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BDC origination activity expected to decline in 2022 but remain robust

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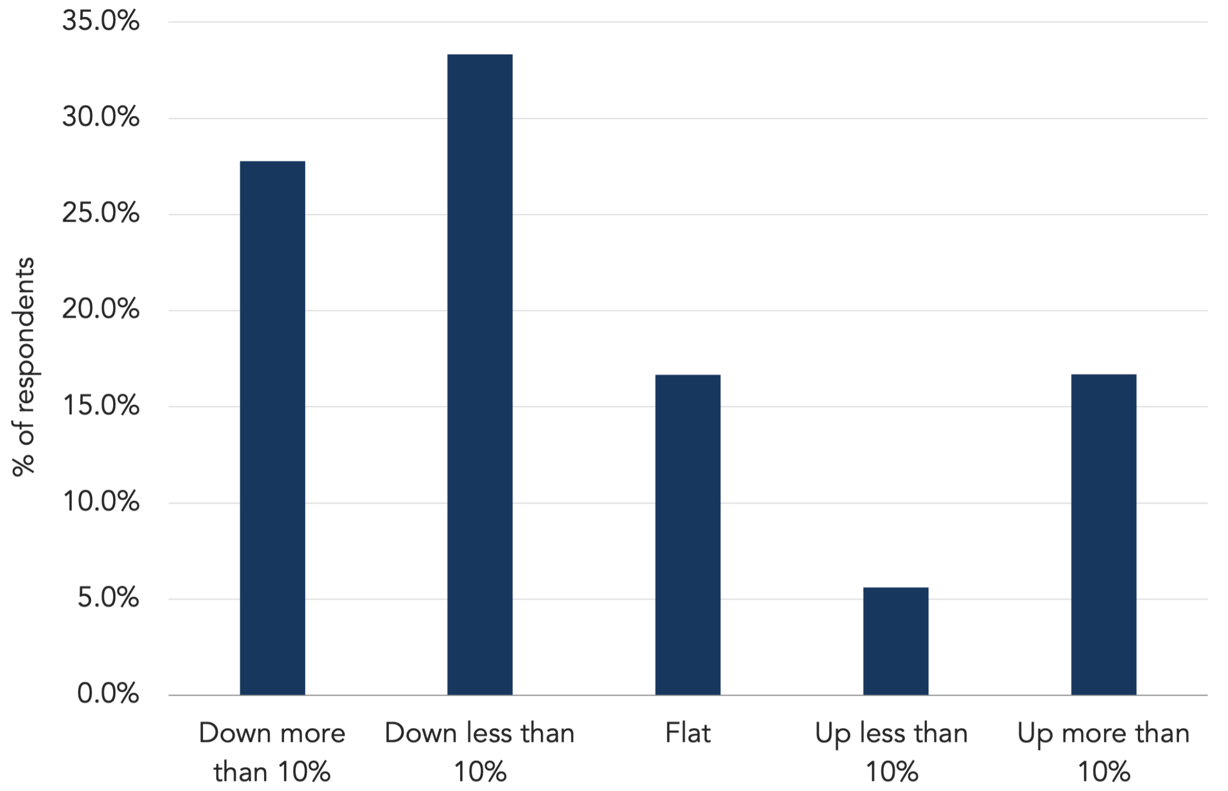

After a record setting 2021 and a slower start to 2022, BDC origination activity is expected to decline this year, according to the recent Refinitiv LPC BDC Outlook Survey. Based on responses from a cross section of BDC managers, direct lenders, research analysts and valuations professionals, 61% of survey participants expect a decline in originations in 2022, with 28% forecasting a drop of more than 10% year-over-year.

Increased market volatility, geopolitical risks and the sheer difficulty of matching last years lofty M&A deal flow point to a decline in originations. Despite the expected pull back in deal flow, origination activity looks set to remain robust by historical standards, powered by the large scale fundraising plus the growth of the BDC market recently.

BDC originations surged to a new high of US$141bn in 2021, by far the strongest annual record and US$87bn above 2020 totals. Driving this were low interest rates, monetary stimulus and a strong capital markets environment, which fueled a robust economic rebound and record setting investment activity.

(Past performance is no guarantee of future results.)