Calamos Alternatives Snapshot

June 7, 2021 (data as of June 4, 2021 unless indicated)

CALAMOS INVESTMENTS

WEEKLY HEADLINES

Is More Volatility Inevitable, Given Fed Stance on Inflation?

If the Fed's resolve to fight inflation has been responsible for keeping markets relatively stable for decades, what does the current change in course mean? *The Wall Street Journal* last week suggested that, "Some investors are preparing for wild swings in financial markets, worried that inflation, and the Federal Reserve's pledge to let it rise, will lead to a more volatile world."

But a Wealth of Common Sense post has found that not to be the case historically (see table at bottom right).

"Not surprisingly, returns have been much lower in a highly inflationary environment...But surprisingly," the post said, "those lower returns didn't come with higher volatility. Of course, returns were roughly half as much with three-quarters of the volatility in the above average inflation scenario, but I figured the volatility would have been higher too."

Allowing that "sky-high valuations may act as a countervailing force," the post raised the possibility that persistent higher inflation might actually dampen volatility.

Economic Releases vs. Consensus (week of 5/31)

Markit PMI Index: 62.1 vs. 61.5

Nonfarm Productivity Growth: 5.4% vs. 5.5%

Unit Labor Costs: 1.7% vs. -0.4%

Economic Releases (week of 6/7)

Balance of Trade (6/7)

CPI/Core CPI (6/10)

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

As of 6/2/21	Last Week	2 Wks Ago	3 Wks Ago	4 Wks Ago	Weekly Streak	YTD Flows
Commodities Broad	1,550	477	470	895	22	9,287
Real Estate	560	100	(1)	(175)	2	3,905
Options Trading	311	443	168	176	31	5,055
Nontraditional Bond	302	273	179	450	20	10,418
Derivative Income	163	191	381	321	48	3,813
Long-Short Equity	159	59	(5)	49	2	1,065
Multistrategy	99	23	37	75	7	1,290
Relative Value Arb	87	145	88	5	61	2,803
Event Driven	52	209	111	53	25	2,570
Systematic Trend	46	31	20	51	8	53
Macro Trading	38	69	31	96	15	590
Infrastructure	14	105	213	319	17	4,013
Equity Mkt Neutral	1	17	18	(10)	3	288
Convertibles	(10)	205	(251)	(412)	-1	472
Energy LPs	(50)	(26)	(39)	(23)	-6	(825)

BROAD INDEX PERFORMANCE[1]

	1 week	MTD	QTD	YTD
S&P 500	0.64	0.64	6.76	13.35
Russell 3000	0.57	0.57	6.24	12.98
Russell 2000	0.78	0.78	3.11	16.20
Russell 1000	0.55	0.55	6.47	12.77
Russell Mid Cap	0.47	0.47	6.43	15.10
MSCI EM	1.60	0.43	5.36	7.83
MSCI ACWI	0.76	0.71	6.85	11.85
MSCI World	0.64	0.76	7.07	12.47
MSCI EAFE	0.73	1.05	7.67	11.54
ICE BofA Global Cv Index	0.04	-0.05	1.71	3.22
ICE BofA All U.S. Cv (VXA0)	-0.21	-0.22	0.63	3.51
ICE BofA US HY Master II	0.34	0.30	1.70	2.62
BBGBarc US Corporate	0.23	0.23	2.12	-2.63
BBgBarc US Govt/Credit	0.17	0.17	1.57	-2.78
BBgBarc US Agg Bond	0.12	0.12	1.25	-2.17

MORNINGSTAR ALTERNATIVE CATEGORIES[1]

	1 week	MTD	QTD	YTD
Energy Limited Partnership	4.90	4.90	17.83	37.78
Real Estate	2.50	2.50	11.11	20.30
Commodities Broad Basket	2.10	2.10	13.39	22.46
Infrastructure	1.08	1.08	5.94	9.87
Systematic Trend	0.61	0.61	4.76	8.52
Derivative Income	0.59	0.55	4.22	9.87
Macro Trading	0.50	0.50	3.25	4.90
Multistrategy	0.44	0.44	2.95	5.81
Long-Short Equity	0.36	0.36	4.45	9.55
Event Driven	0.32	0.32	2.43	5.20
Options Trading	0.26	0.26	2.54	5.47
Nontraditional Bond	0.25	0.25	1.27	1.72
Relative Value Arbitrage	0.20	0.20	0.37	1.76
Equity Market Neutral	-0.05	-0.05	1.01	3.90
Convertibles	-0.29	-0.29	0.67	2.39

COMMODITIES[2]

	6.4.21	5.28.21	12.31.20	6.4.20
Gold	1870	1892	1891	1706
Oil	67.8	66.3	47.5	37.4
Gasoline	3.03	3.02	2.24	1.97

BOND RATES[2]

	6.4.21	5.28.21	12.31.20	6.4.20
Effective Fed Funds Rate	0.05	0.06	0.09	0.05
2-Year Treasury	0.16	0.14	0.12	0.19
10-Year Treasury	1.63	1.58	0.93	0.82
ICE BofA US Corp. AAA	2.01	1.98	1.56	1.65

MARKET PULSE[1]

MONTH-TO-DATE VALUE	MONTH-TO-DATE CORE	MONTH-TO-DATE GROWTH	As of 6/4/2021	YEAR-TO-DATE VALUE	YEAR-TO-DATE CORE	YEAR-TO-DATE GROWTH
0.77	0.55	0.34	LARGE	19.31	12.77	6.68
0.81	0.47	-0.24	MID	21.84	15.10	3.17
1.82	0.78	-0.38	SMALL	29.79	16.20	3.70

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.

HIGH INFLATION HAS DEPRESSED STOCK RETURNS—BUT HASN'T DRIVEN VOLATILITY

S&P 500 1926-2020	% of the Time	Annualized Returns	Volatility
Inflation above 3%	41%	6.6%	15.9%
Inflation below 3%	59%	12.9%	20.5%

Source: A Wealth of Common Sense blog, Returns 2.0

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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.