

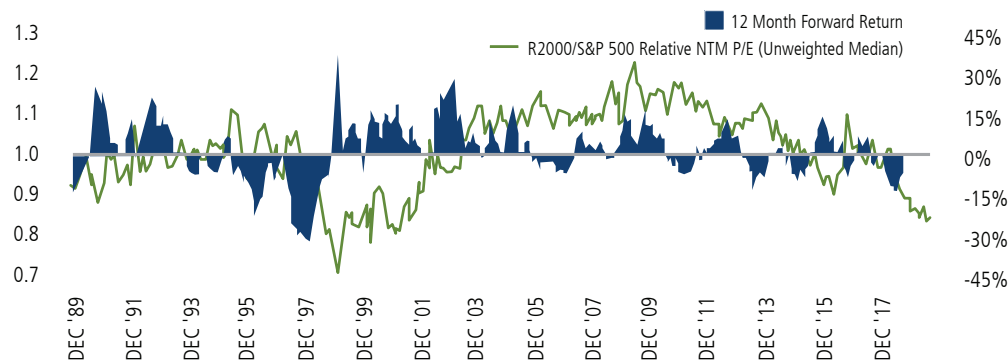
Attractive Assets? It's All Relative!

As we enter the eleventh year of a broad equity bull market in the United States, and the “when will the good times end” narrative continues to crescendo, it is sometimes easy to overlook opportunities not represented in the headlines trumpeting all-time highs in the major indices.

One asset class that is not at all-time highs, and one we believe provides an attractive current opportunity for institutional asset owners, is U.S. small cap equities. Our Calamos Timpani Small Cap Growth Team incorporates a number of data points to construct their outlook for small cap equities, and one important metric emphasizing the present opportunity highlights the relative valuation between the Russell 2000 Index and the S&P 500, as well as the ensuing relative return between the two equity market segments.

SMALL CAPS ARE INEXPENSIVE COMPARED TO LARGE CAPS—1.5-2.5 STANDARD DEVIATIONS BELOW THE MIDPOINT ...

Small/large unweighted median next 12 months P/E vs. 12 month forward relative returns



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

Source: RBC US Equity Strategy, Russell, S&P Capital IQ/Clarifi, CIQ Estimates, IBES Estimates. The Russell 2000 Growth Index is a composite of small cap companies located in the U.S. that also exhibit a growth probability. The S&P 500 Index is generally considered representative of the U.S. stock market.

The graph above shows the relative “cheapness” of small caps to large caps is presently 1.5 to 2.5 standard deviations below the midpoint. When the relative cheapness between small caps and large caps is in this range, as detailed in the following table, small caps outperform large caps 83% of the time, with average small cap outperformance of 8%.

... IN THE PREVIOUS 29 SUCH TIMES, SMALL CAPS OUTPERFORMED LARGE CAPS 83% OF THE TIME IN THE FOLLOWING 12 MONTHS—BY A MAGNITUDE OF 800 BASIS POINTS

| MODEL UPPER BOUND (STANDARD DEVIATIONS) | MODEL LOWER BOUND (STANDARD DEVIATIONS) | MODEL UPPER BOUND (RELATIVE P/E LEVEL) | MODEL LOWER BOUND (RELATIVE P/E LEVEL) | AVERAGE 12 MONTHS FORWARD RELATIVE RETURNS | # TIMES | % TIMES OUTPERFORMANCE |
|---|---|--|--|--|-----------|------------------------|
| 2.5 | 1.5 | 1.2 | 1.1 | 2% | 14 | 50% |
| 1.5 | 0.5 | 1.1 | 1 | 0% | 125 | 53% |
| 0.5 | -0.5 | 1 | 0.9 | 1% | 58 | 60% |
| -1.5 | -2.5 | 0.9 | 0.8 | 8% | 29 | 83% |
| -2.5 | -3.5 | 0.8 | 0.7 | 14% | 2 | 100% |

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

Source: RBC US Equity Strategy, Russell, S&P Capital IQ/Clarifi, CIQ Estimates, IBES Estimates. Standard deviation is a measure of volatility.

The Timpani Small Cap Growth team, led by Senior Portfolio Manager Brandon Nelson, has managed small cap growth equities through multiple market cycles, and through deep experience and an active, high-conviction approach, their Small Cap Growth strategy seeks to capitalize on opportunities similar to the one we view at present. Three key differentiators enable the Timpani team’s repeatable investment process:

- 1) A framework designed to avoid two behavioral biases that plague many small cap investors. We believe the “disposition effect” leads investors to sell winners too early and ride losers too long, and the “anchoring bias,” related to analyst estimates that are slow to readjust to incremental, but relevant, changes.
- 2) The measurable effect of a disciplined and value-added sell process.
- 3) A proven ability to identify sustainable growth that the market has underestimated, which leads to consistent and positive earnings revisions in the names we own.

For institutional asset owners considering rebalancing last year’s gains, or potentially considering a broader change in asset allocation, we believe our experienced Timpani team is well positioned to capitalize on this unique opportunity in small cap equities.

ANNUALIZED TOTAL RETURNS

| | 1-YEAR | 3-YEAR | 5-YEAR | 10-YEAR | SINCE INCEPTION (4/08) |
|---|--------|--------|--------|---------|---------------------------|
| Calamos Timpani Small Cap Growth (gross of fees) | 21.54% | 19.21% | 10.81% | 14.42% | 12.16% |
| Calamos Timpani Small Cap Growth (net of fees) | 20.90 | 18.67 | 10.24 | 13.80 | 11.57 |
| Russell 2000 Growth Index | 28.48 | 12.49 | 9.34 | 13.01 | 10.45 |

Past performance does not guarantee or indicate future results. Current performance may be lower or higher than the performance quoted. Portfolios are managed according to their respective strategies which may differ significantly in terms of security holdings, industry weightings, and asset allocation from the performance, characteristics and volatility may differ from the benchmark(s) shown.

Returns presented reflect the Calamos Timpani Small Cap Growth Composite, which is an actively managed Composite investing in common stocks of small market capitalization companies with sound growth potential. The Composite was created June 1, 2019 calculated with an inception date of April 1, 2008. On May 31, 2019 Calamos acquired Timpani Capital Management LLC which has managed the strategy since its inception in 2008. Results include all fully discretionary accounts, including those no longer with the Firm. All returns are net of commission and other similar fees charged on securities transactions and include reinvestment of net realized gains and interest.

Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index. The Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000® companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000® Growth Index is published and maintained by FTSE Russell.

Fees include the investment advisory fee charge by Calamos Advisors LLC. Returns greater than 12 months are annualized.

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.

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