How do you incorporate bond ratings in your process?

Transcript of a video recorded on August 10, 2022

Bond ratings are often misunderstood in the marketplace. They are not recommendations to buy or sell any given security. They’re also not permanent. The agencies themselves—so Moody’s, Standard & Poor’s, Fitch—are very upfront that they reserve the right to change those ratings on a moment’s notice. But the most important thing is that they are not time-dependent, meaning that a three-day, three-month, three-year, or 30-year security will all carry the same rating, even though the risks are obviously very different.

What we at Calamos have found is that this ratings misunderstanding often creates inefficiencies in the market, where our bond-by-bond approach allows us to be well paid for the risks we’re taking.