**Weekly Headlines**

**Linking Passive Investing and the Concentration of Economic Power**
A backlash against industry consolidation—as driven by the meteoric rise of passive investing—is coming, predicts a recent 13D Research blog post. The post offers the following indicators that the market is becoming “dangerously extreme, offering opportunity only to already-entrenched corporate superpowers”:

- Indexing’s bias for bigness has resulted in the 10 largest stocks in the S&P 500 and the Russell 1000 now accounting for 23% and 21% of the total index market cap, respectively.
- While U.S. equity indexes set all-time highs, the percentage of listed companies in the U.S. losing money over 12 months is close to 40%.
- But of the 100 biggest money-losing companies, roughly 75% gained in value over the same 12 months.

“How and when concern about indexing turns to action remains unknown,” the post says. In the meantime, “excesses will only grow.”

**Economic Releases vs. Consensus (week of 2/17)**
- Housing Starts (Jan): 1.567M vs. 1.425M
- PPI/Core PPI (y/y): 2.1%/1.7% vs. 1.6%/1.3%
- Existing Home Sales (Jan): 5.46M vs. 5.43M

**Economic Releases (week of 2/24)**
- New Home Sales (2/26): Initial Jobless Claims (2/27)
- PCE/Core PCE (2/28)

**MARKET PULSE**

**How a 60/40 Portfolio Became 79/21 in the Last 10 Years**
Starting with a portfolio of $100,000 on 12/31/09, a 60/40 portfolio became 79/21 in the last 10 years. The index includes Treasuries, government related corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

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. Source: Morningstar (Net Flows as of previous Wed.), St. Louis Federal Reserve (FRED Database). For investment professional use only.
The Nontraditional Bond category contains funds that pursue strategies divergent in one or more ways from conventional practice in the broader bond-fund universe. Multialternative funds offer investors exposure to several different alternative investment tactics. Funds in this category have a majority of their assets exposed to alternative strategies. Bear Market funds dedicate a majority of the fund’s assets to equities. Most of the portfolio is dedicated to short stock positions in an attempt to take advantage of anticipated market or stock declines. Managed Futures funds primarily trade liquid global futures, options, swaps, and foreign exchange contracts, both listed and over-the-counter. Commodities Broad-basket portfolios can invest in a diversified basket of commodity goods including but not limited to grains, minerals, metals, livestock, cotton, oils, sugar, coffee, and cocoa. Commodities Precious Metals can invest in precious metals such as gold, silver, platinum, and palladium. Energy Limited Partnership strategies invest a significant amount of their portfolio in energy master limited partnerships, also known as MLPs. Multicurrency portfolios invest in multiple currencies through the use of short-term money market instruments; derivative instruments including and not limited to forward currency contracts, index swaps, and options; and cash deposits. Market Neutral funds attempt to reduce systematic risk created by factors such as exposures to sectors, market-cap ranges, investment styles, currencies, and/or countries. Real Estate portfolios invest primarily in real estate investment trusts of various types. REITs are companies that develop and manage real estate properties. Convertible-bond portfolios are designed to offer some of the capital-appreciation potential of stock portfolios while also supplying some of the safety and yield of bond portfolios. Options-based funds use options as a central component of their investment strategies. Long-Short Credit funds seek to profit from changes in the credit conditions of individual bond issuers and credit markets segments represented by credit indexes. Long-Short Equity funds hold sizeable stakes in both long and short positions in equities, exchange traded funds, and related derivatives.

The S&P 500 Index is considered generally representative of the U.S. equity market. The MSCI World Index is considered generally representative of the market for developed market equities. The MSCI Emerging Markets Index is a free float adjusted market capitalization index designed as a measure of the performance of emerging market equities. The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The Russell 3000 Index measures the performance of 3,000 publicly held US companies based on total market capitalization, which represents approximately 98% of the investable US equity market. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe and includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe and includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The ICE BofA U.S. High Yield Master II Index tracks the performance of U.S. dollar denominated below investment grade rated corporate debt publically issued in the U.S. domestic market. The Bloomberg Barclays Capital U.S. Aggregate Bond Index covers the U.S.-denominated, investment-grade, fixed-rate, taxable bond market of SEC registered securities. The Bloomberg Barclays U.S. Government/Credit Index is comprised of long-term government and investment-grade corporate debt securities and is generally considered representative of the performance of the broad U.S. bond market. The ICE BofA Global 300 Cpi Index (VGOO) is a SLS/Local-denominated unmanaged index generally indicative of the overall global convertible market. The ICE BofA All U.S. Convertibles Index (VXAO) is comprised of approximately 700 issues of only convertible bonds and prefers of all qualities. Source ICE Data Indices, LLC, used with permission. ICE permits use of the ICE BofA Indices and related data on an “as is” basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofA Indices or data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing and does not sponsor, endorse or recommend Calamos Advisors LLC or any of its products or services.

Oil - West Texas Intermediate (WTI - Cushing): A crude stream produced in Texas and southern Oklahoma which serves as a reference or “marker” for pricing a number of other crude streams and which is traded in the domestic spot market at Cushing, Oklahoma. Gasoline: Weighted average based on sampling of approximately 900 retail outlets, 8:00AM Monday. The price represents self-service unless only full-service is available and includes all taxes. Gold - Gold Fixings Price: The Fixings are an open process at which market participants can transact business on the basis of a single quoted price. Orders can be changed throughout the proceedings as the price is moved higher and lower until such time as buyers’ and sellers’ orders are satisfied and the price is said to be ‘fixed’. Orders executed at the fixings are conducted as principal-to-principal transactions between the client and the dealer through whom the order is placed.

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