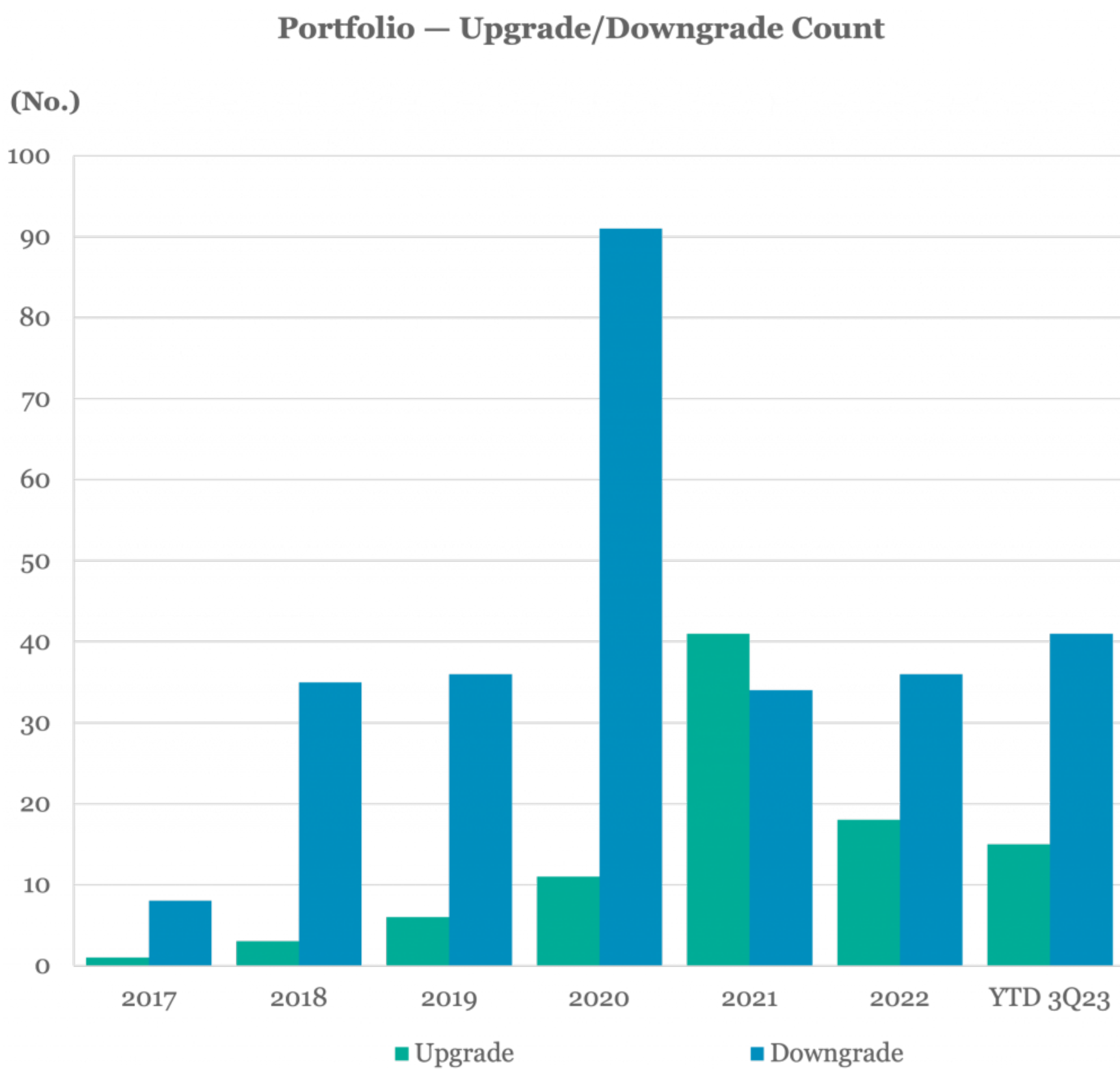
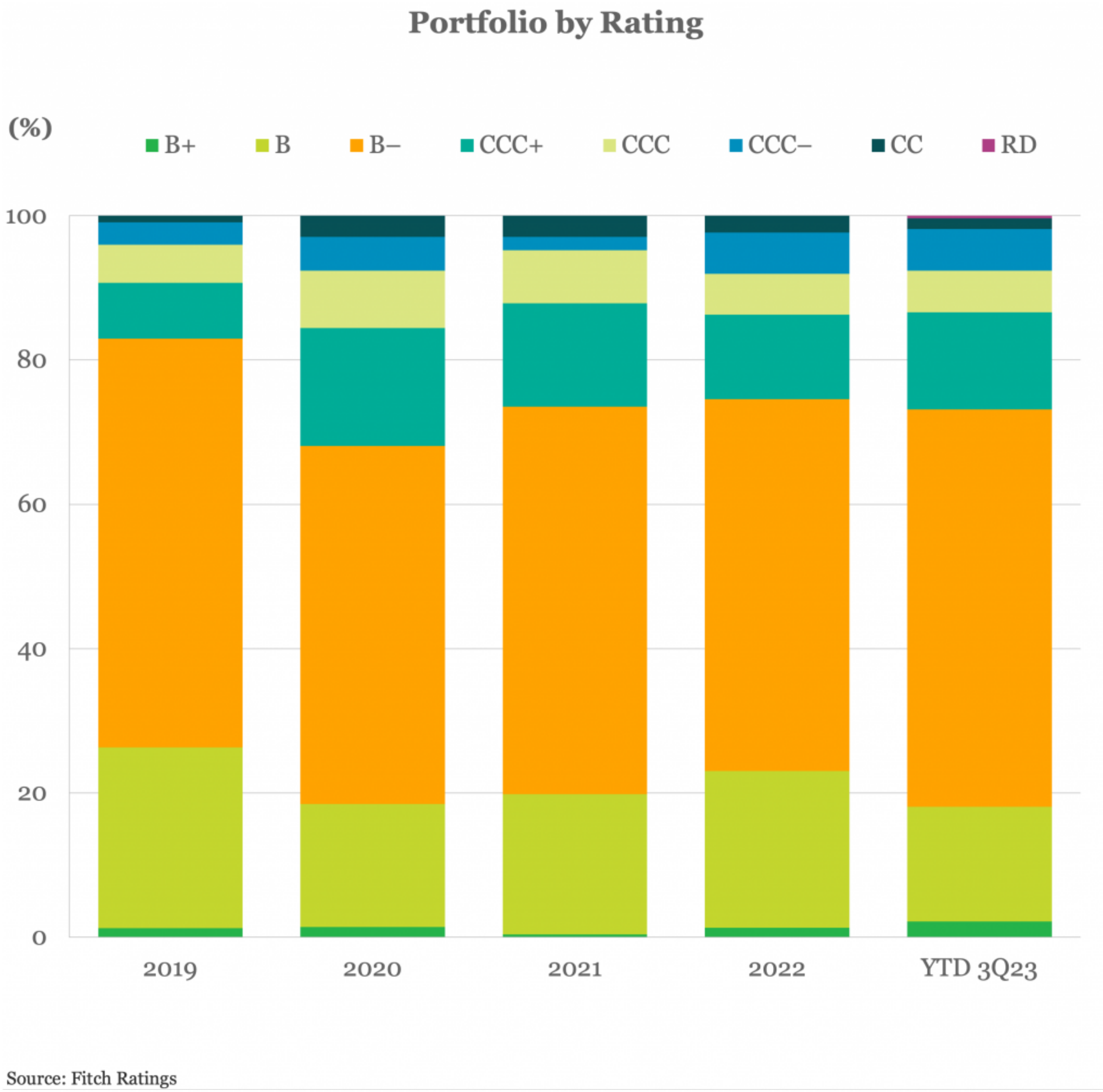
Fitch’s Private Middle Market Portfolio, Rating Activity

Fitch Ratings | November 29, 2023



Source: Fitch Ratings



Upgrades/downgrades in Fitch's PMM portfolio are generally skewed toward downgrades, as issuer ratings can be constrained on the upside based on limited scale.

Downgrades greatly outweighed upgrades in 3Q23 as pressure from higher interest rates affected the FCF and financial flexibility of issuers in lower rating categories. This quarter saw 15 downgrades but only one upgrade. Of the downgrades, two represented defaults and five represented rating movement from the 'B' category to the 'CCC' category. Fitch expects the negative rating skew to continue as issuers wrestle with higher interest rates for longer in the face of a looming recession.

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(Past performance is no guarantee of future results.)