

Calamos Alternatives Snapshot

December 27, 2021 (data as of December 23, 2021 unless indicated)

WEEKLY HEADLINES

2022: Setting Up a Tug of War Between Options and Stocks?

Are 2022 investors heading into a “radically changed market environment”? That’s what a recent [Barron’s article](#) predicts.

“If volatility increases, and the VIX stays above 20, expect pronounced call and put options selling, but probably only among older investors. Millennials will likely remain call buyers, and this will create an interesting tug of war because options volumes often exceed associated stock volumes. Options traders could increasingly determine what happens to stocks, making stock movements more erratic and unpredictable.”

Expect the exchanges to do everything they can to appeal to individual investors, who are increasingly important to order flow and revenue, according to the article. They likely will “lean in” and possibly shrink options contracts from the standard 100 shares per put or call to five or 10 shares, matching fractional stock programs. Also worth watching: higher rates could “resuscitate risk-averse trading and spark more conservative options strategies.”

Economic Releases vs. Consensus (week of 12/20)

Personal Income: 0.4% vs. 0.4%

Personal Spending: 0.6% vs. 0.6%

New Home Sales: 744K vs. 770K

Economic Releases this Week

Housing Price Index (12/28)

Retail Inventories (12/29)

Jobless Claims (12/30)

MORNINGSTAR WEEKLY EST. NET FLOWS (\$MIL)¹

As of 12/23/21	Last Week	2 Wks Ago	3 Wks Ago	4 Wks Ago	Weekly Streak	YTD Flows
Derivative Income	543	249	329	345	80	13,299
Options Trading	467	259	409	345	63	14,258
Real Estate	444	(84)	(755)	(20)	1	12,293
Convertibles	298	(26)	(571)	51	1	1,182
Multistrategy	286	196	55	(31)	3	4,897
Relative Value Arb	195	189	115	107	97	6,781
Macro Trading	47	32	18	2	3	1,074
Long-Short Equity	38	(264)	6	38	1	1,995
Equity Market Ntrl	34	25	20	11	9	1,233
Energy LP	19	(28)	(57)	(164)	1	(1,609)
Event Driven	(34)	19	18	29	-1	3,950
Systematic Trend	(180)	64	(147)	36	-1	751
Commodities Broad	(236)	(579)	(427)	135	-3	10,299
Infrastructure	(254)	91	61	(98)	-1	4,761
Nontraditional Bond	(538)	19	118	153	-1	18,309

BROAD INDEX PERFORMANCE¹

	1 week	MTD	QTD	YTD
Russell 2000	4.15	2.02	1.93	14.58
ICE BofA All US Convertible	2.92	0.28	0.19	6.57
Russell Mid Cap	2.09	2.81	5.14	21.09
Russell 3000	1.70	3.18	8.48	24.74
ICE BofA Global 300 Conv	1.63	-0.14	-1.14	2.32
Russell 1000	1.54	3.25	8.94	25.49
S&P 500	1.25	3.58	10.07	27.59
MSCI World	1.25	3.45	6.97	21.34
MSCI ACWI	1.07	3.14	5.85	18.02
MSCI EAFE	0.64	4.13	1.77	10.71
ICE BofA US High Yield	0.38	1.62	0.40	5.10
Bloomberg US Corp Bond	-0.17	-0.40	-0.09	-1.36
Bloomberg US Agg Bond	-0.22	-0.41	-0.14	-1.70
Bloomberg US Govt/Credit	-0.25	-0.50	0.00	-1.93
MSCI EM	-0.30	0.77	-2.36	-3.33

COMMODITIES²

	12.23.21	11.30.21	12.31.20	12.23.20
Gold	1806	1798	1891	1873
Oil	68.7	69.9	47.5	47.9
Gasoline	3.30	3.38	2.24	2.22
Bitcoin	50,840	56,879	29,027	23,197

MARKET PULSE¹

MONTH-TO-DATE			As of	YEAR-TO-DATE		
VALUE	CORE	GROWTH	12/23/2021	VALUE	CORE	GROWTH
4.83	3.25	1.90	LARGE	23.42	25.49	27.33
4.35	2.81	0.19	MID	26.01	21.09	12.55
3.29	2.02	0.78	SMALL	27.30	14.58	3.18

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

MORNINGSTAR ALTERNATIVE CATEGORIES¹

	1 week	MTD	QTD	YTD
Convertibles	2.48	0.86	0.86	4.64
Commodities Broad Basket	1.84	4.35	0.69	28.45
Real Estate	1.49	5.53	10.83	34.47
Infrastructure	0.79	4.11	5.20	12.85
Derivative Income	0.74	3.00	5.16	16.09
Long-Short Equity	0.69	2.44	3.86	11.64
Energy Limited Partnership	0.66	0.03	-0.98	32.76
Options Trading	0.60	1.66	3.74	10.45
Event Driven	0.57	0.49	0.15	4.02
Multistrategy	0.32	1.30	1.00	6.25
Macro Trading	0.31	0.99	0.50	3.97
Systematic Trend	0.29	1.34	-0.69	4.93
Relative Value Arbitrage	0.27	0.06	0.28	2.86
Nontraditional Bond	0.21	0.35	-0.39	1.33
Equity Market Neutral	-0.12	2.18	3.19	6.10

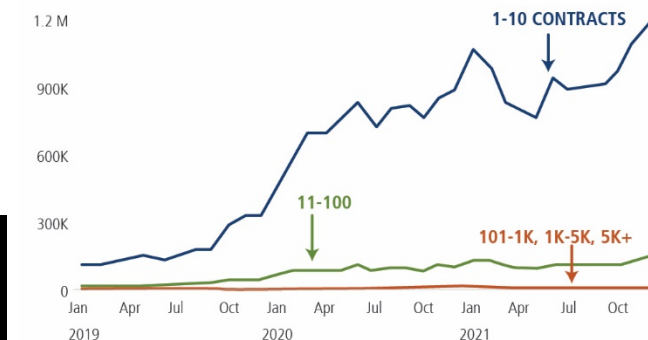
BOND RATES²

	12.23.21	11.30.21	12.31.20	12.23.20
Effective Fed Funds Rate	0.08	0.08	0.09	0.09
2-Year Treasury	0.68	0.52	0.12	0.13
10-Year Treasury	1.46	1.43	0.93	0.96
ICE BofA US Corp. AAA	2.07	2.00	1.56	1.61

HOW SMALL INVESTORS PILED INTO MEME OPTIONS

Daily options trade count in the top 15 meme stocks on Cboe’s four options exchanges by the original order size.

The surge in retail options trading activity is most prominent in meme stocks. In January 2021 at the height of the meme stock mania, options trades with an order size between 1 and 10 reached more than 1 million trades per day in the top 15 meme stocks, and that count continued to climb as 2021 ended.



Source: CNBC.com, Cboe Global Markets, December 2021

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. **Multistrategy** portfolios offer investors exposure to two or more alternative investment strategies, as defined by Morningstar's alternative category classifications, through either a single-manager or multi-manager approach. **Macro Trading** strategies, using either systematic or discretionary methods, look for investment opportunities by studying such factors as the global economy, government policies, interest rates, inflation, and market trends. **Systematic Trend** 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. **Relative Value Arbitrage** strategies seek out pricing discrepancies between pairs or combinations of securities regardless of asset class. **Equity Market Neutral** strategies attempt to profit from long and short stock selection decisions while minimizing systematic risk created by exposure to factors such as overall equity market beta, sectors, market-cap ranges, investment styles, or countries. **Event-driven** strategies attempt to profit when security prices change in response to certain corporate actions, such as bankruptcies, mergers and acquisitions, emergence from bankruptcy, shifts in corporate strategy, and other atypical events. **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 trading** strategies use a variety of options trades, including put writing, options spreads, options-based hedged equity, and collar strategies, among others. **Derivative Income** strategies primarily use an options overlay to generate income while maintaining significant exposure to equity market risk. **Long-Short Equity** funds hold sizeable stakes in both long and short positions in equities, exchange traded funds, and related derivatives. **Infrastructure equity funds** invest more than 60% of their assets in stocks of companies engaged in infrastructure activities. Industries considered to be part of the infrastructure sector include: oil & gas midstream; waste management; airports; integrated shipping; railroads; shipping & ports; trucking; engineering & construction; infrastructure operations; and the utilities sector.

The **S&P 500 Index** is considered generally representative of the US 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 US 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 US 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 US 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 US High Yield Master II Index** tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market. The **Bloomberg Capital US Aggregate Bond Index** covers the US-denominated, investment-grade, fixed-rate, taxable bond market of SEC registered securities. The **Bloomberg US 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 US bond market. The **Bloomberg US Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate 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 US 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.

SUBSCRIBE

to receive the
**Weekly Alternatives
Snapshot**