**Weekly Headlines**

**3% 10-year Treasury? Opinions Vary**

The 10-year Treasury yield reaching 3% last week was an event that inspired varied viewpoints on its significance. Two examples:

- “It’s a bad omen for stocks,” headlined a Barron’s article, citing the Leuthold Group’s research showing that 3% is a tipping point (see table bottom right). With the 10-year at 3%, the benchmark’s real yield touched 0%. How serious is the threat from a real bond yield that’s no longer negative? “Start to worry when the Fed lifts its fed funds target close to that of the bond yield,” said one source quoted.

- Capital Group was among those with a different take: “For me, reaching 3% is a significant moment in that it means the US economy has fully recovered from the financial crisis and is healthy. We have gone from an extremely low level of interest rates to what will be a more normal level of 3% to 4% yields. And that’s an extremely low level of interest rates to what will probably be a more normal level of 3% to 4% yields. And that’s probably good for equity valuations.”

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

Building Permits (Mar): 1.873MM vs. 1.825MM
Housing Starts (Mar): 1.793MM vs. 1.745MM
Existing Home Sales (Mar): 5.77MM vs. 5.80MM

**Economic Releases This Week**

Durable Goods (4/26)
GDP Growth 1Q22 (4/28)

**MARKET PULSE**

**As of 4/22/2022**

<table>
<thead>
<tr>
<th>VALUE</th>
<th>CORE</th>
<th>GROWTH</th>
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<td>-2.39</td>
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<td>-4.36</td>
<td>-8.42</td>
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<td>-4.25</td>
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**As of 4/22/2021**

<table>
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<td>-3.11</td>
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<td>-6.55</td>
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Since 1950

- **10-year Treasury yield**: <3% >3%
- Average S&P 500 annualized monthly returns: 21.90% 10.00%
- Volatility: 13.50% 14.60%
- Frequency of monthly losses: 27.6% of the time 38.2% of the time
- # of bear markets: 1 10

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.
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. Commodity basket strategies invest in a diversified basket of commodity goods including but not limited to grains, minerals, metals, livestock, cotton, oils, sugar, coffee, and cocoa. Commodity 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 companies based on their market capitalization 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 capitalization 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 capitalization 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 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 Cvx Index (VG00) is a SUS/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 prefers 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 suitably, 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.