THE PASSIVE APPROACH IS MORE VULNERABLE THAN IT'S EVER BEEN

Ask the PORTFOLIO MANAGER

Is passive investing replacing active management?

Transcript of a video recorded on May 30, 2018.

MICHAEL GRANT

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

The buy-and-hold bull market is dying, which implies the advantage is shifting from passive back to active, and active long/short in particular.

Passive money is fundamentally momentum-driven money. It follows yesterday's flows and yesterday's news. Active management, at its core, is the anticipation of discontinuity. In the world that we see unfolding over the next two years, we're going to see many more discontinuities in the relationships within the market that have defined most investors' professional experiences.

I think the passive, the passive approach, is far more vulnerable than it's ever been today.

The other intriguing outcome of this is the role of cash in investors' portfolios. I commonly get the question, "I understand I can no longer invest in bonds because interest rates are going up, but how do I turn defensive if the equity market turns pear-shaped?"

The answer is that for the first time in a very long time, cash is becoming a credible investment alternative. The pushback, of course, is that cash doesn't earn a return, which is true.

But, very long-term returns are heavily influenced by your entry price, and what cash allows you to do is wait out a bear market and ultimately take advantage of a good long-term entry price. That's why, in the end, it's part of a very credible active strategy.

WATCH VIDEO

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.

CALAMOS® INVESTMENTS

Calamos Financial Services LLC, Distributor
2020 Calamos Court | Naperville, IL 60563-2787
800.582.6959 | www.calamos.com | caminfo@calamos.com

801170 0618