Calamos Alternatives Snapshot

August 10, 2020 (data as of August 7, 2020 unless indicated)

CALAMOS INVESTMENTS

WEEKLY HEADLINES

Elevated Asset Class Correlations Incentivize the Search for Alternative Risk Management

Continuing relatively high correlations are raising concerns about the ability to obtain diversification benefits by holding a multi-asset portfolio. This would have implications for higher portfolio risk, and incentivizes the search for alternative risk management techniques to pick up the slack. Such is the conclusion of a recent Capital Spectator blog post.

The median of the rolling one-year correlation for the major asset classes surged to 0.55 earlier in 2020, and its retreat has been modest, leaving correlations elevated (see table below). While higher return correlations aren't unusual during severe market corrections, "asset classes have continued to move with an unusually deep and broad degree of unison…The question is whether it's different this time in the sense that the jump in correlations endures."

Economic Releases vs. Consensus (week of 8/3)

ISM Mfg PMI: 54.2 vs. 53.6
Balance of Trade: -$50.7B vs. -$50.1B
Non Farm Payrolls: 1.763M vs. 1.600M

Economic Releases (week of 8/10)

PPI/Core PPI (8/11)
CPI/Core CPU (8/12)
Retail Sales (8/14)

MORNINGSTAR WEEKLY EST. NET FLOWS ($MIL)[1]

	Last Week	2 Wks Ago	3 Wks Ago	4 Wks Ago	Weekly Streak
Nontraditional Bond	323	11	118	(46)	3
Commodities Broad	205	(0)	(10)	(7)	1
Market Neutral	88	40	(21)	(41)	2
Options-based	69	71	114	147	10
Convertibles	58	32	70	39	19
Long-Short Equity	30	(43)	(90)	(30)	1
Bear Market	12	10	(7)	10	2
Infrastructure	11	2	(3)	15	2
Multicurrency	0	(0)	2	0	1
Managed Futures	(10)	(23)	(62)	(34)	(4)
Long-Short Credit	(16)	(7)	3	(23)	(2)
Real Estate	(42)	(48)	(71)	(51)	(9)
Multialternative	(56)	(67)	(3)	(124)	(5)

BROAD INDEX PERFORMANCE[1]

	1 week	MTD	QTD	YTD
S&P 500	2.49	2.49	8.27	4.93
Russell 3000	2.63	2.63	8.46	4.69
Russell 2000	6.03	6.03	8.96	-5.18
Russell 1000	2.43	2.43	8.43	5.38
Russell Mid Cap	2.05	2.05	8.04	-1.82
MSCI EM	1.00	1.00	10.12	-0.53
MSCI ACWI	2.09	2.09	7.53	1.09
MSCI World	2.25	2.25	7.17	1.30
MSCI EAFE	1.96	1.96	4.35	-7.19
ICE BofA Global Cv Index	1.18	1.18	7.71	12.00
ICE BofA All U.S. Cv (VXA0)	1.83	1.83	9.22	17.13
ICE BofA US HY Master II	0.58	0.58	5.39	0.35
BBgBarc US Agg Bond	0.10	0.10	1.60	7.83
BBgBarc US Govt/Credit	0.10	0.10	2.11	9.46

MORNINGSTAR ALTERNATIVE CATEGORIES[1]

	1 week	MTD	QTD	YTD
Energy Limited Partnership	5.07	5.07	4.54	-28.72
Commodities Broad Basket	1.87	1.87	7.59	-13.22
Infrastructure	1.86	1.86	5.43	-7.01
Long-Short Equity	1.64	1.64	4.72	-1.57
Real Estate	1.61	1.61	5.88	-11.53
Convertibles	1.50	1.50	8.02	15.64
Options-based	1.15	1.15	3.83	-0.22
Multialternative	0.56	0.56	2.34	-3.25
Long-Short Credit	0.43	0.43	2.56	0.30
Nontraditional Bond	0.39	0.39	2.31	-0.52
Managed Futures	0.23	0.23	1.88	-0.15
Market Neutral	0.05	0.05	0.97	-2.42
Multicurrency	-0.11	-0.11	0.15	-0.42
Bear Market	-3.97	-3.97	-10.66	-18.66

COMMODITIES[2]

	8.7.20	7.31.20	12.31.19	8.7.19
Gold	2062	1975	1523	1488
Oil	40.8	41.5	61.7	51.1
Gasoline	2.18	2.18	2.57	2.69

BOND RATES[2]

	8.7.20	7.31.20	12.31.19	8.7.19
Effective Fed Funds Rate	0.10	0.09	1.55	2.13
2-Year Treasury	0.11	0.11	1.58	1.59
10-Year Treasury	0.55	0.55	1.92	1.71
ICE BofAML US Corp. AAA	1.41	1.41	2.55	2.55

MARKET PULSE[1]

MONTH-TO-DATE VALUE	CORE	GROWTH	As of 8/7/2020	YEAR-TO-DATE VALUE	CORE	GROWTH
2.74	2.43	2.14	LARGE	-10.56	5.38	20.79
3.12	2.05	0.14	MID	-11.54	-1.82	12.64
6.62	6.03	5.47	SMALL	-16.75	-5.18	5.75

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

CORRELATIONS BASED ON DAILY RETURNS FOR TRAILING 1-YEAR WINDOW

U.S. and foreign equities and bonds - Through July 28, 2020

	JNK	VWO	VEA	VTI	IHY	EMLC	BWX	PICB	WIP	TIP	BND
JNK	1	0.76	0.83	0.84	0.76	0.71	0.12	0.39	0.5	0.01	0.27
VWO	0.76	1	0.93	0.89	0.57	0.76	0.01	0.29	0.44	0	0.21
VEA	0.83	0.93	1	0.95	0.64	0.76	0.04	0.35	0.47	0.03	0.25
VTI	0.84	0.89	0.95	1	0.58	0.67	-0.05	0.26	0.37	-0.07	0.2
IHY	0.76	0.57	0.64	0.58	1	0.7	0.4	0.6	0.62	0.19	0.25
EMLC	0.71	0.76	0.76	0.67	0.7	1	0.35	0.48	0.64	0.2	0.44
BWX	0.12	0.01	0.04	-0.05	0.4	0.35	1	0.69	0.64	0.42	0.43
PICB	0.39	0.29	0.35	0.26	0.6	0.48	0.69	1	0.76	0.56	0.43
WIP	0.5	0.44	0.47	0.37	0.62	0.64	0.64	0.76	1	0.38	0.39
TIP	0.01	0	0.03	-0.07	0.19	0.2	0.42	0.56	0.38	1	0.54
BND	0.27	0.21	0.25	0.2	0.25	0.44	0.43	0.43	0.39	0.54	1

Source: CapitalSpectator.com, Tiingo.com

See page 2 for fund proxy disclosure

CALAMOS INVESTMENTS

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 are 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 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 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.

Fund proxies for major asset classes: U.S. equities (VTI), foreign developed markets equities (VEA), emerging markets equities (VWO), U.S. investment grade bonds (BND), U.S. inflation-linked Treasuries (TIP), U.S. junk bonds (JUNK), foreign developed markets government bonds (BWX), emerging markets government bonds (EMLC), foreign government inflation-linked bonds (WIP), foreign investment grade corporates (PICB), foreign junk bonds (IHY)

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