Exposure in State Street's Latest Private Credit ETF "PRSD" Does Not Match its Sales Pitch

Aniket Ullal *Head, ETF Research, CFRA* | **Sourav Srimal** *SVP, Private Credit, SOLVE*

Key Takeaways

- **State Street launched a second private credit ETF.**
- **Despite the ETF's public messaging, we estimate that only 9.9% of the portfolio is private credit, with 69% in treasuries, public corporate debt, or agency mortgage securities.**
- **This exposure results in a very liquid portfolio, which we confirmed using observable pre-trade bid/ask data from SOLVE, a fixed income data and analytics provider.**

Positive (+) or Negative (-) Implications
(+) SPDR SSGA IG Public & Private Credit ETF (PRIV)

Fundamental Context

State Street launched a second private credit ETF, the State Street Short Duration IG Public & Private Credit ETF (PRSD 25 NR), on September 10, 2025. It is a short duration version of the SPDR SSGA IG Public & Private Credit ETF (PRIV 26 *), which was launched in February. PRIV, the original fund, received significant attention since it had proposed holding more private credit than the 15% limit on illiquid securities stipulated by Rule 22e-4 of the Investment Company Act of 1940. State Street received regulatory approval through an innovative agreement where Apollo "contractually agreed to provide intra-day, firm, executable bids" on private credit investments that Apollo sourced for the fund. Despite this, PRIV has had modest inflows, consistent with the moderate inflows this year into other U.S.-listed private credit ETFs (see Table 1).

Table 1: Comparison of U.S.-Listed ETFs Providing Exposure to Private Credit

ETF Name & Ticker	Underlying Securities Held	Listing Month	Net Assets ($M)	Expense Ratio	2025 Flows ($M)
SPDR SSGA IG Public & Private Credit ETF (PRIV)	Investment-grade public and private credit (including those sourced by Apollo)	February 2025	$139	0.70%	$85
State Street Short Duration IG Public & Private Credit ETF (PRSD)	Short-term, investment-grade public and private credit (including those sourced by Apollo)	September 2025	$25	0.59%	-
VanEck BDC Income ETF (BIZD)	Publicly traded business development companies (BDCs)	February 2013	$1,673	12.86%	$376
BondBloxx Private Credit CLO ETF (PCMM)	Collateralized loan obligations (CLOs) of private company loans	December 2024	$158	0.68%	$133
Virtus Private Credit Strategy ETF (VPC)	Listed instruments, including BDCs and private credit-focused closed-end funds	February 2019	$54	9.86%	$7

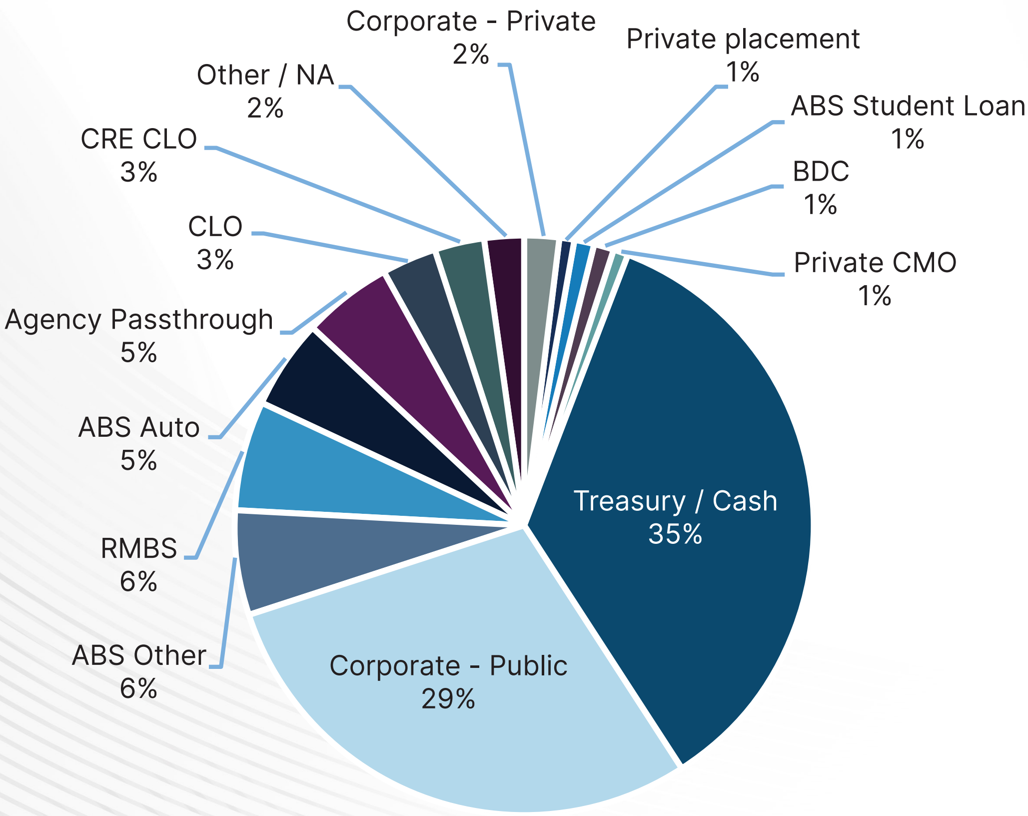
Source: CFRA ETF Database. Data as of September 12, 2025.

PRSD, Like Its Predecessor PRIV, Has Limited Exposure to Private Credit

Although PRSD's marketing materials emphasize private credit, 69% of the ETF's portfolio was in treasuries, public corporate debt, and agency mortgage securities as of September 10, 2025 (see Figure 1). Of the remaining 31%, Apollo-sourced debt accounted for 22.2% of the portfolio. However, not all the Apollo sourced debt can be considered private credit.

We estimate that, as of September 10, 2025, only 9.9% of PRSD's portfolio was in private credit. To calculate this, we analyzed each constituent using multiple factors including the exposure type, identifiers, and TRACE (Trade Reporting and Compliance Engine) data. This private credit exposure primarily consists of business development company (BDC) issued debt, direct private corporate loans, or commercial real estate collateralized loan obligations (CLOs).

Figure 1: Holdings of PRSD Classified by Type of Exposure

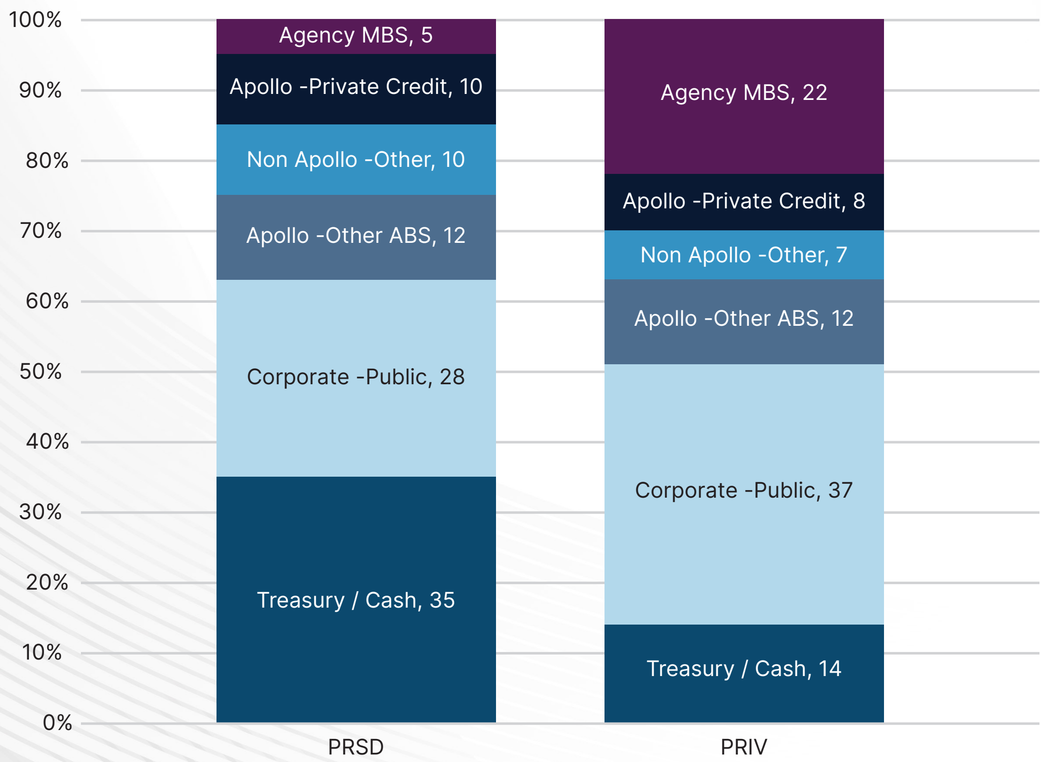


Source: Analysis by CFRA and SOLVE. Based on fixed income data from SOLVE.
Data as of September 10, 2025.

Aside from the holdings that we consider to be private credit, the remaining Apollo-sourced debt constitutes 12.2% of PRSD's portfolio and primarily consists of other asset-based securities. This includes securities packaged from residential mortgages, aircraft loans, and student loans, which we do not consider to be private credit based on trade and identifier data. So, if we examine PRSD's exposure in aggregate, it is dominated by liquid traditional treasury and public corporate debt holdings, supplemented with some asset-based securities, with private credit making up less than 10% of the portfolio.

PRSD's limited private credit exposure is consistent with the type of holdings in its predecessor ETF, PRIV. As of September 10, 2025, we estimate PRIV as having had 8.4% of its portfolio in private credit, compared to 9.9% in PRSD. However, a key difference is that PRSD has shorter duration exposure, with an option-adjusted duration of 2.02 years versus 5.83 years for PRIV, although this difference is largely due to the treasuries and public corporate debt. Additionally, PRIV has a much higher exposure than PRSD to public corporate debt (37% versus 28%, respectively), as well as to agency mortgages (22% versus 5%, respectively). PRIV has a significantly lower exposure to treasuries and cash (14%), compared to 35% for PRSD.

Figure 2: Comparison of Exposure for PRSD and PRIV

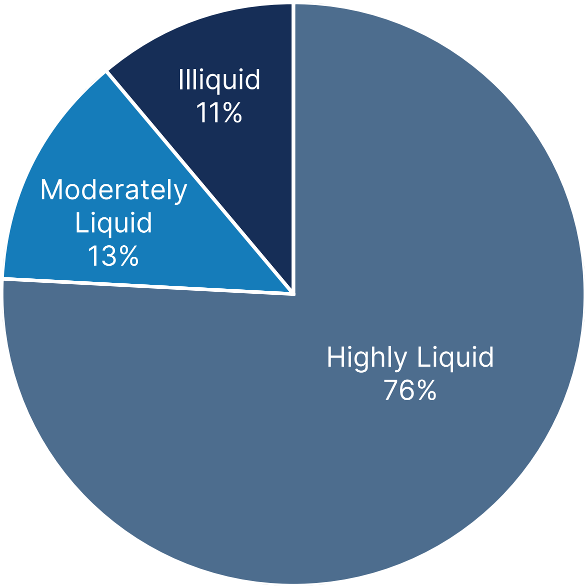


Source: Analysis by CFRA and SOLVE. Based on fixed income data from SOLVE.
Data as of September 10, 2025.

PRSD Is Highly Liquid Based on Observable Pre-Trade Bid/Ask Data

76% of PRSD's portfolio by weighting is highly liquid, since the portfolio is dominated by very traditional treasury, agency mortgage, and public corporate bond holdings. We used observable pre-trade bid/ask data, as aggregated by SOLVE, to assess the liquidity of PRSD's underlying portfolio. We classified instruments that had more than 50 quotes in the trailing five trading days as highly liquid, those with between 0 and 50 quotes as moderately liquid, and those with no quotes as illiquid (see Figure 3).

Figure 3: Liquidity of Holdings in PRSD, Summed by Weight in the Portfolio



Source: Analysis by CFRA and SOLVE. Based on observable pre-trade bid/ask data from SOLVE.
Data as of September 10, 2025.

Looking Ahead

PRSD currently has a very high exposure of 35% to treasuries and cash, much higher than the 14% in PRIV when it launched in February 2025. This higher treasury exposure in PRSD was likely required to maintain a short-duration portfolio. It will be important to monitor how PRSD changes its exposure over time and whether the fund rotates out of treasuries and into private debt. In the case of PRIV, the holdings in treasuries and agency mortgages have stayed stable over time. However, it has always had a much smaller portion of its portfolio in treasuries and increased its private credit exposure at the expense of public corporate debt holdings. Since PRSD has a much larger portion of its portfolio invested in treasury securities, it may need to eventually trim those holdings, assuming it can source appropriate short-duration private credit instruments.

About

CFRA is one of the world's largest independent investment research firms. Its proprietary approach blends a unique mix of fundamental equity, forensic accounting, fund, public policy, and technical research with data, analytics, and next-gen technology to arm clients with the financial intelligence required to meet their business and investing goals. **https://www.cfraresearch.com/**

SOLVE is the leading market data platform provider for fixed-income securities, trusted by sophisticated buy-side and sell-side firms worldwide. Founded in 2011, SOLVE leverages its AI-driven technology and deep industry expertise to offer unparalleled transparency into markets, reduce risk, and save hundreds of hours across front-office workflows. With the largest real-time datasets for Securitized Products, Municipal Bonds, Corporate Bonds, Syndicated Bank Loans, Convertible Bonds, CDS, and Private Credit, SOLVE empowers clients to transform the way they bring new securities to market, trade on secondary markets, and value highly illiquid securities. Headquartered in New York, with offices across the globe, SOLVE is the definitive source for market pricing in fixed-income markets. For more information, visit **https://solvefixedincome.com**

Contact CFRA

977 Seminole Trail, PMB 230
Charlottesville, VA 22901-2824 USA
+1 (800) 220-0502
cservices@cfraresearch.com
www.cfraresearch.com

Contact SOLVE

600 Summer Street, Suite 503
Stamford, CT 06901 USA
+1 (646) 699-5041
info@solvefixedincome.com
www.solvefixedincome.com

All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report. For more information and disclosures, please refer to CFRA's Legal Notice at https://www.cfraresearch.com/legal/.