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Founder's Corner:

Reasons to Resist Retreating to the Sidelines

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Not unexpectedly, markets have sold off following news that trade negotiations between the U.S. and China will take more time. I—along with the Calamos Wealth Management Team—understand that market downturns can be very unnerving. Here are some things to keep in mind:

1. **The U.S. economy is healthy.** As we can see from corporate earnings and low unemployment, there is still real strength in the U.S. economy as fiscal policy continues to provide a wind in the sails for businesses. Inflation is low, and the Federal Reserve is maintaining a patient approach to short-term interest rates. Global economic data is also improving. Of course, the path of trade policy will influence what we see next, but negotiations continue and a resolution is not out of reach.

2. **Despite the economic positives,** market volatility will likely remain elevated. In addition to trade unknowns, markets are grappling with uncertainty in the Middle East, and there's no doubt that short-term turbulence will increase as the U.S. presidential election heats up. But there's some good news ...

3. **Volatility creates opportunity for active managers.** I've invested through many periods of market turmoil: the 1973-1974 crash, Black Monday, and the dot.com bubble, to name just a few. In all of these markets, there were opportunities—to sell into strength or to pick up an attractive position at a lower price. That's exactly what our investment teams have been doing this week, drawing on Calamos Investments' decades of proprietary research and risk-management strategies.

4. **Timing the market is a dangerous strategy.** When markets sell off, investors may be tempted to head to the sidelines. However, this typically results in missing the upside when markets rally.

5. **The Calamos Wealth Management approach has always recognized the importance of capital preservation in growing wealth.** Our customized asset allocation solutions take into account each client's goals, risk tolerance and time frames. Our focus on capital preservation is reflected in a breadth of defensive equity and alternative strategies. Depending on a client's unique situation, this could include hedged equity allocations, investments in convertible securities, and option overlays. In addition, we often utilize long-short strategies to capitalize on market volatility, including selloffs. For many clients, we also include fixed income alternatives, such as market neutral income, along with short-term bonds.

If you have questions, please reach out. Your Calamos Wealth Management Team is always available to speak with you about your personal situation and how the prevailing market climate relates to your long-term wealth strategy plans.

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Active management, asset allocation and diversification do not guarantee investment returns and do not eliminate the risk of loss.

Alternatives entail added risks and may not be suitable for all investors.

Convertible Securities Risk — The value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also may have an effect on the convertible security's investment value.

Options Risk – The ability to close out a position as a purchaser or seller of an over-the-counter or exchange-listed put of call option is dependent, in part, upon the liquidity of the options market. There are significant differences between the securities and options markets that could result in an imperfect correlation among these markets, causing a given transaction not to achieve its objectives. The ability to utilize options successfully will depend on the ability to predict pertinent market movements, which cannot be assured.

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