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Fitch Ratings Completes Peer Reviewof 12 US BDCs

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Fitch Ratings has completed a peer review of 12 U.S. business development companies (BDCs). Fitch has affirmed the Long-Term Issuer Default Ratings (IDRs) on 10 issuers and completed two Review – No Actions. The Rating Outlooks for Oaktree Specialty Lending Corp. and Blackrock TCP Capital Corp. remain Negative, while all other Outlooks remain Stable.

Fitch’s 2025 sector outlook for BDCs is ‘deteriorating’, reflecting expectations for a very competitive underwriting environment, weaker net investment income (NII) and dividend coverage, and further asset quality deterioration amid high interest rates and economic challenges, including tariff impacts on some portfolio companies. Fitch believes BDCs with Stable Outlooks in this peer review are well positioned to navigate sector headwinds due to adequate asset coverage and meaningful unsecured funding, while those with Negative Outlooks face ratings pressure from asset quality deterioration.