

Calamos Alternatives Snapshot

September 20, 2021 (data as of September 17, 2021 unless indicated)

WEEKLY HEADLINES

Does Historically High Sharpe Ratio Spell Lower Future Returns?

“The last 10 years in U.S. equities have been a far smoother ride than most of history,” says Charlie Bilello on the [Compound Capital Advisors blog](#). He notes that the Sharpe ratio of 1.18 since 2010 exceeds 95% of other periods and is more than twice the historic average of 0.48 (see chart bottom right).

The potential significance, according to Bilello: “We do find an inverse relationship between the past and the future, with higher Sharpe ratios exhibiting lower future returns on average (and vice versa). If an investor has a low tolerance for risk, this is important, as the future is likely to feature more volatility and drawdowns than the past.”

Describing today’s environment as a time when risk appears to be an “afterthought,” he recommends prudence in the form of diversification in asset class or style, reducing beta, holding more cash, or simply resisting fads.

Economic Releases vs. Consensus (week of 9/13)

CPI/Core CPI: 5.3%/4.0% vs. 5.3%/4.2%

Retail Sales (Aug): 0.7% vs. -0.8%

Michigan Consumer Sentiment: 71 vs. 72

Economic Releases this Week

Housing Starts (9/21)

Existing Home Sales (9/22)

Fed Meeting (9/21-9/22)

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

	Last Week	2 Wks Ago	3 Wks Ago	4 Wks Ago	Weekly Streak	YTD Flows
Real Estate	419	2,376	(127)	361	2	10,366
Derivative Income	302	299	324	336	65	8,445
Nontraditional Bond	297	286	606	501	37	16,205
Options Trading	278	313	375	226	48	9,264
Convertibles	101	316	19	(112)	3	1,038
Multistrategy	90	66	216	124	8	3,133
Relative Value Arb	88	98	122	100	78	4,490
Long-Short Equity	58	39	86	20	13	1,544
Event Driven	37	41	65	34	4	3,526
Systematic Trend	30	32	10	26	25	610
Macro Trading	17	24	15	(16)	3	914
Equity Mkt Neutral	13	3	10	13	14	622
Energy LPs	(34)	(25)	(57)	(74)	-12	(1,516)
Infrastructure	(119)	(54)	(21)	(296)	-4	4,877
Commodities Broad	(275)	(113)	(6)	(17)	-4	10,130

BROAD INDEX PERFORMANCE¹

	1 week	MTD	QTD	YTD
S&P 500	-0.54	-1.91	3.48	19.26
Russell 3000	-0.39	-1.77	2.74	18.26
Russell 2000	0.45	-1.57	-3.00	14.01
Russell 1000	-0.45	-1.79	3.16	18.58
Russell Mid Cap	-0.36	-1.74	1.54	18.03
MSCI EM	-2.19	-2.08	-6.20	0.92
MSCI ACWI	-0.96	-1.43	1.80	14.58
MSCI World	-0.79	-1.34	2.98	16.71
MSCI EAFE	-1.38	-0.22	2.33	11.71
ICE BofA Global Cv Index	-0.10	0.00	0.55	5.51
ICE BofA All U.S. Cv (VXA0)	0.54	0.24	1.45	8.45
ICE BofA US HY Master II	0.17	0.48	1.38	5.14
Bloomberg US Corporate	0.08	0.10	1.16	-0.12
Bloomberg US Govt/Credit	0.00	-0.07	1.05	-0.94
Bloomberg US Agg Bond	-0.03	-0.07	0.85	-0.77

COMMODITIES²

	9.17.21	8.31.21	12.31.20	9.17.20
Gold	1766	1814	1891	1936
Oil	69.8	69.3	47.5	41.0
Gasoline	3.17	3.14	2.24	2.18
Bitcoin	47,338	47,066	29,027	10,948

MARKET PULSE¹

MONTH-TO-DATE			As of	YEAR-TO-DATE		
VALUE	CORE	GROWTH	9/17/2021	VALUE	CORE	GROWTH
-2.11	-1.79	-1.49	LARGE	17.79	18.58	19.27
-2.40	-1.74	-0.59	MID	19.81	18.03	14.50
-2.28	-1.57	-0.89	SMALL	22.57	14.01	5.97

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.

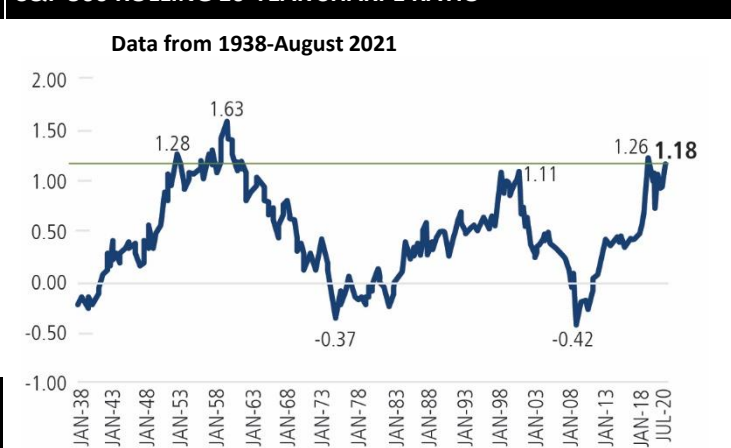
MORNINGSTAR ALTERNATIVE CATEGORIES¹

	1 week	MTD	QTD	YTD
Commodities Broad Basket	1.82	1.85	2.72	25.25
Energy Limited Partnership	0.91	1.17	-4.52	30.77
Convertibles	0.36	0.00	0.91	5.59
Event Driven	0.24	0.31	-0.72	3.85
Relative Value Arbitrage	0.13	0.17	0.30	2.46
Systematic Trend	0.12	0.05	-0.63	5.61
Nontraditional Bond	0.02	0.02	0.26	2.07
Equity Market Neutral	0.02	-0.33	-0.02	2.98
Multistrategy	-0.04	-0.20	0.56	6.12
Options Trading	-0.11	-0.61	1.37	7.73
Real Estate	-0.21	-2.13	3.94	25.27
Macro Trading	-0.22	-0.50	-0.23	4.26
Derivative Income	-0.23	-1.04	1.46	12.10
Long-Short Equity	-0.30	-1.37	0.32	9.30
Infrastructure	-1.01	-1.84	1.41	9.47

BOND RATES²

	9.17.21	8.31.21	12.31.20	9.17.20
Effective Fed Funds Rate	0.08	0.09	0.09	0.09
2-Year Treasury	0.23	0.20	0.12	0.13
10-Year Treasury	1.34	1.30	0.93	0.69
ICE BofA US Corp. AAA	1.79	1.80	1.56	1.56

S&P 500 ROLLING 10-YEAR SHARPE RATIO



Source: Charlie Bilello, Compound Capital Advisors blog. Sharpe ratio is a calculation that reflects the reward per each unit of risk in a portfolio. The higher the ratio, the better the portfolio's risk-adjusted return is.

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 Capital U.S. Aggregate Bond Index** covers the U.S.-denominated, investment-grade, fixed-rate, taxable bond market of SEC registered securities. The **Bloomberg 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 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**