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Q&A

After 40 Years, a Throwback Goes Back to Investing

John Calamos of Calamos Investments is no longer his firm's CEO, and will stick to running money

BY CHUCK JAFFE

A money manager like John P. Calamos Sr. may not come around again soon.

The former Air Force combat pilot was one of the last breed of money managers who started firms in their own image, turned their name into a brand and continued managing money while running the public company created to oversee it all. These days, money managers who start firms tend to pick one role or another quickly.

This year, Mr. Calamos stepped down as chief executive of Calamos Investments, which he started 40 years ago outside of Chicago and which went public in 2004 through family-controlled Calamos Asset Management Inc.

In appointing John Koudounis to succeed him, Mr. Calamos retained his role as the firm's chairman and global chief investment officer.

The April move — which came amid criticism that the parent company's assets under management, at almost \$21 billion, are about half of what they were before the financial crisis — was partly about succession, but it also will allow the 76-year-old Mr. Calamos to do what he enjoys the most and focus on running money.

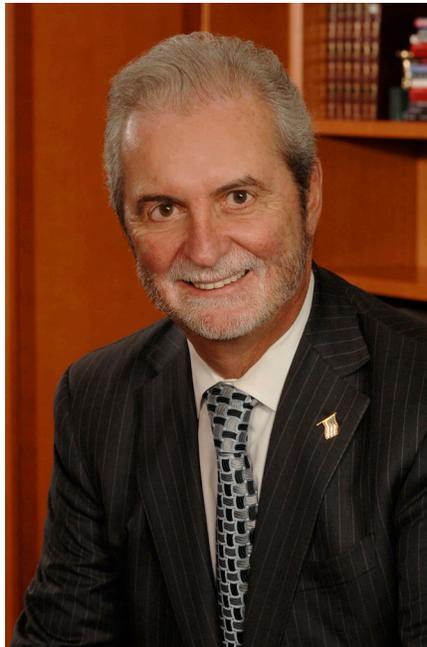
Here are edited excerpts from a recent interview:

Confused Markets

WSJ: *You've been doing this a long time. Are things really different with the market today, or is it the same as when you started?*

MR. CALAMOS: I started in the 1970s, which was really a volatile period. That's what people forget: We have always had uncertainty out there and the potential for increased volatility. The causes may change and how you react may change. It is unusual in that we have never had a period with zero interest rates and a lack of inflation; in those terms it's unusual.

What I learned over the years is that you do have to adapt for the environment you



are in. You can't just do the same thing over and over again.

WSJ: *What would you tell investors to get them through a market like we are seeing now?*

MR. CALAMOS: I think the markets right now are a bit confused as to just what is happening. Obviously, there's a huge focus on what the Fed is going to do. I don't think there's been enough interest in fiscal policy, so I think what we have is a very confused market, and we see that week to week and day to day where it almost changes overnight.

So I would tell investors to think long-term and not get whipsawed in and out on some of these headlines. We're a bit more positive longer-term, but we do want to cushion the downside, where we damp volatility but stay invested for the longer term, which we think will be positive.

WSJ: *You have always been known for your*

use of convertible securities, which amount to a stock-bond hybrid. Given current market conditions, are you raising or lowering your expectations for convertibles?

MR. CALAMOS: It isn't convertibles in general that work or don't work, it's really how you use them to manage risk.

The convertible market in general has a tendency to be more in midcaps and small-caps, so it doesn't reflect the total market, but it's useful in managing risk. For example, our emerging markets Evolving World Growth Fund uses convertibles to damp some of the volatility of the emerging markets.

Mutual Goals

WSJ: *You ran both mutual funds and the publicly traded management company that operates those funds. Jack Bogle generally describes such a setup as a conflict of interest, saying that it's hard to serve two masters. You see it differently. Why?*

MR. CALAMOS: We do want to perform well for our shareholders, both on the public side and in the funds that we manage. Our goals are very much aligned. The better we do for our shareholders on our mutual-fund side, the better we'll do for our shareholders on the public side, so I see no conflict of interest there.

WSJ: *By now, you've earned the right to take it easy. Why keep fighting the fight and battling with the market?*

MR. CALAMOS: Whatever is going on in the world, the market is the pulse, and that is what attracted me to it a long time ago. I still feel that way today. I don't want to be disconnected from that. I have always loved being right in the middle of it.

Besides, I'm healthy, I enjoy what I'm doing, and if I was retired, I would have no excuse about why my golf game is so bad. I need to keep going just to have that alibi.

Mr. Jaffe is a MarketWatch columnist in Boston.

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