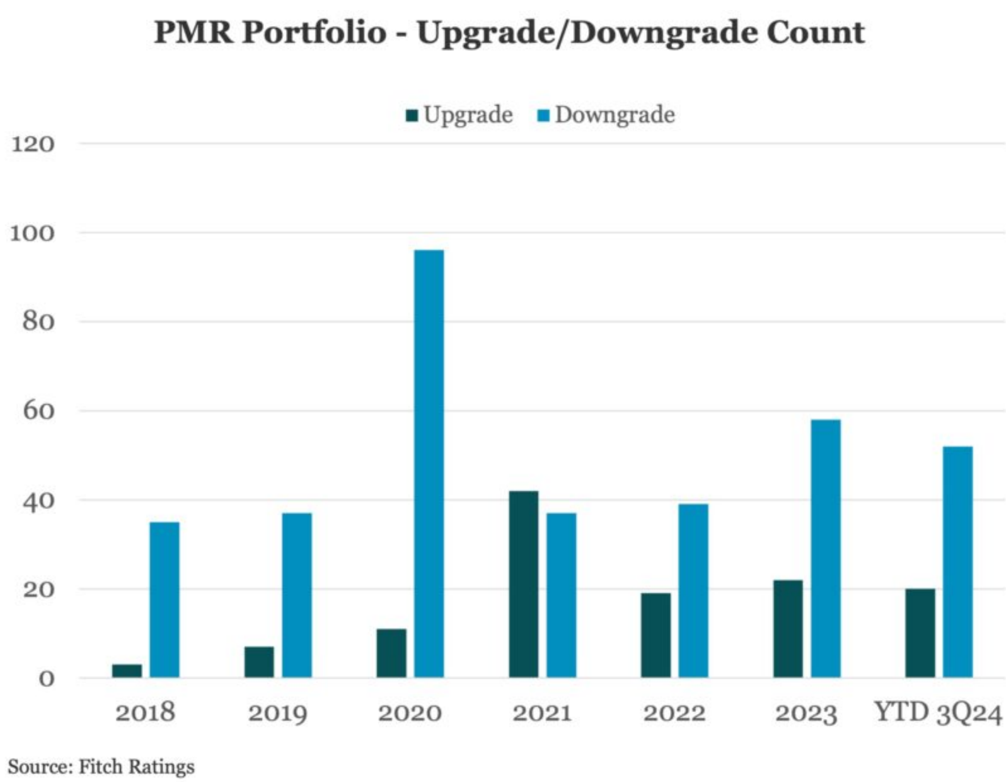
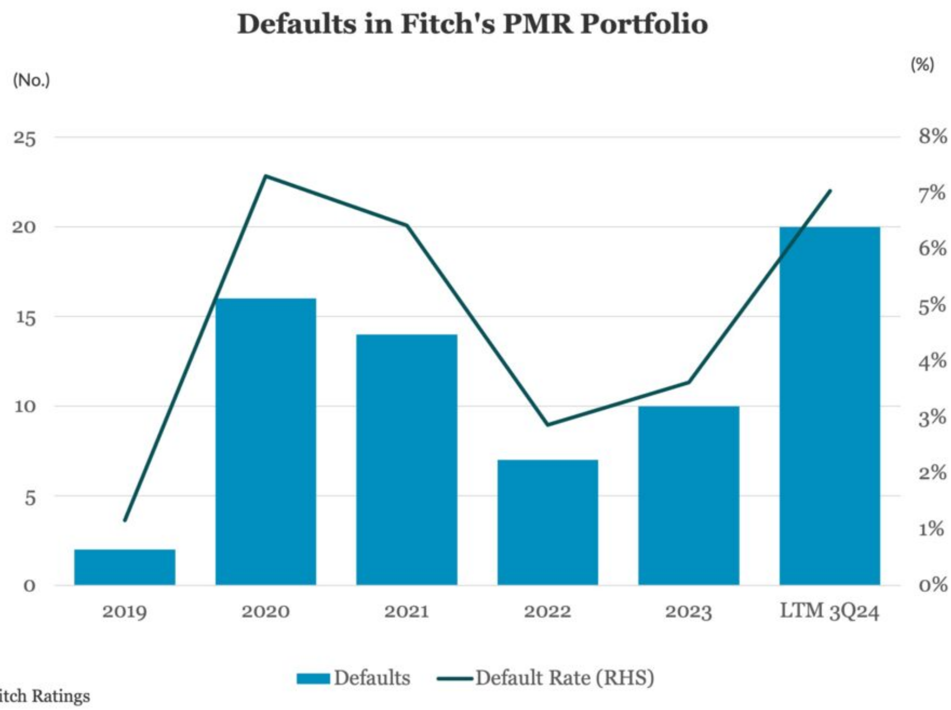
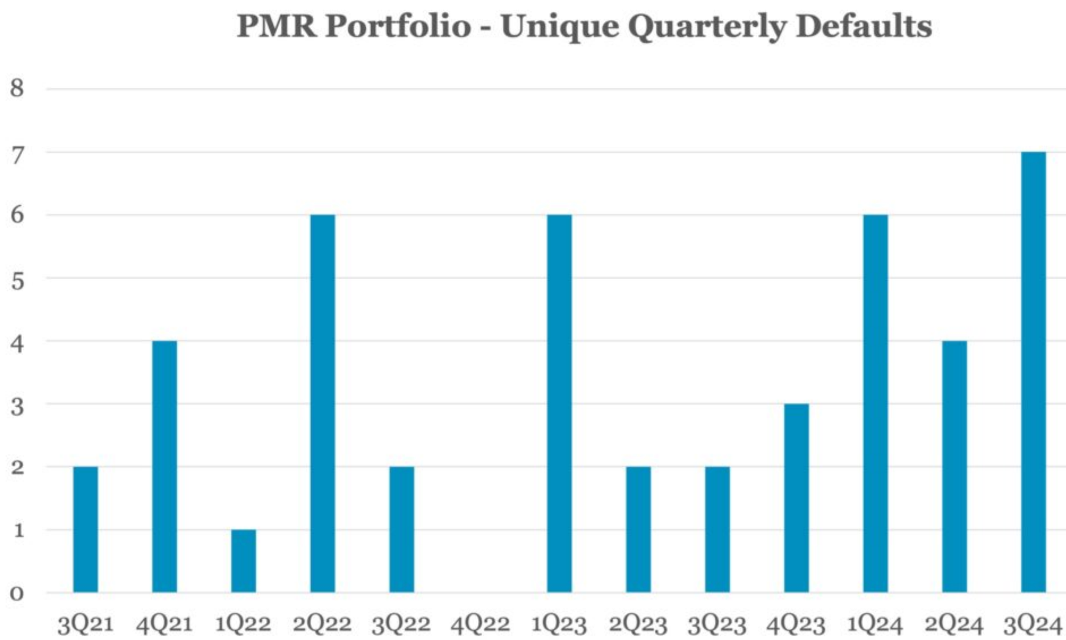
Fitch’s Privately Monitored Middle Market Portfolio Overview ? 3Q24 (Part 3)

Fitch Ratings | November 20, 2024





Source: Fitch Ratings



Source: Fitch Ratings

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In the charts above, Fitch presents aggregate data for Middle Market companies that it privately rates on a monitored basis for asset managers, defined as:

- in the area of $500 million of debt; or
- $100 million of EBITDA or below.

The quarterly downgrade-upgrade ratio for the PMR portfolio fell to its lowest level since 2Q22. Fitch recorded 16 downgrades and 11 upgrades in 3Q24, resulting in a quarterly ratio of 1.5x, a significant decrease from 3.5x in 1Q24 and 4.4x in 2Q24. Four out of the 20 unique defaults involved either Chapter 11 or liquidation. In comparison, none of the 10 unique defaults in 2023 initially involved Chapter 11 or liquidation.