

# Calamos Alternatives Snapshot

March 2, 2020 (data as of February 28, 2020 unless indicated)

## WEEKLY HEADLINES

### The History of 5%, 10% and 20% Sell-offs

Where is this sell-off headed? An [AlphaArchitect blog post](#) published in July 2019 provided this historical analysis of the S&P 500, while acknowledging "it may not be useful and/or predictive for the future":

- Since 1929 there have been 154 5% sell-offs. 92% of the years experienced at least one sell-off. Multiple 5% sell-offs are common—there have been an average of 1.7 5% sell-offs per year. 5% sell-offs became 10% sell-offs 47% of the time. They turned into 20% sell-offs just 21% of the time.
- There have been 90 10% sell-offs since 1929, with one happening almost every other year (63% of the years). Two-plus 10% sell-offs in one year occurred six times (including 2018). 10% sell-offs became 20%+ sell-offs 49% of the time, based on this analysis.
- If the 10% sell-off did not become a 20% sell-off, it reached a reference high on average in 113 trading days.

### Economic Releases vs. Consensus (week of 2/24)

New Home Sales (Jan): 0.764M vs. 0.710M  
Initial Jobless Claims: 219K vs. 212K  
PCE/Core PCE (y/y): 1.7%/1.6% vs. 1.9%/1.8%

### Economic Releases (week of 3/2)

ADP Employment (3/4)  
Initial Jobless Claims (3/5)  
Non-Farm Payrolls (3/6)

## MORNINGSTAR WEEKLY EST. NET FLOWS (\$MIL)<sup>1</sup>

|                     | Last Week | 2 Wks Ago | 3 Wks Ago | 4 Wks Ago | Weekly Streak |
|---------------------|-----------|-----------|-----------|-----------|---------------|
| Market Neutral      | 129       | 111       | 68        | 97        | 8             |
| Options-based       | 25        | 44        | 6         | 88        | 5             |
| Bear Market         | 19        | (0)       | (1)       | 23        | 1             |
| Commodities Broad   | 4         | (19)      | 17        | (60)      | 1             |
| Convertibles        | (1)       | 22        | (19)      | 37        | (1)           |
| Long-Short Credit   | (3)       | (20)      | (12)      | (24)      | (4)           |
| Multicurrency       | (8)       | (33)      | (3)       | (1)       | (17)          |
| Real Estate         | (34)      | (111)     | (21)      | 11        | (3)           |
| Energy LPs          | (47)      | (5)       | 12        | (61)      | (2)           |
| Nontraditional Bond | (52)      | 72        | (46)      | 379       | (1)           |
| Multialternative    | (91)      | 48        | 55        | 121       | (1)           |
| Long-Short Equity   | (101)     | (0)       | (49)      | (81)      | (65)          |
| Managed Futures     | (110)     | (29)      | (79)      | 8         | (3)           |

## BROAD INDEX PERFORMANCE<sup>1</sup>

|                             | 1 week | MTD   | QTD    | YTD    |
|-----------------------------|--------|-------|--------|--------|
| S&P 500                     | -11.44 | -8.23 | -8.27  | -8.27  |
| Russell 3000                | -11.57 | -8.19 | -8.29  | -8.29  |
| Russell 2000                | -12.01 | -8.42 | -11.36 | -11.36 |
| Russell 1000                | -11.54 | -8.17 | -8.07  | -8.07  |
| Russell Mid Cap             | -11.92 | -8.69 | -9.42  | -9.42  |
| MSCI EM                     | -7.23  | -5.27 | -9.68  | -9.68  |
| MSCI ACWI                   | -10.41 | -8.04 | -9.03  | -9.03  |
| MSCI World                  | -10.83 | -8.41 | -8.94  | -8.94  |
| MSCI EAFE                   | -9.55  | -9.03 | -10.92 | -10.92 |
| ICE BofA Global Cv Index    | -3.98  | -2.07 | -0.15  | -0.15  |
| ICE BofA All U.S. Cv (VXA0) | -6.91  | -2.83 | -0.09  | -0.09  |
| ICE BofA US HY Master II    | -2.74  | -1.58 | -1.58  | -1.58  |
| BBgBarc US Agg Bond         | 1.26   | 1.80  | 3.76   | 3.76   |
| BBgBarc US Govt/Credit      | 1.47   | 2.09  | 4.52   | 4.52   |

## COMMODITIES<sup>2</sup>

|          | 2.28.20 | 2.21.20 | 12.31.19 | 2.28.19 |
|----------|---------|---------|----------|---------|
| Gold     | 1626    | 1634    | 1523     | 1325    |
| Oil      | 51.4    | 52.1    | 61.7     | 57.2    |
| Gasoline | 2.47    | 2.43    | 2.57     | 2.39    |

## MORNINGSTAR ALTERNATIVE CATEGORIES<sup>1</sup>

|                             | 1 week | MTD    | QTD    | YTD    |
|-----------------------------|--------|--------|--------|--------|
| Bear Market                 | 16.06  | 10.67  | 13.73  | 13.73  |
| Multicurrency               | 0.05   | 0.01   | -0.49  | -0.49  |
| Market Neutral              | -0.82  | -1.04  | -1.28  | -1.28  |
| Long-Short Credit           | -0.95  | -0.31  | 0.56   | 0.56   |
| Nontraditional Bond         | -0.99  | -0.60  | -0.36  | -0.36  |
| Commodities Precious Metals | -2.90  | 1.26   | 4.75   | 4.75   |
| Multialternative            | -3.62  | -2.42  | -2.63  | -2.63  |
| Managed Futures             | -4.81  | -1.55  | -1.02  | -1.02  |
| Convertibles                | -6.14  | -2.91  | -1.04  | -1.04  |
| Long-Short Equity           | -6.55  | -5.01  | -5.79  | -5.79  |
| Options-based               | -6.79  | -5.35  | -5.88  | -5.88  |
| Commodities Broad Basket    | -6.82  | -5.10  | -11.86 | -11.86 |
| Energy Limited Partnership  | -11.99 | -11.72 | -16.30 | -16.30 |
| Real Estate                 | -12.06 | -7.31  | -6.19  | -6.19  |

## BOND RATES<sup>2</sup>

|                          | 2.28.20 | 2.21.20 | 12.31.19 | 2.28.19 |
|--------------------------|---------|---------|----------|---------|
| Effective Fed Funds Rate | 1.58    | 1.58    | 1.55     | 2.40    |
| 2-Year Treasury          | 1.11    | 1.39    | 1.58     | 2.52    |
| 10-Year Treasury         | 1.30    | 1.52    | 1.92     | 2.73    |
| ICE BofA ML US Corp. AAA | 2.07    | 2.25    | 2.55     | 3.43    |

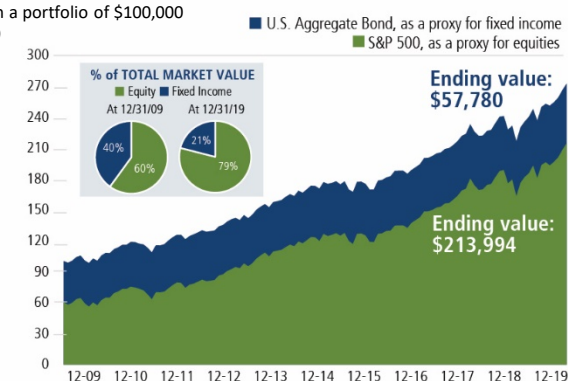
## MARKET PULSE<sup>1</sup>

| MONTH-TO-DATE |       |        | As of     | YEAR-TO-DATE |        |        |
|---------------|-------|--------|-----------|--------------|--------|--------|
| VALUE         | CORE  | GROWTH | 2/28/2020 | VALUE        | CORE   | GROWTH |
| -9.68         | -8.17 | -6.81  | LARGE     | -11.63       | -8.07  | -4.73  |
| -9.90         | -8.69 | -6.90  | MID       | -11.66       | -9.42  | -6.02  |
| -9.72         | -8.42 | -7.22  | SMALL     | -14.59       | -11.36 | -8.24  |

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: <sup>1</sup>Morningstar (Net Flows as of previous Wed.), <sup>2</sup>St. Louis Federal Reserve (FRED Database). FOR INVESTMENT PROFESSIONAL USE ONLY.

## HOW A 60/40 PORTFOLIO BECAME 79/21 IN THE LAST 10 YEARS

Starting with a portfolio of \$100,000 on 12/31/09



Past performance is no guarantee of future results.

Source: Morningstar. The S&P 500 Index is generally considered representative of the U.S. stock market. The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government related corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

## Definitions and Disclosures

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 cited 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 publicly 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 Cv Index (VG00)** is a \$US/Local-denominated unmanaged index generally indicative of the overall global convertible market. The **ICE BofA All U.S. Convertibles Index (VXA0)** is comprised of approximately 700 issues of only convertible bonds and preferreds 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.

**Calamos is the #2 manager of assets in the Alternatives category, as ranked by AUM (Morningstar, 12/31/19).**

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