



**J**ohn Calamos, Sr. is a busy man. The Aurora resident serves as chairman, CEO and co-chief investment officer of Calamos Asset Management in Naperville – a family-operated business he founded in 1977 – and is a frequent contributor and financial expert on CNBC and Fox Business Channel, in addition to writing several books and serving as a trustee for Benedictine University.

The son of Greek immigrants, Calamos learned a strong work ethic and the value of customer service by working in the family grocery store in Chicago. He developed an interest in investing early in life and later, as a broker, found a profitable niche in convertible bonds. He parlayed his early success into a full service investment firm., which he took public in 2004. In 2006, Calamos ranked #258 on *Forbes Magazine's* list of “The World’s Richest People” with an estimated net worth of \$2.7 billion.

**Q}** You founded Calamos Asset Management in 1977. What was your background, and what prompted you to start a company oriented towards investments?

I developed a passion for investing early in life after discovering a box of securities in the basement of our home on the west side of Chicago. The paper turned out to be worthless, but I was hooked. Although I was quite young I set up a portfolio for my parents off that experience. Later, when I was a fighter pilot in the Air Force, investing became a serious hobby. I grew especially interested in convertible securities. When I left the military, it seemed natural to flip flop – turning my job as a pilot into a hobby and my investment hobby into a career. After a few years as a broker, I started my own firm, specializing in convertible bonds, which I found to be an excellent strategy to help manage risk in portfolios in a difficult environment like the 1970s.

**Q}** What were those first years like – was the company an immediate success? What were the keys to the company’s later explosive growth?

The '70s market was difficult, much like today's. But even in a slow-growth environment, there are opportunities to make money. One key is to understand and manage risk. We developed an investment process to help analyze and select convertible securities that also applied well to other asset classes. It involves studying the capital structure of a firm that we think may offer an investment opportunity. Soon we were able to branch out with stocks and other offerings beyond convertibles. As our expertise grew, so did our firm.

**Q}** How did the recent economic crisis affect your firm’s business and your own personal investment portfolio?

Virtually everyone I know took a hit during the market meltdown that started in late 2008. Fortunately, 2009 brought a rebound, and we are hopeful that a global economic recovery will continue. We are quite excited about the future as we pursue opportunities on a global basis. We recently opened an office in London.

**Q}** To the average person, it was hard to understand how such a massive financial crisis could snowball so quickly. From your perspective, how is it that none of the financial experts were able to anticipate the problems?

What we learned was that “systemic risk” can be very real and can appear very quickly. Systemic risk is the potential for financial market collapse. It’s unpredictable. And it affects nearly all asset classes, crushing valuations across the board. Most of us felt that the collapse of the global financial system, especially in the U.S. was not something we needed to worry about. We worried about recessions, asset bubbles, company’s risk and a host of other factors. But a complete collapse of our financial system was not on our radar screen. However, it is now.

**Q}** Do you think the government “bail-out” was appropriate? In a risk/reward capitalistic system shouldn’t the banks and investors that benefited greatly from the economic boom have been responsible for their own negative consequences when the economic downturn hit?

The government acted in a way that, ideologically, may not fit with how we view the business world and the tenets of

## Q&A RAPID FIRE

**Company you especially admire?** Over the long run Apple has been the most innovative company.

**Favorite CEO(s)?** Steve Jobs of Apple and Jack Welch, formerly of General Electric.

**Three people in history you’d like to meet?** Socrates, Thomas Jefferson and Milton Friedman because they all valued individual liberty.

**Favorite book/author?** Plato and the other Greek philosophers.

**Best advice you’ve ever received?** Be your own personnel manager, take control of your future. And from combat you learn quickly, don’t ever give up.

capitalism. But at the time it was necessary to prevent a total collapse of the global economy. We believe that for the most part it's best to minimize the role of government in business. We think only the private sector can create true economic strength and growth. As for the market downturn, there was plenty of blame to go around. What's most important is to focus on building a strong future. Healthcare was not the major problem in 2009; it was job growth. Congress and the Administration should focus their efforts on getting small and mid-sized business working again because that's where jobs are created.

**Q} What's your take on the present state of the economy? Where do you think we will be 6 months from now? A year from now? Five years from now?**

The economic factors seem to be improving. However, we believe that the capital markets will continue to struggle over the next few years, and occasionally experience periods of high volatility. Aggressive economic stimulus and monetary policy have prevented a catastrophic global economic crisis, but it is likely that these same policies have set the stage for longer-term economic challenges, including inflation. But we are optimistic about our ability to find opportunities even in a sideways-moving market. We have a lot of experience and a skilled team of professionals who look at potential investments on a global basis. We believe there are many opportunities for global investing.

**Q} How has the economic downturn affected your company's approach to investing on a going forward basis?**

We have a one-team, one-process approach that we continue to believe offers our clients the best opportunity to protect and grow their wealth. Our focus has always been on looking at investment opportunities from a cash flow and corporate structure point of view. Combining bottom-up work on companies along with a strong overlay of risk

management continues to be our investment process. With this approach, however, we are encouraging clients to take a more global perspective than they may have in the past. We strongly believe that the world is becoming increasingly "flat," so it's important to consider potential assets from a global perspective.

**Q} What would you say to the average person that may now be scared to invest in the markets or that believes the "little" investor can't win with the markets so dominated by big institutions?**

Everyone needs to reflect on how much risk they wish to take, and we encourage investors to discuss financial matters with a trusted advisor. At Calamos we focus on managing risk. This is not the same as avoiding risk, which can actually lead to other issues. It means we select investments in accordance with a certain risk posture developed for each strategy we offer. With respect to individuals vs. institutions, we're proud that our growing lineup of mutual funds offers individual investors a way to access sophisticated strategies also offered to institutional investors. Choosing the correct fund for the investor's particular investment risk posture is an important process. Financial advisors help individual investors accomplish that goal. Investors must also remember that when we're in volatile times; the flip side of volatility is opportunity.

**Q} Any tips for overall investing or specific suggestions for folks in various age groups — young couples, those saving for college, those saving for retirement?**

Again, we recommend that investors discuss their circumstances with a financial advisor trained to help achieve their goals. Everyone's situation is unique. All I will add to that is to be sure to think global. We feel U.S. investors need to think more globally than ever before. The opportunities in the markets will vary from region to region, but having the flexibility to invest across the world we feel will benefit the investors in the future.

**Q} Your father was a Greek immigrant who owned a grocery store in Chicago. How did his business sense influence you growing up and I'm assuming, working in the store?**

We learned the importance of working hard and serving customers well. We might need to interrupt a family meal after closing hours to get a customer a bottle of milk, but that's what we did. My father always said, "If you take care of the customers, they'll take care of you." He was right!

**Q} You also were a combat pilot in the Air Force and served during the Vietnam War. Did your military background have any impact on your business life?**

There are definite similarities between flying jet fighters and managing investments. For one thing, you always try to get as much information as you can. You want to know every detail about the weather or anything that may help you carry out a mission — or buy the right security at the right price. You also learn to take action after fully assessing risks. Once you have the knowledge you need, you need to act. Flying combat missions and investing are similar. Risk cannot be avoided, but it can be managed. Risk management is the key to a safe flight, and risk management is a key to the creation of wealth.

**Q} What's your educational background? If someone's interested in a job in investments, what would be your recommendations to them for getting involved in the field?**

I have an undergraduate degree in Economics and an MBA in Finance, both from the Illinois Institute of Technology. There are many ways to get into the investment business. No single path is the best. Personally, I would encourage students to take all the necessary finance courses but also take courses in philosophy. It teaches you to think and prepares you for making decisions while dealing with multiple variables and rapidly changing conditions. Investing is not merely a math problem, but you

need to understand the math. The math is the science, the art is thinking about the multitude of variable that affect the financial markets. That's why it's so interesting. Nearly everything we do affects the financial markets. The financial markets are the bellwether of how we our organize as a society.

**Q} You have also been involved in the development of CityGate Centre across from Calamos headquarters in Naperville. How is the Centre progressing?**

CityGate Centre is where our headquarters is located. It is where we live during the day. We felt it important to provide a city-like experience to our staff as well as others that have found their business home at CityGate Centre. The current soft real estate situation and economy has slowed our progress but not our resolve. It is a "green" real estate development. and we're proud to have Hotel Arista as the only "green" hotel in

Illinois. We anticipate more interest in commercial property as the recovery continues.

**Q} Are you involved in any other local development projects? Local charitable or civic groups?**

We support many local events. Last fall, for example, we sponsored the Naperville Chamber of Commerce Annual Economic Forecast Breakfast. I'm also a member of the Investment Analysts Society of Chicago and a trustee of the Illinois Institute of Technology and Benedictine University. I also serve on the board of the National Hellenic Museum in Chicago. I was the first in my family to go to college. I feel it was such an important life-changing experience for me that I try to do whatever I can to support education.

My support of the National Hellenic Museum in Chicago is in honor of my parents and their difficult life. I think it's important for future generations to

understand the struggles of the immigrant experience and the value that it has contributed to American society.

**Q} You like to fly. Where do you like to fly? Any of your own planes? What kinds?**

Since leaving the Air Force, I've continued to pilot planes. Often it's for business. Sometimes it's for fun. My favorites are a Marchetti SF260 and a T-6 Texan World War II era trainer.

**Q} Other than flying, what are some things you like to do when you get free time? Any hobbies, etc?**

I read a great deal, mostly non-fiction. I also play golf when time permits.

**Q} You live in Aurora. Any favorite places in the area?**

I admit to being partial to the SugarToad and CityGate Grille.

– Brittany Ashcroft