

# Spread Snapshot

## Understanding yields and spreads in today's markets

### A dashboard of yield and spread across various asset classes

As of June 30, 2025.

Based on standardized spread levels vs. trailing 3-, 5- and 10-year averages.

	US Agg Bond <sup>1</sup>	Securitized <sup>2</sup>	IG Corp <sup>3</sup>	Prefd <sup>4</sup>	EM Debt <sup>5</sup>	HY Corp <sup>6</sup>	Lev Loans <sup>7</sup>	CLO (BB) <sup>8</sup>	Taxable Muni <sup>9</sup>	AA Muni <sup>10</sup>	A Muni <sup>10</sup>	BBB Muni <sup>10</sup>	HY Muni <sup>11</sup>	Private Credit <sup>12</sup>	Real Estate <sup>13</sup>
<b>Yield to Worst</b>	4.51	5.24	5.15	6.32	7.54	7.06	7.98	10.78	5.26	3.83	4.23	4.74	5.81	10.16	6.30
<b>Spread</b>	0.32	1.13	0.90	1.81	3.22	2.90	4.59	7.11	0.85	0.06	0.46	0.97	2.04	5.93	2.02
<b>Net Change 1M</b>	-0.02	-0.06	-0.05	-0.09	-0.12	-0.25	-0.13	-0.05	-0.05	-0.01	0.00	0.01	0.04	—	0.17
<b>Net Change 1Y</b>	-0.07	-1.23	-0.12	0.19	-0.69	-0.19	-0.48	-0.64	0.02	0.04	0.09	0.17	0.19	-1.53	-0.11
<b>3Y Average Spread</b>	0.44	2.08	1.18	2.07	4.09	3.68	5.44	8.55	0.97	0.07	0.53	1.07	2.25	7.27	2.12
<b>5Y Average Spread</b>	0.43	1.77	1.17	2.03	4.01	3.68	5.22	8.24	1.04	0.09	0.50	1.03	2.38	7.29	2.68
<b>10Y Average Spread</b>	0.46	1.43	1.28	1.86	3.81	4.11	5.12	7.77	1.24	0.11	0.55	1.17	2.94	8.17	2.91
<b>3Y Z-Score</b>	-1.28	-1.58	-1.11	-0.55	-1.33	-1.03	-1.43	-1.32	-0.61	-0.25	-0.52	-0.54	-0.75	-1.66	-0.26
<b>5Y Z-Score</b>	-1.13	-0.99	-1.11	-0.50	-1.30	-0.98	-0.93	-1.01	-0.78	-0.47	-0.25	-0.19	-0.74	-1.13	-0.69
<b>10Y Z-Score</b>	-1.28	-0.47	-1.29	-0.07	-0.86	-1.04	-0.56	-0.39	-1.15	-0.82	-0.50	-0.55	-0.94	-1.54	-1.05
<b>Duration</b>	6.06	3.96	8.16	5.48	6.50	2.81	—	2.76	9.13	—	—	—	7.58	—	—

**Z-Score** = number of standard deviations between the current spread level and historic average spread.

**Red** = tighter spread than historic average.

**Green** = wider spread than historic average.

**Past performance is not necessarily indicative of future results.** Sources: Bloomberg, ICE BofA, JP Morgan, Credit Suisse, Cliffwater, Green Street Advisors, FRED, Q4 2024.

Representative indices: 1. US Agg Bond: Bloomberg US Aggregate. 2. Securitized: Equal blend of ICE BofA US Fixed Rate CMBS (AA-BBB), ICE BofA US Fixed Rate Asset Backed Securities and Bloomberg US Aggregate Securitized-MBS. 3. Investment Grade Corp: Bloomberg USD Liquid Investment Grade Corporate. 4. Preferred Securities: ICE BofA US All Capital Securities. 5. Emerging Debt: JP Morgan EMBI Global Diversified index. 6. High yield corporates: Bloomberg US Aggregate Credit-Corporate-High Yield-2% Issuer Capped. 7. Leveraged loans: Credit Suisse Leverage Loan Index. 8. CLO BB: CLO BB Unhedged. 9. Taxable municipals: Bloomberg Taxable Municipal Index. 10. AA, A, BBB Municipal: Bloomberg Municipal Bond (AA, A and BBB). 11. High yield municipals: Bloomberg Municipal High Yield Municipal. 12. Private credit: Cliffwater Direct Lending Index. 13. Real estate: Green Street, Nominal Cap Rate of Major Sectors. Spreads for municipals are calculated as follows: AA Munis = YTW for AA Munis-YTW for AAA Munis, A Munis = YTW for A Munis-YTW for AAA Munis, BBB Munis = YTW for BBB Munis-YTW for AAA Munis, High Yield Munis = YTW for High Yield Munis-YTW for AAA Munis. For leveraged loans spread is discount margin (3-year life). **Spread for private credit** = difference between CDLI YTM and US 10Y treasury yield. **Spread for real estate** = difference between nominal cap rate and US 10Y treasury yield.

## WHAT ARE THE RISKS?

### All investments involve risks, including possible loss of principal

**Investments in many alternative investment strategies** are complex and speculative, entail significant risk and should not be considered a complete investment program. Depending on the product invested in, an investment in alternative strategies may provide for only limited liquidity and is suitable only for persons who can afford to lose the entire amount of their investment. An investment strategy focused primarily on privately held companies presents certain challenges and involves incremental risks as opposed to investments in public companies, such as dealing with the lack of available information about these companies as well as their general lack of liquidity. Diversification does not guarantee a profit or protect against a loss.

Risks of investing in **real estate investments** include but are not limited to fluctuations in lease occupancy rates and operating expenses, variations in rental schedules, which in turn may be adversely affected by local, state, national or international economic conditions. Such conditions may be impacted by the supply and demand for real estate properties, zoning laws, rent control laws, real property taxes, the availability and costs of financing, and environmental laws. Furthermore, investments in real estate are also impacted by market disruptions caused by regional concerns, political upheaval, sovereign debt crises and uninsured losses (generally from catastrophic events such as earthquakes, floods and wars). Investments in real estate related securities, such as asset-backed or mortgage-backed securities are subject to prepayment and extension risks.

**Fixed income securities** involve interest rate, credit, inflation and reinvestment risks and possible loss of principal. As interest rates rise, the value of fixed income securities falls. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default.

**Equity securities** are subject to price fluctuation and possible loss of principal.

An investment in **private securities** (such as private equity or private credit) or vehicles which invest in them, should be viewed as illiquid and may require a long-term commitment with no certainty of return. The value of and return on such investments will vary due to, among other things, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the financial condition of the issuers of the investments. There also can be no assurance that companies will list their securities on a securities exchange, as such, the lack of an established, liquid secondary market for some investments may have an adverse effect on the market value of those investments and on an investor's ability to dispose of them at a favorable time or price. Past performance does not guarantee future results.

## IMPORTANT INFORMATION

Any research and analysis contained in this material has been procured by Franklin Templeton for its own purposes and may be acted upon in that connection and, as such, is provided to you incidentally. Data from third-party sources may have been used in the preparation of this material and Franklin Templeton ("FT") has not independently verified, validated or audited such data. Although information has been obtained from sources that Franklin Templeton believes to be reliable, no guarantee can be given as to its accuracy and such information may be incomplete or condensed and maybe subject to change at any time without notice. The mention of any individual securities should neither constitute nor be construed as a recommendation to purchase, hold or sell any securities, and the information provided regarding such individual securities (if any) is not a sufficient basis upon which to make an investment decision. FT accepts no liability whatsoever for any loss arising from use of this information and reliance upon the comments, opinions and analyses in the material is at the sole discretion of the user.

This material is intended to be of general interest only and should not be construed as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy. It does not constitute legal or tax advice. This material may not be reproduced, distributed or published without prior written permission from Franklin Templeton. The information provided in this material is not intended as a complete analysis of every material fact regarding any country, region or market.

"Cliffwater," "Cliffwater Direct Lending Index," and "CDLI" are trademarks of Cliffwater LLC. The Cliffwater Direct Lending Indexes (the "Indexes") and all information on the performance or characteristics thereof ("Index Data") are owned exclusively by Cliffwater LLC, and are referenced herein under license. Neither Cliffwater nor any of its affiliates sponsor or endorse, or are affiliated with or otherwise connected to, Franklin Templeton Companies LLC or any of its products or services. All Index Data is provided for informational purposes only, on an "as available" basis, without any warranty of any kind, whether express or implied. Cliffwater and its affiliates do not accept any liability whatsoever for any errors or omissions in the Indexes or Index Data, or arising from any use of the Indexes or Index Data, and no third party may rely on any Indexes or Index Data referenced in this report. No further distribution of Index Data is permitted without the express written consent of Cliffwater. Any reference to or use of the Index or Index Data is subject to the further notices and disclaimers set forth from time to time on Cliffwater's website at [www.cliffwaterdirectlendingindex.com/disclosures](http://www.cliffwaterdirectlendingindex.com/disclosures).

---

## Alternatives by FRANKLIN TEMPLETON®

Real Estate | Private Equity | Private Credit | Hedged Strategies | Venture Capital | Digital Assets

