

Calamos Alternatives Snapshot

September 7, 2021 (data as of August 31, 2021 unless indicated)

WEEKLY HEADLINES

'Volatile' Flows Into Liquid Alts Disadvantage Investors: Morningstar

"Investors have struggled to use alternative funds successfully" is the conclusion of Morningstar's *Mind the Gap* study released last week. In its annual review of the difference between total returns and dollar-weighted returns (also known as investor returns) across seven U.S. category groups, the rating service found the biggest gap in the Alternative group. Such shortfalls stem from "inopportunistically timed purchases and sales of fund shares." While investors earned about 7.7% per year on the average dollar they invested overall, that return was about 1.7 percentage points less than total returns generated over 10 years, reported Morningstar. Investors experienced a gap of 433 basis points in liquid alts funds as a whole (see chart below), the poorest performance in the study.

"Monthly asset flows for alternatives funds have been the most volatile of any category group, but all of this trading activity has been counterproductive," commented Morningstar. Read the [full study here](#) and more from Calamos in [this post](#).

Economic Releases vs. Consensus (week of 8/30)

Balance of Trade: -\$70B vs. -\$71B
Initial Jobless Claims: 340K vs. 345K
Non-Farm Payrolls: 235K vs. 750K

Economic Releases this Week

Initial Jobless Claims (9/9)
PPI/Core PPI (9/10)

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

As of 8/25/21	Last Week	2 Wks Ago	3 Wks Ago	4 Wks Ago	Weekly Streak	YTD Flows
Nontraditional Bond	505	773	499	454	34	15,328
Real Estate	372	100	42	378	5	7,698
Derivative Income	345	363	333	356	66	7,528
Options Trading	226	231	221	79	45	8,297
Multistrategy	124	90	297	106	5	2,634
Relative Value Arb	100	107	218	106	75	4,181
Event Driven	34	15	(27)	132	2	3,383
Systematic Trend	26	34	26	27	22	538
Long-Short Equity	20	55	18	67	10	1,361
Equity Mkt Neutral	13	13	11	42	11	596
Macro Trading	(16)	(32)	25	26	-2	857
Commodities Broad	(17)	472	126	22	-1	10,525
Energy LPs	(74)	(36)	(73)	(27)	-9	(1,401)
Convertibles	(112)	21	(63)	(83)	-1	602
Infrastructure	(296)	(9)	179	74	-2	5,071

BROAD INDEX PERFORMANCE¹

	1 week	MTD	QTD	YTD
S&P 500	0.84	3.04	5.49	21.58
Russell 3000	0.91	2.85	4.59	20.39
Russell 2000	1.95	2.24	-1.45	15.83
Russell 1000	0.84	2.89	5.03	20.74
Russell Mid Cap	1.01	2.54	3.33	20.12
MSCI EM	3.08	2.65	-4.20	3.07
MSCI ACWI	0.93	2.53	3.27	16.24
MSCI World	0.65	2.52	4.38	18.29
MSCI EAFE	0.37	1.77	2.55	11.96
ICE BofA Global Cv Index	1.13	1.33	0.56	5.51
ICE BofA All U.S. Cv (VXA0)	1.08	1.85	1.20	8.19
ICE BofA US HY Master II	0.59	0.55	0.90	4.64
Bloomberg US Corporate	0.17	-0.30	1.06	-0.22
Bloomberg US Govt/Credit	0.08	-0.20	1.12	-0.87
Bloomberg US Agg Bond	0.07	-0.19	0.93	-0.69
COMMODITIES ²	8.31.21	7.30.21	12.31.20	8.31.20
Gold	1814	1828	1891	1956
Oil	69.3	72.2	47.5	42.6
Gasoline	3.14	3.14	2.24	2.22
Bitcoin	47,066	41,472	29,027	11,666

MARKET PULSE¹

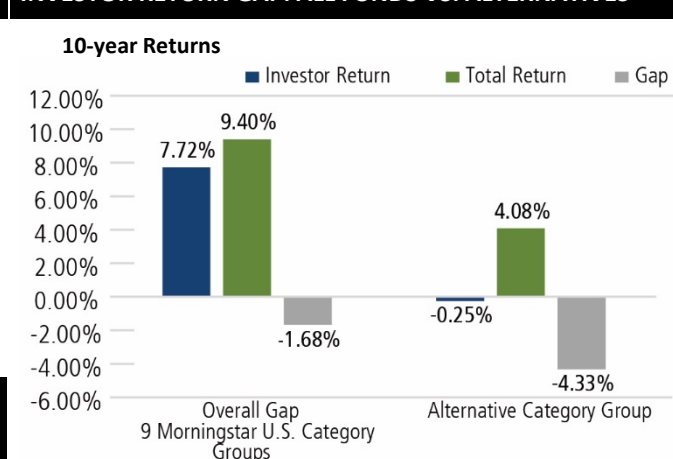
MONTH-TO-DATE			As of	YEAR-TO-DATE		
VALUE	CORE	GROWTH	8/31/2021	VALUE	CORE	GROWTH
1.98	2.89	3.74	LARGE	20.32	20.74	21.08
2.14	2.54	3.23	MID	22.77	20.12	15.18
2.68	2.24	1.82	SMALL	25.43	15.83	6.92

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	2.54	2.03	6.20	28.00
Commodities Broad Basket	1.42	-0.76	0.85	22.98
Convertibles	1.01	1.38	0.91	5.59
Long-Short Equity	0.59	1.29	1.71	10.81
Energy Limited Partnership	0.53	-1.15	-5.63	29.26
Multistrategy	0.39	0.62	0.76	6.33
Macro Trading	0.38	0.40	0.27	4.79
Derivative Income	0.37	1.58	2.50	13.25
Infrastructure	0.35	1.91	3.31	11.53
Options Trading	0.32	1.17	1.99	8.39
Nontraditional Bond	0.28	0.26	0.24	2.05
Systematic Trend	0.25	-0.43	-0.68	5.56
Relative Value Arbitrage	0.21	0.30	0.14	2.29
Event Driven	0.10	0.39	-1.03	3.53
Equity Market Neutral	0.04	0.29	0.31	3.32
BOND RATES ²	8.31.21	7.30.21	12.31.20	8.31.20
Effective Fed Funds Rate	0.09	0.10	0.09	0.09
2-Year Treasury	0.20	0.20	0.12	0.14
10-Year Treasury	1.30	1.28	0.93	0.72
ICE BofA US Corp. AAA	1.80	1.78	1.56	1.60

INVESTOR RETURN GAP: ALL FUNDS VS. ALTERNATIVES



Source: Morningstar. Data as of 12/31/20. Gap numbers may not match differences in returns due to rounding.

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 (VXAO)** 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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