

4TH QUARTER 2020
BUCKLE UP!

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

We Live in Interesting Times



If you've been invested in the U.S. stock market in 2020, you've participated in a historic, precedent-breaking time. The global pandemic known as COVID-19 has shaken the world, presenting significant healthcare challenges whose implications have interrupted ordinary operations in business, healthcare, manufacturing, retail, restaurants, travel, tourism and elsewhere.

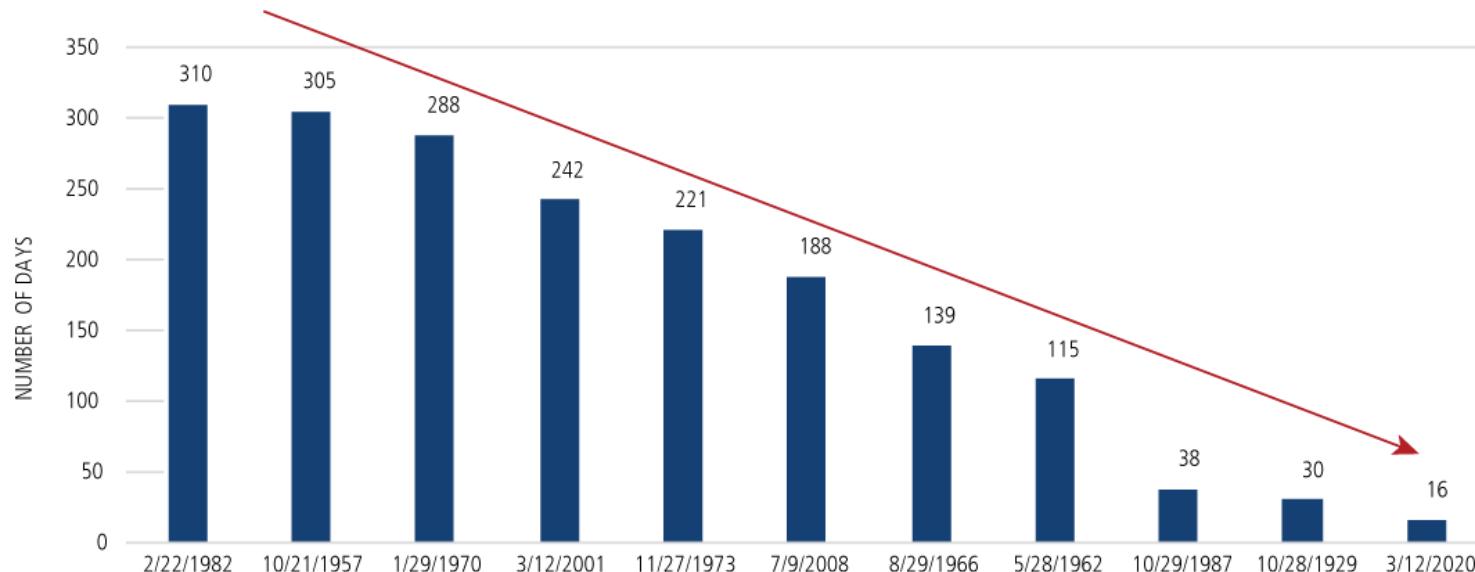
On the next few pages, we'll review what's happened in the market so far this year, and we'll offer some insights to help you think about the fourth quarter of 2020.

The Crash Was Fast

The market doesn't like surprises—and that was made obvious in February and March of 2020. The coronavirus brought an almost sudden stop to what had been a blissful 11-year-long bull market. When the market crashed, its descent was fast, furious and record-setting.

S&P 500 CLOSED IN A BEAR MARKET IN A RECORD-SETTING 16 DAYS

Days for S&P 500 to fall 20% from peak



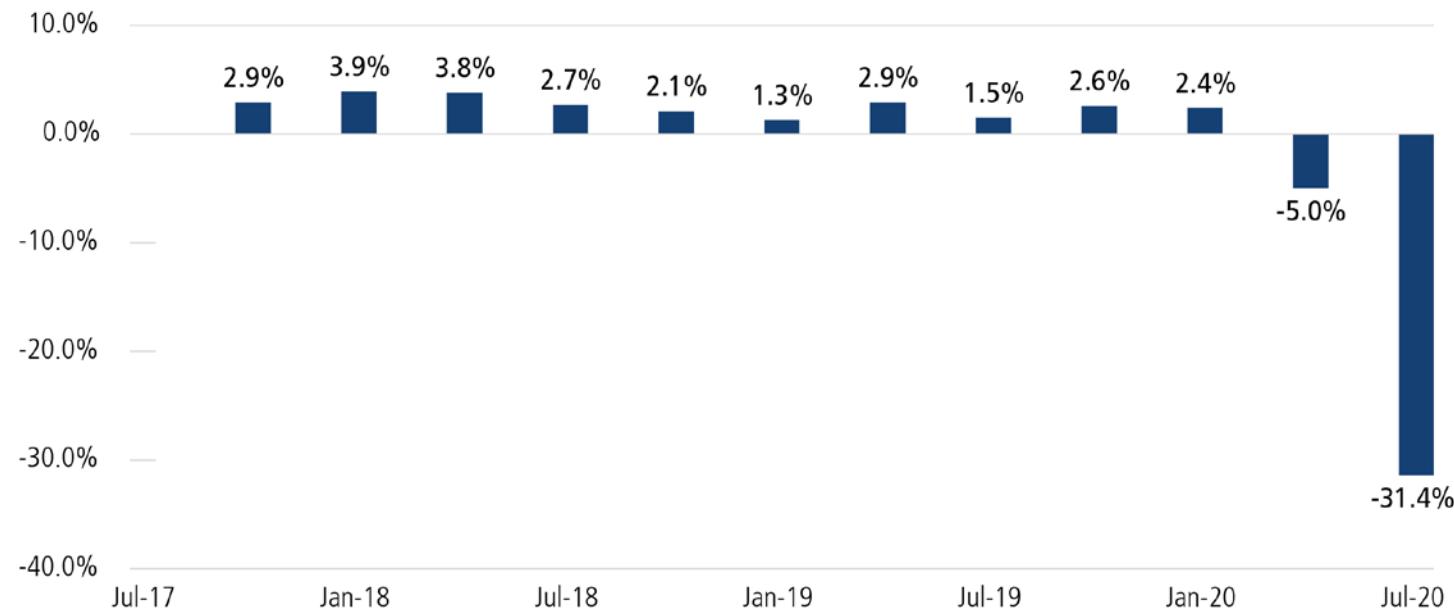
Past performance is no guarantee of future results. The S&P 500 Index is generally considered representative of the U.S. stock market. Source: FactSet, 3/12/2020

The Economy's Largest Contraction

In addition to worrying about the health-related impact of the virus, investors were concerned that the economy would head into a recession, if not a depression. These fears were realized in the second quarter—when the economy suffered its largest contraction ever.

THE U.S. ECONOMY'S LARGEST CONTRACTION EVER: A 31.4% DROP IN Q2 2020

GDP growth rate



Source: tradingeconomics.com|U.S. Bureau of Economic Analysis.

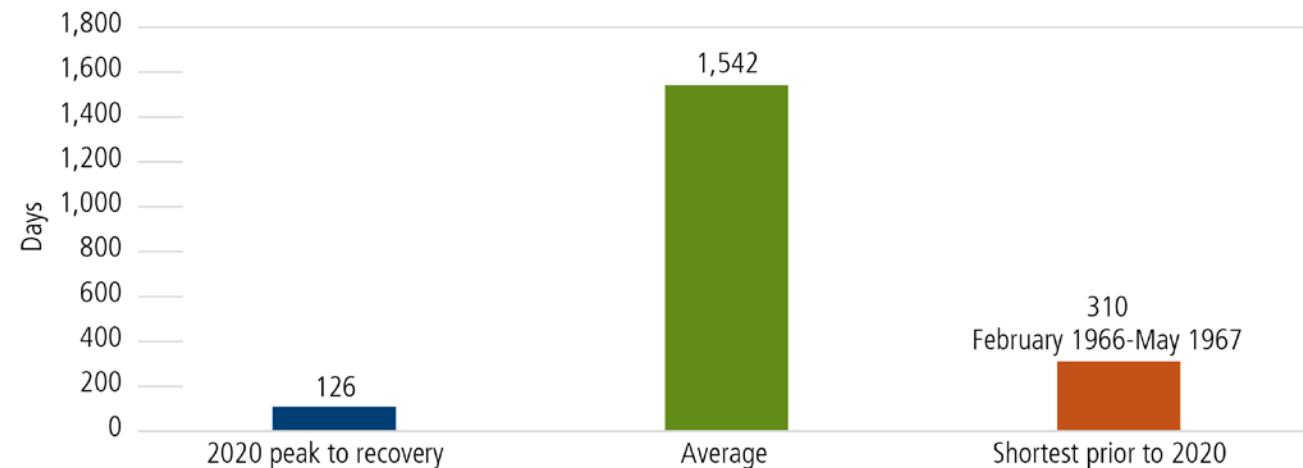
A Historic Recovery

Remember that investors are always looking ahead, hoping that their forward focus will give them an advantage. But in March few would have predicted the next six months in the market. Much of business and commerce was at a standstill, with millions of people unemployed. Even so, investors were cheered by the government's pledge to do everything it could to help. The support totaled \$3 trillion—and that made an impression on investors.

Technology companies, including those enabling U.S. workers working and meeting at a distance, led the market back. Low mortgage rates drove the housing industry. Consumers who had increased their savings early on gradually resumed their spending. All of this, and more, helped the market recover in record time.

THE S&P 500'S RECOVERY FROM THE 2020 BEAR MARKET SET A NEW RECORD

Number of days peak to recovery



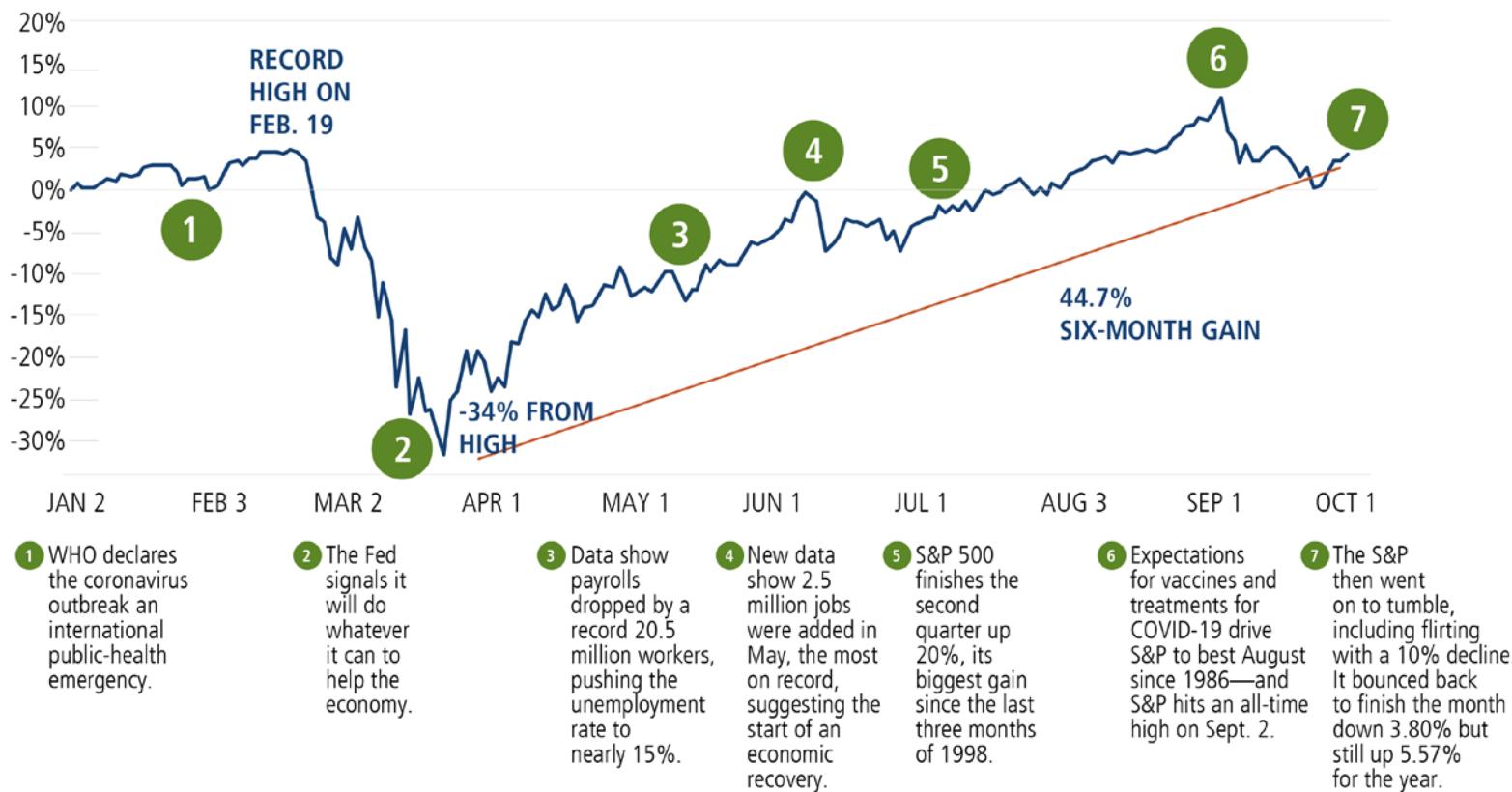
Source: Barron's, Dow Jones Market Data

Performance data quoted represents past performance, which is no guarantee of future results.
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Whee!

Let's pause right here to take in all that occurred. Down 34% and up 45% has never happened in nine months. 2020 has given investors quite a ride!

THE S&P 500 TO DATE



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Source: FactSet.

But Wait, There's More

Buckle up and remain seated, there's plenty of reason to believe that the year has more thrills and chills ahead. Uncertainty makes investors nervous and uncertainty abounds in the fourth quarter.

When are we getting a vaccine?

Pre-election
surprise

The elections and the outcomes

Are our schools safe?

Capital gains tax?

The Supreme Court

Double dip recession?

Technology stocks in a bubble?

How do we get people back to work?

Who knows?

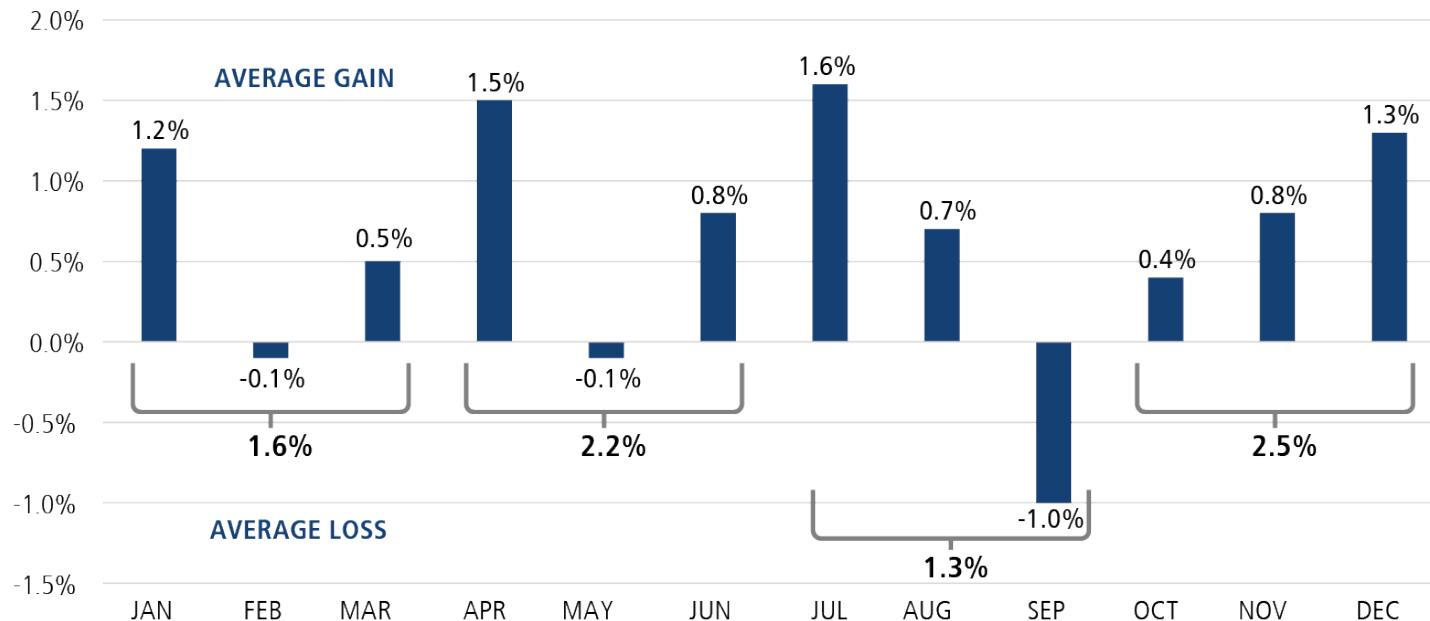
What We Do Know: The 4th Quarter Has Been the Best

Let's look at what we do know.

Historically, the last quarter of the year has been the best in the market, with every month having produced positive returns. When all is said and done, the fourth quarter of 2020 may oblige as well.

S&P 500 AVERAGE PERCENT CHANGE EACH MONTH

1928-2020



Performance data quoted represents past performance, which is no guarantee of future results.

*No change (0.00%) month of September 1979. Data are through August 2020. Source: Yardeni.com, Standard & Poor's and Haver Analytics.

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What We Do Know: The Rally Could Continue

A market rally such as we've seen this year doesn't necessarily mean that we're done for the year—it could be the opposite in fact. This year's gain in the six months after the bear market was the third largest gain for a new bull market since 1932. What gives investors pause: stocks today are priced 30% higher*.

**The S&P on 9/21/20 had a price/earnings multiple of 26.9x. That's higher than the previous highest valuation, which was 19.9x times in 2003. Source: Leuthold Group.*

BIG 6-MONTH RALLIES OFTEN FOLLOWED BY MORE POSITIVE RETURNS

S&P 500 returns after the best 6 month rallies ever (>30%)

Date	6 Month Return*	S&P 500 RETURN			
		1 Month	3 Month	6 Month	12 Month
4/25/1963	30.4%	0.4%	-2.2%	4.6%	13.7%
6/24/1975	42.8%	-4.4%	-9.8%	-6.4%	9.9%
10/15/1980	32.3%	2.6%	0.8%	0.7%	-10.5%
2/7/1983	42.9%	4.0%	12.8%	8.3%	7.6%
3/27/1986	32.3%	1.7%	4.1%	-3.0%	25.9%
10/9/1997	31.6%	-4.4%	-4.4%	14.3%	1.4%
4/12/1997	41.6%	-0.2%	3.0%	-1.7%	11.6%
9/4/2009	50.2%	3.8%	8.8%	12.2%	7.4%
9/23/2020	44.7%				
	Average	0.4%	1.6%	3.6%	8.4%
	Median	1.0%	1.9%	2.7%	8.7%
	% Positive	62.5%	62.5%	62.5%	87.5%

Performance data quoted represents past performance, which is no guarantee of future results.

Source: LPL Research, FactSet 09/23/2020 (1950-Current)

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

The modern design of the S&P 500 Index was first launched in 1957. Performance before then incorporates the performance of its predecessor index, the S&P 90.

*126 trading days (252 trading days in one year).

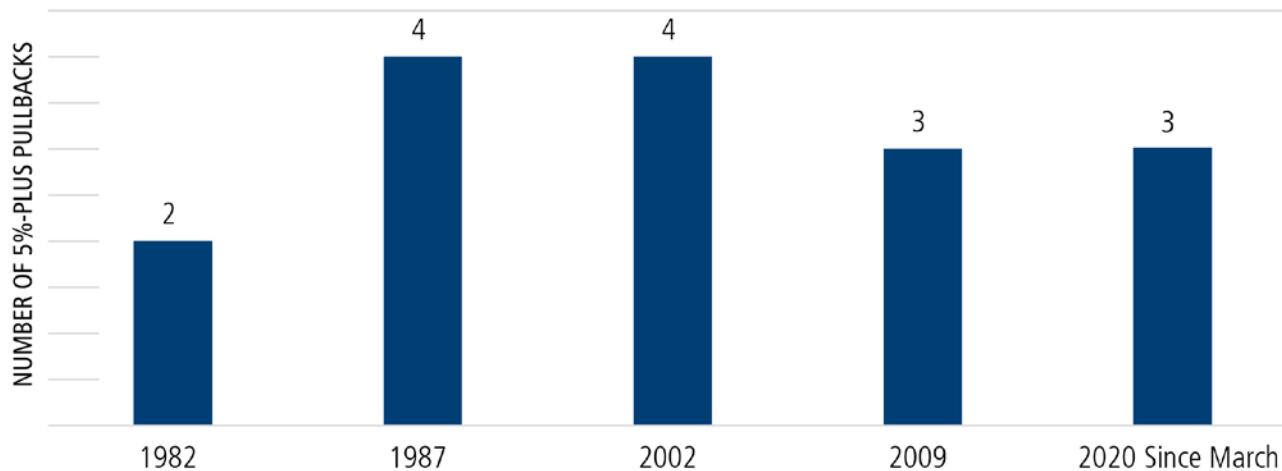
S&P 500 Index is generally considered representative of the U.S. stock market.

What We Do Know: Pullbacks Are Part of It

We know that pullbacks are common early in bull markets.

NUMBER OF 5%-PLUS PULLBACKS IN FIRST 9 MONTHS OF RECENT BULL MARKETS

As of September 30, 2020

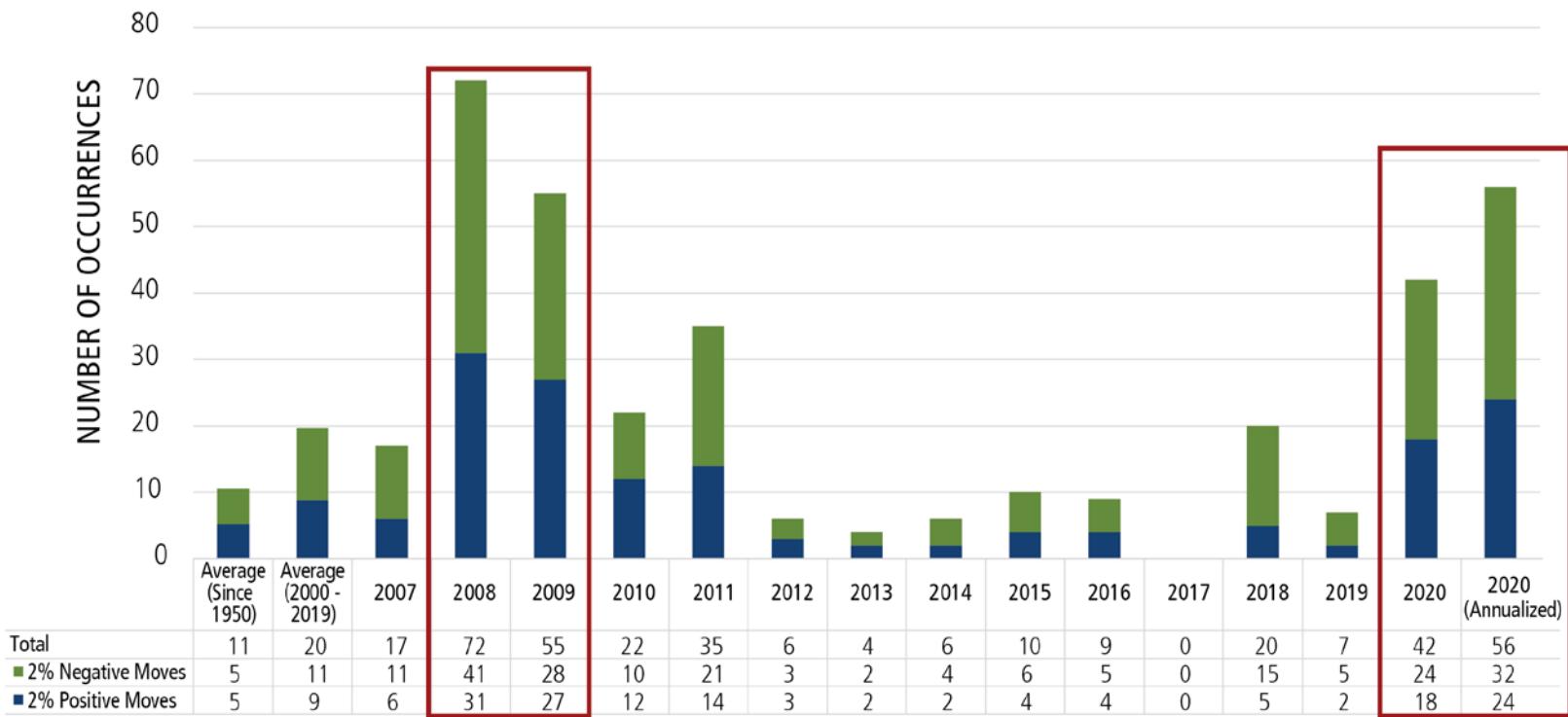


Performance data quoted represents past performance, which is no guarantee of future results. Source: SunTrust Advisory Services, FactSet
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What We Do Know: 2% Up/2% Down

We know that a churned-up market can make big moves in just one day.

OF +/- 2% DAILY MOVES IN THE S&P 500 THROUGH 9/30/2020



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What We Do Know: Those Who Sit Out Get Shut Out

We know that even the market's direction from one day to the next can be a surprise. It's not unusual for the market to have one of its best days after one of its worst days. In fact, two of the biggest losses/gains occurred this year!

THE S&P 500'S LARGEST DAILY PERCENTAGE GAINS AND LOSSES

HAVE OFTEN OCCURRED WITHIN DAYS OF ONE ANOTHER

SEVEN EXAMPLES SINCE 1987 OF DEEP DECLINES THAT WERE FOLLOWED WITHIN 10 TRADING DAYS BY BIG MOVES TO THE UPSIDE



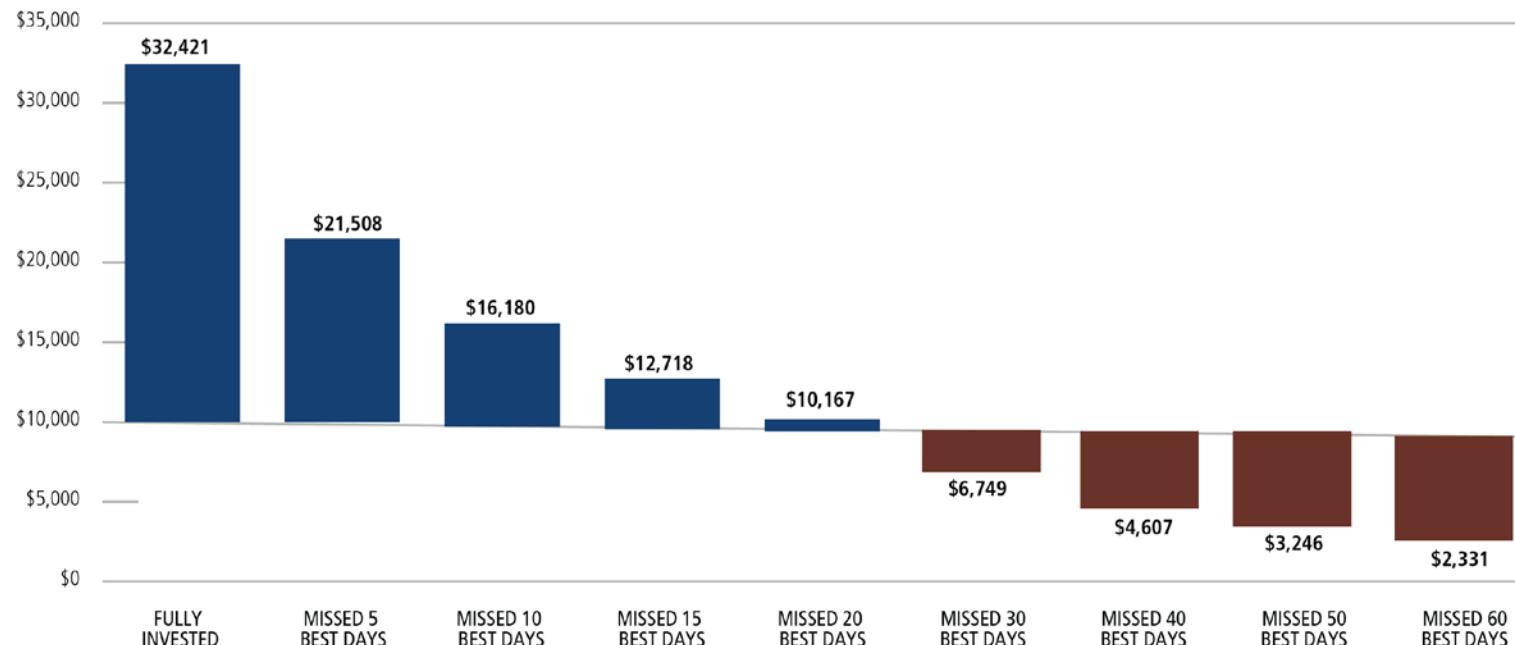
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What We Do Know: Whiplash Is a Risk

This we know: Attempts to time market moves by darting in and out of the market ultimately result in underperformance. Too often investors end up getting whipsawed—catching the downside and missing the upside. As you can see below, missing just the 20 best days in a 20-year period can reduce investment returns by two-thirds (\$32,421 vs. \$10,167).

STAYING INVESTED IS THE BEST LONG-TERM STRATEGY

S&P 500 INDEX ANNUALIZED RETURNS AND THE GROWTH OF \$10,000 OVER 20 YEARS (1999-2019)



Source: Morningstar. Data ranges from 1/1/99 through 12/31/19. Performance data quoted represents past performance, which is no guarantee of future results. The S&P 500 Index is generally considered representative of the U.S. stock market.

What We Do Know: In Non-U.S. Markets, Too

And the same is true in non-U.S. developed markets, and in emerging markets.

TIME OUT OF NON-U.S. DEVELOPED MARKETS...

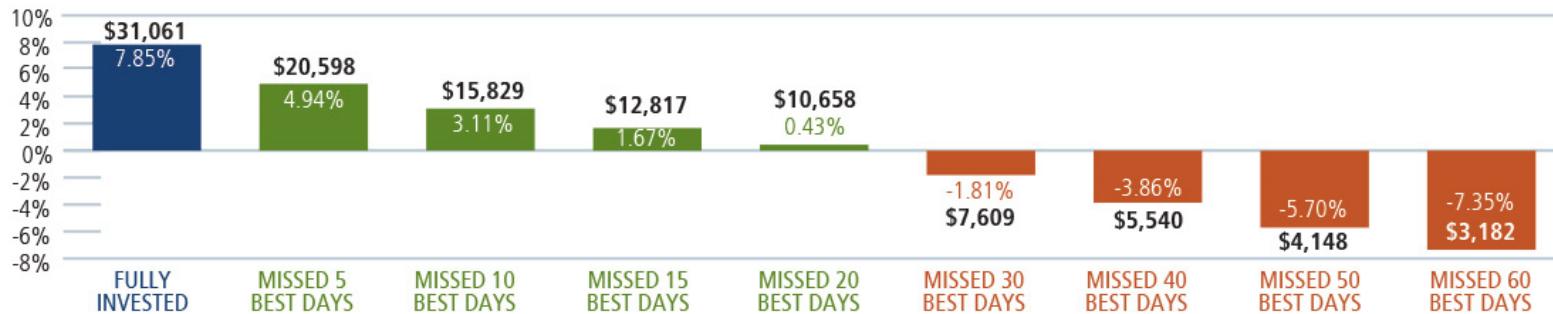
MSCI WORLD EX USA RETURNS AND THE GROWTH OF \$10,000 OVER 15 YEARS (2005-2019)



Source: Morningstar Direct. Data ranges from 1/1/2005 through 12/31/2019. Past performance is no guarantee of future results.

AND TIME OUT OF EMERGING MARKETS CAN ALSO HURT PERFORMANCE RESULTS

MSCI EM INDEX RETURNS AND THE GROWTH OF \$10,000 OVER 15 YEARS (2005-2019)



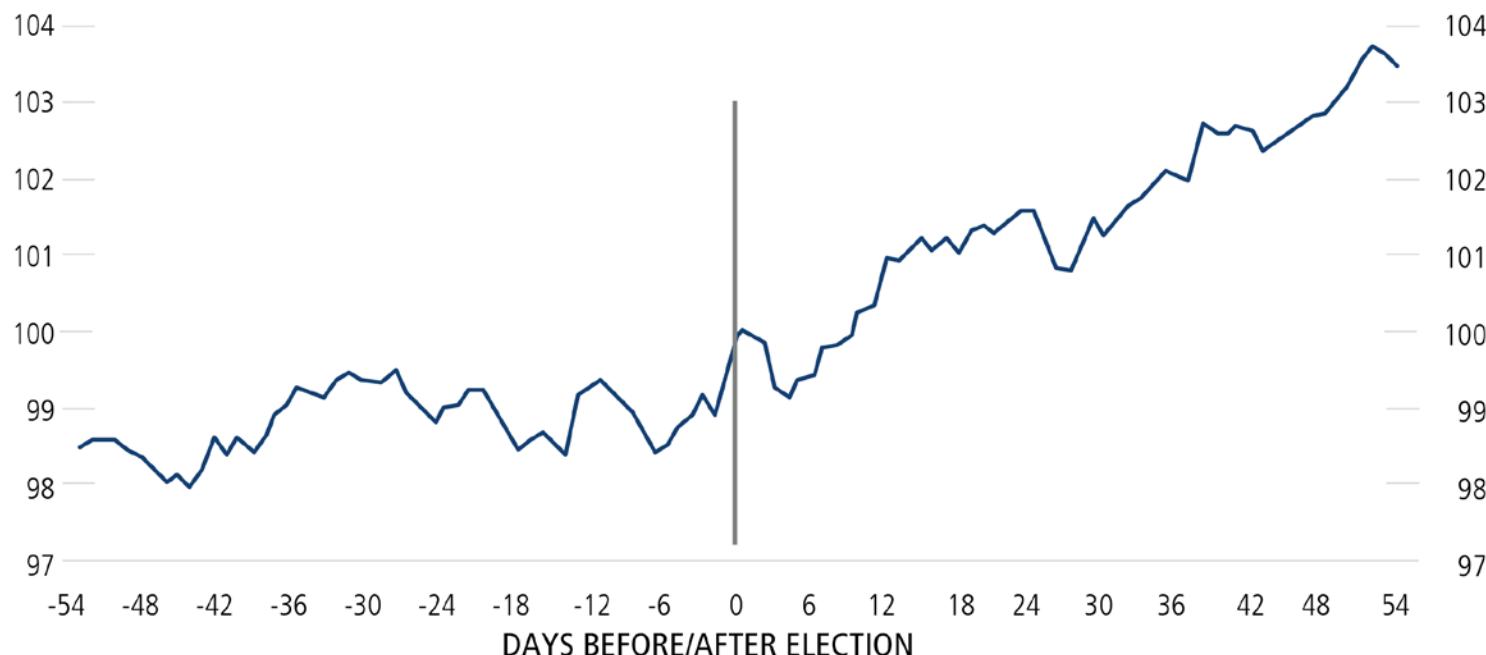
Source: Morningstar Direct. Data ranges from 1/1/2005 through 12/31/2019. Past performance is no guarantee of future results.

What We Do Know: Election Years Aren't So Scary

We know that, on average, the S&P 500 has historically advanced after presidential elections.

AVERAGE S&P 500 PERFORMANCE AROUND U.S. PRESIDENTIAL ELECTIONS SINCE 1972*

Rebased, election day=100



*Excluding 2008 when the equity market declined due to the Global Financial Crisis.

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Source: Nordea and Macrobond.

What We Do Know: This Time Could Be Different

Of course, everyone knows that this is not your ordinary election year. With COVID-related concerns prompting many voters to mail in their ballots and those ballots needing to be counted, the outcome of the presidential election may not be known for days after November 3.

A delay in announcing the presidential election winner has happened before in recent history, when Al Gore demanded a recount in Florida, where the vote between Gore and George Bush was very close. In the 38 days between the 2000 Election Day on November 7 and the Supreme Court ruling on December 15, the S&P 500 Index was down -8.4%. Important to note: that was during the Internet Bubble Crash.

MARKET DECLINE DURING 2000 VOTE RECOUNT HAPPENED DURING THE INTERNET BUBBLE CRASH

S&P 500 Returns 1/1/2000-12/31/2002



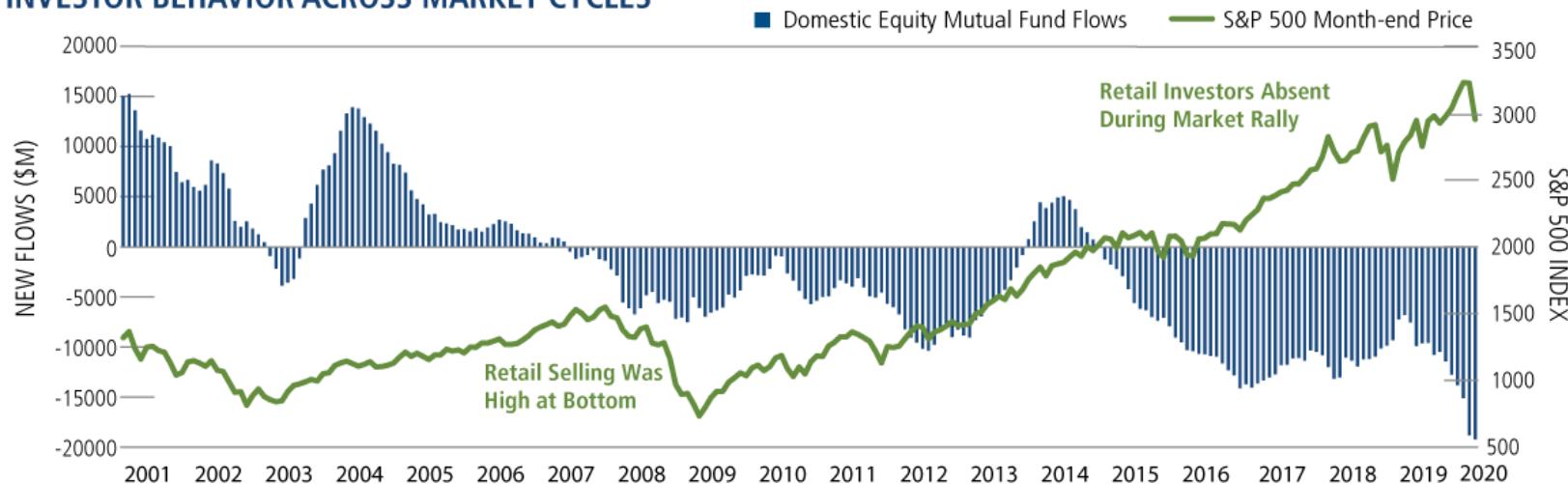
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What We Do Know: The Plight of Wrong-Way Investors

Uncertainty, volatility, ongoing COVID-related concerns—all are enough to make an investor think about sitting this ride out. Here, too, we know that this can be a mistake. Investors have developed a reputation for unfortunate timing when left to their own conclusions. They've tended to sell their holdings or avoid investing at precisely the wrong time—just as markets have taken off.

As shown in the graph below, from 2015 to 2020 investors withdrew from the market even as the S&P climbed to its highs. At that time, investors believed the bull market was getting too old. Those who exit at this point in 2020 would be leaving a brand-new bull market.

INVESTOR BEHAVIOR ACROSS MARKET CYCLES



Source: TTM Estimated Net Asset flows for US Open-end US Equity Funds is from Morningstar Direct. Month end S&P 500 Index values are from YahooFinance.com
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“Should I Even Be in the Stock Market?”

Many clients are asking their investment professionals this question right now.

The reverse was true last year, as the market climbed to new heights and prior to its swift drop in February. Then some were asking, “Why don’t I have more in the stock market?”

Investing can be as unpredictable as a rollercoaster ride. But, when it comes to funding financial objectives, history has shown that there’s no alternative to equities in providing better potential for capital growth over the long term. Over time, investors have relied on stock market gains to fund a range of goals including a comfortable retirement, higher education and a new home. That may be your intention, too.

Fortunately, you have someone on this ride with you who can help. Aware of the cyclical nature of investing—and of equities’ vulnerability to unforeseen events—your investment professional’s job is to build a portfolio that both anticipates what happens when markets correct, and is in a position to benefit when they rally.

2020 has earned its way into the history books. It is a year not to be forgotten. Our hope and expectation is that, with the risk management skills of the investment professional you’ve hired, you’ll remember this year as bringing you closer to achieving your investment goals.

Disclosures

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The **S&P 500 Index** is generally considered representative of the U.S. stock market. Indexes are unmanaged, do not entail fees or expenses and are not available for direct investment.

Price/Earnings Ratio is the current stock price over trailing 12-month earnings per share.

Before investing carefully consider the fund's investment objectives, risks, charges and expenses. Please see the prospectus and summary prospectus containing this and other information which can be obtained by calling 1-800-582-6959. Read it carefully before investing.



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