



Chuck Jaffe talks with Gregg Greenberg at the November 6, 2019 AICA Bootcamp and Round Table

Wednesday, November 6, 2019

Financial reporter Gregg Greenberg interviewed Chuck Jaffe, host of Moneylife, at the AICA Boot Camp and Round Table held on November 6th in New York City. Read the transcript from the interview below.



Chuck Jaffe

To view the rest of the conference events and panels go to: <https://aicalliance.org/NYC2019Event/>

Gregg Greenberg: Chuck, how can the AICA benefit the closed-end fund community and investors overall?

Chuck Jaffe: Well, I think that the benefit to the closed-end community comes from the fact that what you have here is an organization that's bringing everyone together. You have representatives of all sides of the industry. You've got the fund sponsors, but you've got the advisors representing the individuals. And you've got the trading companies and the ones who are developing the platforms, and the guys who are developing the indexes. Everybody's here in one organization, all pulling for the good of closed-end funds. And so these are folks who don't always get together when they're creating products or thinking about what they can do, and I

think closed-end funds are a very under-utilized resource for investors. So if you have everybody together on the same page and you can create enough buzz and education, you can help a lot of investors out who are looking for yield and really don't think they understand closed-end funds.

Gregg Greenberg: It really is a niche part of investing. What type of investor do you think the closed-end funds are right for? What kind of interests do you hear about closed-end funds on your show?

Chuck Jaffe: Well, my show has now a segment dedicated to closed-end funds. It's called *The NAVigator*, NAV for net asset value.

Gregg Greenberg: Very cute.

Chuck Jaffe: And it is in conjunction with AICA. And it's been very interesting, because I would tell you that my show is not really for average investors. If you're listening to an hour of personal finance talk a day, you pretty quickly become above average. But they're also not sharpies and folks who are...

Gregg Greenberg: Not James Simons and hedge fund managers.

Chuck Jaffe: Exactly. They're not trying to game the market; they're just trying to find ways to make it work within their interest level. And they have been very interested in learning about closed-end funds, because they're very interested in yield and they don't see other ways to make it work. When they're looking at preferred securities, they can't get good information and they can't get good diversification, but they don't necessarily understand that a closed-end fund can get them diversification, professional management at a reasonable price, the same way a traditional fund can. The difference is, closed-end funds have certain other benefits, and in certain areas like with BDCs, but also with preferred and others. Closed-end funds have advantages that really there are no 40 Act funds doing this.

Gregg Greenberg: And the performance has been very good this year, especially in some of the REIT funds, utility funds, as the Fed has cut rates and you've seen people kind of go for the yield.

Chuck Jaffe: Well, but the performance was great last year. Performance this year really benefited from the fact that the fourth quarter last year was so terrible. So anything that was equity focused, equity closed-end funds, the REIT funds, etcetera, not only had the interest rate scenario, but they started trading at enormous discounts at the end of the last year when the market was in the tank. So you could buy them extra cheap, and then see that much more growth.

Gregg Greenberg: So right now, I guess we're in tax-loss selling season, so talk about your expectations for 2020.

Chuck Jaffe: Well, I have to tell you, Gregg, I'm a little confused. Because I talk to so many experts that can't decide what's going to happen. I could make a good case that we're going to see a recession sooner than later. I could make a probably stronger case personally because it's more with my beliefs that we're not going to see something until 2021 or '22. Election years are notoriously mediocre, but let's think about a couple of the ones we've lived through in recent years. 2000, the market was terrible. 2004, the market was pretty terrible. 2008, the market was really terrible. I don't think we're headed for any of those things. I think if you watch the Fed and the Fed holds true to what it's been saying, and the election proceeds on a fairly normal course, which just means a Republican and a Democrat and an incumbent not being voted out, or what have you. And by voted out, I mean through impeachment. I think the market is positioned to do fairly well up to at least election day. After election day, you've got to start to factor in who's won and what that means. But until then, I think the market's going to do reasonably well. And I think that closed-end funds as an asset class, if you can get to where people understand them, and

understand that they're not a separate asset class, they are a way to play the other asset classes you're in. If you can get people to understand that, then closed-end funds will do well. Until that happens, until you get that understanding out there, and again, that's part of what AICA is trying to do, I think that you will always be looking at this esoteric corner of investing instead of a mainstream.

Gregg Greenberg: That's why we're here. All right, well thanks a lot for coming and talking about it.

Chuck Jaffe: Thanks for having me.

Recorded on November 6, 2019

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<https://AICalliance.org/>

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