US BDC Robust Unsecured Debt Issuance Reduces Funding, Liquidity Risk

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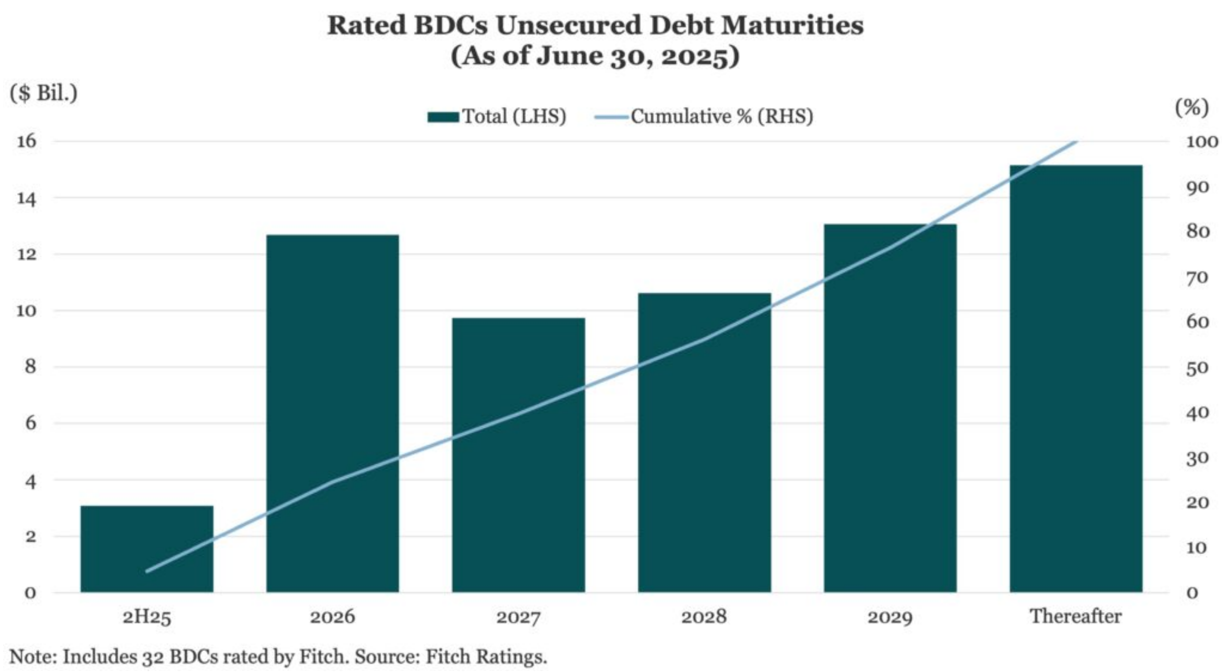

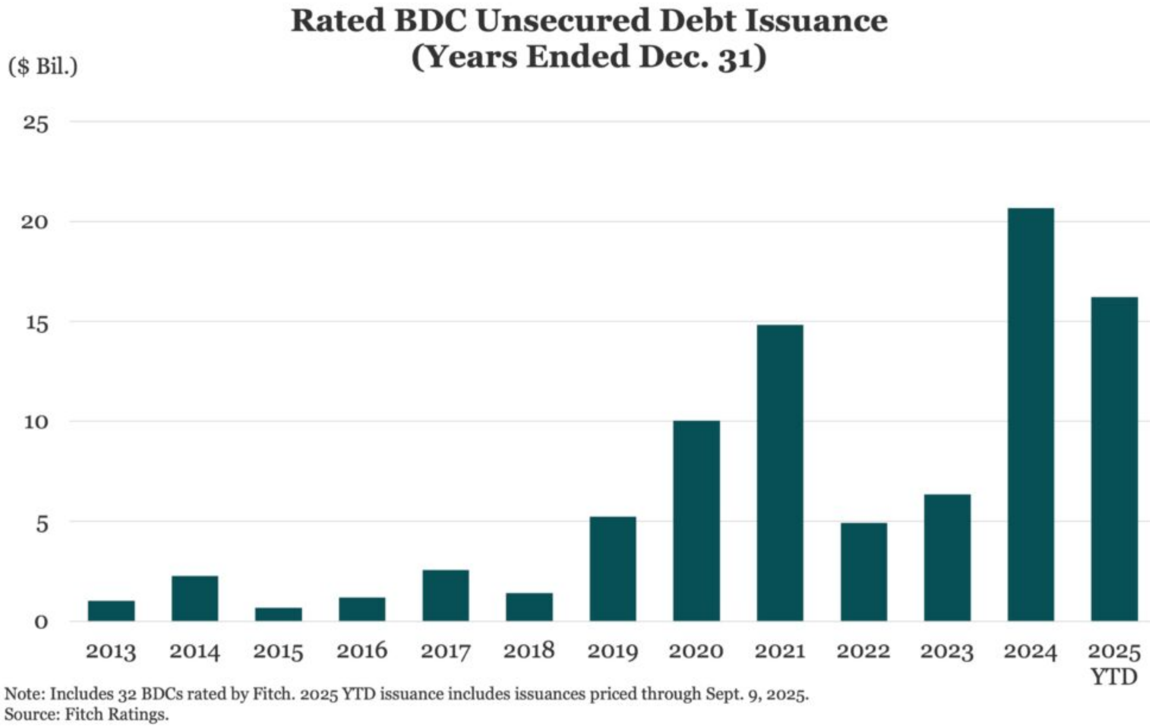

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Strong unsecured debt issuance has continued for rated business development companies (BDCs) in 2025 amid favorable market conditions that have materially reduced refinancing risk and signaled a further deepening of the investor base. The best-positioned BDCs benefit from diverse funding profiles, ample liquidity, scale, strong underwriting and workout capabilities and appropriate asset coverage cushions.

Credit implications are broadly stable to modestly positive for BDCs that have tapped the markets to lower refinancing needs or diversify market access. For BDCs with low unsecured funding levels, an inability to bring unsecured debt above 35% would be negative for ratings. Continued participation from a widening investor base should facilitate staggered maturity ladders but execution risk could rise with market volatility and/or shifts in risk sentiment.