

CALAMOS CONVERTIBLE OPPORTUNITIES & INCOME 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: 811-21080**

**EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER: Calamos Convertible Opportunities and  
Income 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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Calamos Convertible Opportunities and Income Fund (CHI)

Semiannual Report April 30, 2007

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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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**24-HOUR AUTOMATED SHAREHOLDER ASSISTANCE**

**800.823.7386** Through a single toll-free number, Calamos 24-Hour Shareholder Assistance is fast and easy.

- Get fund prices and account balances
- Review recent transactions
- Order statements, literature and more

**PERSONAL ASSISTANCE**

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

## **YOUR FINANCIAL ADVISOR**

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

### **Go Paperless!**

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

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

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

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

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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 am 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.

Convertible Opportunities and Income Fund  
Letter to Shareholders      **SEMIANNUAL REPORT** 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.*

Convertible Opportunities and Income Fund

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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.*

We believe the U.S. economy has entered a period of mid-cycle slowdown, as evidenced by factors such as softness in first-quarter gross domestic product, the slide of sub-prime mortgage market and the slump in the housing market. That said, periods of more subdued growth are normal and do not necessarily signal an imminent recession. In fact, we believe the economy is sound. 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 that many factors in the global economy suggest the potential for continued strength, including its diversification, productivity gains, inflation containment and global reach. As evidence of this, consider that since the 1980s, the U.S. economy has experienced rolling recessions in various sectors (including agriculture, commodities, banking, and information technology) while avoiding a significant overall decline.

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.

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 focus on higher-yielding securities with good fundamentals, we believe the Fund is well positioned for this environment.

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

Convertible Opportunities and Income Fund  
Economic and Market Review    **SEMIANNUAL  
REPORT 3**

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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 06/26/02**

	<b>6</b>		<b>Since</b>
	<b>Months</b>	<b>1 Year</b>	<b>Inception</b>
			<b>**</b>
On Share Price	8.38%	10.60%	19.15%
On NAV	8.66	11.52	15.88

\* 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 Convertible Opportunities and Income Fund (CHI) posted strong gains over the semiannual period. Its underlying portfolio (as represented by net asset value, or NAV) returned 8.66% for the six-month period, outpacing the CS High Yield Index,<sup>1</sup> up 7.65%. On a market price basis, the Fund returned 8.38%.

The Fund continued to provide shareholders with a steady level of income. Throughout the period, the Fund delivered a stable monthly distribution of \$0.1500 per share. Since June 2003, the Fund has maintained a distribution of at least this level.

As of April 30, 2007, the Fund traded at a premium of 19.85% to its NAV, reflecting continued strong investor demand for shares.

**DISTRIBUTION HISTORY  
(LATEST 12 MONTHS)**

<b>Date Paid</b>	<b>Per share</b>
April	\$0.1500
March	0.1500
February	0.1500
January	0.3701
December	0.1500
November	0.1500
October	0.1500

September	0.1500
August	0.1500
July	0.1500
June	0.1500
May	0.1500

Includes  
 \$0.3201 in net  
 realized  
 short-term  
 capital gains  
 and \$0.0500 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. What do you believe to be the most compelling merits of the Fund?**

A. The Fund has demonstrated its ability to deliver a steady distribution and good total return through varying interest rate and market climates. Despite rising short-term rates, this continued through the period, thanks to the Fund's focus on less-interest rate sensitive issues.

We believe that the Fund provides investors with an attractive complement to a traditional fixed income investment. We think of the Fund as an enhanced fixed-income strategy, in that it is focused on delivering an attractive income stream with the potential for capital gains. Our strategy involves opportunistically blending straight (non-convertible) corporate bonds with convertible securities to create a risk-managed portfolio of the most compelling high yield issues.

Convertible Opportunities and Income Fund

4 **SEMIANNUAL REPORT** Investment Team Interview

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## Investment Team Interview

As we noted, the securities in the portfolio tend to have considerably less interest-rate sensitivity compared with traditional fixed-income securities. Moreover, high-yield and convertible bonds tend to have greater sensitivity to the equity markets. This was beneficial during the reporting period as the equity market advanced briskly, particularly after the brief correction that began in February.

**Q. Tell us more about the potential benefits of blending non-convertible ( straight ) corporate bonds with a complementary allocation to convertible bonds.**

A. Having the flexibility to invest in both straight corporate bonds and convertible bonds provides us with a larger universe of choices. Also, including convertible securities opportunistically helps us to manage risk and enhance return potential over full market cycles. During periods of volatility in advancing equity markets such as we experienced in 2007 convertibles may be particularly advantageous, because higher volatility increases the value of the conversion feature of a convertible issue.

**SECTOR ALLOCATION**

Consumer Discretionary	27.7%
Financials	16.5
Information Technology	9.9
Energy	9.3
Consumer Staples	7.6
Materials	6.8
Industrials	5.8
Health Care	5.7
Utilities	5.5
Telecommunication Services	2.7

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

**Q. What specific factors contributed to the Fund's gains?**

A. The Fund's advance was broad based, fuelled by positive returns across all market sectors. On an absolute basis, the Fund's consumer staples, financials and health care positions were among those posting the highest returns.

Performance relative to the index benefited from security selection in financials (specifically, companies with capital market sensitivity) and in consumer staples.

Both the allocations to straight and convertible bonds delivered positive returns. Against the backdrop of a rising equity market, convertibles performed most strongly.

**Q. What factors hindered performance?**

A. Relative to the CS High Yield index, the Fund's performance was tempered by security selection in the consumer discretionary and information technology sectors. Also, our bias toward higher quality credits slowed the Fund's pace versus the index, as the most speculative issues outperformed. That said, we believe that our more prudent approach makes sense, particularly in a slowing economic environment. Simply put, in our view, a higher coupon or income stream can't make up for a default.

**Q. How did your leverage strategy mitigate the negative influence of interest rate increases?**

A. Leverage strategies typically involve borrowing at very short-term rates and investing the proceeds at long-term rates. As short-term rates rise, the profitability of leverage activities may decrease if there is not a commensurate increase in long-term rates. 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.”)

**QUALITY ALLOCATION**

Weighted Average Credit Quality	BB+
AAA	1.6%
AA	3.9
A	11.4
BBB	17.6
BB	24.8
B	30.9
CCC or below	4.2
Not Rated	5.6

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 and cash.

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

A. We’re optimistic about the prospects of the Fund. Through rigorous individual security research, we have built a portfolio of companies with respectable balance sheets and good prospects for sustainable growth. 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 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. 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.

<sup>1</sup> The CS High Yield Index is an unmanaged index of high yield debt securities.

Source:  
Russell/Mellon  
Analytical Services  
LLC.

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Schedule of Investments

**APRIL 30, 2007 (UNAUDITED)****PRINCIPAL  
AMOUNT****VALUE****CORPORATE BONDS (76.4%)***Consumer Discretionary (27.9%)*

\$ 3,184,000	Asbury Automotive Group, Inc.* 7.625%, 03/15/17	\$ 3,215,840
11,827,000	Beazer Homes USA, Inc. 8.375%, 04/15/12	11,797,432
4,549,000	DEX Media, Inc. 8.000%, 11/15/13	4,787,823
11,063,000	DIRECTV Financing Company, Inc. 8.375%, 03/15/13	11,726,780
4,799,000	EchoStar DBS Corp. 7.125%, 02/01/16	5,020,954
7,251,000	EMI Group, PLC	
GBP	9.750%, 05/20/08	15,007,319
6,368,000	Expedia, Inc. 7.456%, 08/15/18	6,689,909
5,459,000	Ford Motor Company 8.625%, 11/01/10	5,592,751
5,004,000	GameStop Corp.^ 8.000%, 10/01/12	5,360,535
1,365,000	General Motors Acceptance Corp. 6.875%, 09/15/11	1,370,863
	General Motors Corp.^ 7.200%, 01/15/11	7,840,010
8,188,000	7.125%, 07/15/13	1,264,331
1,365,000	Goodyear Tire & Rubber Company 7.000%, 03/15/28	7,501,010
7,733,000	7.857%, 08/15/11^	3,825,499
3,639,000	Group 1 Automotive, Inc. 8.250%, 08/15/13	2,838,160
2,729,000	Hanes Brands, Inc.^* 8.735%, 12/15/14	5,401,007
5,231,000	Hasbro, Inc. 6.600%, 07/15/28	3,615,954
3,639,000	Idearc, Inc.* 8.000%, 11/15/16	5,479,472
5,231,000	Interpublic Group of Companies, Inc. 7.250%, 08/15/11	2,827,926
2,729,000	Isle of Capri Casinos, Inc. 9.000%, 03/15/12	13,357,929
12,737,000	Jarden Corp. 7.500%, 05/01/17	2,583,191
2,511,000		2,350,781
2,522,000		

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	Kellwood Company^	
	7.625%, 10/15/17	
3,639,000	Landry's Restaurants, Inc.^	
	7.500%, 12/15/14	3,639,000
2,729,000	Liberty Media Corp.	
	8.250%, 02/01/30	2,749,326
3,412,000	Linens n Things, Inc.^	
	10.981%, 01/15/14	3,228,605
15,921,000	MGM Mirage^	
	8.375%, 02/01/11	16,975,766
7,096,000	NCL Holding, ASA	
	10.625%, 07/15/14	7,096,000
4,094,000	Oxford Industries, Inc.	
	8.875%, 06/01/11	4,267,995
4,549,000	Phillips-Van Heusen Corp.^	
	8.125%, 05/01/13	4,821,940
1,820,000	Rent-A-Center, Inc.	
	7.500%, 05/01/10	1,847,300
2,593,000	RH Donnelley Financial Corp.*	
	10.875%, 12/15/12	2,819,888
4,549,000	Royal Caribbean Cruises, Ltd.^	
	7.500%, 10/15/27	4,527,415
6,368,000	Service Corporation International*	
	7.500%, 04/01/27	6,399,840
728,000	Station Casinos, Inc.	
	6.875%, 03/01/16	687,960
7,278,000	Time Warner, Inc.	
	7.625%, 04/15/31	8,256,345
11,554,000	Vail Resorts, Inc.	
	6.750%, 02/15/14	11,727,310
4,549,000	Warnaco Group, Inc.	
	8.875%, 06/15/13	4,861,744
	Warner Music Group	
7,233,000	7.375%, 04/15/14	6,979,845
910,000		
GBP	8.125%, 04/15/14	1,815,178
728,000	Wynn Las Vegas, LLC	
	6.625%, 12/01/14	733,460
		222,890,393
	<b>Consumer Staples (8.6%)</b>	
910,000	Alimentation Couche-Tard Inc.	
	7.500%, 12/15/13	944,125
2,156,000	Alliance One International, Inc.*	
	8.500%, 05/15/12	2,236,850
2,684,000	Central Garden & Pet Company	
	9.125%, 02/01/13	2,811,490
4,549,000	Chattem, Inc.^	
	7.000%, 03/01/14	4,571,745

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3,639,000	Chiquita Brands International, Inc.^ 8.875%, 12/01/15	3,511,635
5,641,000	Del Monte Foods Company 8.625%, 12/15/12	5,951,255
11,372,000	Dole Food Company, Inc.^ 8.875%, 03/15/11	11,571,010
3,184,000	NBTY, Inc. 7.125%, 10/01/15	3,239,720
5,959,000	Pilgrim s Pride Corp. 8.375%, 05/01/17^	6,063,282
1,547,000	7.625%, 05/01/15	1,574,073
5,095,000	Playtex Products, Inc. 8.000%, 03/01/11	5,349,750
5,004,000	Reynolds American, Inc. 7.300%, 07/15/15	5,368,101
2,729,000	7.625%, 06/01/16	2,999,417
9,098,000	Smithfield Foods, Inc. 7.750%, 05/15/13	9,507,410

See accompanying Notes to Schedule of Investments.

Convertible Opportunities and Income Fund  
Schedule of Investments **SEMIANNUAL REPORT** 7



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Schedule of Investments  
**APRIL 30, 2007 (UNAUDITED)**

<b>PRINCIPAL AMOUNT</b>		<b>VALUE</b>
\$ 2,729,000	SUPERVALU, Inc. 7.500%, 11/15/14	\$ 2,865,450

See accompanying Notes to Schedule of Investments.

Convertible Opportunities and Income Fund  
8 **SEMIANNUAL REPORT** Schedule of Investments

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## Schedule of Investments

**APRIL 30, 2007 (UNAUDITED)**

<b>PRINCIPAL AMOUNT</b>		<b>VALUE</b>
\$ 3,639,000	Celestica, Inc.^ 7.875%, 07/01/11	\$ 3,602,610
4,549,000	Flextronics International, Ltd. 6.500%, 05/15/13	4,531,941
5,231,000	Freescale Semiconductor, Inc.^* 8.875%, 12/15/14	5,263,694
6,232,000	SunGard Data Systems, Inc. 9.125%, 08/15/13	6,714,980
8,643,000	Xerox Corp. 8.000%, 02/01/27^	8,859,075
6,368,000	7.625%, 06/15/13	6,718,240
		46,009,002
	<b>Materials (6.9%)</b>	
2,729,000	Boise Cascade Company 7.125%, 10/15/14	2,729,000
910,000	Crown Holdings, Inc. 7.750%, 11/15/15	966,875
4,549,000	Equistar Chemicals, LP 10.625%, 05/01/11	4,821,940
728,000	Gibraltar Industries, Inc. 8.000%, 12/01/15	737,100