

# Small Cap Market Snapshot

DATA AS OF 10/31/2021

## WHAT'S NEW

A strong absolute start to the quarter...Small caps lagged large caps by 269 basis points (Russell 2000 less Russell 1000) during October but are still ahead of large caps from mid-August through October.

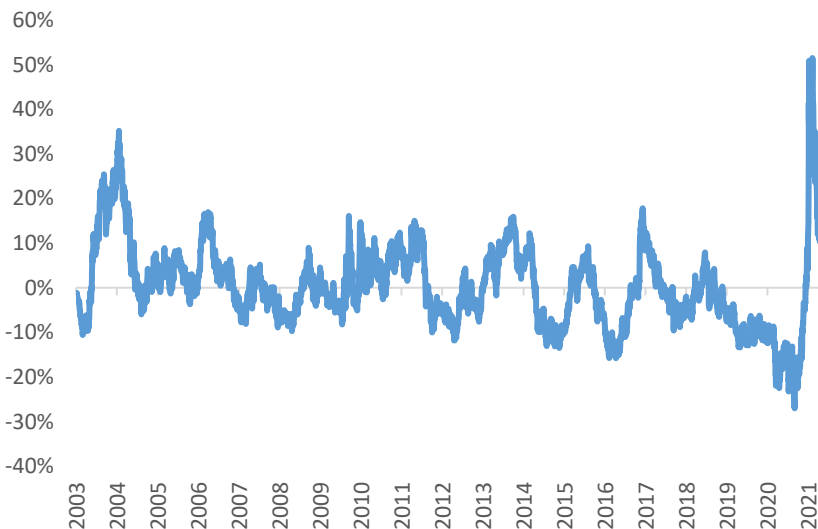
It was a strong month for both groups on an absolute basis with small caps rising over 4% during the month, taking YTD performance above 17% as they enter a seasonally strong period from November through February. Additionally, when small caps have a strong first half of the year, they tend to have a strong second half and since they struggled during the September quarter, we think a continued rally into year-end makes a lot of sense.

Lastly, we are starting to see ETF flows pick up for small caps. Given low relative valuation and strong fundamentals, we could see more money chasing the small cap asset class, which likely drives prices higher, especially the smallest of the small.

*Brandon M. Nelson, CFA, Calamos Senior Portfolio Manager*

## RUSSELL 2000 GROWTH VS. RUSSELL 1000 GROWTH

### 300-DAY PERFORMANCE



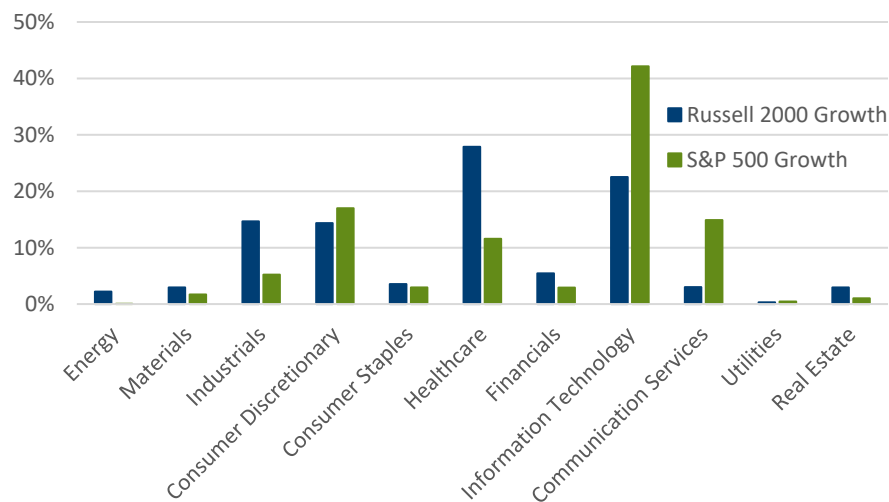
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## MARKET PULSE

MONTH-TO-DATE RETURNS		
R 2000 VALUE	RUSSELL 2000	R 2000 GROWTH
3.81	4.25	4.68
R MICROCAP VALUE	RUSSELL MICROCAP	R MICROCAP GROWTH
3.10	2.22	1.01
YEAR-TO-DATE RETURNS		
R 2000 VALUE	RUSSELL 2000	R 2000 GROWTH
27.60	17.19	7.64
R MICROCAP VALUE	RUSSELL MICROCAP	R MICROCAP GROWTH
37.31	25.31	10.72

## RUSSELL 2000 GROWTH VS. S&P 500 GROWTH

### GICS SECTOR ALLOCATIONS (NET)



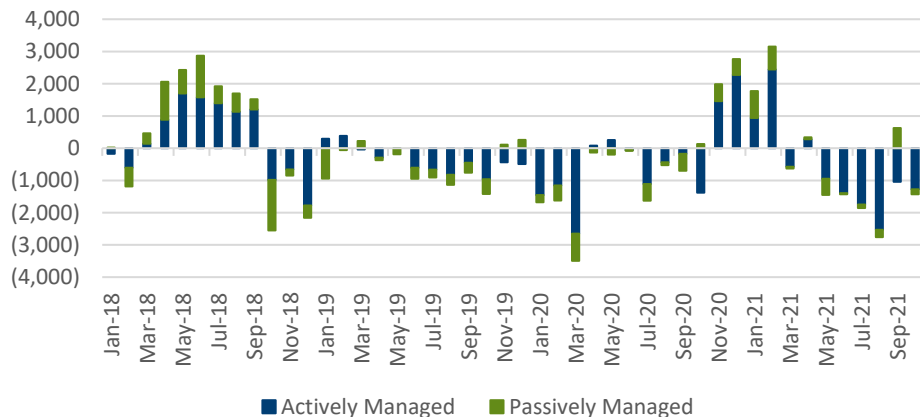
**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

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## MORNINGSTAR SMALL GROWTH CATEGORY FLOWS

Data as of 10/31/2021, dollars in millions



### Past performance is no guarantee of future results.

The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice. The **S&P 500** Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. It is widely regarded as the standard for measuring US stock-market performance. The **Russell 1000 Index** measures the performance of the large-cap segment of the US equity universe and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. You cannot invest directly in an index. The **Russell 2000 Growth Index** measures the performance of the small-cap growth segment of the US 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. The **Russell 2000 Value Index** measures the performance of small-cap value segment of the US equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The **Russell Microcap Index** measures the performance of the microcap segment of the US equity market. Microcap stocks make up less than 3% of the US equity market (by market cap) and consist of the smallest 1,000 securities in the small-cap Russell 2000® Index, plus the next 1,000 smallest eligible securities by market cap. The **Russell Microcap Growth Index** measures the performance of the microcap growth segment of the US equity market. It includes Russell Microcap companies that are considered more growth oriented relative to the overall market as defined by Russell's leading style methodology. The **Russell Microcap Value Index** measures the performance of the microcap value segment of the US equity market. It includes Russell Microcap companies that are considered more value oriented relative to the overall market as defined by Russell's leading style methodology.

## SMALL CAP GROWTH AS A DIVERSIFIER

The portfolio effect of increasing exposure to small caps

Data from 11/1/2001 to 10/31/2021

	Annualized Return	Standard Deviation	Sharpe Ratio	Excess Return
100% LARGE CAP EQUITY S&P 500	9.77%	14.70%	0.62	0.00%
90% LARGE CAP/10% SMALL CAP GROWTH	9.84%	14.98%	0.62	0.07%
80% LARGE CAP/20% SMALL CAP GROWTH	9.90%	15.33%	0.61	0.13%
100% SMALL CAP GROWTH Russell 2000 Index	10.21%	19.56%	0.53	0.44%

The **S&P 500 Growth Index** measures growth stocks using three factors: sales growth, the ratio of earnings change to price, and momentum. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500. **Standard deviation** is a measure of volatility. **Sharpe ratio** is a calculation that reflects the reward per each unit of risk in a portfolio. The higher the ratio, the better the portfolio's risk-adjusted return is.