BDC visible loans benchmark edges lower year-to-date

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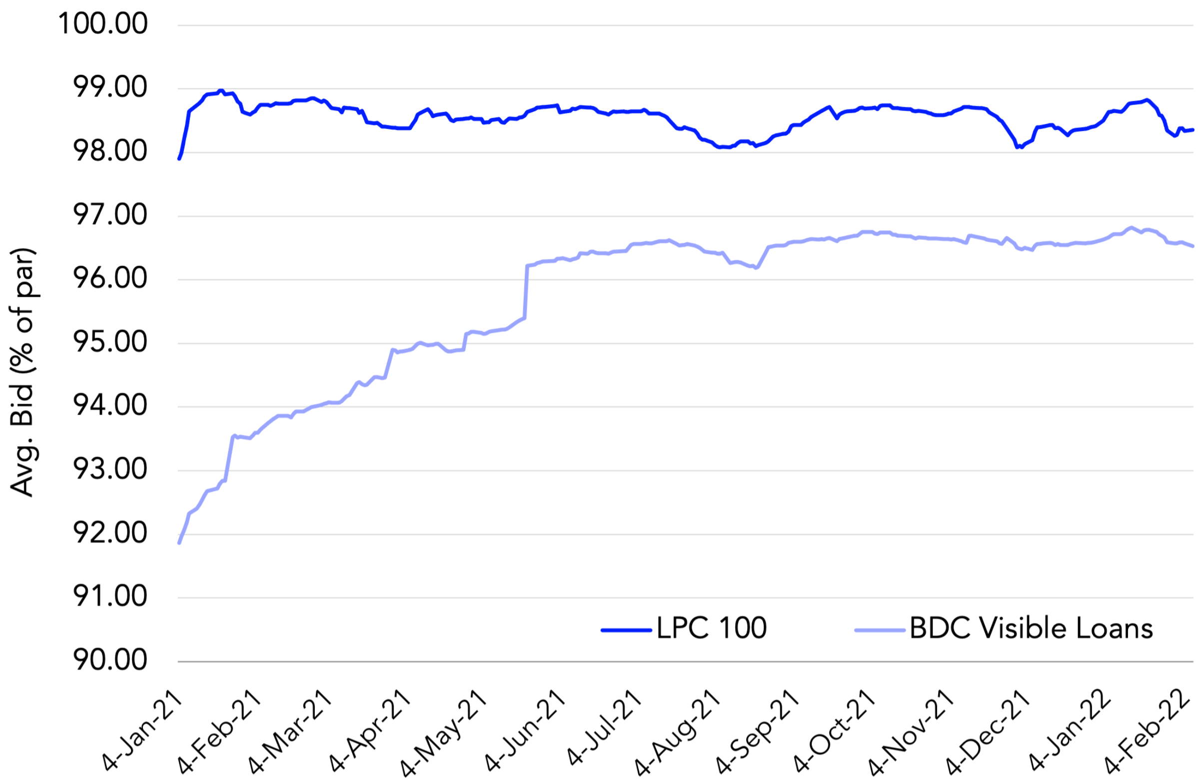

Valuations of actively marked BDC loans have edged marginally lower so far in 2022, continuing the trend seen in 4Q21. This follows a sharp appreciation in valuations during the 1-3Q21 time-period as companies bounced back from COVID hit 2020.

The Refinitiv LPC BDC Visible Loans Benchmark (comprised of $19bn in BDC held loans with active mark-to-market pricing) currently stands at 96.53, down 7bp year-to-date. Roughly 78% of loans in the Visible Loans Benchmark are priced in the 98-plus category in the secondary market, with 14% bid above par. At the lower end of the price spectrum, only 2.5% of loans in the cohort are bid below 70.

Loans in the benchmark represents roughly 13% of overall BDC loan portfolios. Notably, the share of loans in BDCs with active mark-to-market pricing varies widely across funds. Based on 3Q21 filings, 23 BDCs had more than 20% of their loans in this category. Another 23 BDCs had 10-20% of their loans in this actively marked cohort, while 52 funds held less than 10% of their portfolio in this category.

(Past performance is no guarantee of future results.)