Middle market debt held by BDCs vs High yield vs Treasury yields

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The blue line shows BIZD's dividend yield of 12.5% as of 6 November, declining 41bps over the month entirely due to a 3.3% recovery in its share price to USD 12.53, with trailing-12-month distributions unchanged at USD 1.56 per share. The latest quarterly distribution recovered to USD 0.44 from USD 0.24 in July but remained below the USD 0.48 paid in April. Annualizing the latest payment implies a 14.0% dividend yield, but the sharp reduction and subsequent recovery in quarterly distributions during 2026 provide limited evidence for a sustainable payout rate.

3Q26 results showed material differences in earnings and non-accruals across major BDCs. Blue Owl Capital Corporation generated adjusted net investment income (NII) of USD 0.33 per share in 3Q26 against a quarterly dividend of USD 0.32, while NAV increased 0.4% from 30 June to USD 14.32 at 30 September. Non-accruals increased to 2.9% of the portfolio at cost from 2.8%, while remaining unchanged at 0.8% of fair value. Ares Capital reported 3Q26 core EPS of USD 0.46 against a quarterly dividend of USD 0.48, while NAV remained

stagnant at USD 19.31 and non-accruals remained unchanged at 2.4% of cost and 1.4% of fair value. Goldman Sachs BDC generated 3Q26 NII of USD 0.32 per share, matching its quarterly base dividend, but NAV declined 3.0% QoQ to USD 11.70. Non-accruals increased to 7.3% of amortized cost at 30 September from 5.0% at 30 June and to 4.2% of fair value from 2.9%.

The 10-year Treasury yield declined 41bps over the month to 4.86%, while market pricing assigned an approximately 90% probability to a 25bp Fed increase in December. A potential increase in rates could raise income on performing floating-rate loans while increasing interest costs for middle-market borrowers.

The orange line represents the effective yield on the BofA US High Yield Index, which stood at 8.1% as of 6 November, unchanged over the month but 124bps higher than 6.8% a year earlier. BIZD's 12.5% trailing yield offers a 439bp premium, well below its 549bp one-year average. Its 794bp spread over the 2-year Treasury was also 60bps below its one-year average. BIZD continues to offer higher income than high-yield bonds and Treasuries, but its current premiums remain below one-year averages despite variable distributions, NAV volatility and uneven credit performance across BDCs.

As of 31 October 2026, BIZD's net assets were USD 1.5bn, with PE ratio of 13.59 and PB of 0.86, with the entire portfolio holdings in publicly traded BDCs. Click here for top holdings.

(Past performance is no guarantee of future results.)