is vymi a good replacement for the BDCs we just sold based upon your recommendations

VYMI (Vanguard International High Dividend Yield ETF) can be a strong replacement for BDCs in your portfolio if your goals are income quality, stability, and global diversification. VYMI has a relatively high trailing 12-month dividend yield (recently ~4.45%, with spot yields from 3.9% to 4.9%) and focuses on large, mature companies in developed and emerging international markets, excluding the U.S.. [1] [2] [3]

Strengths Compared to BDCs

- **Stability and Risk:** VYMI has lower price and income volatility than most BDCs, which have experienced sector turbulence, asset quality issues, and dividend cuts in 2025. BDCs provide higher yields (often 8–12%), but with considerably higher credit, leverage, and economic risks. [4] [5]
- **Diversification:** VYMI has broad sector and geographic diversification, with large weights in financials and energy — sectors generally less volatile than the tech/venture loans that hurt BDC performance this year. [2] [3]
- **Liquidity and Simplicity:** As a large-cap ETF, VYMI has higher trading liquidity, low expense ratio, and distributes dividends quarterly. It's considered less complex than managing individual BDCs. [6] [1]
- **Recent Performance:** Although some forecasts see a short-term pullback (potentially down toward $59 from highs near $85, if pessimistic forecasts are realized), the ETF's long-term risk-adjusted returns remain strong, and it's rated a core holding for defensive, income-focused investors. [7] [8] [2]

Potential Caveats

- **Yield Gap:** BDCs generally pay significantly higher dividends than VYMI's international equity yield. If absolute yield is your main priority, a mix of BDCs and VYMI—or sector-specific U.S. high-yield ETFs—may be optimal. [1] [2]
- **Currency Risk:** VYMI's international holdings expose you to foreign exchange swings, which can both help and hurt USD income depending on the macro environment. [2]
- **Short-Term Volatility:** Near-term technicals suggest VYMI may face some short-term price softness; if you're reallocating immediately, dollar-cost averaging in may help smooth volatility. [9] [7]

Summary Table: VYMI vs. BDCs

Metric	VYMI (ETF)	BDCs (Sold Holdings)
Dividend Yield	~3.9–4.9% (trailing) [1] [2] [3]	8–12% typical, but volatile [4]
Risk/Volatility	Low to moderate	Moderate to high
Market Focus	International, large cap	U.S., private credit/loans
Liquidity	High	Lower (esp. in downturns)
Recent Sector Outlook	Stable, attractive income	Negative, troubled since 2025

Conclusion:
VYMI is an appropriate replacement for BDCs if you are seeking greater stability, diversification, and a solid (though lower) yield, with the added benefit of global sector exposure. It is less suitable if you require maximum income or want to remain exposed to private credit risk/reward. In 2025, rotation to VYMI is a prudent, defensive step for conservative or income-focused accounts after a turbulent BDC period. [8] [1] [2]

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1. https://stockanalysis.com/etf/vymi/dividend/
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