

SUSTAINED DEFLATIONARY PRESSURE CREATES TENSION

Ask the PORTFOLIO MANAGER

Should an investor be concerned about the sustainability of the European Project?

Transcript of a video recorded on May 30, 2018.

In short, yes. Unfortunately, Europe has become a zone of insecurity and political recrimination, and it is grotesque that every election brings such nervousness to financial markets.

The fundamental problem is that the European project has become overambitious and has lost support, partly because the different countries and different regions within the eurozone are simply too different.

You don't get the economic rebalancing happening in the eurozone that we do in countries like the U.S., for example, and that leads to sustained deflationary pressure that creates political tension.

The European project was ultimately founded on the idea of shared prosperity, and as that prosperity has fallen apart, naturally, the willingness to embrace the European project has also come under question.

I would pay close attention to the behavior of banking stocks in Europe, which are really the barometer of the health of the domestic economy. For Europe to outperform world stocks, European banks must outperform European stocks.

The problem today is that Europe, i.e. the continent, has still not cleaned up its banking sector. That's not true in the UK. UK banks today are where the U.S. banks were back in 2014, but the combination of political issues, banking issues, still haunt Europe, and that's why we suggest to restrain your overenthusiasm.

Europe is a tactical opportunity, not a structural opportunity. When I make these comments, of course, the United Kingdom should be seen somewhat differently, and to a degree, I suspect sterling assets, UK equities, will outperform commencing sometime later this year.

[WATCH VIDEO](#)



MICHAEL GRANT
Co-CIO, Sr.
Co-Portfolio
Manager, Head of
Global Long/Short
Strategies

Video recorded 5/30/18.

Before investing carefully consider the fund's investment objectives, risk, charges, and expenses. Please see the prospectus and the summary prospectus containing this and other information which can be obtained by calling 1-800-583-6959. Read it carefully before investing.

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors. The material has been prepared for informational purposes only, and is not intended to provide, and should not be relied upon for, accounting, legal or tax advice. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

CALAMOS
INVESTMENTS

Calamos Financial Services LLC, Distributor
2020 Calamos Court | Naperville, IL 60563-2787
800.582.6959 | www.calamos.com | caminfo@calamos.com
© 2018 Calamos Investments LLC. All Rights Reserved.
Calamos® and Calamos Investments® are registered trademarks
of Calamos Investments LLC.
801170 0618