

Calamos Alternatives Snapshot

May 16, 2022 (data as of May 13, 2022 unless indicated)

WEEKLY HEADLINES

Positive Stock/Bond Correlations Common During High Inflation

While the correlation of stocks to bonds has been close to zero over the long term—the monthly correlation was 0.063 over the period 1927-2021—Treasuries don't always provide the portfolio ballast that investors expect and have become accustomed to (see table, bottom right). Correlations are time-varying and regime-dependent, according to research cited in a recent [EvidenceInvestor.com post](#).

Correlations tend to be lower and often negative in low inflation regimes, while they are positive and large in intermediate and high inflation regimes such as now. Correlations also tend to be slightly negative in recessions and positive in expansions.

“Supply shocks, either good (positive) or bad (negative), help explain the positive correlations in the 1970s, 1980s, and 1990s, while demand shocks in combination with smaller supply shocks explain some but not all of the negative correlations observed since the year 2000.” The post concludes with a nod to alternative investments that have no correlation to either stocks or bonds.

Economic Releases vs. Consensus (Previous Week)

CPI (Apr): 8.3% YOY vs. 8.1% YOY

PPI (Apr): +1.4% (11.2% YOY) vs. 1.1%

Michigan Consumer Sentiment: 59.1 vs. 64.1

Economic Releases this Week

Retail Sales (5/17)

Manufacturing Production (5/17)

Jobless Claims (5/19)

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

	Last Week	2 Wks Ago	3 Wks Ago	4 Wks Ago	Weekly Streak	YTD Flows
As of 5/11/22						
Derivative Income	732	759	782	633	79	10,248
Systematic Trend	506	194	185	155	22	2,638
Options Trading	361	91	424	153	79	6,214
Energy LP	170	(40)	63	(38)	1	981
Equity Mkt Neutral	169	147	181	120	33	2,521
Macro Trading	132	21	42	63	5	687
Infrastructure	99	109	118	30	7	610
Multistrategy	93	(27)	101	36	1	2,580
Long-Short Equity	87	38	62	(0)	3	784
Commodities Broad	86	168	289	729	20	8,858
Event Driven	82	102	155	139	21	1,861
Relative Value Arb	(85)	20	45	31	(1)	1,887
Convertibles	(207)	(125)	(314)	(11)	(5)	(2,288)
Nontraditional Bond	(335)	(146)	(153)	(93)	(5)	497
Real Estate	(803)	(225)	(454)	573	(3)	(3,551)

BROAD INDEX PERFORMANCE¹

	1 week	MTD	QTD	YTD
S&P 500	-2.35	-2.53	-11.03	-15.12
Russell 3000	-2.36	-2.87	-11.59	-16.25
Russell 2000	-2.50	-3.76	-13.30	-19.83
Russell 1000	-2.35	-2.81	-11.48	-16.02
Russell Mid Cap	-1.96	-2.96	-10.43	-15.52
MSCI EM	-2.60	-6.61	-11.79	-17.90
MSCI ACWI	-2.17	-3.59	-11.27	-15.94
MSCI World	-2.12	-3.21	-11.21	-15.69
MSCI EAFE	-1.37	-4.12	-10.24	-15.43
ICE BofA Global 300 Conv	-2.48	-4.90	-10.02	-15.67
ICE BofA All US Convertible	-2.82	-5.28	-12.01	-16.76
ICE BofA US High Yield	-1.13	-2.38	-5.93	-10.18
Bloomberg US Corp Bond	0.60	-0.73	-6.15	-13.37
Bloomberg US Govt/Credit	0.79	-0.43	-4.38	-10.43
Bloomberg US Agg Bond	0.89	-0.23	-4.02	-9.71
COMMODITIES ²	5.13.22	5.6.22	12.31.21	5.13.21
Gold	1808	1882	1820	1838
Oil	103.8	105.2	75.5	64.9
Gasoline	4.33	4.18	3.28	2.96
Bitcoin	31,259	36,013	46,245	46,985

MARKET PULSE¹

MONTH-TO-DATE			As of	YEAR-TO-DATE		
VALUE	CORE	GROWTH	5/13/2022	VALUE	CORE	GROWTH
-1.20	-2.81	-4.48	LARGE	-7.46	-16.02	-23.61
-1.65	-2.96	-5.76	MID	-9.18	-15.52	-26.90
-2.94	-3.76	-4.72	SMALL	-12.62	-19.83	-26.96

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
Equity Market Neutral	0.10	0.92	2.80	4.24
Macro Trading	-0.24	-0.42	-0.88	-0.76
Nontraditional Bond	-0.54	-0.84	-2.21	-4.70
Systematic Trend	-0.59	0.95	5.99	16.95
Multistrategy	-0.68	-0.71	-1.50	-2.65
Long-Short Equity	-0.82	-0.69	-4.02	-6.62
Event Driven	-1.18	-1.69	-2.70	-2.86
Options Trading	-1.31	-1.55	-6.72	-8.74
Derivative Income	-1.40	-1.55	-6.58	-7.61
Commodities Broad	-1.51	-0.93	2.72	28.28
Relative Value Arb	-1.72	-2.36	-3.48	-4.56
Infrastructure	-1.81	-1.97	-6.51	-5.18
Convertibles	-2.50	-4.66	-10.98	-15.51
Real Estate	-2.86	-6.70	-10.74	-15.27
Energy LP	-3.56	0.73	-1.28	18.45
BOND RATES ²	5.13.22	5.6.22	12.31.21	5.13.21
Effective Fed Funds Rate	0.83	0.33	0.08	0.06
2-Year Treasury	2.56	2.71	0.75	0.16
10-Year Treasury	2.84	3.05	1.55	1.66
ICE BofA US Corp. AAA	3.57	3.74	2.03	2.07

BONDS CUSHIONED THE BLOW THE PREVIOUS 8 YEARS WHEN S&P 500 FINISHED NEGATIVE

1976-2022 YTD as of 5/12/2022

Year	S&P 500 Index	Bloomberg US Aggregate Bond Index
1977	-7.2%	3.0%
1981	-4.9%	6.2%
1990	-3.2%	9.0%
2000	-9.1%	11.6%
2001	-11.9%	8.4%
2002	-22.1%	10.3%
2008	-37.0%	5.2%
2018	-4.4%	0.0%
2022 YTD	-17.1%	-9.4%

Source: Compound Advisors, Charlie Bilello

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 trading 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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