

Fitch Ratings completes peer review of 8 US BDCs

Fitch Ratings | October 28, 2026



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Fitch Ratings has completed a peer review of eight U.S. business development companies (BDCs). We have affirmed the Long-Term Issuer Default Ratings (IDRs) of seven issuers and completed one Review – No Action. New Mountain Finance Corporation’s Rating Outlook was revised to Negative from Stable. The Outlooks are Stable for the seven other BDCs in this peer group.

Fitch believes BDCs will continue to face a competitive environment and pressure on asset quality metrics in 2H26 and into 2027, partially driven by the recent and potential future interest rate hikes. While net investment income (NII) and dividend coverage will benefit from higher rates and recent dividend cuts, higher non-accruals could offset some of the expected improvement.

The average net realized loss rate was 1.1% in 2025 for Fitch-rated BDCs (less than 0.1% for this peer review) and 0.5% in 1H26 (0.4% for this peer review). Relative to rated BDCs more broadly, some BDCs in this peer review have higher exposure to equity investments which can generate more meaningful gains.