

## Calamos Makes a Splash in Active Equity ETF Arena

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Calamos Investments, the Chicago-based mutual fund issuer, is looking to build on its success in the mutual fund business with the introduction of the Calamos Focus Growth ETF (NASDAQ: CFGE).

The Calamos Focus Growth ETF enters a thinly populated arena of actively managed equity-based ETFs. As of mid-June, there were about 90 U.S.-listed actively managed ETFs with a combined \$16 billion in assets under management, but the bulk of those ETFs (and assets) are fixed income products.

That small population of actively managed equity ETFs could give Calamos a leg up as it enters a part of the ETF industry that some market observers see as poised for exponential growth in the coming year.

Increased demand for the products and the potential for a more favorable regulatory environment could make actively managed ETFs a \$500 billion asset class by 2020, according to a new report by SEI Investments.

“The Calamos Focus Growth ETF leverages the firm’s 25-year history investing in growth companies, and features a portfolio consisting of stocks which we believe offer the best opportunities for growth. The portfolio selection process stresses company fundamentals, including a global presence, strong revenue and earnings growth, solid returns on invested capital and lower debt-to-capital levels. The fund also utilizes active management, blending investment themes with fundamental research,” according to a statement issued by Calamos.

The Calamos Focus Growth ETF is the ETF answer to the firm’s Calamos Focus Growth Mutual Fund (CBCAX), which is nearly 11 years old and has almost \$74 million in assets under management. Introducing an ETF version of an already established mutual fund could prove to be a shrewd move on the part of Calamos. Over the past year, the Calamos Focus Growth Mutual Fund has returned 30.1%, easily topping the S&P 500 and Russell 1000 in the process.

After all, that is exactly the strategy employed by PIMCO when the bond giant launched the PIMCO Total Return ETF (NYSEArca: BOND), which is now the largest actively managed ETF.

To its credit, Calamos is not running away from one of the big issues that has kept some mutual fund issuers from getting behind active equity ETFs: Daily transparency.

“We’re not worried about daily transparency hurting our performance,” said Gary Black, Global Co-CIO of Calamos Investments, in an interview with ETF Trends. “Transparency and showing our cards is not an issue for us. This is a good time to be launching and the Focus Growth ETF is an idea whose time has come.”

The Calamos Focus Growth, which will be comprised of 30 to 40 highly liquid large-caps, will utilize the same process, philosophy and management team as its mutual fund equivalent, said Black.

Both the ETF and mutual fund are benchmarked to the Russell 1000 Growth Index.

As a growth offering, the Focus Growth Fund, the mutual fund version, currently allocates a combined 54.9% of its weight to the technology and consumer discretionary sectors, according to Calamos data.

Top-10 holdings include Apple (NasdaqGS: AAPL), Facebook (NasdaqGS: FB), Priceline (NasdaqGS: PCLN) and Schlumberger (NYSE: SLB).

While some growth sectors and stocks have taken their lumps this year, the Calamos Focus Growth ETF could be an effective portfolio addition right out of the gate for prescient investors.

“Equity valuations are still reasonable with the S&P 500 trading at a P/E of 16.5, but we normally see growth valuations that are much higher at this point in the cycle,” said Black. “The P/E for growth stocks against non-growth is currently 1.1 compared to a historical average of 1.4.”

Portfolios are managed according to their respective strategies which may differ significantly in terms of security holdings, industry weightings, and asset allocation from those of the benchmark(s). Portfolio performance, characteristics and volatility may differ from the benchmark(s) shown.

Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. S&P 500 Index is generally considered representative of the U.S. stock market.

**Important Risk Information.** Investments in the Calamos Focus Growth ETF and Calamos Focus Growth Fund are subject to risks, and you could lose money on your investment in the Funds. There can be no assurance that the Funds will achieve its investment objective. Your investments in the Funds are not a deposit in a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The risks associated with an investment in the Funds can increase during times of significant market volatility. The Funds also have specific principal risks, which are described below. More detailed information regarding these risks can be found in the Funds' prospectuses.

The principal risks of investing in the Calamos Focus Growth ETF include: equity securities risk consisting of market prices declining in general, growth stock risk consisting of potential increased volatility due to securities trading at higher multiples, foreign securities risk, premium-discount risk, secondary market trading risk, small- and mid-sized company stock risk, portfolio turnover risk, other investment companies risk, ADR risk and portfolio selection risk.

Calamos Focus Growth ETF is an exchange traded fund. These products do not sell or redeem their shares at net asset value (NAV) except to authorized participants. Investors may purchase individual shares on an exchange.

The principal risks of investing in the Calamos Focus Growth Fund include: equity securities risk consisting of market prices declining in general, small and mid-sized company stock risk which are historically more volatile and less liquid than large cap company stock, growth stock risk, foreign securities risk, portfolio selection risk, and portfolio turnover risk.

As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to potential for greater economic and political instability in less developed countries.

Calamos Focus Growth Fund Annualized Returns as of 6/30/14					
	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION
A shares at NAV (Inc. 12/1/03)	30.11%	11.35%	15.22%	6.67%	6.63%
A shares load-adjusted	23.96	9.55	14.10	6.15	6.14
S&P 500 Index	24.61	16.58	18.83	7.78	8.09
Russell 1000 Growth Index	26.92	16.26	19.24	8.20	8.23

*Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. The principal value of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.*

The Focus Growth Fund's investment advisor has contractually agreed to reimburse Fund expenses through March 31, 2016 to the extent necessary so that Total Annual Operating Expenses (excluding taxes, brokerage commissions, acquired fund fees and expenses and extraordinary expenses, if any) are limited to 0.90% annually. The gross expense ratio for A shares is 1.65%. Assets totaled \$73.7 million as of 6/30/14.

Top 10 Holdings and Sector Weightings are calculated as a percentage of Net Assets. The lists exclude cash or cash equivalents, any government / sovereign bonds or broad based index hedging securities the portfolio may hold. You can obtain a complete listing of holdings by visiting [www.calamos.com](http://www.calamos.com). The portfolio is actively managed. Holdings and weightings are subject to change daily. Holdings are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned.

The Top 10 portfolio holdings and weightings as of 6/30/14 for the Focus Growth Fund are: Apple, Inc. (7.7%), Facebook, Inc. – Class A (5.3%), Eaton Corp., PLC (3.3%), Continental Resources, Inc. (3.2%), Priceline Group, Inc. (3.1%), Schlumberger, Ltd. (3.0%), Google, Inc. – Class A (3.0%), Chicago Bridge & Iron Company, NV (2.9%), United Technologies Corp. (2.9%), and Cerner Corp. (2.9%). The fund had 39 holdings.

The sector weightings as of 6/30/14 for the Focus Growth Fund are Information Technology (34.1%), Consumer Discretionary (20.8%), Industrials (14.6%), Health Care (13.2%), Financials (8.6%), Energy (6.2%), Consumer Staples (1.3%), Materials (0.0%), Telecommunication Services (0.0%), and Utilities (0%).

*Before investing carefully consider the Calamos Focus Growth ETF's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information or call 1-844-922-5226. Read it carefully before investing.*

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The Focus Growth ETF is distributed by Foreside Fund Services LLC, 3 Canal Plaza Suite 100, Portland, Maine, 844.922.5226.

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