CALAMOS
WEALTH MANAGEMENT

FROM THE DESK OF JOHN P. CALAMOS, SR. · FOUNDER'S CORNER

How to Respond to Market Volatility

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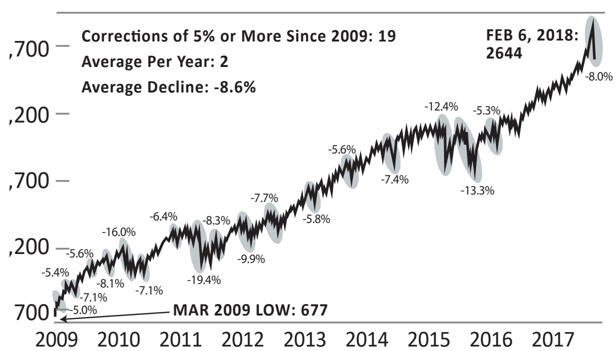
As volatility returns to the stock market, many investors are feeling unsettled and maybe even panicked. Since founding Calamos Investments more than 40 years ago, I've had the chance to invest through many different market environments, including extremely turbulent periods. Here's what I encourage investors to remember:

1. **Corrections are a normal part of bull markets.** The chart below shows how much the market has gained since March of 2009. Down periods have been a part of this advance. In fact, there have been 19 corrections since 2009. What's perhaps the most interesting part of this chart is how long it has been since the last correction.

Figure 1. Bull market corrections

S&P 500 INDEX, CLOSING PRICE

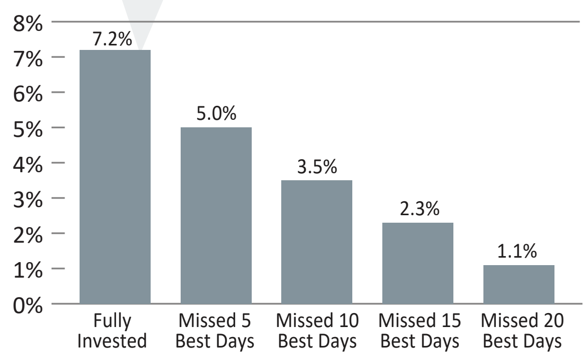


Past performance is no guarantee of future results. Source: Bloomberg.

2. **Stay invested for the long term. Don't time the market.** Investors who try to predict exactly when the market will hit its highs and lows may end up capturing far more of the downside than the upside. The following chart illustrates the benefits of staying invested.

Figure 2. Staying invested is the best long-term strategy

S&P 500 INDEX, ANNUALIZED RETURNS OVER 20 YEARS, 1998-2017



Past performance is no guarantee of future results. Source: Bloomberg. Data is from 1/1/1998 through 12/31/2017.

3. **The flipside of volatility is opportunity—for active managers.** When markets experience periods of short-term volatility, active managers can purchase attractive investments at lower prices. At Calamos, our teams take a long-term approach and use corrections as buying opportunities. (Passive or index strategies aren't able to capitalize on downside moves in this way. They just have to ride it out.)

4. **Rely on your financial advisor, not the media.** If you're getting anxious about your asset allocation, reach out to your financial advisor or wealth management professional. They can give you the personalized advice you need. It may be a good opportunity to discuss any changes to your personal circumstances to see if you should enhance your asset allocation. This may be a timely opportunity to consider risk-managed equity or convertible strategies, alternatives or fixed income allocations.

When markets are turbulent, a disciplined approach can be hard. But in my experience, it can be well worth it in the long run.

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