

# Calamos Alternatives Snapshot

October 31, 2022 (data as of October 28, 2022 unless indicated)

## WEEKLY HEADLINES

### Midterm Rally? Santa Rally? Don't Count on Either This Year

Market commentators are tempering expectations about two seasonal trends that have historically lifted stocks.

A US Bank research note cited by [Barron's](#) says investors shouldn't expect a post-midterm election rally, regardless of the outcome. Its analysis found that while the S&P 500 averaged a -1.1% return in the 12 months ahead of midterms, it returned an average 16.3% in the year that followed.

1974's pre-midterm decline of 31.8% followed by a post-election rebound of 20.5% might seem a relevant analog, but the Fed's approach then was significantly different than now. At that time, the Fed had proactively kept the short-term interest rate target well above the inflation rate. This year, the Fed's zeal to catch up with inflation may "prove more powerful" when it comes to equity returns.

Also: from [Topdown Charts](#) comes the caution that Santa is not likely to help this year as "seasonal year-end rallies statistically happen only during bull markets" (see chart bottom right).

### Economic Releases vs. Consensus (Previous Week)

New Home Sales (Sep): 0.603M vs. 0.585M

GDP Growth (Q3): 2.6% vs. 2.4%

Personal Income (Sep): 0.4% vs. 0.3%

Personal Spending (Sep): 0.6% vs. 0.4%

### Economic Releases this Week

JOLTs (11/1)

Fed Meeting (11/1-11/2)

Non-Farm Payrolls (11/4)

### MORNINGSTAR WEEKLY EST. NET FLOWS (\$MIL)<sup>1</sup>

As of 10/26/22	Last Week	2 Wks Ago	3 Wks Ago	4 Wks Ago	Weekly Streak	YTD Flows
Derivative Income	395	241	185	514	104	20,189
Options Trading	231	6	44	307	3	8,975
Systematic Trend	140	137	252	176	47	6,983
Energy LPs	69	90	17	(120)	3	525
Infrastructure	18	(14)	(66)	8	1	2,204
Macro Trading	17	(23)	30	(6)	1	1,401
Long-Short Equity	11	(9)	79	29	1	1,298
Convertibles	(25)	(68)	27	(30)	(2)	(2,233)
Event Driven	(32)	(49)	62	(118)	(2)	2,109
Equity Mkt Neutral	(35)	(18)	16	(89)	(2)	3,638
Real Estate	(94)	(156)	(67)	(15)	(5)	(7,115)
Relative Value Arb	(111)	(147)	(65)	(156)	(12)	(163)
Multistrategy	(114)	(224)	18	(180)	(2)	2,877
Commodities Broad	(358)	(426)	(41)	(579)	(7)	3,556
Nontraditional Bond	(411)	(649)	(626)	(409)	(12)	(10,199)

## BROAD INDEX PERFORMANCE<sup>1</sup>

	1 week	MTD	QTD	YTD
S&P 500	3.97	8.90	8.90	-17.09
Russell 3000	4.14	8.93	8.93	-17.89
Russell 2000	6.02	11.01	11.01	-16.85
Russell 1000	4.02	8.79	8.79	-17.96
Russell Mid Cap	5.59	9.26	9.26	-17.26
MSCI EM	-2.24	-3.39	-3.39	-29.37
MSCI ACWI	3.35	6.52	6.52	-20.47
MSCI World	4.02	7.76	7.76	-19.32
MSCI EAFE	4.14	5.31	5.31	-22.87
ICE BofA Global 300 Convnt	1.57	2.23	2.23	-17.84
ICE BofA All US Convertible	2.31	3.44	3.44	-17.23
ICE BofA US High Yield	2.56	3.27	3.27	-11.83
Bloomberg US Corp Bond	1.97	-0.75	-0.75	-19.33
Bloomberg US Govt/Credit	1.46	-0.94	-0.94	-15.90
Bloomberg US Agg Bond	1.65	-0.88	-0.88	-15.36

## COMMODITIES<sup>2</sup>

	10.28.22	9.30.22	12.31.21	10.28.21
Gold	1649	1672	1820	1717
Oil	86.1	77.2	75.5	82.8
Gasoline	3.77	3.71	3.28	3.38
Bitcoin	20,594	19,416	46,245	60,578

## MARKET PULSE<sup>1</sup>

MONTH-TO-DATE			As of	YEAR-TO-DATE		
VALUE	CORE	GROWTH	10/28/2022	VALUE	CORE	GROWTH
10.81	8.79	6.82	LARGE	-8.86	-17.96	-25.93
9.83	9.26	8.24	MID	-12.52	-17.26	-25.81
12.60	11.01	9.49	SMALL	-11.18	-16.85	-22.57

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## MORNINGSTAR ALTERNATIVE CATEGORIES<sup>1</sup>

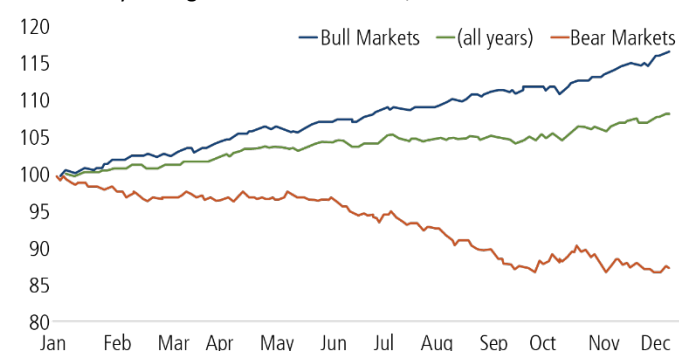
	1 week	MTD	QTD	YTD
Real Estate	6.10	3.66	3.66	-25.91
Infrastructure	5.45	4.91	4.91	-13.13
Derivative Income	2.86	6.72	6.72	-10.91
Energy Limited Partnership	2.72	11.06	11.06	24.14
Options Trading	2.15	4.60	4.60	-10.04
Convertibles	2.12	3.36	3.36	-17.19
Long-Short Equity	1.96	4.77	4.77	-8.54
Event Driven	0.90	1.73	1.73	-1.70
Commodities Broad Basket	0.73	2.44	2.44	13.86
Multistrategy	0.57	1.89	1.89	-3.55
Nontraditional Bond	0.47	0.14	0.14	-7.79
Relative Value Arbitrage	0.46	0.69	0.69	-4.72
Equity Market Neutral	0.24	1.71	1.71	3.88
Macro Trading	0.07	0.88	0.88	-2.02
Systematic Trend	-1.33	-0.34	-0.34	19.95

## BOND RATES<sup>2</sup>

	10.28.22	9.30.22	12.31.21	10.28.21
Effective Fed Funds Rate	3.08	3.08	0.08	0.08
2-Year Treasury	4.30	4.16	0.75	0.50
10-Year Treasury	3.96	3.76	1.55	1.57
ICE BofA US Corp. AAA	4.85	4.73	2.03	1.97

## CONDITIONAL SEASONALITY: S&P 500

Seasonality during bull vs. bear markets, 1965-2021



Source: Topdown Charts, Refinitiv Datastream

Notes: In this analysis "Bull Markets" are defined as years when the market finished up on the year. Bear Markets defined as years when the market ended down. The chart tracks daily average % change during the different market regimes.

## 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 US 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 US 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 US 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 US 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 US High Yield Master II Index** tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market. The **Bloomberg Capital US Aggregate Bond Index** covers the US-denominated, investment-grade, fixed-rate, taxable bond market of SEC registered securities. The **Bloomberg US 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 US bond market. The **Bloomberg US 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 US 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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