

Small Cap Market Snapshot

DATA AS OF 12/31/2022

WHAT'S NEW

Some giveback ... Stocks declined in December but still had a strong quarter. Small caps fell -6.49% for the month, lagging large caps by 68 basis points (Russell 2000 versus Russell 1000). Year-end tax-loss selling may have exaggerated the weakness for all market caps.

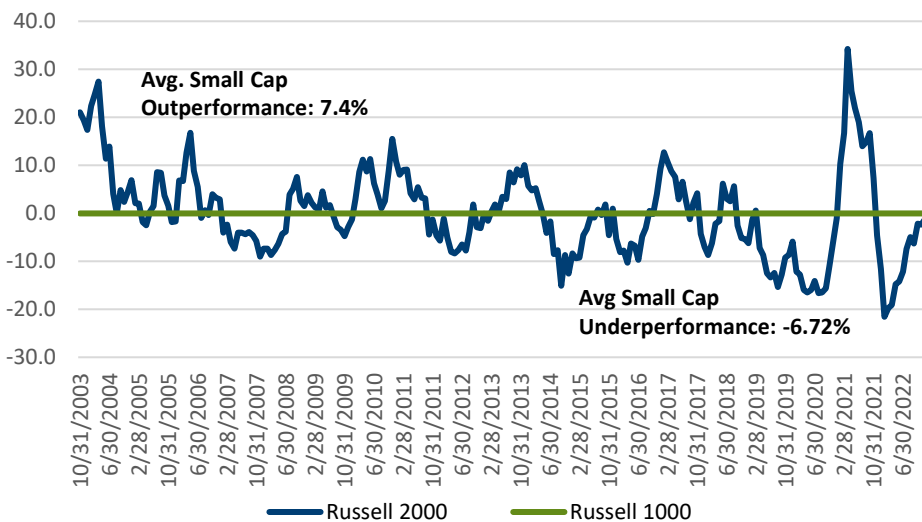
For the year, small caps lagged large caps by 131 basis points, making it the 6th year in a row of underperformance for the asset class—a truly stunning statistic. On an absolute basis, it was the 10th worst year for small caps since 1926. On a brighter note, small caps did outperform in the second half of the year and also have a tendency to see strong absolute and relative returns the year after an undoubtedly bad one like 2022.

Other reasons why we like the setup for small caps in 2023—low valuations, seasonal tailwinds post midterm elections, and a tendency to perform well during periods of disinflation like the current one.

Brandon M. Nelson, CFA, Calamos Senior Portfolio Manager

RUSSELL 2000 VS. RUSSELL 1000

ROLLING 1-YEAR EXCESS RETURNS



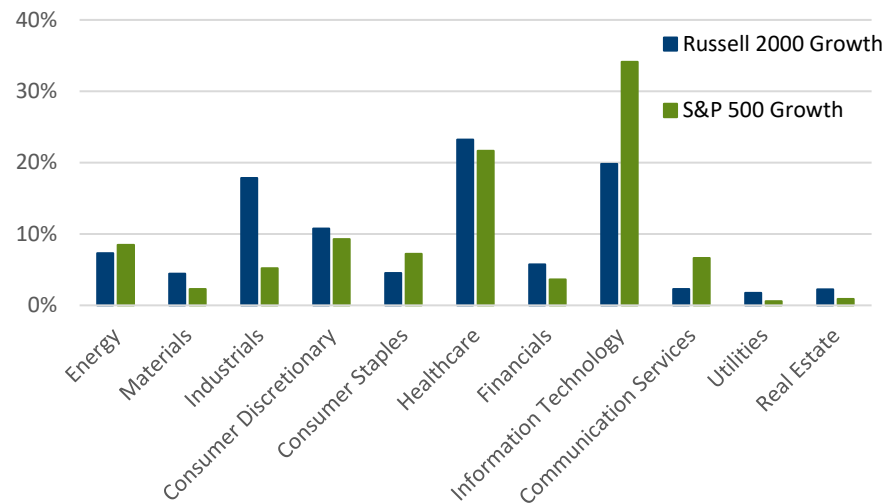
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MARKET PULSE

MONTH-TO-DATE RETURNS		
R 2000 VALUE	RUSSELL 2000	R 2000 GROWTH
-6.56	-6.49	-6.42
R MICROCAP VALUE	RUSSELL MICROCAP	R MICROCAP GROWTH
-4.31	-4.27	-4.21
YEAR-TO-DATE RETURNS		
R 2000 VALUE	RUSSELL 2000	R 2000 GROWTH
-14.48	-20.44	-26.36
R MICROCAP VALUE	RUSSELL MICROCAP	R MICROCAP GROWTH
-16.70	-21.96	-29.76

RUSSELL 2000 GROWTH VS. S&P 500 GROWTH

GICS SECTOR ALLOCATIONS (NET)



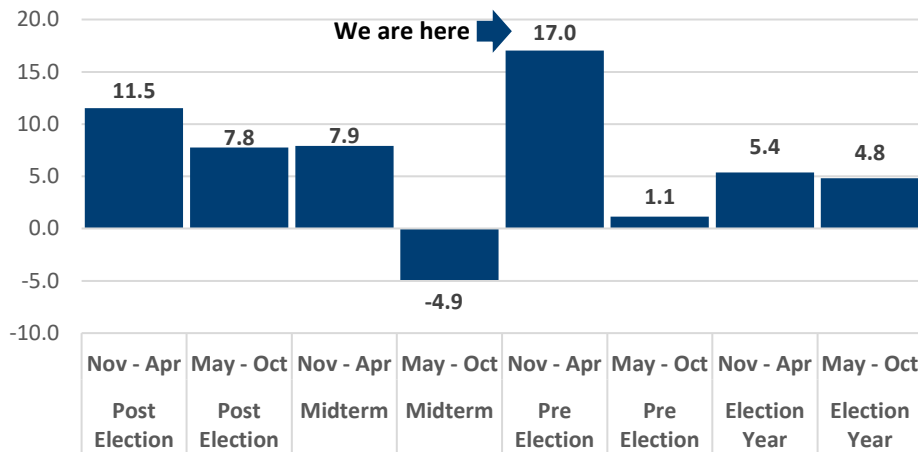
NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

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SMALL CAP AVERAGE TOTAL RETURNS BY PRESIDENTIAL CYCLES

11/1/1979 – 10/31/2022



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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.

MORNINGSTAR SMALL GROWTH CATEGORY FLOWS

Data as of 12/31/2022, dollars in millions

