

Business Development Companies (BDCs)

October 2022

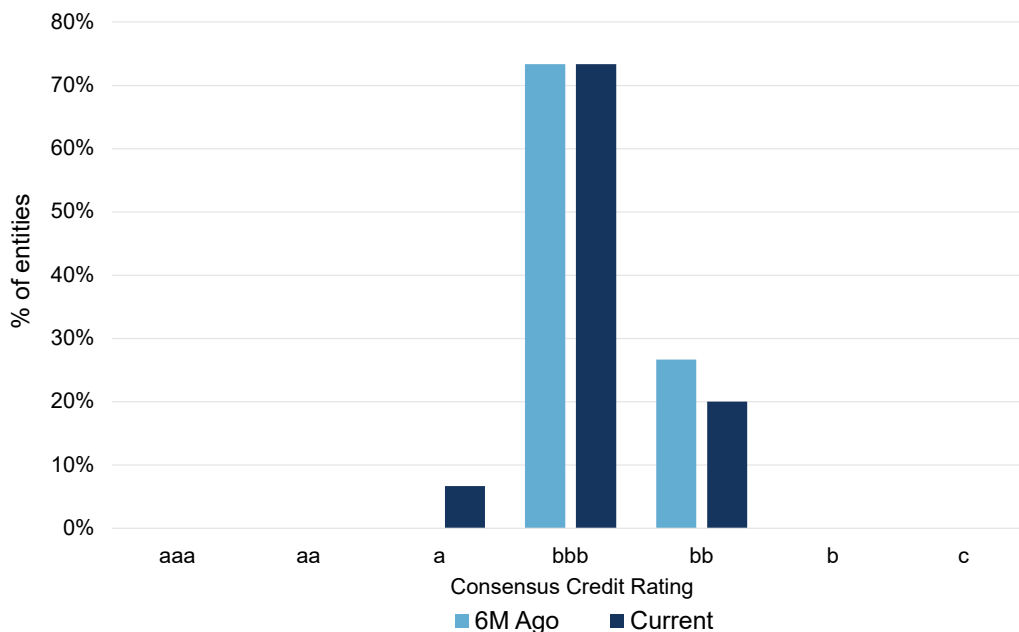


The Business Development Company sector in the US has grown steadily over the past 20 years, and there are currently more than 40 quoted funds with combined assets of more than \$30bn. While BDCs allow retail investors to gain liquid exposure to portfolios of private companies, their historically high returns have been dented recently by some steep falls in valuations and – in some cases – discounts to net asset values.

The sample of BDCs covered by consensus credit data includes several otherwise unrated firms. This note shows some variation in credit quality (driven by differences in sector focus and 1st lien status) across the sample, but recent credit trends have so far been benign. This data can be used to track monthly changes in BDC companies and alert investors to any turning points.

Figure 1 shows the credit distribution for a sample 15 BDCs, of which Credit Benchmark has had a Credit Consensus Rating (CCR) for the last year, 6-months ago compared to current estimates.

Figure 1: Credit Distribution, BDCs; 6M Ago vs. Current



The credit distribution for this sample of BDCs has improved over the last 6-months; 7% of companies are now rated a credit category rating.

This improvement of BDCs is mirrored in Figure 2.

Figure 2: Proportion of BDCs With IG Credit Category Rating; Sep-21 to Sep-22

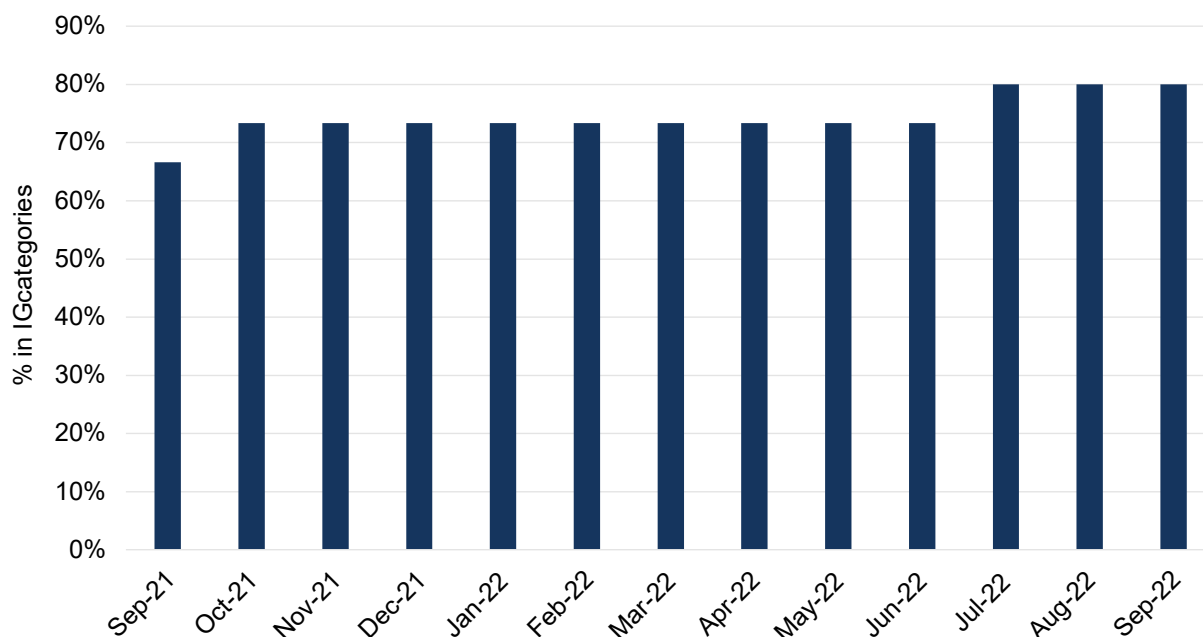
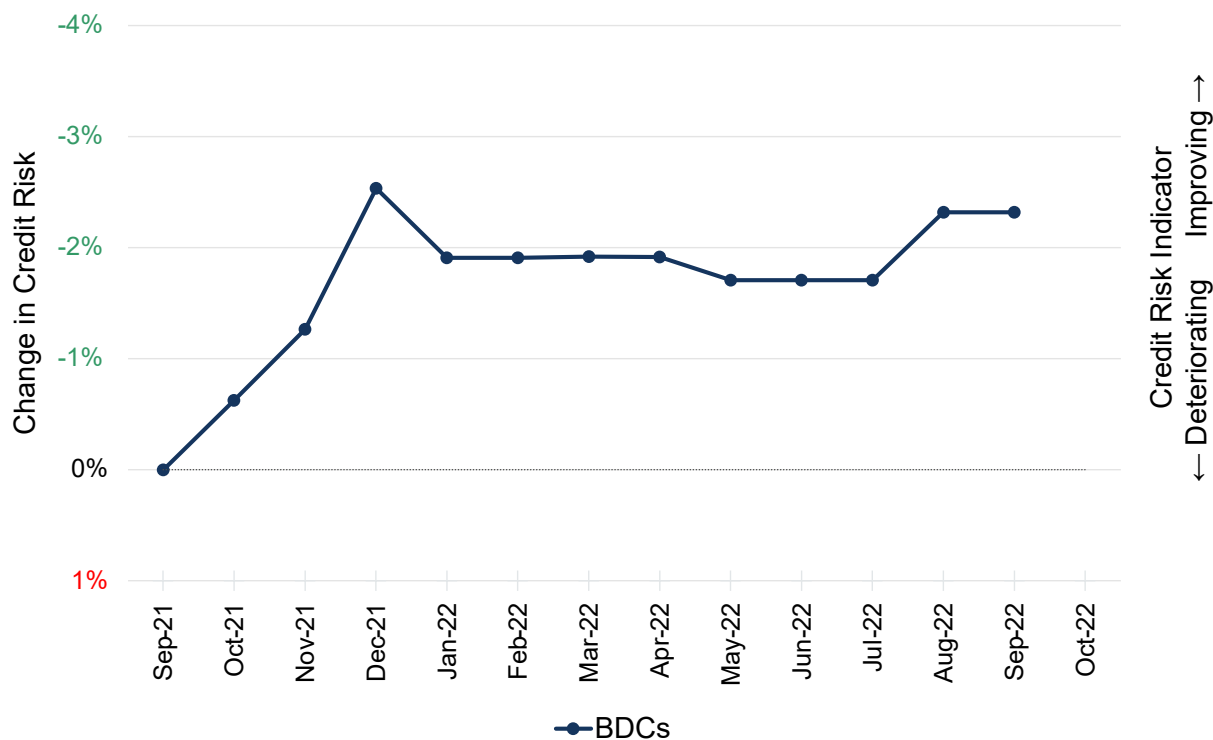


Figure 2 shows that the percentage of BDCs with IG credit category rating has substantially increased from 67% in Sep-21 to 80% in Sep-22.

Figure 3 shows the credit trend for BDCs.

Figure 3: Credit Trend, BDCs; Sep-21 to Sep-22



This shows that BDCs experienced a decline in average credit risk – measured by default probability (axis inverted) - in late 2021. In 2022, the credit risk has been more stable.

Figures 4-6 show detailed credit trends for various individual BDCs, some of which have limited CRA coverage.

Figure 4: FS KKR Capital Corp – a publicly traded business development company (BDC) focused on providing customized credit solutions to private middle market U.S. companies.

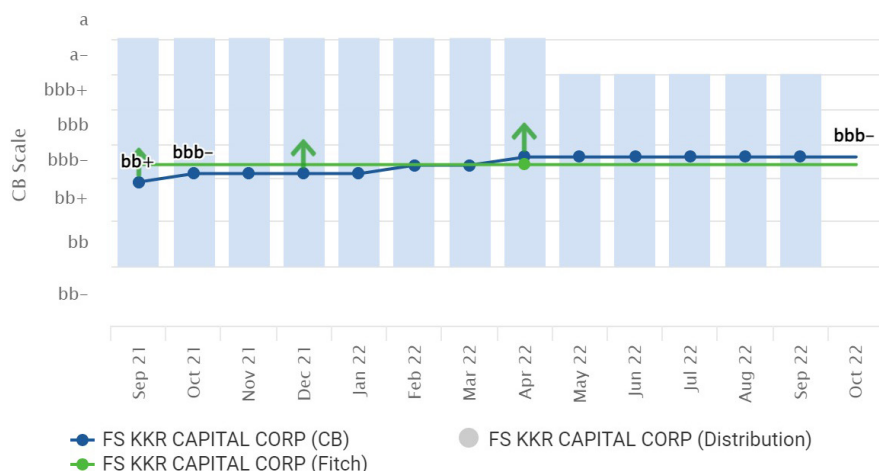


Figure 5: Midcap Financial Investment Corp – an externally managed, publicly traded, Business Development Company, focused on providing senior debt solutions to middle market companies.

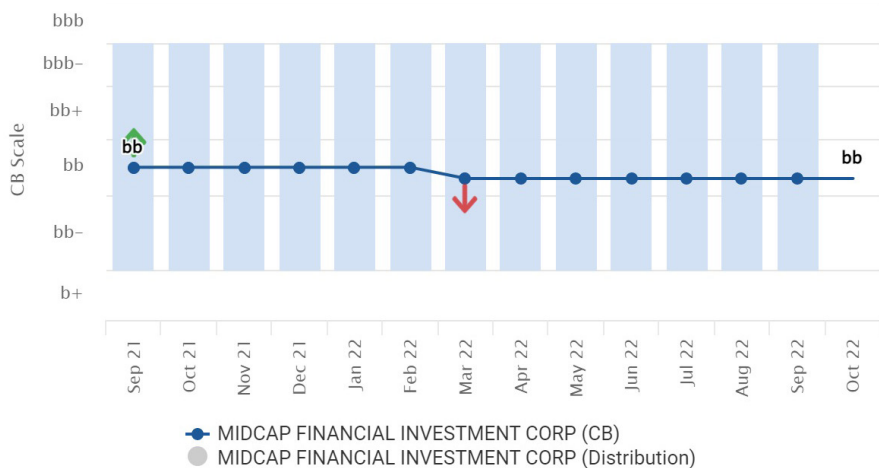
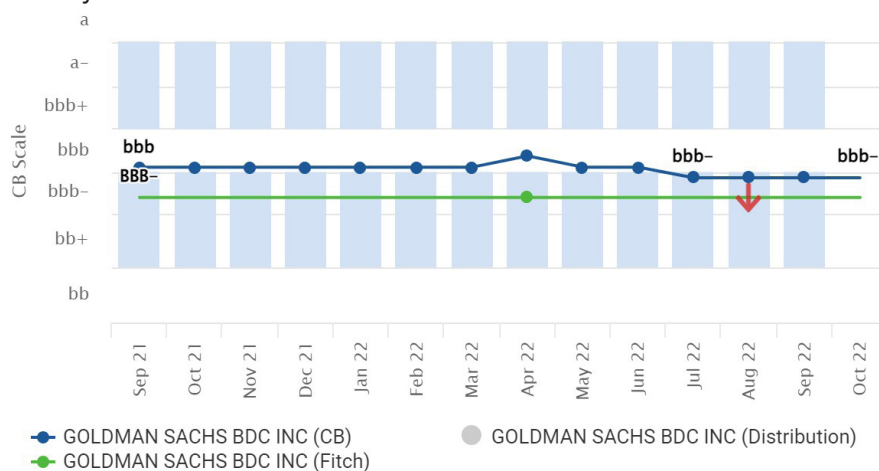


Figure 6: Goldman Sachs BDC Inc – is a specialty finance company focused on lending to middle-market companies, primarily in the US



A full Universe Analytics based on this sample of BDCs is available. Please contact info@creditbenchmark.com for more information.

Credit Consensus Ratings and Analytics

Real-world risk views with unparalleled consensus coverage.

Credit Benchmark provides Credit Consensus Ratings and Analytics based on contributed risk views from 40+ of the world's leading financial institutions, including 15 GSIBs, domiciled in the US, Continental Europe, Switzerland, UK, Japan, Canada, Australia and South Africa.

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Credit Benchmark fills an information gap left open by traditional credit risk content providers by offering a timely, comprehensive view of credit risk which proves complementary to issuer-paid rating agencies and third party model vendors. The first of its kind "credit consensus" data reflects the expertise of more than 20,000 credit analysts across the contributing group – a powerful example of the wisdom of crowds.

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Data Use Cases

- Counterparty Risk Management
- Credit Risk Management
- Systematic Credit Trading
- Securities Finance
- Supply Chain Risk
- Trade Credit Insurance
- Fund Management
- Regulation, RWA & Capital
- Onboarding, KYC & Relationship Management
- Point-in-Time (PIT) Impairments
- Accounts Payable & Receivable



10 Million

Contributed Credit Risk Estimates Per Year
40 Million+ Estimates Collected Since Launch



60,000+

Entities Covered



2x

Twice Monthly Frequency



75%

Unrated by Major Credit Rating Agencies



1,200+

Aggregates



160+

Countries



80+

Months of Data



50+

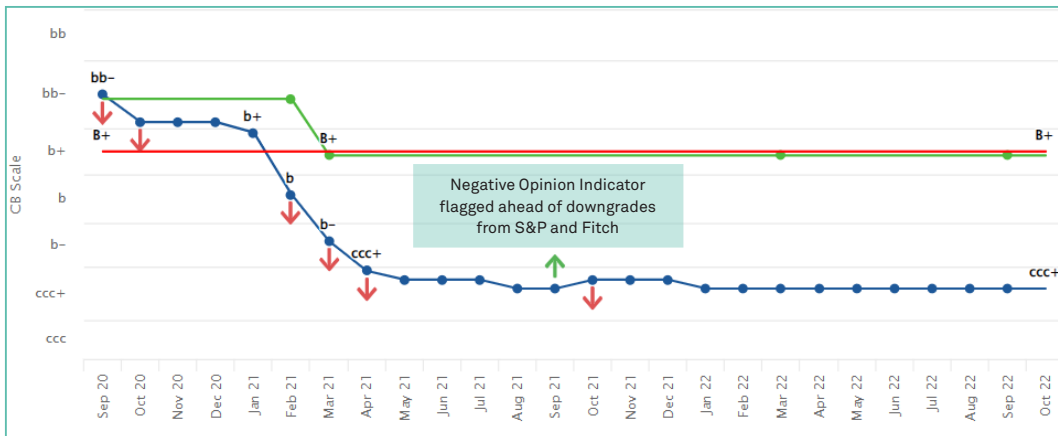
Data Metrics



40+

Contributing Financial Institutions Representing a Pool of 20,000+ Credit Analysts

Real-world risk views with unparalleled consensus coverage



Credit Consensus Rating: Unique measure of creditworthiness based on the views of 40+ leading global financial institutions

Consensus Analytics: Insights into the depth, dispersion, movement, and directionality of the Credit Consensus Rating's underlying views

Opinion Indicator: Month over month observation-level net downgrades or upgrades

Credit Benchmark Web App: Entity-Level Data Sample

Build screener with criteria below:

- S&P Rating is Unrated
- Fitch Rating is Unrated
- CCR is aaa, aa+, aa, aa-, a+, a, a-, bbb+, bbb, bbb-

44,628 Entities found

Screen for public and non-publicly rated entities within specific geographies, industries, sectors and within your defined rating thresholds

CBID	Entity Name	Credit Consensus Rating	S&P Rating	Fitch Rating
CB0000000009	IHS GLOBAL CANADA LTD	bbb-	Unrated	Unrated
CB0000000025	GYP HOLDINGS III CORP	bb	Unrated	Unrated
CB0000000080	GESTIELLE CEDOLA DUAL BRAND	a-	Unrated	Unrated
CB0000000087	TRANE TECHNOLOGIES LUXEMBOURG FINANCE SA	bbb+	Unrated	Unrated
CB0000000088	TECK HIGHLAND VALLEY COPPER PARTNERSHIP	bbb	Unrated	Unrated

Credit Benchmark Web App: Data Screen Sample

Data that works for you:

Credit Benchmark data is available via our Web App, Excel add-in, API, flat-file download, and third-party channels including Bloomberg.

Contact us to learn more and get a free trial of our data.

Contact

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