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BDC portfolio company earnings outlook for 2022 weakens

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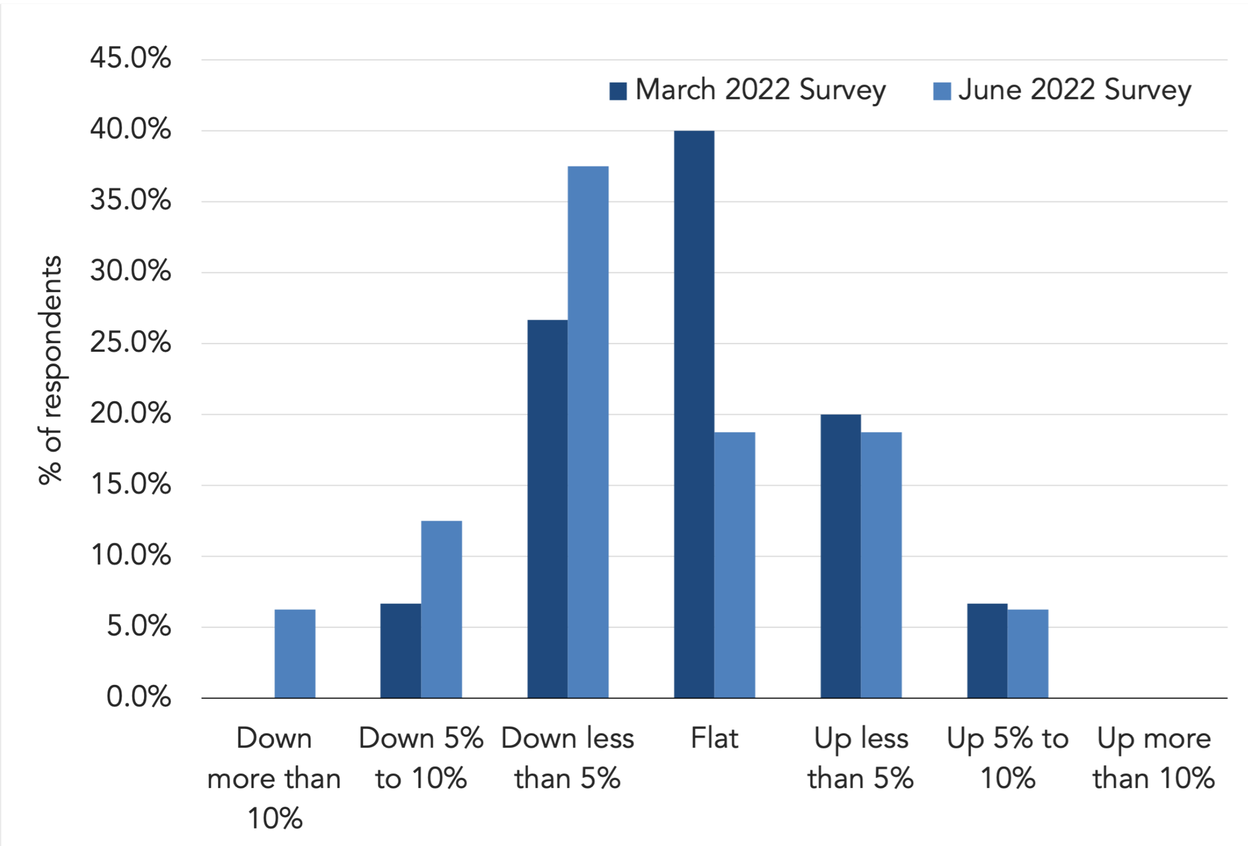

The outlook for BDC portfolio company earnings has weakened in recent months, according to the Refinitiv LPC BDC Outlook June Survey. With companies facing higher costs in the current inflationary environment and heightened fears around slowing economic growth, survey respondents say that the biggest challenge facing BDCs this year is weaker portfolio company performance.

Based on responses from a cross section of BDC managers, research analysts and valuations professionals, more than half of survey participants think earnings will decline in 2022. Nearly 40% of respondents predict earnings will drop by less than 5% year-over-year, with 19% of participants forecasting a decline greater than 5%.

On a more positive note, 38% of respondents think earnings will be flat or up less than 5%. Overall, this still represents a deterioration in outlook from the March 2022 survey, when the majority of participants said earnings would be flat-to-up this year.

(Past performance is no guarantee of future results.)