	7.000%, 03/01/14	4,468,072
5,819,000	Chiquita Brands International, Inc.Ù	
	8.875%, 12/01/15	4,320,607
3,724,000	Coca-Cola Company	
	5.350%, 11/15/17	3,386,270
4,506,000	Constellation Brands, Inc.	
	7.250%, 09/01/16	3,762,510
5,265,000	Del Monte Foods Company	
	8.625%, 12/15/12	4,791,150
12,569,000	Kimberly-Clark Corp.	
	6.125%, 08/01/17	11,736,807
4,190,000	NBTY, Inc.	
	7.125%, 10/01/15	3,163,450
	Pilgrim s Pride Corp.**	

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7,402,000	8.375%, 05/01/17	925,250
2,374,000	7.625%, 05/01/15	819,030
	Reynolds American, Inc.	
6,052,000	7.300%, 07/15/15	5,175,404
3,724,000	7.625%, 06/01/16	3,059,192
3,724,000	7.250%, 06/15/37	2,427,728
	Smithfield Foods, Inc.	
9,310,000	7.750%, 07/01/17	5,911,850
1,862,000	7.750%, 05/15/13	1,256,850
6,517,000	Sysco Corp.~	
	5.250%, 02/12/18	5,542,200
		74,150,204
	<b><i>Energy (11.4%)</i></b>	
6,983,000	Arch Western Finance, LLC	
	6.750%, 07/01/13	5,900,635
3,538,000	Bristow Group, Inc.	
	7.500%, 09/15/17	2,671,190
3,007,000	Chesapeake Energy Corp.	
	6.875%, 11/15/20	2,142,487

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See accompanying Notes to Schedule of Investments

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## Schedule of Investments

OCTOBER 31, 2008

PRINCIPAL AMOUNT		VALUE
2,328,000	Complete Production Services, Inc. 8.000%, 12/15/16	\$ 1,594,680
7,027,000	Dresser-Rand Group, Inc. 7.375%, 11/01/14	5,656,735
466,000	GulfMark Offshore, Inc. 7.750%, 07/15/14	347,170
9,310,000	Helix Energy Solutions Group, Inc.* 9.500%, 01/15/16	6,004,950
2,723,000	Mariner Energy, Inc. 8.000%, 05/15/17	1,620,185
6,424,000	Petrohawk Energy Corp. 7.125%, 04/01/12	4,946,480
2,328,000	Petróleo Brasileiro, SA 8.375%, 12/10/18	2,214,862
7,076,000	Superior Energy Services, Inc. 6.875%, 06/01/14	5,979,220
2,793,000	Swift Energy Company 7.625%, 07/15/11	2,374,050
16,293,000	Valero Energy Corp. 7.500%, 06/15/15	14,976,314
3,324,000	Whiting Petroleum Corp. 7.250%, 05/01/12	2,642,580
6,471,000	Williams Companies, Inc.~ 7.750%, 06/15/31	4,896,560
		63,968,098
	<b><i>Financials (8.3%)</i></b>	
7,448,000	Ford Motor Credit Company, LLC 8.625%, 11/01/10	4,926,048
5,819,000	9.875%, 08/10/11	3,668,868
10,241,000	Host Hotels & Resorts, Inc. 7.125%, 11/01/13	8,090,390
6,806,000	Leucadia National Corp. 8.125%, 09/15/15	6,057,340

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5,586,000	7.000%, 08/15/13	4,943,610
6,517,000	Nuveen Investments, Inc.* 10.500%, 11/15/15	1,938,807
884,000	Omega Healthcare Investors, Inc. 7.000%, 04/01/14	738,140
4,655,000	Senior Housing Properties Trust 8.625%, 01/15/12	4,445,525
3,289,000	7.875%, 04/15/15	3,239,665
12,103,000	SLM Corp. 8.450%, 06/15/18	8,653,645
		46,702,038
	<b><i>Health Care (0.3%)</i></b>	
1,862,000	Bio-Rad Laboratories, Inc. 7.500%, 08/15/13	1,647,870
	<b><i>Industrials (9.3%)</i></b>	
5,586,000	American Airlines, Inc. 7.250%, 02/05/09	5,509,192
996,000	Belden, Inc. 7.000%, 03/15/17	766,920
8,379,000	Caterpillar, Inc. 5.450%, 04/15/18	6,907,053
1,778,000	Deluxe Corp. 7.375%, 06/01/15	1,191,260
14,897,000	Esterline Technologies Corp. 7.750%, 06/15/13	13,034,875
931,000	FTI Consulting, Inc. 7.625%, 06/15/13	891,433
3,259,000	Gardner Denver, Inc. 8.000%, 05/01/13	2,981,985
1,397,000	GATX Corp. 8.875%, 06/01/09	1,397,000
1,741,000	H&E Equipment Service, Inc. 8.375%, 07/15/16	931,435
5,493,000	Interline Brands, Inc. 8.125%, 06/15/14	4,257,075
1,862,000 GBP	Iron Mountain, Inc.* 7.250%, 04/15/14	2,097,626
	Terex Corp. 8.000%, 11/15/17	4,855,165
6,517,000	7.375%, 01/15/14	1,375,920
1,764,000	Trinity Industries, Inc. 6.500%, 03/15/14	1,749,325
2,095,000	Wesco Distribution, Inc. 7.500%, 10/15/17	1,349,950
1,862,000	Westinghouse Air Brake Technologies Corp. 6.875%, 07/31/13	3,295,740
3,724,000		52,591,954

<i>Information Technology (11.0%)</i>		
	Amkor Technology, Inc.	
9,590,000	9.250%, 06/01/16U	5,754,000
2,793,000	7.750%, 05/15/13	1,742,134
4,655,000	Anixter International, Inc.	
	5.950%, 03/01/15	3,398,150
2,551,000	Arrow Electronics, Inc.	
	6.875%, 06/01/18	2,107,149
	Celestica, Inc.	
7,914,000	7.625%, 07/01/13	6,449,910
3,724,000	7.875%, 07/01/11	3,370,220
1,862,000	Flextronics International, Ltd.	
	6.500%, 05/15/13	1,461,670
5,540,000	Freescale Semiconductor, Inc.	
	8.875%, 12/15/14	2,493,000
4,655,000	Jabil Circuit, Inc.	
	8.250%, 03/15/18	3,561,075
5,586,000	Lender Processing Services, Inc.	
	8.125%, 07/01/16	4,803,960
2,793,000	NXP, BV	
	7.875%, 10/15/14	1,396,500

Convertible and High Income Fund  
Schedule of Investments **ANNUAL REPORT** 9

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

OCTOBER 31, 2008

PRINCIPAL AMOUNT		VALUE
3,259,000	Seagate Technology 6.800%, 10/01/16	\$ 2,297,595
8,845,000	SunGard Data Systems, Inc. 9.125%, 08/15/13	7,385,575
19,086,000	Xerox Corp. 7.625%, 06/15/13	15,650,520
		61,871,458
	<i>Materials (7.5%)</i>	
1,955,000	Airgas, Inc.* 7.125%, 10/01/18	1,617,763
4,655,000	Ball Corp. 6.875%, 12/15/12	4,305,875
2,224,000	Boise Cascade Holdings, LLC 7.125%, 10/15/14	1,256,560
5,586,000 EUR	Ineos Group Holdings, PLC* 7.875%, 02/15/16	2,527,470
931,000	8.500%, 02/15/16	349,125
3,212,000	Mosaic Company* 7.625%, 12/01/16	2,808,971
8,379,000	Neenah Paper, Inc. 7.375%, 11/15/14	4,608,450
2,328,000	P.H. Glatfelter Company 7.125%, 05/01/16	2,141,760
4,655,000	Sealed Air Corp.* 6.875%, 07/15/33	3,258,500
2,598,000	Steel Dynamics, Inc.* 7.750%, 04/15/16	1,734,165
8,845,000	Terra Industries, Inc. 7.000%, 02/01/17	7,562,475
1,862,000	Texas Industries, Inc. 7.250%, 07/15/13	1,470,980
4,516,000	Union Carbide Corp. 7.875%, 04/01/23	3,859,545



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3,026,000	7.500%, 06/01/25	2,383,707
3,445,000	Westlake Chemical Corp. 6.625%, 01/15/16	2,497,625
		42,382,971

**Telecommunication Services (4.3%)**

5,623,000	CenturyTel, Inc. 6.875%, 01/15/28	3,739,295
7,635,000	Frontier Communications Corp. 9.000%, 08/15/31	4,161,075
6,517,000	Leap Wireless International, Inc.Û 9.375%, 11/01/14	5,327,647
6,517,000	Qwest Communications International, Inc. 7.750%, 02/15/31	4,203,465
6,517,000	Sprint Nextel Corp. 7.375%, 08/01/15	3,586,227
4,190,000	Syniverse Technologies, Inc. 7.750%, 08/15/13	3,372,950
		24,390,659

**Utilities (0.9%)**

6,517,000	Energy Future Holdings Corp.* 10.250%, 11/01/15	5,001,798
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**TOTAL CORPORATE BONDS**

(Cost \$656,710,093) 490,584,767

**CONVERTIBLE BONDS (27.5%)**

**Consumer Discretionary (2.5%)**

5,000,000	Interpublic Group of Companies, Inc. 4.750%, 03/15/23	3,418,750
1,000,000	4.250%, 03/15/23	693,750
13,000,000	Liberty Media Corp. (Time Warner)Δ 3.125%, 03/30/23	8,970,000
2,320,000	Liberty Media Corp. (Viacom, CBS Corp. - Class B)Δ 3.250%, 03/15/31	896,100
		13,978,600

**Energy (2.0%)**

11,000,000	Chesapeake Energy Corp.Û 2.250%, 12/15/38	5,513,750
12,000,000	SeaDrill, Ltd.* 3.625%, 11/08/12	5,640,000
		11,153,750

**Financials (2.0%)**

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4,270,000	Health Care REIT, Inc. 4.750%, 07/15/27	3,891,038
1,000,000	4.750%, 12/01/26	963,750
6,000,000	SVB Financial Group* 3.875%, 04/15/11	6,142,500
		10,997,288
	<b><i>Health Care (5.7%)</i></b>	
11,500,000	Cubist Pharmaceuticals, Inc. 2.250%, 06/15/13	10,666,250
20,000,000	Invitrogen Corp. 3.250%, 06/15/25	16,150,000
7,000,000	Millipore Corp. 3.750%, 06/01/26	5,442,500
		32,258,750
	<b><i>Industrials (3.5%)</i></b>	
13,500,000	L-3 Communications Holdings, Inc. 3.000%, 08/01/35	13,162,500
13,000,000	Trinity Industries, Inc. 3.875%, 06/01/36	6,662,500
		19,825,000
	<b><i>Information Technology (11.8%)</i></b>	
10,000,000	Blackboard, Inc. 3.250%, 07/01/27	6,550,000
7,000,000	Euronet Worldwide, Inc. 3.500%, 10/15/25	4,690,000

Convertible and High Income Fund  
10 ANNUAL REPORT Schedule of Investments

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

OCTOBER 31, 2008

PRINCIPAL AMOUNT		VALUE
14,000,000	Informatica Corp. 3.000%, 03/15/26	\$ 12,197,500
41,000,000	Intel Corp. 2.950%, 12/15/35	29,468,750
21,000,000	Linear Technology Corp. 3.000%, 05/01/27	13,492,500
		66,398,750
	<b>TOTAL CONVERTIBLE BONDS</b> (Cost \$219,496,532)	<b>154,612,138</b>
<b>SYNTHETIC CONVERTIBLE SECURITIES (7.6%)</b>		
<i>Corporate Bonds (6.5%)</i>		
	<i>Consumer Discretionary (1.6%)</i>	
319,000	Asbury Automotive Group, Inc.Û 7.625%, 03/15/17	141,955
69,000	Boyd Gaming Corp.Û 7.125%, 02/01/16	43,125
276,000	Cooper Tire & Rubber Company 8.000%, 12/15/19	153,180
276,000	D.R. Horton, Inc. 7.875%, 08/15/11	218,040
172,000	8.000%, 02/01/09	166,840
138,000	9.750%, 09/15/10	122,820
1,059,000	DIRECTV Financing Company, Inc. 8.375%, 03/15/13	998,107
434,000	EchoStar Communication 7.125%, 02/01/16	350,455
828,000	Expedia, Inc. 7.456%, 08/15/18	625,140
467,000	GameStop Corp. 8.000%, 10/01/12	435,478
448,000	General Motors Corp.Û 7.200%, 01/15/11	182,560

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331,000	7.125%, 07/15/13	113,368
345,000	Goodyear Tire & Rubber Company 7.000%, 03/15/28	188,025
500,000	Hanesbrands, Inc. 6.508%, 12/15/14	341,875
641,000	Hasbro, Inc. 6.600%, 07/15/28	533,111
345,000	Interpublic Group of Companies, Inc. 7.250%, 08/15/11	288,075
103,000	J.C. Penney Company, Inc. 7.650%, 08/15/16	86,091
58,000	9.000%, 08/01/12	52,265
206,000	Jarden Corp. 7.500%, 05/01/17	154,500
221,000	Kellwood Company 7.625%, 10/15/17	111,605
241,000	Liberty Media Corp. 8.250%, 02/01/30	137,370
271,000	Mandalay Resort Group 7.625%, 07/15/13	123,305
640,000	Oxford Industries, Inc. 8.875%, 06/01/11	528,000
66,000	Phillips-Van Heusen Corp. 8.125%, 05/01/13	57,090
345,000	Pulte Homes, Inc. 7.875%, 08/01/11	301,875
821,000	Royal Caribbean Cruises, Ltd. 7.500%, 10/15/27	513,125
172,000	Service Corp. International 7.000%, 06/15/13	120,400
586,000	7.500%, 04/01/27	408,735
207,000	7.625%, 10/01/18	163,530
103,000	Sotheby's Holdings, Inc.* 7.750%, 06/15/15	61,285
483,000	Toll Brothers, Inc. 8.250%, 12/01/11	412,965
593,000	Vail Resorts, Inc. 6.750%, 02/15/14	456,610
138,000 GBP	Warner Music Group 8.125%, 04/15/14	141,027
		8,731,932
	<b>Consumer Staples (1.0%)</b>	
371,000	Alliance One International, Inc. 8.500%, 05/15/12	287,525
965,000	Anheuser-Busch Companies, Inc. 5.000%, 03/01/19	704,917
379,000	Chattem, Inc. 7.000%, 03/01/14	330,678
431,000		320,018

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	Chiquita Brands International, Inc.Û	
	8.875%, 12/01/15	
276,000	Coca-Cola Company	
	5.350%, 11/15/17	250,970
334,000	Constellation Brands, Inc.	
	7.250%, 09/01/16	278,890
390,000	Del Monte Foods Company	
	8.625%, 12/15/12	354,900
931,000	Kimberly-Clark Corp.	
	6.125%, 08/01/17	869,358
310,000	NBTY, Inc.	
	7.125%, 10/01/15	234,050
	Pilgrim s Pride Corp.**	
548,000	8.375%, 05/01/17	68,500
176,000	7.625%, 05/01/15	60,720
	Reynolds American, Inc.	
448,000	7.300%, 07/15/15	383,110
276,000	7.625%, 06/01/16	226,728
276,000	7.250%, 06/15/37	179,928
	Smithfield Foods, Inc.	
690,000	7.750%, 07/01/17Û	438,150
138,000	7.750%, 05/15/13	93,150

Convertible and High Income Fund  
 Schedule of Investments **ANNUAL REPORT** 11

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

OCTOBER 31, 2008

PRINCIPAL AMOUNT		VALUE
483,000	Sysco Corp.~ 5.250%, 02/12/18	\$ 410,754
		5,492,346
	<b><i>Energy (0.8%)</i></b>	
517,000	Arch Western Finance, LLC 6.750%, 07/01/13	436,865
262,000	Bristow Group, Inc. 7.500%, 09/15/17	197,810
223,000	Chesapeake Energy Corp. 6.875%, 11/15/20	158,887
172,000	Complete Production Services, Inc. 8.000%, 12/15/16	117,820
521,000	Dresser-Rand Group, Inc. 7.375%, 11/01/14	419,405
34,000	GulfMark Offshore, Inc. 7.750%, 07/15/14	25,330
690,000	Helix Energy Solutions Group, Inc.* 9.500%, 01/15/16	445,050
202,000	Mariner Energy, Inc. 8.000%, 05/15/17	120,190
476,000	Petrohawk Energy Corp. 7.125%, 04/01/12	366,520
172,000	Petróleo Brasileiro, SA 8.375%, 12/10/18	163,641
524,000	Superior Energy Services, Inc. 6.875%, 06/01/14	442,780
207,000	Swift Energy Company 7.625%, 07/15/11	175,950
1,207,000	Valero Energy Corp. 7.500%, 06/15/15	1,109,459
246,000	Whiting Petroleum Corp. 7.250%, 05/01/12	195,570
479,000		362,456

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	Williams Companies, Inc.~ 7.750%, 06/15/31	4,737,733
	<b>Financials (0.6%)</b>	
552,000	Ford Motor Credit Company, LLC 8.625%, 11/01/10	365,088
431,000	9.875%, 08/10/11	271,745
759,000	Host Hotels & Resorts, Inc. 7.125%, 11/01/13	599,610
504,000	Leucadia National Corp. 8.125%, 09/15/15	448,560
414,000	7.000%, 08/15/13	366,390
483,000	Nuveen Investments, Inc.* 10.500%, 11/15/15	143,693
66,000	Omega Healthcare Investors, Inc. 7.000%, 04/01/14	55,110
345,000	Senior Housing Properties Trust 8.625%, 01/15/12	329,475
244,000	7.875%, 04/15/15	240,340
897,000	SLM Corp. 8.450%, 06/15/18	641,355
		3,461,366
	<b>Health Care (0.0%)</b>	
138,000	Bio-Rad Laboratories, Inc. 7.500%, 08/15/13	122,130
	<b>Industrials (0.7%)</b>	
414,000	American Airlines, Inc. 7.250%, 02/05/09	408,307
74,000	Belden, Inc. 7.000%, 03/15/17	56,980
621,000	Caterpillar, Inc. 5.450%, 04/15/18	511,908
132,000	Deluxe Corp. 7.375%, 06/01/15	88,440
1,103,000	Esterline Technologies Corp.Û 7.750%, 06/15/13	965,125
69,000	FTI Consulting, Inc. 7.625%, 06/15/13	66,068
241,000	Gardner Denver, Inc. 8.000%, 05/01/13	220,515
103,000	GATX Corp. 8.875%, 06/01/09	103,000
129,000	H&E Equipment Service, Inc. 8.375%, 07/15/16	69,015
407,000	Interline Brands, Inc. 8.125%, 06/15/14	315,425

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138,000 GBP	Iron Mountain, Inc.* 7.250%, 04/15/14	155,463
483,000	Terex Corp. 8.000%, 11/15/17	359,835
131,000	7.375%, 01/15/14	102,180
155,000	Trinity Industries, Inc. 6.500%, 03/15/14	129,425
138,000	Wesco Distribution, Inc. 7.500%, 10/15/17	100,050
276,000	Westinghouse Air Brake Technologies Corp. 6.875%, 07/31/13	244,260
		3,895,996
	<b><i>Information Technology (0.8%)</i></b>	
710,000	Amkor Technology, Inc. 9.250%, 06/01/16	426,000
207,000	7.750%, 05/15/13	129,116
345,000	Anixter International, Inc. 5.950%, 03/01/15	251,850
189,000	Arrow Electronics, Inc. 6.875%, 06/01/18	156,116
586,000	Celestica, Inc. 7.625%, 07/01/13	477,590
276,000	7.875%, 07/01/11	249,780

Convertible and High Income Fund

12 ANNUAL REPORT Schedule of Investments

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

OCTOBER 31, 2008

PRINCIPAL AMOUNT		VALUE
138,000	Flextronics International, Ltd. 6.500%, 05/15/13	\$ 108,330
410,000	Freescale Semiconductor, Inc. 8.875%, 12/15/14	184,500
345,000	Jabil Circuit, Inc. 8.250%, 03/15/18	263,925
414,000	Lender Processing Services, Inc. 8.125%, 07/01/16	356,040
207,000	NXP, BV 7.875%, 10/15/14	103,500
241,000	Seagate Technology 6.800%, 10/01/16	169,905
655,000	SunGard Data Systems, Inc. 9.125%, 08/15/13	546,925
1,414,000	Xerox Corp. 7.625%, 06/15/13	1,159,480
		4,583,057
	<b><i>Materials (0.6%)</i></b>	
145,000	Airgas, Inc.* 7.125%, 10/01/18	119,987
345,000	Ball Corp. 6.875%, 12/15/12	319,125
165,000	Boise Cascade Holdings, LLC 7.125%, 10/15/14	93,225
414,000 EUR	Ineos Group Holdings, PLC* 7.875%, 02/15/16	187,321
69,000	8.500%, 02/15/16	25,875
238,000	Mosaic Company* 7.625%, 12/01/16	208,137
621,000	Neenah Paper, Inc. 7.375%, 11/15/14	341,550
172,000	P.H. Glatfelter Company 7.125%, 05/01/16	158,240

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345,000	Sealed Air Corp.* 6.875%, 07/15/33	241,500
192,000	Steel Dynamics, Inc.* 7.750%, 04/15/16	128,160
655,000	Terra Industries, Inc. 7.000%, 02/01/17	560,025
138,000	Texas Industries, Inc. 7.250%, 07/15/13	109,020
334,000	Union Carbide Corp. 7.875%, 04/01/23	285,449
224,000	7.500%, 06/01/25	176,454
255,000	Westlake Chemical Corp. 6.625%, 01/15/16	184,875
		3,138,943
	<b>Telecommunication Services (0.3%)</b>	
417,000	CenturyTel, Inc. 6.875%, 01/15/28	277,305
565,000	Frontier Communications Corp. 9.000%, 08/15/31	307,925
483,000	Leap Wireless International, Inc. 9.375%, 11/01/14	394,853
483,000	Qwest Communications International, Inc. 7.750%, 02/15/31	311,535
483,000	Sprint Nextel Corp. 7.375%, 08/01/15	265,789
310,000	Syniverse Technologies, Inc. 7.750%, 08/15/13	249,550
		1,806,957
	<b>Utilities (0.1%)</b>	
483,000	Energy Future Holdings Corp.* 10.250%, 11/01/15	370,702
	<b>TOTAL CORPORATE BONDS</b>	<b>36,341,162</b>

**NUMBER OF  
CONTRACTS**

**VALUE**

**Options (1.1%)**

	<b>Consumer Discretionary (0.2%)</b>	
915	Carnival Corp.# Call, 01/16/10, Strike \$35.00	263,062
670	Nike, Inc. - Class B# Call, 01/16/10, Strike \$60.00	680,050
550	Call, 01/16/10, Strike \$70.00	341,000
900	Omnicom Group, Inc.# Call, 01/17/09, Strike \$50.00	4,500

		1,288,612
	<b>Consumer Staples (0.1%)</b>	
1,060	Coca-Cola Company# Call, 01/17/09, Strike \$60.00	18,550
1,350	Sysco Corp.# Call, 01/16/10, Strike \$30.00	371,250
1,050	Walgreen Company# Call, 01/16/10, Strike \$32.50	278,250
		668,050
	<b>Energy (0.0%)</b>	
90	Schlumberger, Ltd.# Call, 01/17/09, Strike \$90.00	1,125
	<b>Health Care (0.3%)</b>	
650	Express Scripts, Inc.# Call, 01/17/09, Strike \$65.00	331,500
475	Call, 01/16/10, Strike \$70.00	456,000
690	Gilead Sciences, Inc.# Call, 01/16/10, Strike \$55.00	407,100
980	Johnson & Johnson# Call, 01/16/10, Strike \$70.00	401,800

Convertible and High Income Fund  
Schedule of Investments **ANNUAL REPORT** 13

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

OCTOBER 31, 2008

NUMBER OF CONTRACTS		VALUE
700	Medtronic, Inc.#	
	Call, 01/16/10, Strike \$50.00	\$ 203,000
13,054	Schering-Plough Corp.#	
	Call, 11/22/08, Strike \$27.50	32,635
		1,832,035
	<b><i>Industrials (0.0%)</i></b>	
530	General Dynamics Corp.#	
	Call, 01/17/09, Strike \$90.00	6,625
720	Honeywell International, Inc.#	
	Call, 01/17/09, Strike \$55.00	5,400
		12,025
	<b><i>Information Technology (0.5%)</i></b>	
1,030	Accenture, Ltd.#	
	Call, 01/16/10, Strike \$40.00	458,350
860	Adobe Systems, Inc.#	
	Call, 01/16/10, Strike \$45.00	139,750
	Apple, Inc.#	
200	Call, 01/17/09, Strike \$190.00	3,200
80	Call, 01/16/10, Strike \$170.00	79,200
	Cisco Systems, Inc.#	
1,800	Call, 01/16/10, Strike \$25.00	291,600
1,240	Call, 01/17/09, Strike \$27.50	9,300
1,450	Dell, Inc.#	
	Call, 01/16/10, Strike \$25.00	76,850
2,830	eBay, Inc.#	
	Call, 01/16/10, Strike \$25.00	307,055
60	Google, Inc.#	
	Call, 01/17/09, Strike \$710.00	450
235	Hewlett-Packard Company#	
	Call, 01/17/09, Strike \$45.00	32,313
1,190		1,785

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	Microsoft Corp.#	
	Call, 01/17/09, Strike \$35.00	
3,180	Nokia Corp.#	
	Call, 01/17/09, Strike \$40.00	7,950
	Oracle Corp.#	
2,260	Call, 01/17/09, Strike \$22.50	113,000
1,250	Call, 01/16/10, Strike \$20.00	384,375
	QUALCOMM, Inc.#	
630	Call, 01/16/10, Strike \$45.00	352,800
525	Call, 01/16/10, Strike \$50.00	208,687
925	SAP, AG#	
	Call, 01/16/10, Strike \$60.00	143,375
		2,610,040
	<b>Telecommunication Services (0.0%)</b>	
130	América Móvil, SAB de CV#	
	Call, 01/17/09, Strike \$60.00	650
	<b>TOTAL OPTIONS</b>	<b>6,412,537</b>
	<b>TOTAL SYNTHETIC CONVERTIBLE SECURITIES</b>	
	(Cost \$71,902,728)	42,753,699

**NUMBER OF  
SHARES**

**VALUE**

**CONVERTIBLE PREFERRED STOCKS (21.4%)**

	<b>Consumer Discretionary (1.0%)</b>	
8,500	Stanley Works	
	5.125%	\$ 5,378,375
	<b>Consumer Staples (1.9%)</b>	
270,000	Archer Daniels Midland Company	
	6.250%	7,749,000
7,500	Bunge, Ltd.	
	5.125%	2,925,000
		10,674,000
	<b>Financials (6.0%)</b>	
175,000	American International Group, Inc.	
	8.500%	778,750
19,500	Bank of America Corp.	
	7.250%	13,650,000
390,000	Citigroup, Inc.	
	6.500%	13,089,375
525,000	MetLife, Inc.	
	6.375%	4,551,750

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35,000	Reinsurance Group of America, Inc. 5.750%	1,634,675
		33,704,550
	<b><i>Health Care (6.5%)</i></b>	
185 EUR	Bayer, AG* 6.625%	13,782,021
170,000	Schering-Plough Corp. 6.000%	22,912,600
		36,694,621
	<b><i>Industrials (1.4%)</i></b>	
230,000	Avery Dennison Corp. 7.875%	7,826,900
	<b><i>Materials (4.6%)</i></b>	
182,500	Freeport-McMoRan Copper & Gold, Inc. 6.750%	8,902,350
1,750 CHF	Givaudan, SA* 5.375%	11,177,725
210,000	Vale Capital, Ltd. (Companhia Vale do Rio Doce)Δ 5.500%	5,932,500
		26,012,575
	<b>TOTAL CONVERTIBLE PREFERRED STOCKS</b> (Cost \$230,405,395)	120,291,021
	<b>COMMON STOCKS (3.2%)</b>	
	<b><i>Consumer Discretionary (2.5%)</i></b>	
243,502	Amazon.com, Inc.Ù#	13,938,054

Convertible and High Income Fund

14 ANNUAL REPORT Schedule of Investments

See accompanying Notes to Schedule of Investments

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## Schedule of Investments

OCTOBER 31, 2008

NUMBER OF SHARES		VALUE
128,362	<i>Financials (0.7%)</i> MetLife, Inc.	\$ 4,264,186
	<b>TOTAL COMMON STOCKS</b> (Cost \$27,903,140)	18,202,240
NUMBER OF UNITS		VALUE
<b>STRUCTURED EQUITY-LINKED SECURITIES (3.3%)</b>		
230,000	<i>Consumer Discretionary (0.6%)</i> Deutsche Bank, AG (Royal Caribbean Cruises, Ltd.)* 12.000%, 03/27/09	3,412,510
44,000	<i>Energy (0.6%)</i> JPMorgan Chase & Company (Transocean, Inc.)* 12.000%, 12/01/08	3,619,440
164,500	<i>Information Technology (2.1%)</i> Bank of America Corp. (Infosys Technologies, Ltd.)* 12.000%, 02/09/09	4,933,355
255,000	Deutsche Bank, AG (Dell Inc.)* 12.000%, 02/13/09	3,475,650
230,000	Goldman Sachs Group, Inc. (Nokia Corp.)* 12.000%, 02/12/09	3,376,400
		11,785,405
	<b>TOTAL STRUCTURED EQUITY-LINKED SECURITIES</b> (Cost \$32,565,502)	18,817,355

NUMBER OF SHARES		VALUE
<b>INVESTMENT IN AFFILIATED FUND (0.5%)</b>		
2,963,305	Calamos Government Money Market Fund - Class I Shares (Cost \$2,963,305)	2,963,305
<b>INVESTMENT OF CASH COLLATERAL FOR SECURITIES ON LOAN (6.3%)</b>		
2,217,000	Bank of New York Institutional Cash Reserve Fund Series A	2,217,000
215,438	Bank of New York Institutional Cash Reserve Fund Series B	
31,000,000	Goldman Sachs Financial Square Prime Obligations Fund	31,000,000
2,000,000	JP Morgan US Government Money Market Fund	2,000,000
	<b>TOTAL INVESTMENT OF CASH COLLATERAL FOR SECURITIES ON LOAN</b> (Cost \$35,432,438)	<b>35,217,000</b>
	<b>TOTAL INVESTMENTS (156.9%)</b> (Cost \$1,277,379,133)	<b>883,441,525</b>
		<b>VALUE</b>
	PAYABLE UPON RETURN OF SECURITIES ON LOAN (-6.3%)	\$ (35,432,438)
	LIABILITIES, LESS OTHER ASSETS (-36.4%)	(204,789,169)
	PREFERRED SHARES AT REDEMPTION VALUE INCLUDING DIVIDENDS PAYABLE (-14.2%)	(80,033,308)
	<b>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS (100.0%)</b>	<b>\$ 563,186,610</b>
NUMBER OF CONTRACTS		VALUE
<b>WRITTEN OPTIONS (-0.6%)</b>		
	<i>Financials (-0.6%)</i>	
	SPDR Trust Series 1#	
1,850	Call, 01/17/09, Strike \$98.00	(1,429,125)
1,475	Call, 12/20/08, Strike \$103.00	(604,750)
850	Call, 12/20/08, Strike \$95.00	(707,625)
600	Call, 03/21/09, Strike \$94.00	(723,000)



		(3,464,500)
	<b><i>Health Care (-0.0%)</i></b>	
13,054	Schering-Plough Corp.# Call, 11/22/08, Strike \$20.00	(65,270)
	<b>TOTAL WRITTEN OPTIONS</b>	
	(Cost \$4,674,090)	(3,529,770)

**NOTES TO SCHEDULE OF INVESTMENTS**

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