



Calamos' Freund: Concerns Are 'Distractions,' Not Market Impediments

Friday, May 8, 2026



Chuck Jaffe, in this episode of The NAVigator podcast, interviewed Matt Freund, Co-Chief Investment Officer at Calamos Investments. Matt says that productivity, GDP growth, and earnings are "what matters," and that the headline risks that are driving consumer sentiment are "distractions" from a market backdrop that is solid. He says inflation remains the big risk, but notes that the investor sentiment is creating opportunities, particularly in closed-end funds, and especially in senior loans and high-yield bonds, where

discounts have widened this year.

The podcast can be found on AICA's website by clicking here: <https://aicalliance.org/alliance-content/pod-cast/>

If you own closed-end funds or business-development companies, you may be overlooking discount shifts, leverage changes, sector rotations, earnings resets and more. A focused portfolio review from CEF Advisors will review positioning and help identify risks while uncovering potential opportunities across your holdings, schedule a conversation at CEFData.com/contact. Results will vary.

CHUCK JAFFE: Matt Freund, co-chief investment officer at Calamos Investments is here, we're talking markets, equities, what he sees in closed-end funds and more, this is The NAVigator. Welcome to The NAVigator, where we talk about all-weather active investing and plotting a

course to financial success with the help of closed-end funds. The NAVigator is brought to you by the Active Investment Company Alliance, a unique industry organization representing the entirety of the closed-end fund business from investors and users up to fund sponsors, managers, and creators. If you're looking for excellence beyond indexing, The NAVigator's pointing you in the right directions. Today, we're talking with Matt Freund, he's co-chief investment officer at Calamos Investments, where his team, among other things, runs the Calamos Fund Income & Arbitrage ETF, you can learn about the firm and its funds at [Calamos.com](https://www.calamos.com). And before we start, a reminder that if you want to learn more generally about closed-end funds or business-development companies and interval funds, you can go to [AICalliance.org](https://www.aicalliance.org), the website for the Active Investment Company Alliance. Matt Freund, great to have you back on The NAVigator.

MATT FREUND: Chuck, it's my pleasure.

CHUCK JAFFE: Let's start with a general take on this market, because the soft data is how miserable people are and the hard data says things are pretty good in the market, which when the war started wanted to make for bigger discounts in closed-end funds and the rest has tightened up and we're back near record highs. So for you, more upside potential than downside risk? More downside potential than upside?

MATT FREUND: It depends on your time horizon. I'm actually very constructive, and that's primarily because when you talk to people who are concerned about the market, they're concerned about the market but I think they're focusing on distractions, so think about the things that are making the headlines today, it's obviously geopolitical. I don't have an edge there, that's not what I do, I'm not a strategist in that field. There's a lot of opinions, it's a lot involved, but in the long run history shows it doesn't matter long term. There was all this drama with the Fed, again, the timing was a question, but there's no doubt that in the long run there was going to be a new Fed chair. Same thing with elections, same thing with trade, the list goes on and on. What matters? Well, what matters is productivity and GDP growth, and I think there's a good story to tell there. What matters is earnings, and earnings this quarter, the earnings that are being reported now are exceptionally strong. The [inaudible 0:03:06] will say, "Yes, but it's concentrated in a few areas," and my answer is, okay, it's always concentrated in a few areas, but it's broader than you think and it spreads through tech, of course, but discretionary, materials, financial, it's very, very broad. So we have a

backdrop of a new Fed chair coming in, leaving a lot of the old baggage behind, we have a backdrop of positive GDP growth, and I think it's accelerating, we have the Big Beautiful Bill, which was passed last year and the benefits are rolling through now, and we have a really strong earnings picture. So you put that together and you go, look, forget about the distractions, there are some real positives there to pay attention to. The risks are inflation, because obviously inflation was trending higher before the war, and I think that's going to be with us for a while, new Fed chairs get tested, why should this be any different? And of course we've got the midterms coming up, and there's going to be an awful lot of negative commentary there, and I think you talked about the soft data, the data itself is soft but it has a high correlation to how you view politics, where you live, and demographics. So again, I think the data tells you more about the person looking at it than it does where the economy is going.

CHUCK JAFFE: I have to ask a question that you may not be qualified to answer, but on the day that this interview airs I'll be at a conference of business journalists. And I'm curious, because as you pointed out, the context of surveys is that it is consumer sentiment and how people feel, the media plays a role in how this is all portrayed. I don't think the media's doing necessarily a bad job, but it's a K-shaped recovery, a K-shaped everything.

MATT FREUND: Yeah, for sure.

CHUCK JAFFE: Well, in a K-shaped thing, the people who are benefiting from the stock market feel great about it and they're not as worried about gas prices, and the people who are worried about gas prices are not participating in the stock market so they don't have any of that stuff to feel good about, so how much of this is actually setting us for that K-shaped stuff to be something worse in the future? Yes, I can ignore the sentiment numbers, but I can't ignore if there's a big chunk of people in this country who wind up feeling, I can't go to shop anymore.

MATT FREUND: Yeah. Again, I think what you're talking about are the different ways people view inflation. So economists view inflation, it's the rate of change, right? So prices, they went up 4% last year and they're going up 3% this year, actually a little bit less this year, so inflation's coming down and that's a win. What consumers feel though is it's the cumulative cost of living gap and prices predating, again, I'm not trying to be political, it's just the math, that affordability gap started three or four years ago, the rate of change. It is improving now

but it's not closing the gap, certainly not fast enough to show up in that data, so there is a large segment of the population that still haven't gotten to where they need to be with real earnings covering their expenses, that's true. What is also true is that inflation has come down a lot, and real wages and productivity are going up but they haven't closed the gap, so you tell me what the headline should be. If I want to make it inflammatory on one side, I know what to emphasize, the affordability gap, if I want to make it supportive on the other side, I would talk about the decline of inflation, and that sort of argument is playing itself through across the economy. Look at the labor market, so it is absolutely true that the number of new jobs being added has gone down, it's not an opinion, it's a fact, you can see it stair-stepping down over the last three or four quarters. But what's also true is that the number of people, you can blame retirements because everybody who stayed around past Covid gave it five more years and those five years are up, so there's massive retirements going on, you can blame immigration, we all know what's going on there, so yeah, the number of new jobs is down but the employment rate is very, very low. It's this low hire, low fire economy, which side do you want to emphasize? That depends on your vantage point and the audience you're going for, so clearly you have to read both sides and look at things from all angles.

CHUCK JAFFE: Let's bring this back to a different type of sentiment, but one that directly impacts you. Sentiment shows up in closed-end fund discounts, and we have seen changes in sentiment that have kind of gone with the headlines. What is your take there on the discount picture and what happens next?

MATT FREUND: So you're absolutely right, closed-end fund discounts prove the adage that sentiment follows price, so when the war came upon us, the market sold off and discounts widened, then we had that magical point in time at the beginning of April where sentiment changed and we've seen discounts narrow and April was a very strong month in the closed-end fund universe, so 100% right. So where's it going? I think that, again, the distraction is going to be this month to month seesaw of where the headlines push it, but the fundamentals I think are very solid. So look, closed-end funds are one of the oldest investment vehicles around, if you read the book that just came out on 1929, they talk about some of the closed-end funds there by reference, they're old, they pre-date the 40 Act funds, and they've largely worked, but they are deceptively simple, yet there are some subtleties that you have to pay attention to. So the first is what the underlying securities do, so again, the flavors there are

as varied as the market, you can have aggressive equities, you can have international, there's an awful lot of bonds and quasi-bonds, MLPs and the things like that, so you have a large choice. You also have yields, some of which are constructive, some of which are returns of capital that you have to analyze, but when you have the backdrop that I talked about with growth being pretty solid, with productivity accelerating, with inflation being a worry but still lower than it was previously, trending higher to be sure, it's a positive backdrop for risk assets. So I look at it and say the closed-end funds are going to do what they have done, so again, they're going to sell off in panics, don't go off with the herd, don't get trampled by it, view it as an opportunity, but there's real opportunities in the market, not just in the US but globally.

CHUCK JAFFE: Are there specific areas of the closed-end universe that stand out to you right now, possibly because their discounts haven't gotten so narrow so they have that arbitrage opportunity for you?

MATT FREUND: Again, I'm going to push it back to what the investors are looking for. So I had our quant group look at where discounts were this morning versus where they were in a year, and for all closed-end funds they're virtually unchanged, but within the universe you can see that there have been some moves, high-yield bonds has widened out, senior loans have widened out, surprisingly to me given some of the headlines, muni bonds have actually come in a little bit, so I think that if you're looking for income, senior loans and high-yield bonds I think are in a pretty good spot. And again, one of the things that I want to stress about the high-yield universe, again, the critics will point out that spreads are low, they're tight, and that's true, they're certainly tighter than they were a year ago, that was Liberation Day, they're tighter than they were during Covid, but over the last five years I would say they're more or less average, but what you're missing is that the high-yield universe is very high quality, that we've really seen the more stressed and problem credits migrate to other parts of the credit landscape. So spreads are low, but the credit quality is up, and I think that for [inaudible 0:11:41] it's pretty attractive here, and again, spreads have widened since the beginning.

CHUCK JAFFE: No one in the investment world calls high-yield bonds by why they get called by the consumers, which is junk bonds. Did I pick up something in that answer, Matt, where you maybe just hinted that if you want to call something junk bonds, you'd be calling it the

private credit world and the things there, where they're more likely to have the defaults than the high-yield bonds that are less likely now?

MATT FREUND: Yeah, you know what's interesting? So we do have a high-yield interval fund, and we've partnered with Aksia, that's just a great firm and been a great partner, so we do have an offering there. What we've seen, I would love to give a commercial for the Calamos Aksia product, I think it was started at the right time, it was structured the right way, it is very, very broad within the private credit space, but your question was highlighting what may be some of the abuses that were done by others in years past. I do think that private credit is something that you have to be very careful with, we've all seen the sensationalized headlines, and I think it's important to take a global approach, to go with a proven leader in the space, and to realize that illiquidity is part of what you're buying into. So you were talking about headlines and what you could try to influence, there was a lot of press about interval funds hitting their gates, and the headline could have been interval funds work exactly as designed, they work well, they work within the prospectus, and investors got exactly what they knew they were going to get, but if it bleeds, it leads, and of course the headlines were something very, very different than that. So I'm a believer in private credit, I think it works, again, if you have a global approach where you're looking at the various assets, its make sense. You have to really know what you're doing if you're going to target just one specific part or one specific vintage in the market, and I don't suggest that.

CHUCK JAFFE: Yeah, on the headlines side, while I love the headline you wrote, I think sometimes it's the investor in the wrong thing, but not recognizing until there's trouble that they didn't fully understand it.

MATT FREUND: Right. Going back to closed-end funds, we've seen that with closed-end funds too, because we'll often get questions; so one of the things that we do at Calamos, it's not just what we distribute but it's how much of that you've earned, how much of that is either a gain or earned income versus return of capital. You're right, you have to explain that our yield may look low on the surface, it's actually higher than the competitors once you adjust for the return of capital or ROC, and that's true of the individual closed-end funds too. One of the things that we've noticed in the market is that to close large discounts, people are upping their distributions, and discounts close which is great, but again, it's a return of capital. There's an argument to be made that getting your capital back at par when something is

trading at a discount, you can then go reinvest it at a discount, increases your returns, I totally get that, but some of the funds that have done that are actually at premiums, and paying a premium for a fund that's returning capital at par or at NAV doesn't make a lot of sense.

CHUCK JAFFE: The NAVigator is a joint production of the Active Investment Company Alliance and Money Life with Chuck Jaffe, and yes, I'm Chuck Jaffe, and you can check out my show on your favorite podcast app or you can go directly to MoneyLifeShow.com. To learn more about interval funds, closed-end funds, and business-development companies, go directly to AICAlliance.org, that's the website for the Active Investment Company Alliance. Thanks to my guest Matt Freund, co-chief investment officer at Calamos Investments, which oversees more than \$50 billion in assets and where he runs the Calamos Closed-End Fund Income & Arbitrage ETF, you can learn more about the firm and its funds at Calamos.com. The NAVigator podcast is here for you every Friday, make sure you don't miss an episode by following along on your favorite podcast app. We'll be back with more closed-end fund fun for you next week, until then, happy investing, everybody.

Recorded on May 8th, 2026

To request a particular topic for The NAVigator podcast please send an email to:
TheNAVigator@AICAlliance.org

Click the link below to go to the home page of Active Investment Company Alliance to learn more:
<https://AICAlliance.org/>

Disclosure: *Views and opinions expressed are for informational and educational purposes only as of the date of production/writing/speaking and may change without notice at any time based on a multitude of factors. Speaker's/presenter's/author's opinions are their own and may not necessarily represent the opinions of AICA, its Board, or its staff. Materials may contain "forward-looking" information that is not purely historical in nature, such as projections, forecasts, market return estimates, proposed or expected portfolio composition, and other items. Listed closed-end funds and business development companies trade on exchanges at prices that may be above or below their NAVs. There is no guarantee that an investor will be able to sell shares at a price greater than or equal to the purchase price or that a closed-end fund's discount will narrow. Non-listed closed-end funds and business development companies do not offer investors daily liquidity but rather offer liquidity on a monthly, quarterly or semi-annual basis, often on a small percentage of shares. Closed-end funds often use leverage, which can increase the fund's volatility (i.e., risk). Actual distribution amounts may vary with fund performance and other conditions. Past performance is no guarantee of future results. This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy, sell or hold a security or an investment strategy, and is not provided in a fiduciary capacity. Shares of closed-end funds are subject to investment risks, including the possible loss of principal invested. Closed-end funds frequently trade at a discount to their net asset value (NAV).*