

Calamos Alternatives Snapshot

May 24, 2021 (data as of May 21, 2021 unless indicated)

WEEKLY HEADLINES

Stocks, Bonds Now Positively Correlated

After being mostly in negative territory over the past 15 years, the correlation between stocks and bonds has turned positive and is at the highest level since 1999 (see chart, bottom right).

For the past 20 years, when U.S. stocks have gone up, U.S. bonds have generally gone down and vice versa. "A positive correlation has the opposite effect...Whatever is driving the returns of the one asset is also driving the returns of the other asset," said one source quoted by [Institutional Investor](#). "If one is doing well, then the other is doing well. And when one is doing badly, the other is doing badly. So, you get an amplification of the fluctuation."

Stocks and bonds last moved in the same direction between 1965 and 2000—a period whose macroeconomic conditions included "high and variable risk-free rates, high and variable inflation, a negative correlation between growth and rates correlation... Economic and policy drivers included monetary surprises, unsustainable fiscal policy, interdependent fiscal and monetary policy, and supply shocks."

Economic Releases vs. Consensus (week of 5/17)

Initial Jobless Claims: 444k vs. 450k

Existing Home Sales: 5.85M vs. 6.09M

Economic Releases (week of 5/24)

Durable Goods (5/27)

PCE/Core PCE (5/27)

Personal Income (5/28)

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

	As of 5/19/21						
	Last Week	2 Wks Ago	3 Wks Ago	4 Wks Ago	Weekly Streak	YTD	
Commodities Broad	470	895	765	262	20	7,261	
Derivative Income	381	321	253	164	50	3,459	
Infrastructure	213	319	205	58	15	3,894	
Nontraditional Bond	200	450	1,041	409	18	9,864	
Options Trading	168	176	349	108	29	4,301	
Event Driven	111	53	170	120	23	2,309	
Relative Value Arb	88	5	132	93	59	2,571	
Multistrategy	38	75	54	106	3	1,294	
Macro Trading	31	96	32	28	13	483	
Systematic Trend	20	51	56	37	6	(25)	
Equity Mkt Neutral	18	(10)	38	60	1	270	
Real Estate	(1)	(175)	(112)	17	-3	3,245	
Long-Short Equity	(5)	49	27	53	-1	847	
Energy LPs	(39)	(23)	(52)	(53)	-4	(749)	
Convertibles	(251)	(412)	(121)	277	-3	278	

BROAD INDEX PERFORMANCE¹

	1 week	MTD	QTD	YTD
S&P 500	-0.39	-0.49	4.82	11.29
Russell 3000	-0.30	-0.91	4.20	10.81
Russell 2000	-0.41	-2.19	-0.13	12.55
Russell 1000	-0.29	-0.81	4.52	10.70
Russell Mid Cap	-0.16	-0.87	4.18	12.66
MSCI EM	1.75	-1.20	1.27	3.64
MSCI ACWI	0.40	0.14	4.56	9.46
MSCI World	0.21	0.34	5.05	10.35
MSCI EAFE	1.08	2.41	5.58	9.38
ICE BofA Global Cv Index	0.87	-2.22	0.09	1.58
ICE BofA All U.S. Cv (VXA0)	0.56	-3.80	-1.32	1.51
ICE BofA US HY Master II	-0.09	-0.08	1.02	1.93
BBGBarc US Corporate	0.18	0.22	1.33	-3.38
BBGBarc US Govt/Credit	0.11	0.08	0.96	-3.36
BBGBarc US Agg Bond	0.07	-0.02	0.77	-2.63

COMMODITIES²

	5.21.21	4.30.21	12.31.20	5.21.20
Gold	1878	1769	1891	1733
Oil	66.2	63.5	47.5	34.3
Gasoline	3.03	2.89	2.24	1.88

MARKET PULSE¹

VALUE	CORE	GROWTH	As of 5/21/2021	YEAR-TO-DATE		
				VALUE	CORE	GROWTH
1.34	-0.81	-2.97	LARGE	17.26	10.70	4.61
0.51	-0.87	-3.61	MID	19.12	12.66	1.23
0.80	-2.19	-5.34	SMALL	24.61	12.55	1.44

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

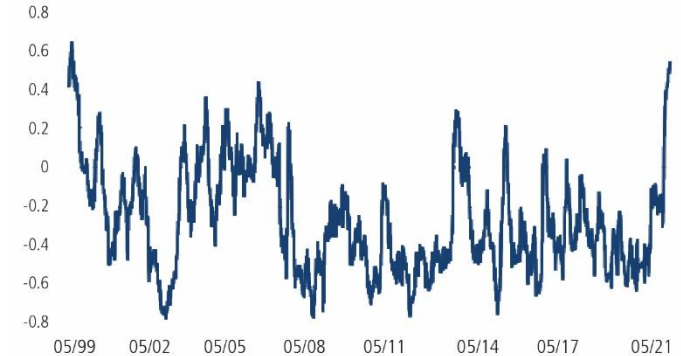
	1 week	MTD	QTD	YTD
Real Estate	0.63	-1.09	6.39	15.18
Convertibles	0.58	-3.37	-1.00	0.69
Energy Limited Partnership	0.47	6.45	12.60	31.66
Event Driven	0.07	0.17	1.72	4.47
Derivative Income	0.03	0.75	2.99	8.58
Nontraditional Bond	0.02	0.09	0.76	1.21
Relative Value Arbitrage	-0.02	-0.61	-0.26	1.11
Infrastructure	-0.07	0.64	4.40	8.27
Multistrategy	-0.10	0.23	1.90	4.73
Options Trading	-0.14	-0.07	1.65	4.56
Macro Trading	-0.28	-0.02	1.81	3.43
Long-Short Equity	-0.31	0.47	3.47	8.53
Equity Market Neutral	-0.32	1.53	1.58	4.48
Systematic Trend	-0.70	0.53	2.90	6.60
Commodities Broad Basket	-1.39	0.78	8.61	17.29

BOND RATES²

	5.21.21	4.30.21	12.31.20	5.21.20
Effective Fed Funds Rate	0.06	0.07	0.09	0.05
2-Year Treasury	0.15	0.16	0.12	0.17
10-Year Treasury	1.63	1.65	0.93	0.68
ICE BofA US Corp. AAA	2.03	2.04	1.56	1.73

THE S&P 500, 10-YEAR TREASURY FUTURES CORRELATION: NOT THIS POSITIVE SINCE 1999

The 60-day correlation between S&P 500 futures and 10-year Treasury note futures reached 0.533 on May 14. Contrast this to the average correlation of negative 0.3 over the past two decades.



Source: Bloomberg.com

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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