



**SmartInvestor
Models.com**

Monthly Real Reward-to-Risk Bond ETF Rankings

June 26, 2026 Update

by RICHARD WARNER

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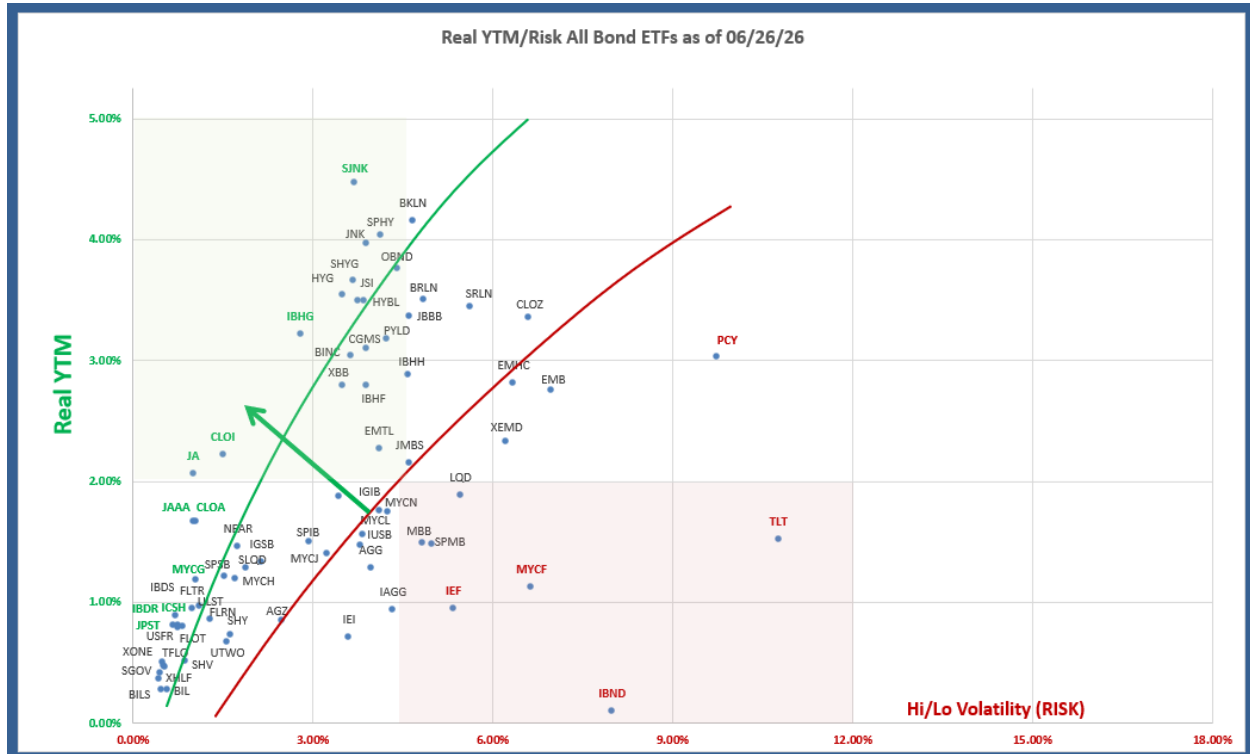
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The strategies, model portfolios, and ideas discussed in the PDF provide general guidance for understanding key issues in personal investing. There is no guarantee that they are an optimal match for your personal financial situation.

Past performance of funds, benchmark indices, and models discussed in the PDF does not guarantee future results. Investing involves risk. The author encourages readers to conduct their own due diligence before investing, utilizing concepts outlined in this book and other relevant qualified sources.

Real YTM/Risk Bond ETF Rankings as of 06/26/2026

SmartInvestorModels tracks 79 Bond ETFs across key sectors of the fixed income spectrum on a weekly basis. Each month, about one week prior to the ex-dividend date of some of the most actively traded bond ETFs (like AGG, TLT, ICSH, SGOV, HYG, JAAA, etc.), we release our Real Reward-to-Risk rankings. We then generate a **real reward-to-risk chart**, as shown below. You may recognize it from Harry Markowitz's efficient frontier model, a cornerstone of modern portfolio theory.



Note: Subscribers get access to a full-page landscape PDF version of the above scatter plot.

The basic idea is to construct portfolios that maximize reward-to-risk. In practice, this means selecting a group of low-correlated securities that generate the highest reward (i.e., total returns) for every ounce of risk assumed. Ideally, we should aim to reach the northwesternmost point on the chart (see the green arrow). If we look at the chart above, we can see that as of June 26, 2026, the bond ETFs that point most towards this direction are JA, CLOI, JAAA, CLOA, and IBHG. Indeed, a simple bond portfolio comprised of these five ETFs would be a great choice for investors seeking to maximize real reward-to-risk.

If we want to get a bit more diversification into the mix, we can choose 10 bond ETFs, for example, that when combined, will take us toward that golden point that maximizes reward-to-risk.

As of June 26, 2026, 10 actively traded bond ETFs with the highest real reward-to-risk ranking and which provide the most diversification are:

JA, CLOI, JAAA, CLOA, IBHG, IBDR, ICSH, SJNK, MYCG, AND JPST.

Current Real Reward-to-Risk Ranking Table

Here is the complete list of bond ETF real-reward-to-risk rankings:

Real Reward-to-Risk Bond ETF Rankings				
6/26/2026				
	SD	Real YTM	Ticker	Real Rwd/Rsk
Tier A:	1.00%	2.06%	JA	2.06
	1.00%	1.67%	CLOA	1.67
	1.05%	1.67%	JAAA	1.60
	1.49%	2.22%	CLOI	1.49
	0.70%	0.89%	IBDR	1.28
	0.67%	0.81%	ICSH	1.21
	3.69%	4.47%	SJNK	1.21
	2.79%	3.22%	IBHG	1.16
	1.04%	1.18%	MYCG	1.14
	0.75%	0.81%	JPST	1.08
	0.75%	0.79%	FLRN	1.06
	3.90%	3.97%	JNK	1.02
	0.50%	0.50%	XHLF	1.02
	3.50%	3.54%	HYG	1.01
	3.67%	3.66%	SHYG	1.00
	9.28%	9.18%	XCCC	0.99
	4.13%	4.04%	SPHY	0.98
	0.83%	0.80%	FLOT	0.97
	0.98%	0.95%	FLTR	0.97
	0.44%	0.41%	BILS	0.94

Real Reward-to-Risk Bond ETF Rankings

6/26/2026				
	<u>SD</u>	<u>Real YTM</u>	<u>Ticker</u>	<u>Real Rwd/Rsk</u>
Tier B:	3.76%	3.49%	JSI	0.93
	0.52%	0.47%	USFR	0.92
	3.85%	3.49%	HYBL	0.91
	4.66%	4.15%	BKLN	0.89
	1.11%	0.97%	IBDS	0.88
	0.53%	0.46%	TFLO	0.87
	0.44%	0.37%	SHV	0.86
	4.40%	3.76%	OBND	0.86
	3.62%	3.04%	BINC	0.84
	1.75%	1.46%	NEAR	0.84
	3.88%	3.10%	CGMS	0.80
	3.50%	2.79%	XBB	0.80
	1.53%	1.21%	SPSB	0.80
	4.23%	3.18%	PYLD	0.75
	4.61%	3.36%	JBBB	0.73
	4.85%	3.50%	BRLN	0.72
	3.89%	2.79%	IBHF	0.72
	1.70%	1.19%	SLQD	0.70
	1.88%	1.28%	MYCH	0.68
	1.29%	0.86%	ULST	0.67

Real Reward-to-Risk Bond ETF Rankings

6/26/2026				
	<u>SD</u>	<u>Real YTM</u>	<u>Ticker</u>	<u>Real Rwd/Rsk</u>
Tier C:	4.58%	2.88%	IBHH	0.63
	2.14%	1.33%	IGSB	0.62
	5.63%	3.44%	SRLN	0.61
	0.47%	0.28%	SGOV	0.61
	0.87%	0.51%	XONE	0.59
	4.10%	2.27%	EMTL	0.56
	2.94%	1.50%	SPIB	0.51
	6.59%	3.35%	CLOZ	0.51
	0.57%	0.28%	BIL	0.50
	4.61%	2.15%	JMBS	0.47
	1.62%	0.73%	SHY	0.45
	6.34%	2.81%	EMHC	0.44
	3.22%	1.40%	MYCJ	0.44
	1.55%	0.67%	UTWO	0.43
	4.11%	1.76%	IGIB	0.43
	4.26%	1.75%	MYCN	0.41
	3.82%	1.56%	MYCL	0.41
	6.96%	2.75%	EMB	0.40
	3.80%	1.47%	IUSB	0.39
	6.21%	2.33%	XEMD	0.38

Real Reward-to-Risk Bond ETF Rankings

6/26/2026				
	<u>SD</u>	<u>Real YTM</u>	<u>Ticker</u>	<u>Real Rwd/Rsk</u>
Tier D:	2.47%	0.85%	AGZ	0.35
	5.46%	1.88%	LQD	0.35
	3.96%	1.28%	AGG	0.32
	9.74%	3.03%	PCY	0.31
	4.82%	1.49%	MBB	0.31
	4.97%	1.48%	SPMB	0.30
	4.33%	0.94%	IAGG	0.22
	3.60%	0.71%	IEI	0.20
	5.34%	0.95%	IEF	0.18
	6.64%	1.12%	MYCF	0.17
	10.76%	1.52%	TLT	0.14
	7.99%	0.10%	IBND	0.01
	8.64%	-0.12%	BWX	-0.01
	2.26%	-0.80%	STIP	-0.35
	3.06%	-1.11%	TIP	-0.36

Data Sources for the Real Reward-to-Risk Bond ETF Rankings Service:

Fidelity, Morningstar.com, Bloomberg, iShares, State Street, Invesco, Janus, Bond Bloxx, Yahoo Finance, Gemini Pro.

Tips on How to Use the Real Reward-to-Risk Table

There is no guarantee that the highest-ranked securities will outperform on a reward-to-risk basis. Some of the highest-ranked bond ETFs may, in fact, underperform over the ensuing weeks. On the same token, some of the lowest-ranked bond ETFs may end up outperforming. It all depends on changing macro conditions, company profitability, and investor flows.

These real reward-to-risk rankings can be extremely useful as a starting point. You may want to combine these studies with technical analysis and flow data to determine the optimal timing of entries and exits, or the optimal position size. Would it make sense, for instance, to make a huge bet on a sector of the bond market with extremely low real reward-to-risk?

Rankings are updated monthly, but that doesn't mean investors need to tweak allocations twelve times a year. For investors who are a bit less active, perhaps a more ideal frequency would be quarterly.

Backtests Confirm the Validity of Real-Reward-to-Risk Rankings

I tracked returns of a portfolio of the Top 10 bond ETFs with the highest, liquid, and diversified characteristics since I started tracking the data back in December 2024. The results show that the Top 10 outperformed key benchmarks.

Here is a summary table of performance beginning on December 31, 2024. The Top 10 selections were made on a quarterly basis.

Performance Comparisons, Top 10 Real Reward-toRisk vs. Select Bond Funds									
AVG:	1.14%	1.04%	1.40%	1.78%	1.62%	1.95%	1.51%	1.37%	1.46%
AATR:	4.55%	4.16%	5.59%	7.12%	6.49%	7.79%	6.03%	5.49%	5.82%
AStDev:	0.20%	0.19%	0.77%	1.44%	2.18%	3.11%	1.64%	1.52%	1.87%
Rew/Rsk:	22.4	21.6	7.3	4.9	3.0	2.5	3.7	3.6	3.1
Real Rew/Rsk:	7.6	6.0	3.4	2.8	1.6	1.5	1.8	1.6	1.5
	<u>Avg Top 10</u>	<u>TFLO</u>	<u>VFSTX/VSDB</u>	<u>BINC</u>	<u>CGMS</u>	<u>AGG</u>	<u>SHYG</u>	<u>OSTIX</u>	<u>SJNK</u>
	1.23%	1.20%	1.37%	1.81%	1.46%	4.45%	1.75%	1.45%	1.65%
	1.05%	1.02%	1.32%	0.54%	-0.05%	-0.21%	0.50%	0.71%	0.25%
	1.29%	1.07%	2.12%	2.73%	3.29%	2.39%	2.94%	2.30%	3.05%
	1.14%	0.99%	1.32%	1.70%	1.67%	2.35%	1.41%	0.64%	1.42%
	1.07%	1.05%	1.30%	1.73%	1.27%	1.57%	1.02%	0.87%	0.86%
	1.04%	0.91%	0.96%	2.17%	2.10%	1.13%	1.42%	2.26%	1.50%

As we see, the Top 10 list doesn't necessarily outperform other bond funds, but it has extremely low volatility (about as much as TFLO, the 3-month T-Bill ETF from iShares). As of this writing, the Top 10 list is beating TFLO by 0.36% per annum with about the same volatility. On a real reward-to-risk basis, the Top 10 list has been unbeatable.

History of and Current List of Top 10 Bond ETF Selections

Below is a summary and history of bond ETFs that made the Top 10 list. The most recent Top 10 portfolio was selected at the end of June 26, 2026.

Quarterly Performance Summary, Top 10 List										
Date										
12/31/2024	TFLO	USFR	SGOV	JAAA	FLOT	SLRN	JPST	ICSH	CLOA	BKLN
	1.20%	1.19%	1.08%	1.38%	1.32%	1.02%	1.33%	1.29%	1.48%	0.97%
3/31/2025	USFR	TFLO	SGOV	FLOT	ICSH	CLOA	BKLN	CLOI	FLTR	JPST
	0.89%	1.02%	1.04%	0.97%	1.11%	1.18%	1.45%	1.06%	0.75%	1.04%
06/31/2025	TBIL	USFR	SGOV	FLRN	CLOA	FLOT	ICSH	JPST	JAAA	IBDR
	1.10%	1.03%	1.10%	1.36%	1.50%	1.38%	1.34%	1.36%	1.44%	1.26%
09/31/2025	CLOA	FLRN	SHV	SGOV	TFLO	ICSH	JPST	JAAA	IBDR	SJNK
	1.23%	1.25%	0.98%	0.99%	0.99%	1.12%	1.12%	1.15%	1.18%	1.42%
12/31/2025	CLOA	USFR	FLRN	ICSH	FLOT	JPST	FLTR	JAAA	IBDR	CLOI
	1.01%	1.05%	1.11%	1.02%	0.98%	1.07%	1.32%	0.93%	0.96%	1.25%
3/31/2026	TFLO	SGOV	ULST	ICSH	NEAR	JAAA	JA	JSI	BKLN	SJNK
	0.91%	0.85%	0.80%	1.22%	0.83%	1.34%	1.47%	0.26%	1.23%	1.50%
6/31/2026	JA	CLOA	JAAA	CLOI	IBDR	ICSH	SJNK	IBHG	MYCG	JPST

Active fund managers seeking alpha may choose to create their own variations from the table. Perhaps a Top 5 portfolio that omits money market ETFs makes sense in stable market environments, for example.

While most of the ETFs in the table have excellent liquidity, some are more liquid than others during panic sell-offs. As a general rule of thumb, bond ETFs with much higher credit risk and volatility should be treated with caution by active traders during such challenging periods.

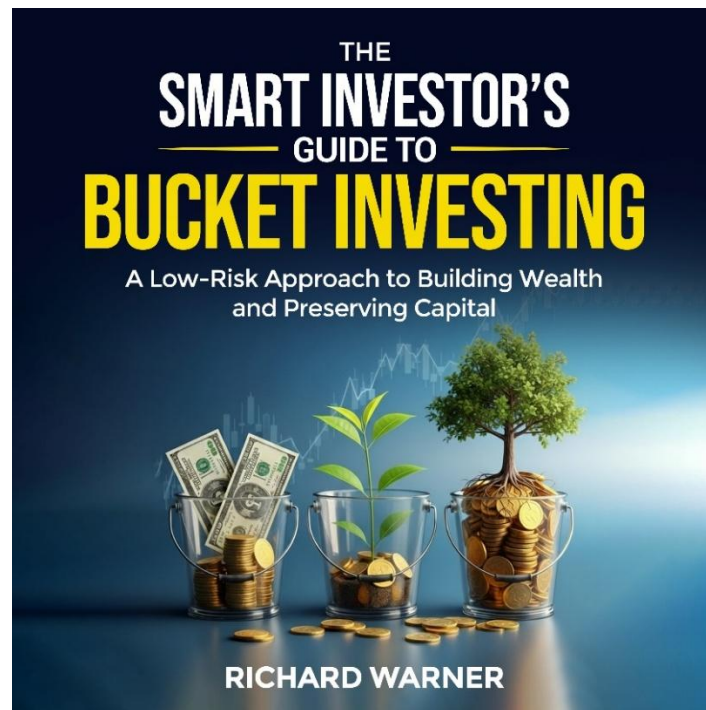
Resources & Next Steps

- **Sign up for the SmartInvestorModels Gold Membership to get**
 - a) **The Monthly Bond ETF Real Reward-to-Risk Rankings**
 - b) **The Bond ETF Real Reward-to-Risk Scatter Plot**
 - c) **Weekly Stock Picks**
 - d) **Daily L/S SPY Signal (SmartInvestorModels' best market timing signal)**
 - e) **ETF Mixology Series: Winning ETF Combos that Beat the Benchmarks**

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With gratitude,

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