

U.S. Business Development Companies Outlook 2026

Fitch Ratings | November 12, 2025



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Fitch Ratings has a ‘deteriorating’ sector outlook for U.S. business development companies (BDCs) in 2026, due to pressure on earnings and dividend coverage from declining interest rates and elevated payment-in-kind (PIK) income. While rate cuts may marginally benefit portfolio companies’ performance, Fitch expects continued asset quality pressures from the challenging economic backdrop.