

## FUND FINANCE FRIDAY

### Corporate Bond Ratings Called into Question in WSJ Analysis

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*The Wall Street Journal* published an important analytical article on bond ratings earlier this week that may have been overlooked because of its Sunday publication.

Here's the upshot: Corporate bond ratings have not stayed in step with the increasing debt loads and, in some cases, the debt-to-EBITDA calculations that underlie ratings have been miscalculated. Low interest rates are aiding interest coverage ratios, but the article leaves an impression of rating agencies that are reluctant to revise.

Earlier in the year, [we observed](#) that one of the most helpful factors favoring fund finance in the competition for bank capital may be the things it's not. Fund lending continues to offer banks an avenue to deploy balance sheet away from corporates and from the consumer and commercial real estate categories where lending standards continue to tighten.

The *WSJ* article is available [here](#).