

Calamos Alternatives Snapshot

May 10, 2021 (data as of May 7, 2021 unless indicated)

WEEKLY HEADLINES

Record Net Equity Issuance Reverses 10-year Trend

Fears that the public market was losing its appeal as a pricing mechanism and gateway to raise capital are being reversed by record issuance, the SPAC boom and the pandemic-driven collapse in buybacks: For the first time in a decade, the supply of equities across the developed world has turned positive, according to Sanford C. Bernstein as reported by [Bloomberg](#).

The number of stocks had been dropping every year since 2011, while “staying private was in vogue,” according to the post. Merger activity, the private equity boom and American firms’ buybacks helped drive the bull market to the extreme. By November 2018, supply collapsed by almost \$1 trillion, according to Bernstein data (and see chart below right).

While some believe that rising supply leads to lower future stock returns, “this time round, things may be different,” given that fixed income returns offer no better alternative, according to the post.

Economic Releases vs. Consensus (week of 5/3)

Balance of Trade: -\$74.4B vs. -\$74.5B
Initial Jobless Claims: 498K vs. 540K
Non-Farm Payrolls: 266K vs. 978K

Economic Releases (week of 5/10)

CPI/Core CPI (5/12)
PPI/Core PPI (5/13)
Retail Sales (5/14)

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

	Last As of 5/5/21	2 Wks Week	3 Wks Ago	4 Wks Ago	Weekly Streak	YTD Flows
Nontraditional Bond	1,028	390	232	323	15	8,956
Commodities Broad	765	116	379	76	17	5,698
Options-based	428	178	265	240	26	5,938
Infrastructure	340	58	134	288	12	3,454
Market Neutral	337	269	303	252	45	4,882
Multialternative	104	151	39	227	17	1,548
Long-Short Equity	29	47	7	25	3	(94)
Bear Market	20	1	(18)	(1)	2	627
Long-Short Credit	1	5	2	(23)	3	(78)
Single Currency	(5)	(14)	(46)	(52)	-5	35
Multicurrency	(12)	(3)	61	5	-2	97
Energy LPs	(52)	(53)	(70)	11	-3	(687)
Real Estate	(112)	17	(202)	(18)	-1	3,422
Convertibles	(121)	277	(41)	122	-1	948

BROAD INDEX PERFORMANCE¹

	1 week	MTD	QTD	YTD
S&P 500	1.26	1.26	6.67	13.25
Russell 3000	0.84	0.84	6.04	12.77
Russell 2000	0.25	0.25	2.36	15.35
Russell 1000	0.89	0.89	6.32	12.60
Russell Mid Cap	0.69	0.69	5.82	14.43
MSCI EM	0.10	0.10	2.60	5.01
MSCI ACWI	1.28	1.28	5.75	10.70
MSCI World	1.45	1.45	6.22	11.57
MSCI EAFE	2.63	2.63	5.80	9.61
ICE BofA Global Cv Index	-1.34	-1.34	0.99	2.50
ICE BofA All U.S. Cv (VXA0)	-2.32	-2.32	0.21	3.08
ICE BofA US HY Master II	0.28	0.28	1.38	2.29
BBGBarc US Corporate	0.51	0.51	1.62	-3.10
BBGBarc US Govt/Credit	0.38	0.38	1.26	-3.07
BBGBarc US Agg Bond	0.28	0.28	1.07	-2.34
COMMODITIES ²	5.7.21	4.30.21	12.31.20	5.7.20
Gold	1821	1769	1891	1689
Oil	64.5	63.5	47.5	23.7
Gasoline	2.89	2.89	2.24	1.79

MORNINGSTAR ALTERNATIVE CATEGORIES¹

	1 week	MTD	QTD	YTD
Energy Limited Partnership	4.20	4.20	10.22	28.87
Commodities Broad Basket	4.12	4.12	12.20	21.18
Systematic Trend	2.01	2.01	4.41	8.17
Long-Short Equity	1.73	1.73	4.77	9.89
Equity Market Neutral	1.56	1.56	1.60	4.51
Infrastructure	1.31	1.31	5.09	8.99
Derivative Income	1.14	1.14	3.40	9.01
Macro Trading	1.13	1.13	2.97	4.61
Multistrategy	0.90	0.90	2.57	5.42
Options Trading	0.51	0.51	2.25	5.17
Event Driven	0.28	0.28	1.83	4.59
Nontraditional Bond	0.20	0.20	0.87	1.32
Relative Value Arbitrage	-0.19	-0.19	0.15	1.54
Real Estate	-0.51	-0.51	7.02	15.86
Convertibles	-1.97	-1.97	0.43	2.14
BOND RATES ²	5.7.21	4.30.21	12.31.20	5.7.20
Effective Fed Funds Rate	0.06	0.07	0.09	0.05
2-Year Treasury	0.16	0.16	0.12	0.13
10-Year Treasury	1.58	1.65	0.93	0.63
ICE BofA US Corp. AAA	1.98	2.04	1.56	1.86

MARKET PULSE¹

MONTH-TO-DATE			As of	YEAR-TO-DATE		
VALUE	CORE	GROWTH	5/7/2021	VALUE	CORE	GROWTH
2.79	0.89	-1.01	LARGE	18.93	12.60	6.72
2.49	0.69	-2.90	MID	21.48	14.43	1.98
3.03	0.25	-2.68	SMALL	27.37	15.35	4.29

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.

THE GLOBAL EQUITY MARKET IS NO LONGER SHRINKING

THE DEVELOPED MARKETS NET ISSUANCE INDICATOR



Net Issuance Indicator shows the value of announcements of equity issuance over the preceding 12 months minus the value of announcements of stock buybacks over the preceding 12 months shown as a percentage of global equity market cap.

Source: Bloomberg, MSCI, Datastream, Bernstein analysis

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 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 **Bloomberg Barclays U.S. 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 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.

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**Weekly Alternatives
Snapshot**

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. **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. **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. **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.

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