

Calamos Alternatives Snapshot

July 26, 2021 (data as of July 23, 2021 unless indicated)

WEEKLY HEADLINES

Speculating on a 5% Drawdown

Online commentary is focusing on the fact that the S&P 500 has avoided a 5% drawdown since October 2020. Five times this year, the market has closed 3% below a historic high, and each time it rebounded to a record, according to data compiled by [Bloomberg](#), which credits “newly christened bulls” for repeatedly buying the dips.

But it’s “little less than a toss of fair coin” (46.9%) for the maximum drawdown to be less than 5% in a year, according to data since 1941 published last week by [Price Action Lab](#) (see table bottom right). The maximum drawdown has exceeded three standard deviations of the available sample (-41.2%) in 1974, 2003 and 2009. The maximum drawdown to date this year is -4.23%.

The post leaves no question where it stands on volatility, noting “Low volatility and lack of large drawdowns hurt participants who can manage risk in favor of those who cannot.”

Economic Releases vs. Consensus (week of 7/19)

Housing Starts (Jun): 1.643M vs. 1.59M

Initial Jobless Claims: 419K vs. 350K

Existing Home Sales (Jun): 5.86M vs. 5.9M

Economic Releases this Week

Durable Good Orders (7/27)

Fed Meeting (7/27-7/28)

GDP Growth Q2 (7/29)

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

	Last Week	2 Wks Ago	3 Wks Ago	4 Wks Ago	Weekly Streak	YTD Flows
As of 7/21/21						
Derivative Income	398	514	153	190	60	5,807
Options Trading	286	276	222	263	39	6,534
Real Estate	264	(280)	(1,138)	518	1	6,653
Nontraditional Bond	237	317	467	336	28	12,716
Relative Value Arb	96	126	104	100	69	3,534
Long-Short Equity	48	53	41	39	5	1,154
Systematic Trend	43	34	30	15	16	363
Equity Mkt Neutral	29	14	10	23	9	499
Event Driven	26	77	99	45	33	3,144
Macro Trading	25	28	38	32	23	895
Multistrategy	8	(22)	137	91	1	1,907
Infrastructure	(10)	326	83	283	-1	5,128
Convertibles	(16)	33	(149)	180	-1	750
Energy LPs	(128)	(2)	(10)	(27)	-4	(1,166)
Commodities Broad	(335)	(81)	234	(13)	-2	9,527

BROAD INDEX PERFORMANCE¹

	1 week	MTD	QTD	YTD
S&P 500	1.97	2.74	2.74	18.41
Russell 3000	2.19	2.01	2.01	17.43
Russell 2000	2.15	-4.34	-4.34	12.44
Russell 1000	2.20	2.47	2.47	17.80
Russell Mid Cap	2.54	0.38	0.38	16.69
MSCI EM	-2.08	-4.29	-4.29	2.96
MSCI ACWI	1.13	1.10	1.10	13.80
MSCI World	1.60	1.90	1.90	15.48
MSCI EAFE	0.21	0.14	0.14	9.33
ICE BofA Global Cv Index	1.43	-0.71	-0.71	4.18
ICE BofA All U.S. Cv (VXA0)	2.58	-0.48	-0.48	6.38
ICE BofA US HY Master II	0.09	0.28	0.28	4.00
BBGBarc US Corporate	0.24	1.01	1.01	-0.27
BBGBarc US Govt/Credit	0.20	1.03	1.03	-0.96
BBGBarc US Agg Bond	0.19	0.87	0.87	-0.75
COMMODITIES ²				
	7.23.21	6.30.21	12.31.20	7.23.20
Gold	1803	1758	1891	1882
Oil	66.5	73.0	47.5	41.0
Gasoline	3.15	3.09	2.24	2.19

MORNINGSTAR ALTERNATIVE CATEGORIES¹

	1 week	MTD	QTD	YTD
Convertibles	2.22	-0.38	-0.38	4.25
Long-Short Equity	0.95	0.44	0.44	9.42
Derivative Income	0.93	0.78	0.78	11.35
Commodities Broad Basket	0.84	0.63	0.63	22.71
Options Trading	0.83	0.95	0.95	7.28
Systematic Trend	0.69	-0.41	-0.41	5.84
Real Estate	0.51	3.75	3.75	25.05
Macro Trading	0.44	-0.18	-0.18	4.32
Multistrategy	0.37	0.14	0.14	5.68
Energy Limited Partnership	0.30	-5.28	-5.28	29.74
Event Driven	0.27	-0.27	-0.27	4.33
Relative Value Arbitrage	0.24	-0.07	-0.07	2.08
Equity Market Neutral	0.10	0.05	0.05	3.05
Infrastructure	0.02	1.00	1.00	9.03
Nontraditional Bond	0.00	-0.10	-0.10	1.73
BOND RATES ²				
	7.23.21	6.30.21	12.31.20	7.23.20
Effective Fed Funds Rate	0.10	0.10	0.09	0.09
2-Year Treasury	0.20	0.25	0.12	0.16
10-Year Treasury	1.27	1.45	0.93	0.59
ICE BofA US Corp. AAA	1.79	1.88	1.56	1.43

MARKET PULSE¹

MONTH-TO-DATE			As of	YEAR-TO-DATE		
VALUE	CORE	GROWTH	7/23/2021	VALUE	CORE	GROWTH
0.20	2.47	4.64	LARGE	17.28	17.80	18.23
-0.27	0.38	1.49	MID	19.13	16.69	12.09
-4.88	-4.34	-3.82	SMALL	20.51	12.44	4.82

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.

S&P 500 DRAWDOWNS SINCE 1941

Average	-9.83%
Standard deviation	-10.4%
Maximum drawdown > 5%	53.1% of the time
Maximum drawdown > 10%	37.1% of the time
Maximum drawdown > 25%	9.8% of the time

Source: PriceActionLab.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.

SUBSCRIBE

to receive the
**Weekly Alternatives
Snapshot**