

Small Cap Market Snapshot

DATA AS OF 8/31/2022

WHAT'S NEW

Should we call it a trend?...For the fourth month in a row, small caps outperformed large caps (Russell 2000 less Russell 1000), this time by 179 basis points, the best month of the four-month winning streak. It's been a wild ride, but year-to-date small caps are almost at parity with large caps. Microcap growth led for the second month in a row.

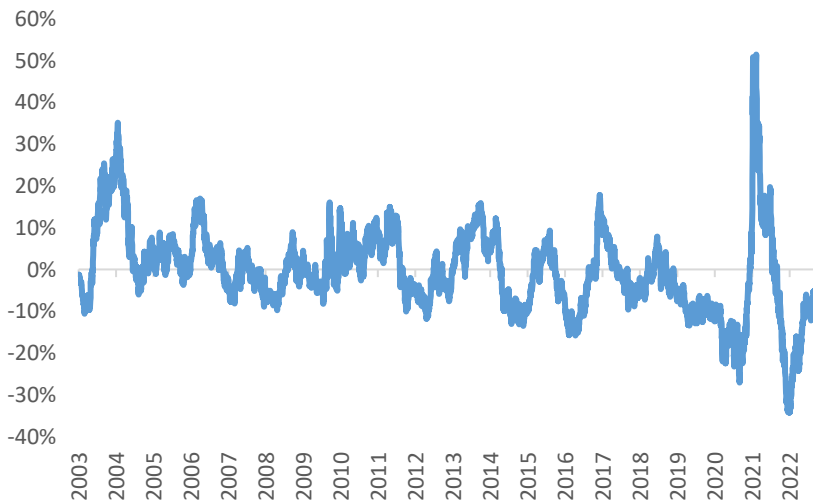
September is usually a choppy month, but soon seasonality goes from a headwind to a tailwind as Q4 has historically been positive for stocks. It's especially interesting this year given the upcoming mid-term elections in November. According to RBC, in mid-term years since 1982, stocks have rallied 26 business days prior to the elections—that would be October 3 this year.

We also know from studying history that stocks tend to rally after mid-term elections, and that small and microcaps tend to lead the way.

Brandon M. Nelson, CFA, Calamos Senior Portfolio Manager

RUSSELL 2000 GROWTH VS. RUSSELL 1000 GROWTH

300-DAY PERFORMANCE



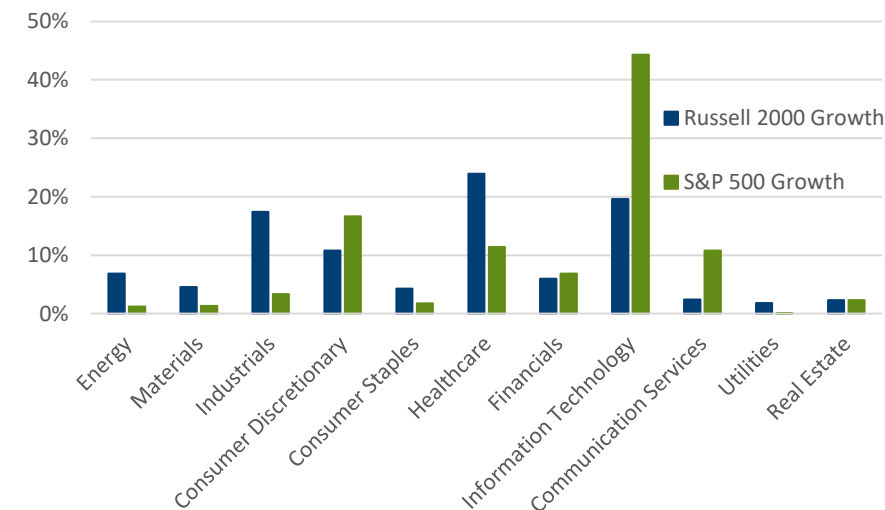
Past performance is not indicative of future results. This material is provided for internal and educational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities.

MARKET PULSE

MONTH-TO-DATE RETURNS		
R 2000 VALUE	RUSSELL 2000	R 2000 GROWTH
-3.16	-2.05	-0.94
R MICROCAP VALUE	RUSSELL MICROCAP	R MICROCAP GROWTH
-0.29	0.16	0.82
YEAR-TO-DATE RETURNS		
R 2000 VALUE	RUSSELL 2000	R 2000 GROWTH
-12.17	-17.16	-22.29
R MICROCAP VALUE	RUSSELL MICROCAP	R MICROCAP GROWTH
-12.90	-17.52	-24.56

RUSSELL 2000 GROWTH VS. S&P 500 GROWTH

GICS SECTOR ALLOCATIONS (NET)



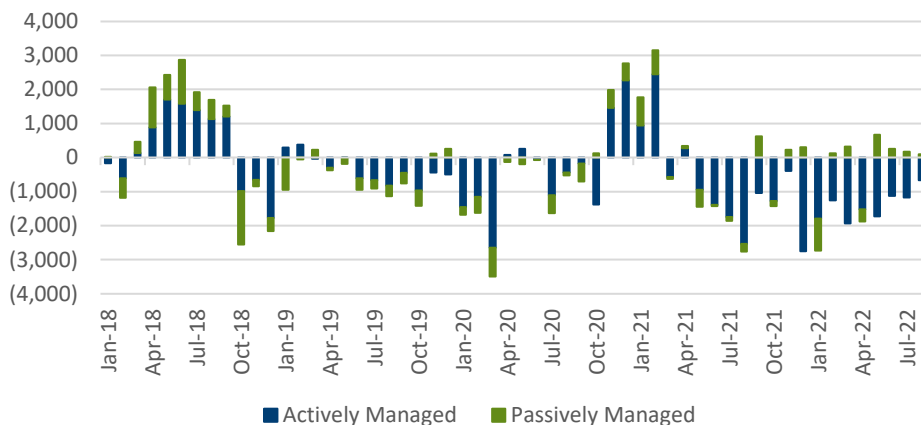
NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Small Cap Market Snapshot

DATA AS OF 8/31/2022

MORNINGSTAR SMALL GROWTH CATEGORY FLOWS

Data as of 8/31/2022, 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 9/1/2002 to 8/31/2022

	Annualized Return	Standard Deviation	Sharpe Ratio	Excess Return
100% LARGE CAP EQUITY S&P 500	9.74%	14.85%	0.62	0.00%
90% LARGE CAP/10% SMALL CAP GROWTH	9.74%	15.13%	0.61	0.00%
80% LARGE CAP/20% SMALL CAP GROWTH	9.73%	15.45%	0.60	-0.01%
100% SMALL CAP GROWTH Russell 2000 Index	9.50%	19.53%	0.50	-0.24%

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.