


**SPREADS STEERING COMMITTEE**

août-20

*Important notice: Published half-spreads are calculated over a 12-month rolling period. Therefore, the effect related to spikes observed during exceptional circumstances is smoothed and long-lasting*

	August-20 public half spread (in bps)
<b>Government bonds and similar instruments developed market rating AAA-A</b>	<b>5,1</b>
<b>Government bonds and similar instruments developed market different rating below A</b>	<b>8,2</b>
<b>Government bonds emerging markets (hard and soft currency)</b>	<b>40,3</b>
<b>Investment grade Corporate bonds</b>	<b>22,0</b>
<b>High yield corporate bonds</b>	<b>51,8</b>
<b>Money market instruments (for the sake of clarity, money markets funds not included)</b>	<b>3,6</b>
<b>Large-cap shares (developed markets)</b>	<b>4,5</b>
<b>Mid-cap shares (developed markets)</b>	<b>7,1</b>
<b>Small-cap shares (developed markets)</b>	<b>23,0</b>
<b>Shares emerging markets ALL CAPS</b>	<b>12,7</b>
<b>Listed derivatives</b>	<b>0,0</b>
<b>OTC Exotic options</b>	<b>50,0</b>
<b>OTC Plain vanilla options</b>	<b>3,0</b>
<b>OTC IRS, CDS and similar</b>	<b>1,0</b>
<b>OTC Swaps and similar instruments (different from IRS, CDS and similar)</b>	<b>3,0</b>
<b>OTC FX Forwards developed markets</b>	<b>0,5</b>
<b>OTC FX Forwards emerging markets</b>	<b>3,0</b>

Commentary
<ul style="list-style-type: none"> <li>- The relative importance of Spain and Italy in the asset class "Government bonds and similar instruments developed market rating below A" is underlined by the Committee.</li> <li>- In the asset classes "Investment grade corporate bonds", "High yield Corporate Bonds" and "Money Market Instruments", the sensitivity of the spreads to the residual maturity of the instruments is important.</li> <li>- The definition of the mid and small caps categories varies among market participants. This may lead to variations deviations around those average levels.</li> <li>- Concerning "Listed Derivatives", the implicit costs are immaterial, except for very active portfolios in this asset class.</li> <li>- For the asset class "OTC derivatives", considering the heterogeneity of each category, estimates may vary significantly according to the strategies and in case of tailor-made solutions.</li> <li>- For the asset class "Shares emerging markets all caps", the levels of liquidity and capitalization of the stocks vary a lot. This may lead to deviations around this average level depending on the investment universe. Our sample includes ETFs specialized in small and large caps.</li> <li>- The published half-spreads are calculated on a rolling 12-month basis (i.e. the monthly table indicates an average for each half spread over the last 12 months).</li> </ul>

**WARNING**

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*Market data are collected by the firm "SAGALINK Consulting" which ensures compliance with the methodology.*

*Please note that this spread table is meant to be exclusively used for calculating the implicit transaction costs following the so-called "new PRIIPs method" as foreseen under Article 21, Appendix 6 of the EC Delegated Regulation (EU) 2017/653, dated of 8 March 2017. The usage of the (entire or partial) spread table incurs under the user's own responsibility. It is for the user to ensure that the version he/she uses is the most up-to-date version validated by the Steering Committee and uploaded each month on the AFGs website.*

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