



The state of private credit in 2026

Contributors and editors

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Introduction

Private credit spent the last decade building a reputation for stability, consistent returns, and structural superiority over syndicated lending.

In the first half of 2026, that reputation is being tested.

Software portfolios that looked like quality assets a few years ago are being reassessed. BDCs marketed to retail investors on a promise of semi-liquidity are facing redemption queues. Meanwhile, documentation that drifted toward borrower-friendly during the boom years is now being stress-tested in real situations.

Whilst not a crisis, it does indicate that the narrative is shifting. For professionals operating across direct lending, fund strategy, or credit analysis, understanding how these dynamics connect matters more than tracking any one of them in isolation.

This report brings together 9fin's coverage, data, and editorial perspective to map where private credit stands at the halfway point of 2026, and where the pressure is most likely to land in H2.

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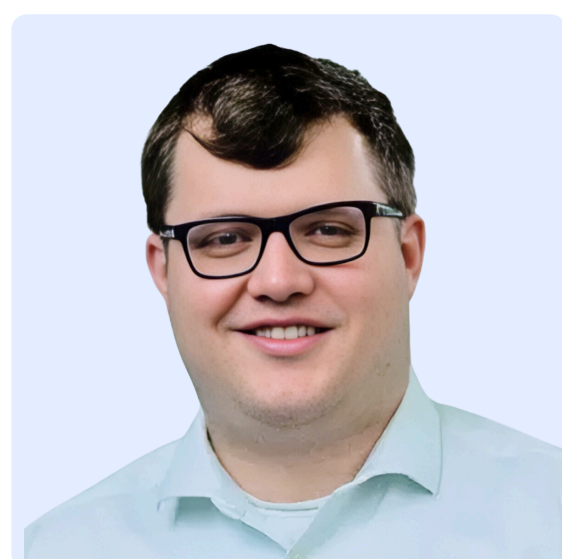
OUR CONTRIBUTORS



Josie Shillito

GLOBAL HEAD OF PRIVATE CREDIT AND ABF

Josie built out the European private credit team and now runs private credit and ABF globally for 9fin. She is an experienced financial journalist with specialisms in leveraged finance, global traded gas markets and private credit at Thomson Reuters, ICIS and Debtwire. She has recruited, grown and managed teams locally and globally at ICIS and 9fin.



Peter Benson

BDC AND PRIVATE CREDIT DATA LEAD

Peter started his career as a real estate reporter, working for trade publications covering commercial real estate fundraising. He spent four years in that space, building relationships with LPs, GPs and service providers to provide audiences with a holistic view of the capital driving real estate investment globally. He moved to 9fin in 2023 to cover private credit. Peter holds a masters degree in Magazine, Newspaper and Online Journalism from Syracuse University.



Shubham Saharan

US PRIVATE CREDIT EDITOR

Shubham started her career at the Financial Times on the US Markets desk focusing on equities and debt capital markets coverage before moving to Bloomberg, where she reported on consumer finance and the inner workings of the largest six banks in the US. She then served as a markets reporter at ETF.com covering cross-asset shifts, large asset managers and ETF-focused regulation. Shubham joined 9fin in April 2023 as a private credit reporter. She holds a BA in Economics and History from Barnard College, Columbia University.



Anna Russi

PRIVATE CREDIT REPORTER

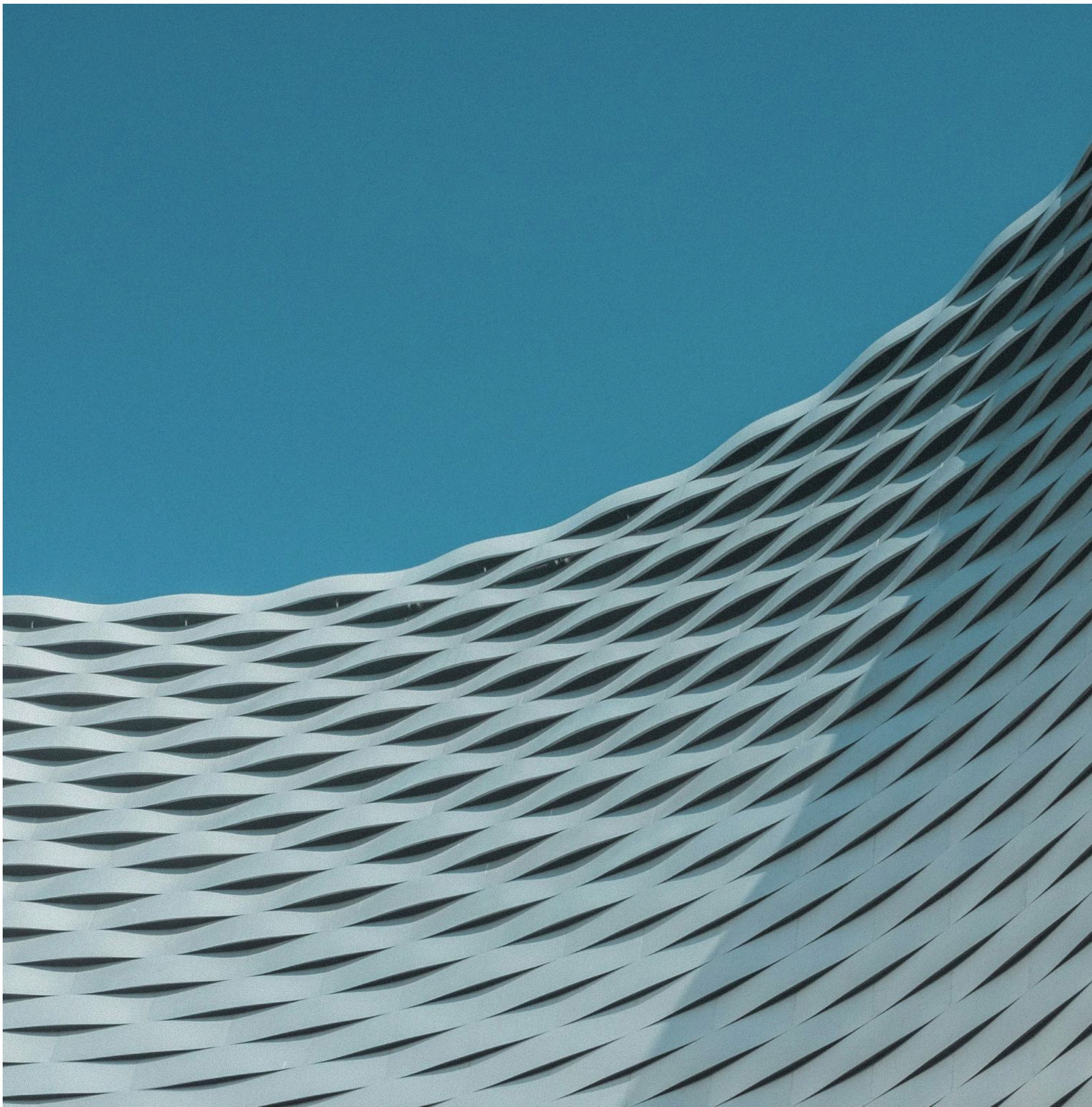
Anna began her career in Brazil covering macroeconomics, reporting on the country's Central Bank and Treasury as a correspondent. She held reporting roles at CNN Brasil and Brazilian outlets Poder360 and Correio Braziliense.

Since she started working as a reporter in the US, she covered the property and casualty insurance sector for the Financial Times' P&C Specialist. Anna joined 9fin in May 2025 as a private credit reporter. She holds an MA in Business and Economic Reporting from NYU and a BA in Journalism from UniCEUB, Brazil.

2026 so far

The summary of all things private credit in 2026 so far? We have it right here.

We asked our US private credit editor, Shubham Saharan, for her take on various topics, from the ramifications of the SaaS-pocalypse, to secondary sales in the market.



If you had to describe the mood in private credit markets right now, what's the one word or phrase you'd use, and why?

Defensive. There's been a lot of chatter in the first half of 2026, in a way that I have not seen in years past. And it's quite interesting to see how folks are reacting to private credit being placed under a microscope a little bit more than it has historically.

The top line has been BDC performance. Redemption requests. Secondary sales. We're finally starting to see a bifurcation in performance among managers start to show through, both in terms of portfolio construction and liquidity management tactics.

On the SaaS-pocalypse: we've been watching the SaaS correction play out for a while now — how has that actually landed in private credit portfolios?

I wish I could say that there's been a big effect of the SaaS-pocalypse and private credit. In reality though, it looks

like there hasn't been a material impact yet in terms of portfolio performance.

I think what we have heard is, because there's that valuation question in public markets and in private equity, that will peter down to private credit managers and they're being eagle-eyed in terms of spotting any AI disruption in their portfolios.

Sometimes that means selling certain software positions within those secondary sales, sometimes that means being proactive and marking things down. Of course there's the big case of a tech company being handed over to lenders recently, for example Medallia, which we covered recently.

But I think that the biggest shift that we've started seeing in terms of this SaaS-pocalypse has been in origination and how many managers are SaaS-averse now. We've heard from multiple investors that if there's anything that indicates AI, they're not going to touch it. And that means some folks are entirely out on tech, and we need to see how this plays out for a few quarters.

And what's the impact on the wider market from the move away from the tech industry?

It's a tale of two cities when it comes to SaaS investing; if people want to lean in, they will lean in.

We've seen a few examples of this play out, for example the OneStream deal earlier in 2026, which was an ARR loan completed at a higher leverage than we traditionally see ARR deals.

That's an indication that if there's a

coveted asset in the market, people are still interested.

But we've also started seeing more deal activity in other sectors that we haven't seen so much in recent years — for example, telecoms businesses are bouncing back in the market, an industry that's typically been less active.

Tech and SaaS was a huge origination pillar for private credit, and formed a significant source of deal activity. I don't think people factored in enough how technological developments would disrupt business models, and ultimately force them to ask the questions they're asking now.

On secondary sales: market activity has picked up meaningfully — what's driving sellers to the table right now, and what does that tell us about how LPs and GPs are thinking about portfolio management for H2?

I've redefined 'LME' for myself in private credit; I think secondary sales in private credit are liquidity management exercises.

There's always been some activity on the GP secondary side, but according to secondary investors, there's now much more activity on the GP as opposed to the LP secondary side, which has me asking:

1. Who is selling? Most of the transactions we've seen are GP-led ones, where managers are either looking to do continuation vehicles or are looking to sell books of loans out of their funds, oftentimes their

BDCs. Are the folks that are looking to do some of these strip sales the same ones who overindexed to retail? I think that tells us something about how and if retailization of private credit is going the way that those managers want it to

2. What vintages are transacting? Now we're at a point where the COVID-era vintage of deal activity in 2020-2022 are hitting their maturity. If you need to extend those, it's an opportunity for market participants to understand whether the underwriting they did back then is holding up today

We've heard the phrase 'live by the BDC, die by the BDC' in the market — how much truth is there to that, and what does it tell us about where private credit is headed?

BDCs have a few different ways of managing their liquidity — firstly, and most preferably, is cycling out of their portfolio through normal course M&A, refinancing, etc. Secondly, if they're a public BDC, they could issue equity, but that second option is limited right now given how many are trading at a discount to NAV. So now, we've seen some of them resort to a third option, which is to sell and get out of these positions in whatever way they can, hence the strip sales and CVs we're seeing in market now. To be sure, option three can help them recycle the portfolio and put more money to work.

And that's where the "you live by your BDC, you die by your BDC" quote comes from. Is it a hyperbole, and an

exaggeration? Absolutely.

But the underlying message I think has a nugget of trust to it. Some of these massive asset managers have grown because their BDCs are monster funds that ballooned due to the influx of retail money — but now it's those funds that are now the same ones biting them, because they have this liquidity management problem. And that problem exists, I think, because there wasn't a clear understanding between managers, advisors, and different cohorts of investors.

And how does this tie in with BDC redemptions and the trends we're seeing there?

This asset class has only recently been trying to push into retail markets and I think there's a miscalculation as to whether or not retail investors are actually ready for it.

Retail investors aren't patient, and this is inherently a patient asset class. If it's not marketed to investors as a 5-10 year investment, at the least, then they're going to face issues at year one because they haven't been bought into the long-term plan. They're only seeing what's happening year-over-year, they're not realizing the ups and downs because we haven't been through a true credit cycle in years.

What I would say, is that this is normal — it is entirely normal to have loans default. It is normal to have issues in a portfolio. It is normal to have to do some form of liquidity management.

These vehicles are semi-liquid and I think everyone forgot the 'semi' part of

the liquid statement.

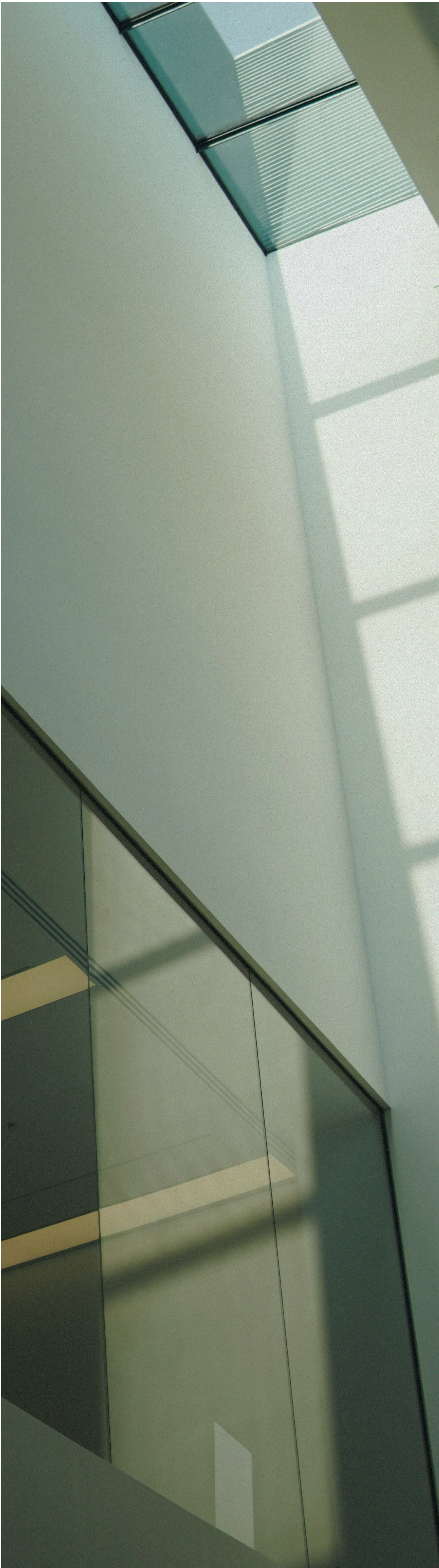
On documentation post-First Brands: the saga with this auto parts company changed how people read documentation — what specific provisions are lenders going back and stress-testing now?

Firstly to be clear — naming First Brands as a private credit situation is a misnomer. It's not a direct lending private credit situation, it's an ABF one.

Having said that it has made direct lenders double down on two things:

1. To the extent that you can protect against fraud (and it's very difficult to protect against people just overtly lying!) there's a lot more due diligence on the executives themselves who are behind these businesses. There are instances of PIs being hired to do due diligence on executives and company operations
2. There is also a new provision becoming popular in private credit docs, which places a cap on securitization, so companies can't pull the kind of runaway off-balance sheet factoring facilities that led to the demise of First Brands, Tricolor, FAT brands (read more about it in chapter six)

Everyone is determined now to crack down on due diligence, from company operations to management and who's actually behind these businesses.



Shubham’s description of the market — defensive, hyper-vigilant, quietly trying to work out which marks are real and which are merely aspirational — points toward something larger than a few messy software credits or another round of secondary sales.

Private credit spent years telling investors that illiquidity was a feature, which was mostly true right up until semi-liquid retail vehicles started needing to explain why patient capital was suddenly behaving impatiently.

None of this means the asset class is broken (defaults happen, restructurings happen, lenders occasionally discover that “mission-critical software” was apparently less mission-critical than advertised) but it does mean the industry is being forced to explain itself in public, and often to investors who were sold stability first and complexity somewhere much further down the page.

The BDC redemption wave

The industry's institutional origins seem increasingly at odds with its retail future.

For years, private credit sold illiquidity as insulation from the emotional instability of public markets, an argument that worked well while M&A exits were flowing and marks remained mostly theoretical.

The complication is that retail investors tend to like the idea of patient capital more than the lived experience of it.

That tension now sits at the centre of the BDC market, where redemption pressure has turned what might once have been a portfolio management issue into a much more public debate about liquidity, valuations, and trust.

Private credit can't have the best of both worlds anymore

Will Caiger-Smith, 9fin

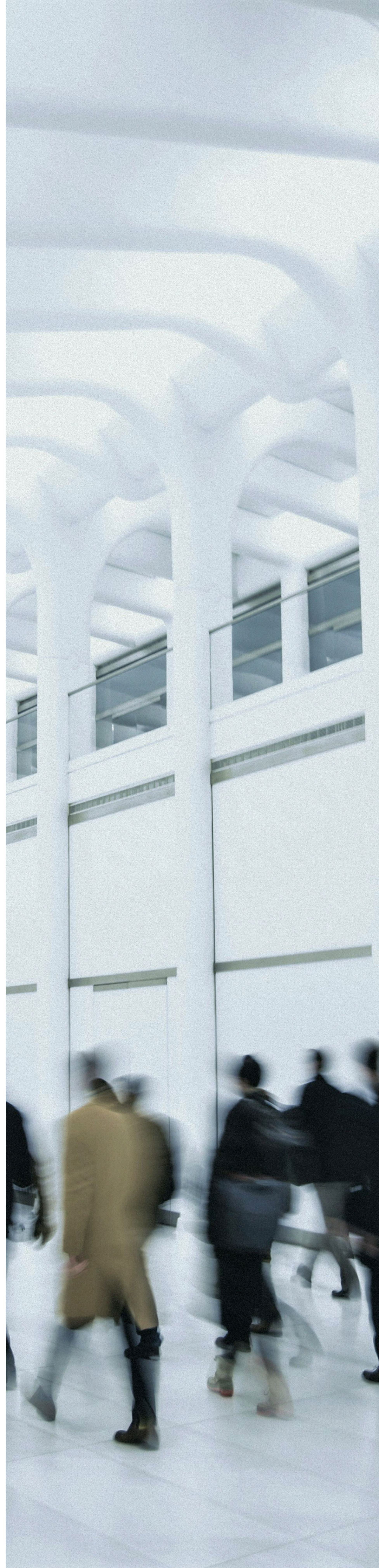
One silver lining of the recent turbulence in private credit should be that people come to understand capital markets better. Fund managers have spent a lot of time this week laying out the details of private loan sales and explaining basic concepts of credit investing.

As educational as this is, they also sound a little triggered.

Their explanations are partly a reaction to the wave of commentary painting the industry's challenges as a credit crisis, when it is better characterized as a liquidity squeeze. The credit quality stuff touches a nerve because there's a kernel of truth to it (admit it, you did some stretchy underwriting!) but it isn't the main takeaway.

The bigger point is becoming clearer by the day: **the private credit industry isn't in control of the narrative anymore.** Retail investors will only sacrifice liquidity for higher returns for so long, and recently they seem to be losing faith.

Private credit firms have been after retail money for a while, as they look to expand their assets beyond the institutional investor community. They need this in order to grow. The pitch is compelling — give us your money, we'll lend it to private companies, and you'll get good returns. Just stay the course when things get bumpy. Trust us.



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It's basically the same concept as private equity: let us work free of the tyranny of daily pricing, and we'll deliver better returns than public stocks.

But as much as retail investors in private funds might say they can tolerate volatility in the public markets, eventually it becomes stressful; they want some indication of what their private portfolio is worth right now — and private markets are not currently set up to provide that.

The idea that it's all worth par seems fantastical, especially when loans are getting zeroed overnight, but marking them down feels harsh and a bit arbitrary, because the marks are largely theoretical. Much as the likes of JP Morgan are trying, there is notmuch daily liquidity in private credit, and the delta between funds' own valuations can be pretty big:

				Medallia, Inc.	
				Period: Q3-25	Sector: Software & Services
				BDCs Held: 8	
Value Ratio Delta	25th Percentile Fair Value Ratio	75th Percentile Fair Value Ratio	Fair Value Standard...	FVR Average Composition	
2)	98	99.519	0.891	83%	
8	98.584	100.038	0.876	APOLLO DEBT SOLUTIONS BDC	
2)	98.222	100	0.915	First Lien Secured Debt - Term Loan	
1)	77.578	78.485	2.021	Blackstone Private Credit Fund	
)	95	99.023	2.003	Unknown(Medallia, Inc. 1)	
	98	100.19	1.161	Unknown(Medallia, Inc. 2)	
3)	82.25	84.247	3.339	Blackstone Secured Lending Fund	
3	98.435	100.45	0.986	Unknown(Medallia, Inc. 1)	
3)	89.25	95.927	4.088	Unknown(Medallia, Inc. 2)	
5)	86.75	89.353	1.932	FS KKR Capital Corp.	
3)	94	97.363	3.329	Unknown(Medallia Inc, Software & Services)	
				HPS Corporate Lending Fund	
				Unknown(Medallia Inc)	
				MONROE CAPITAL CORPORATION	
				Senior Secured Loans	
				MONROE CAPITAL INCOME PLUS CORPORATION	
				Senior Secured Loans	
				Onex Direct Lending BDC Fund	
				Initial Term Loan	

Source: [9fin BDC screener](#)

Dirty laundry

The catch, obviously, is that these businesses don't operate in a vacuum. Their ability to refinance debt, or to be sold, also depends on broader market conditions. If the market's mood turns sour, the cost of refinancing rises and the valuation multiple they can achieve in a sale goes down. Both of those things impact the probability of debt being repaid, and can thus impact the viability of the business.

This is something you see frequently in liquid credit markets. The leadership team has a credible plan to navigate some tough quarters and refinance their debt at a reasonable price, but is forced to restructure because a critical mass of lenders don't believe them. The debt trades down, the theoretical cost of refinancing goes up, and suddenly the whole edifice starts to wobble because people are worried about the future. A company is a community, made up of employees, customers, leaders, shareholders and lenders, and any faction that grumbles loudly enough must be appeased.

That isn't supposed to happen in private credit, where your loans are held by a small group of lenders. You can get them around a table, allay their concerns by showing them your plan, and then quietly execute against it. They might even lower your interest rate, or allow you to skip interest

payments entirely and just add them to the principal you owe. Their LPs will mostly understand that — unless they're retail investors who were rattled by First Brands and Tricolor last year and are now reading headlines about the software sell-off and the war in Iran. Those people are going to ask for their money back.

But if you're a fund manager these days, your principal may be taking longer to return (because the borrowers are struggling to be sold, or can't refinance at a reasonable rate) and your interest income may be lower (because the good borrowers are paying lower rates, and you've allowed the troubled ones to switch to PIK). So how do you fund those redemptions?

One way is to get your employees to put in their own cash. Another is to sell some of your loans, probably at a loss. Suddenly the valuations really do matter.

Those kind of secondary sales have been happening a lot more lately. It's not unusual for actively managed funds to sell assets from time to time; it's part of the definition of active management. But when it becomes a trend, people inevitably ask questions.

Sometimes people suggest that secondary sales of private loans are business as usual, as normal as eating lunch or buying a coffee. Well, sure. But what if suddenly everyone is eating lunch at the same time? And they're all

eating the same thing? And what if there's a huge crowd of investors analyzing every bite?

The future factor

The flightiness of retail capital, and the industry's attempts to tame it, are not new phenomena. So what's different this time around? What makes the emotions of today's crowd so much harder to manage, beyond sheer scale?

One major differentiator is that this latest shakeout is driven by AI, a relatively new technology that is developing extremely fast and whose impact is already being felt across society. The speed of change makes its long-term effect hard to quantify, but its pervasiveness makes the certainty of some kind of impact undeniable. Even this nascent industry's own luminaries are struggling to predict how it will change the world, and what that will mean for everyone else. All we know is that change is coming.

Software has taken the brunt of this dramatic shift in sentiment. Many of these companies sold themselves as mission-critical and believed their moat was unassailable; those assumptions are now being tested, as are the investors and lenders that backed them.

No-one is saying this underwriting was outright negligent. Even if you were working in the AI industry back in the heady days of the 2021 software credit boom, it would have been hard to foresee the drastic advances that led to

the recent SaaS meltdown. Companies that provide deeply embedded workflow solutions and have multi-year contracts have a clear appeal, and back then they seemed to have a bright future.

But at the end of the day they're technology companies, and technology changes fast. The fact that some people see the destruction and market volatility caused by the war in Iran as a "distraction" from this upheaval is itself a red herring. There are similarities: ten years ago, a sudden shift in the price of oil took down a bunch of highly levered energy companies; now a sudden shift in technology is threatening to do the same to highly levered software firms.

Partially private

Against this backdrop, how are private credit firms supposed to manage the instability of retail capital and rebuild trust? The emerging consensus seems to be that more reliable and regular valuations are the answer.

This is the direction that firms like Apollo are moving in. There is still a question around how those marks will be determined; trading infrastructure in private credit is still relatively scant, and to have credible marks, you need a credible market. Still, if enough big firms embrace this approach, private credit could soon start to look a lot less private.

And what then? If the main attraction of this market is that funds do deals in

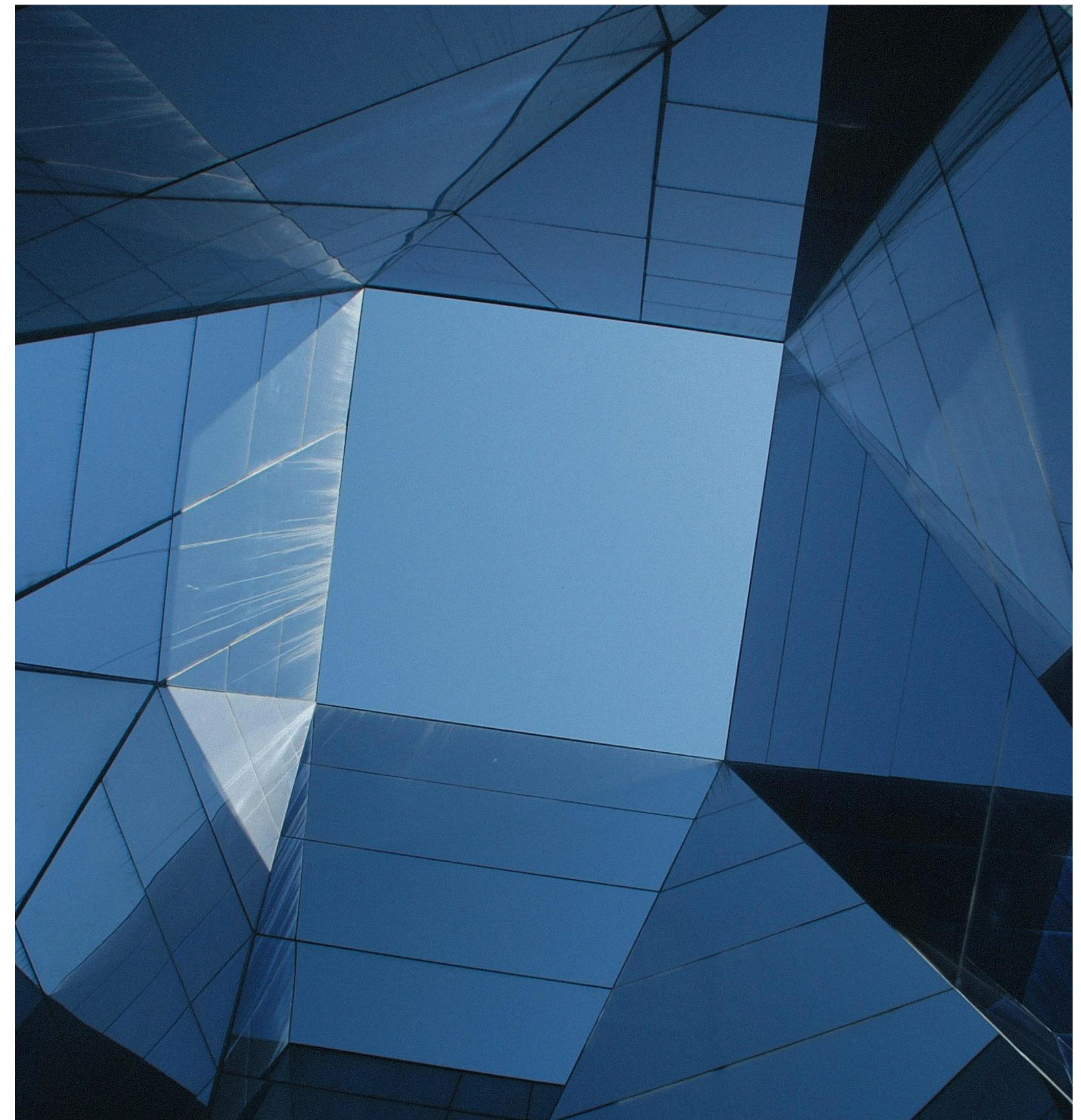
private and manage them in private, and the management part becomes public because anyone can see how the loan is valued, then the only private part left over (aside from the fact that most private credit borrowers don't publicly report earnings) is the dealmaking.

That's worth something, for sure. Speed and ease of execution has been one of private credit's selling points since basically forever. It's one of the reasons the industry gained influence when public markets shut down after Russia invaded Ukraine: there are fewer counterparties to corral in a private deal than a big loan syndication, and you're not subject to the pricing volatility of public debt and equities. There's also the benefit of dealing with underwriters that specialize in lending to companies like yours (generally smaller) and are therefore more sympathetic to the nuances of your credit profile.

Then again, the lines between the broadly syndicated loan market and private credit have been blurring for years. It's not unusual for big unitranche deals now to feature 10 or 20 lenders, or for one firm to fund a deal single-handedly and then syndicate it to other lenders later. And think about the many partnerships that have sprung up between banks and private credit firms over the past few years.

At this point, it doesn't seem like the clamor for transparency is going to die down, unless the industry decides it doesn't want retail money any more.

More liquidity is probably part of the answer — and if it comes, it could be a paradigm shift for a market that sold itself largely on illiquidity and the premium attached to it.



9fin's BDC holdings database — drawing on quarterly filings from 150+ vehicles — is the underlying source for the portfolio data referenced throughout this report.

Find out more about our [BDC holdings database here](#).

The redemption pressure and secondary activity visible in BDC structures are symptoms of the same underlying dynamic: a market whose growth outpaced the infrastructure supporting it.

The data from Q1 2026 shows what that looks like in aggregate.

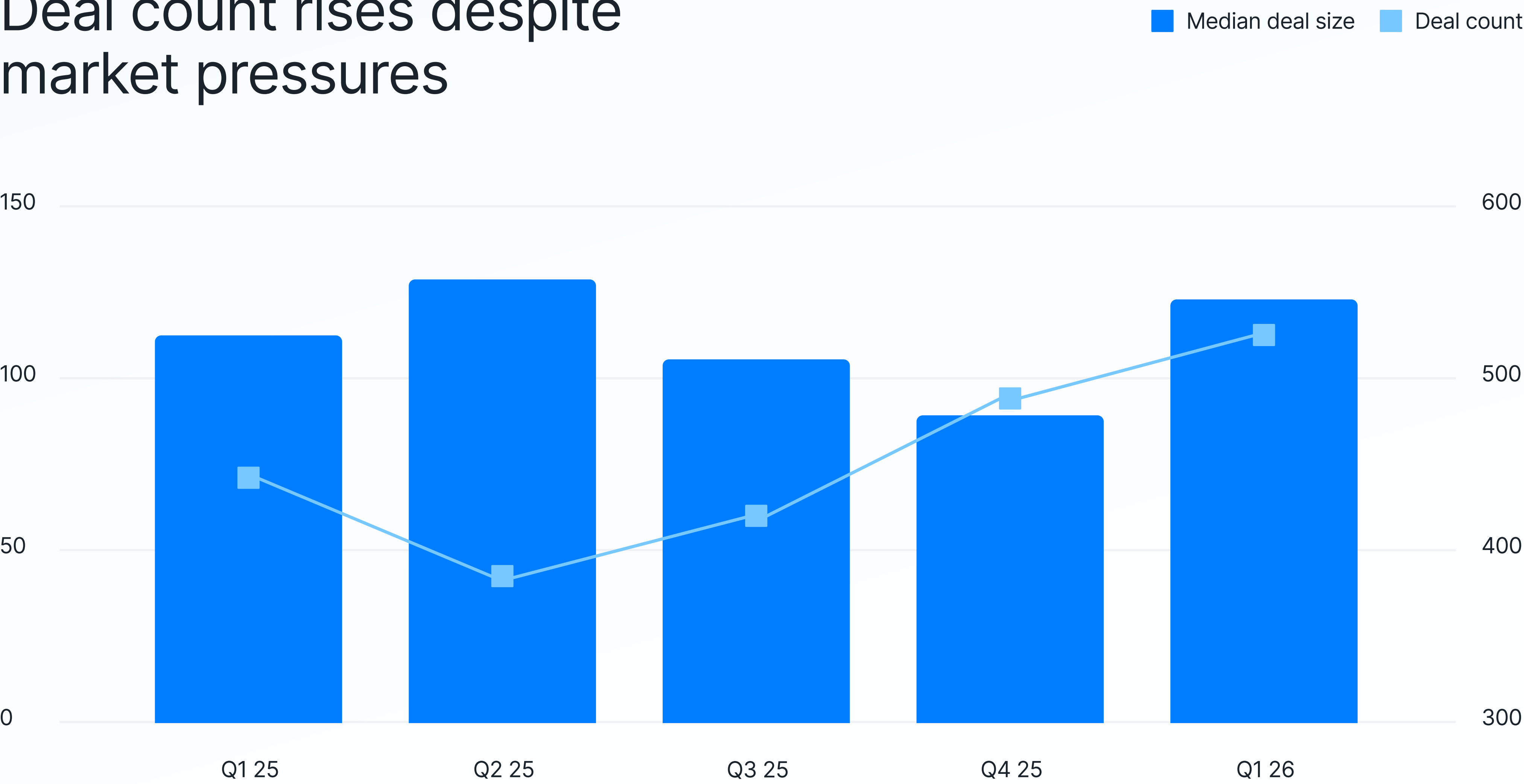
What the Q1 2026 data tells us about the state of the market

Private credit has no equivalent of the syndicated loan market's public pricing or volume data. What BDC filings provide is a partial but meaningful proxy, and in aggregate, the Q1 2026 picture contains a few genuinely notable signals.

The complication is that retail investors tend to like the idea of patient capital more than the lived experience of it.

That tension now sits at the centre of the BDC market, where redemption pressure has turned what might once have been a portfolio management issue into a much more public debate about liquidity, valuations, and trust.

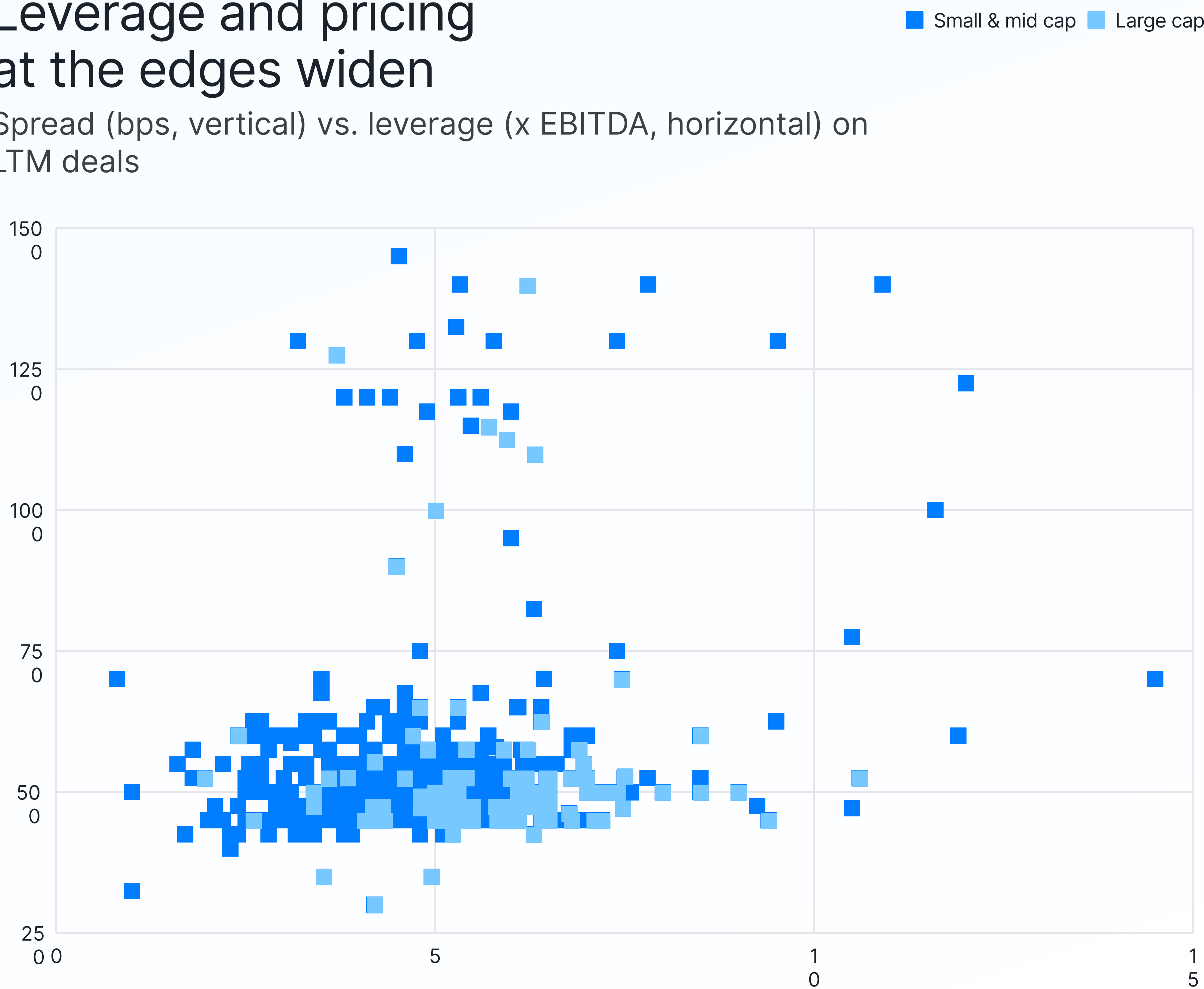
Deal count rises despite market pressures



540 US deals — the highest in the last five quarters

Leverage and pricing at the edges widen

Spread (bps, vertical) vs. leverage (x EBITDA, horizontal) on LTM deals



15x

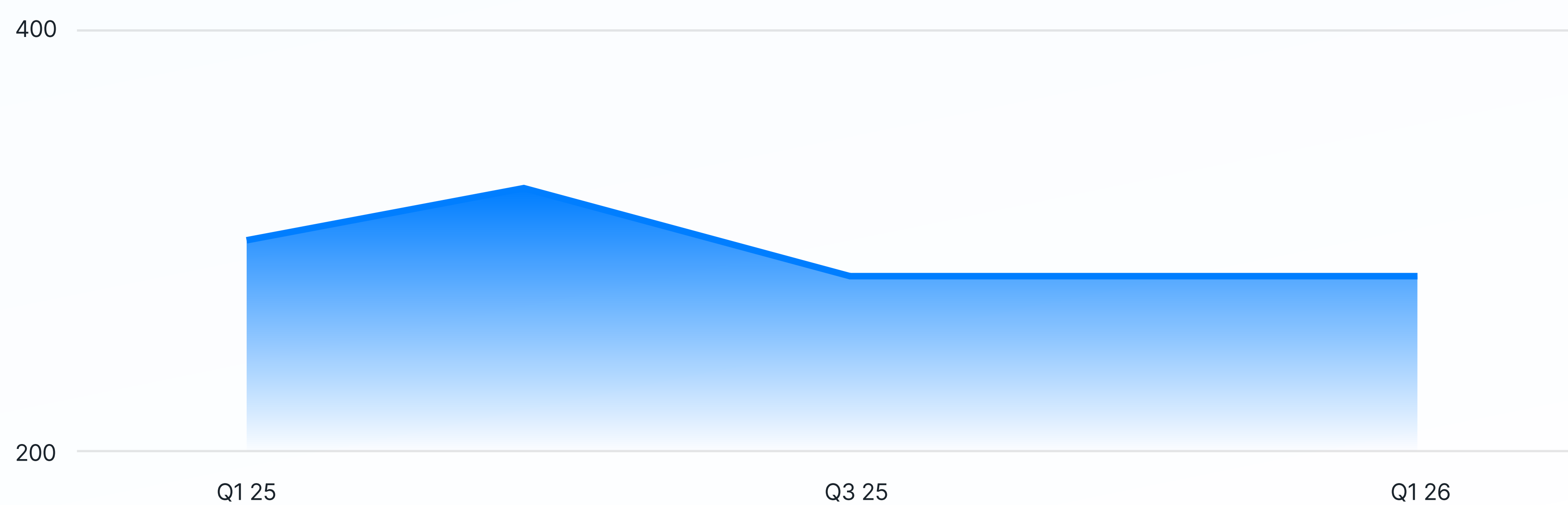
Maximum leverage in 9fin's data set for the small and mid-cap market

3x-7x

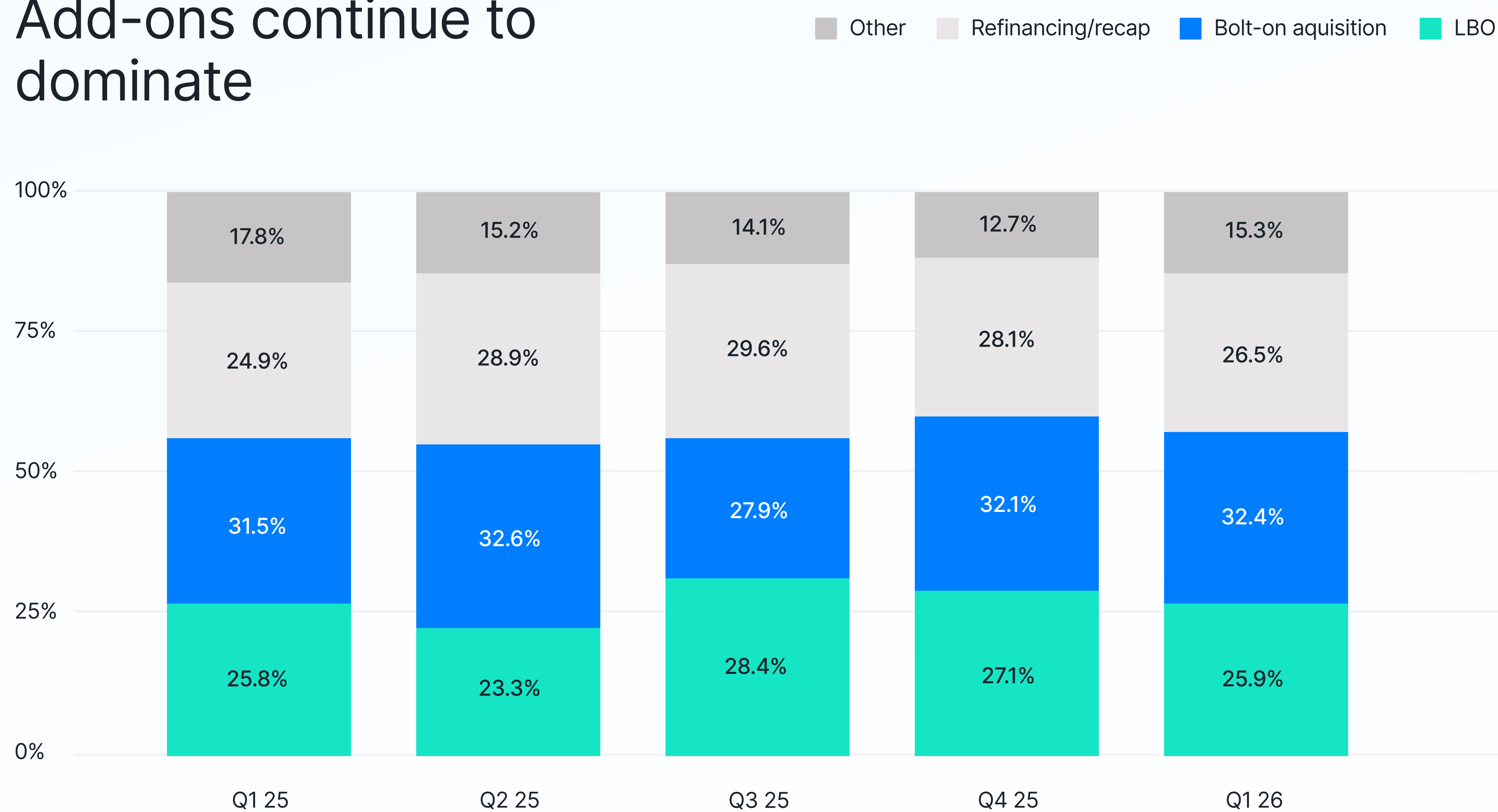
Majority of the deals remain around this range — consistent quarter-over-quarter

The small portion of deals above the **1000bps** pricing mark has slightly increased, as has those with a high coupon and high leverage, suggesting there are some hairier deals out in the market.

BSL pricing remained steady for a third quarter in a row at 280bps



Add-ons continue to dominate



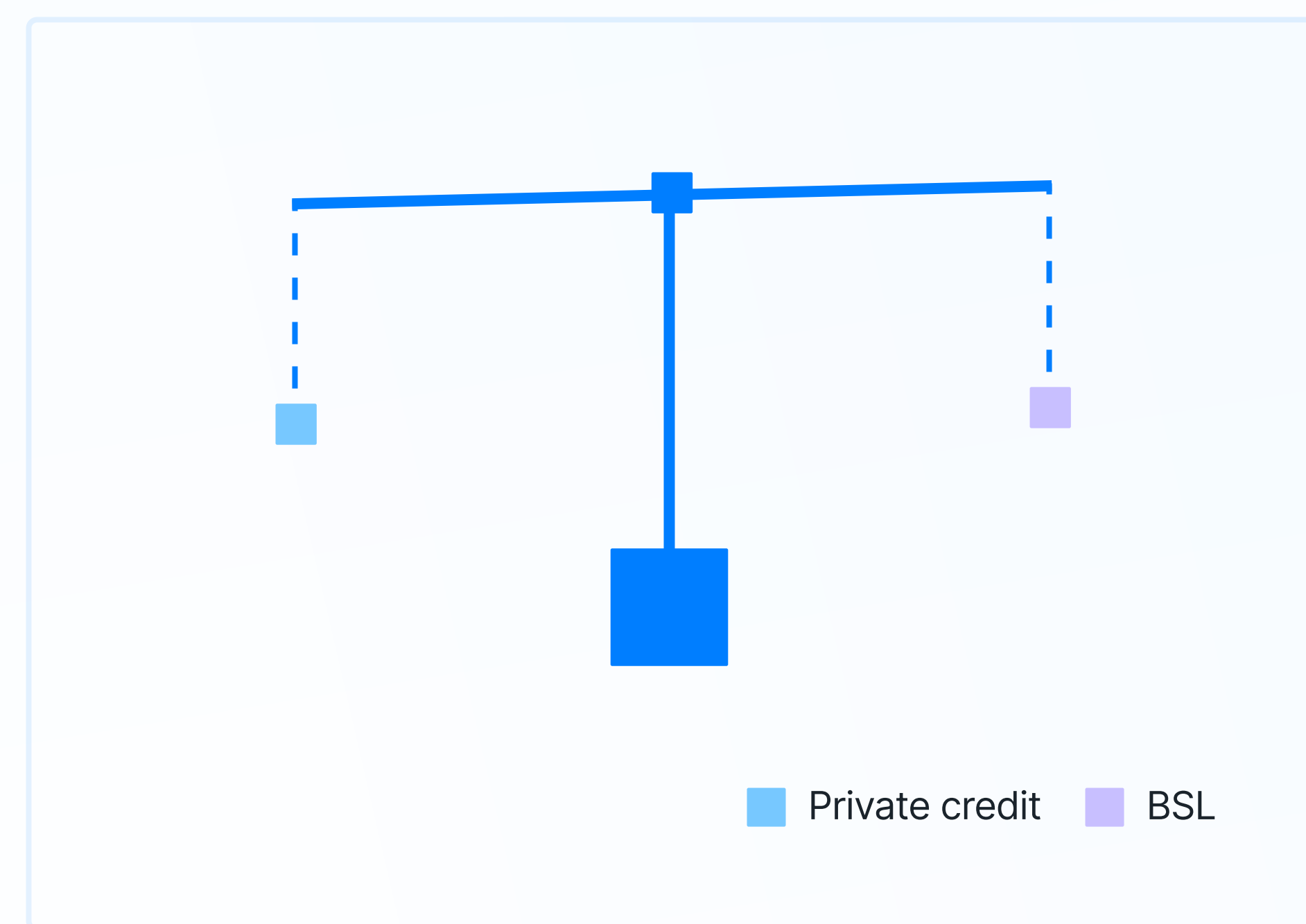
Deploying capital in Q1

- Bolt-on acquisitions became the most common method
- Conversely, LBOs made up just over a quarter of all Q1 26 deals

Wrestling back control

Private credit vs BSL

Private credit's 114 deals relative to BSL's 112 makes this the first quarter since Q2 last year in which private credit bested the BSL market in terms of deal count



Source: 9fin's US private credit data review, 30 April 2026

[Download the US private credit data review for Q1 26 here.](#)

The data shows a market that is busy, repricing, and rebalancing toward direct lenders. It doesn't show where the stress is accumulating — or what managers are doing to manage it. That's where secondary market activity becomes the more instructive signal.

The growing trend of secondary sales

The private credit secondaries market has transformed in recent times.

Secondaries transaction volume has risen significantly, GP-led processes have moved from exception to standard practice as a liquidity management tool.

What are private credit secondaries?

A private credit secondaries transaction is the buying and selling of existing private debt fund interests or portfolios, usually for the purposes of liquidity management.

Who is selling, and why?

These can be LP-led (where one LP sells its interests in a fund to another) or GP-led (where the GP puts assets into a continuation vehicle and allows existing LPs to cash out and new LPs to enter the vehicle), or asset sales.

Why do they sell?

The reasons vary, but the most common are:

- Portfolio rebalancing. Institutions regularly reassess their target allocations. If private credit has grown as a share of the portfolio, they may need to trim exposure
- Vintage diversification. Many buyers of secondaries are specifically seeking exposure to a mix of fund vintages. Sellers, conversely, may be over-concentrated in one era of deals and want to spread risk
- The denominator effect. When public markets fall, private assets can become a disproportionately large share of a portfolio. LPs sell to rebalance, even if private credit fundamentals are sound
- Liquidity pressure. For BDCs and evergreen structures in particular,

redemption requests from retail investors can force managers to generate liquidity from the underlying portfolio. However, liquidity pressure also comes from LPs

- GP consolidation. As private credit managers merge and consolidate, LPs may find themselves with fund stakes in vehicles that no longer fit their manager roster

Example: A large pension fund finds that its private credit allocation has grown from 8% to 14% of AUM following a public equity drawdown. Rather than wait for fund maturities, it sells a portfolio of LP stakes at a discount to a dedicated secondary fund.

Who is buying?

Secondaries buyers are typically dedicated secondaries funds, LPs like sovereign wealth funds, insurance companies and pension funds, or opportunistic credit investors looking to deploy capital into existing pools of private credit assets.

Who is selling, and why?

Secondaries buyers are buying exposure to the underlying loans and underwriting the discount to NAV. The bid-ask spread between what sellers

will accept and what buyers will pay is one of the defining features of this market.

What are they underwriting?

Secondaries buyers are buying exposure to the underlying loans and underwriting the discount to NAV. The bid-ask spread between what sellers will accept and what buyers will pay is one of the defining features of this market.

What are the key characteristics of a secondary buyer's position?

- Shorter effective duration than primary investing
- A J-curve that's already partly resolved — no blind pool risk from the early deployment years
- A known (if imperfect) track record on the underlying credits
- A discount to NAV that provides a built-in buffer against further credit deterioration

LP-led vs GP-led: the two types of secondary transaction

The LP-led secondary

The LP-led secondary is the simpler of the two. An existing fund investor (the LP) sells their stake to a new buyer. The fund itself, and the GP managing it, remains unchanged. The buyer simply replaces the seller on the cap table.

The GP-led secondary

The GP initiates the transaction, typically by moving one or more assets into a new continuation vehicle (CV). Existing LPs are offered a choice: roll their stake into the new vehicle, or take liquidity and exit.

GP-led deals allow a manager to hold onto high-conviction assets beyond the fund's original mandate, give existing LPs an exit option without a forced sale, and bring in new capital from secondary buyers who want targeted exposure to specific assets.

Example: A direct lending manager has three performing portfolio companies in Fund III that it believes are two to three years away from optimal exit. Rather than sell at a discount under time pressure from the fund's wind-down, it creates a continuation vehicle, offers Fund III LPs the choice to roll or cash out, and brings in a secondary fund as the anchor investor in the new vehicle.

How big is this market?

The private credit secondaries market, for most of its history, was a fraction of the private equity secondaries market — but the rapid expansion of private credit AUM is in the process of changing it.

Estimates for annual private credit secondaries transaction volume have risen into the tens of billions of dollars globally, with GP-led deals accounting for a growing share. Dedicated secondary funds from managers including Ares, Collier Capital, and Golub Capital have all raised capital targeting the space.

The market remains less liquid and less standardized than PE secondaries.

Why does this matter for private credit professionals?

For direct lenders, secondaries activity affects how portfolio companies think about their capital structure and their lender base.

For fund managers, it's a tool for managing LP relations and extending hold periods on winning assets. For investors, it's an increasingly credible route to liquidity in an asset class that was previously considered locked up.

It's also a signal. When secondary discount widths expand, it often reflects broader anxiety about credit quality, valuation marks, or rate sensitivity.

Understanding who is selling — and at what discount — matters beyond individual transactions. When GP-led activity accelerates and software and healthcare names feature prominently among the assets being moved, it's a window into where managers believe credit quality is most uncertain. That's the SaaS exposure question, made legible through secondary pricing.



Documenting the SaaS-pocalypse

The private credit market has long been described as a "black box", but BDCs offer a rare, transparent window into the mechanics of the asset class.

9fin hosted a webinar on BDCs in the age of the SaaS-pocalypse, featuring experts from the team, to discuss how software exposure, secondary sales and redemption pressure are reshaping the BDC market.

Three themes ran through the session: that software exposure is deeper than headline disclosures suggest, that secondary markets have become a core risk management tool rather than an emergency exit, and that redemption queues are forcing a reckoning with what "semi-liquid" actually means for retail capital.

Our webinar speakers:

- Peter Benson, BDC and private credit data lead
- Shubham Saharan, US private credit editor
- Anna Russi, private credit reporter

1. Software exposure is higher, and less straightforward, than headline disclosures suggest

Software has become one of the most important pressure points in BDC portfolios. 9fin's review of 19 public BDCs in its non-accrual tracker found that Golub Capital BDC and Hercules BDC had more than 30% software exposure when hidden or adjacent allocations were included, while a further five public BDCs had more than 20% exposure.

9fin offers the most comprehensive analysis of the public BDC earnings season available — [download our Q4 2025 BDC data review](#) to access our software exposure rankings, non-accrual tracker, market stress analysis, and BDC watchlist.

The panel noted that software exposure is not always labelled cleanly. Some BDCs classify software-like credits under healthcare technology, internet services, professional services or other categories, making it harder for

investors to compare risk across portfolios.

"We actually found that six of the public BDCs had hidden allocations of some kind ... when we did some digging into their filings, we found that other allocations also included software credits as well."
— Peter Benson

That does not necessarily mean managers are deliberately hiding risk. As Shubham Saharan pointed out, many upper-middle-market businesses sit across multiple sectors, and classification standards remain inconsistent:

"There is no standardization. And because there is no quote-unquote market in private credit, you don't necessarily have the invisible hand saying, 'this is something that is invested by tech versus something that isn't invested by tech.'"

2. Secondary transactions are becoming a core liquidity and risk-management tool

The discussion also focused on the rise of secondary sales across private credit. The panel highlighted high-profile processes from Blue Owl, New Mountain, FSKKR, HPS, Apollo, Audax and Antares, reflecting a market where traditional exits have slowed and managers need new ways to manage portfolios.

“Liquidity and secondary activity in private credit really go hand in hand. In a more cashless M&A environment, traditional exits slow down. Liquidity gets harder to access. And that’s where the secondary market becomes more essential.”

— Anna Russi

This shift is not only about raising cash. Managers are also using the secondary market to transfer risk, reduce exposure to stressed sectors and create room for new originations. Software and healthcare were both identified as areas where managers are reassessing exposure.

The panel also noted that the development of secondary trading desks at banks such as JPMorgan and Goldman Sachs is making it easier for individual private credit loans to trade, including both healthier names and stressed credits.

“We’re finally seeing secondary trading desks start taking off. This was almost unheard of 3 years ago.”
— Shubham Saharan

3. Redemption queues are testing the promise of semi-liquid private credit

The panel closed by discussing redemption pressure in non-traded BDCs and evergreen structures. Managers including Apollo, Ares, Morgan Stanley, Blackstone and HPS have all faced redemption activity, but they have responded differently: some fulfilled all requests, while others stuck

to traditional gates.

The debate centres on whether investors fully understand what “semi-liquid” means in practice, particularly when vehicles are marketed to retail or high-net-worth channels but still rely on gating structures to protect the fund.

“The gates show that the entire vehicle is working, because we’re still standing. But does that mean that there’s probably not some underlying questions that we should be asking? Absolutely not.”

— Shubham Saharan

The panel also suggested that recent redemption pressure could influence how future evergreen funds are structured, particularly if they are being marketed to retail investors.

A new phase for BDCs

The BDC market is entering a more demanding phase. Software exposure, secondary sales, watchlist credits and redemption queues all point to a market where transparency and active management matter more than ever. The webinar’s central theme was that the asset class is becoming more complex, more liquid in pockets and more closely scrutinized by investors. As BDCs move further into retail channels and managers contend with older vintages, slower M&A and changing technology risk, the winners will be those that can explain their portfolios clearly — and manage them actively before stress becomes visible in headline metrics.

The documentation question connects the software and liquidity stories. If credit agreements are insufficiently protective — on securitization, on asset transfers, on management conduct — then neither better underwriting nor faster secondary execution fully addresses the structural risk. First Brands made that visible.



The First Brands fallout

First Brands isn't strictly a private credit story; as Shubham notes in the opening interview, direct lending exposure was indirect, mainly through BDC positions in the fallout.

But it became a private credit story the moment it demonstrated what happens when documentation doesn't keep pace with deal complexity.

If managers can be surprised by the capital structure of a company they lend to, documentation discipline isn't a box-ticking exercise.

New private credit provision could require lenders to disclose co-ops

— *Shubham Saharan, Max Frumes and Tom Quinn, 9fin*

A new form of anti-co-op language has made its way into the private credit market in a deal for a Thoma Bravo portfolio company, according to 9fin sources.

Earlier this month, the sponsor completed a debt refinancing for its portfolio company Majesco, a provider of insurance technology. The new \$1.3bn facility was backed by direct lenders including Oak Hill, Antares, Cliffwater, and Thoma Bravo's own credit fund.

The credit agreement includes two clauses that could make it harder for lenders to band together and to build up positions in the company's debt, the sources said.

[Keep reading here.](#)

9fin's **coverage of First Brands** tracked the exposure mapping, lender implications, and recovery analysis as the situation developed — including the connections between inventory financing structures and BDC positions that weren't immediately visible in headline disclosures.

The documentation shift underway — securitization caps, anti-co-op language in new facilities, tighter DD on management — reflects a market absorbing a lesson in real time. The question for H2 is whether these adjustments arrive broadly enough, quickly enough, to matter for the 2021 vintage maturity wall that's now approaching.



The changing narrative — looking ahead

The pressure points visible in H1 — documentation risk, software exposure, retail redemptions — don't resolve cleanly at the halfway mark.

We asked Josie Shillito, 9fin's global head of private credit and ABF, where she expects each of them to land.

If you're a private credit professional reading this in September, what's the one development from H1 that you'll wish you'd paid more attention to earlier?

Documentation. Some private credit agreements, particularly at the large-cap end of the spectrum, have in recent years converged with BSL documentation. Meanwhile, sponsors have increasingly had the power to erode lender rights. However, given the global instability, secondary sell-downs, and supply chain risk we're seeing, that's increasingly a liability for lenders of record.

I think it'll become something private credit professionals wished they paid more attention to.

The First Brands saga is a case in point. We're now seeing securitization limits entering credit agreements as a direct result of this deal. There may be other situations in 2026 which will have lenders wishing they had been proactive about document provisions, supply chain due diligence, and clearer language around political or jurisdictional risk before, rather than after, the fact.

We've talked about some of the pressure building in the market — SaaS portfolios, BDC redemptions, secondary activity. If one of those becomes a genuine dislocation in the second half, which is it, and what does that path look like?

I would add to that list the beginning of

the maturity wall for deals done in 2021. There will be more defaults, driven by deal quality and by software business on the wrong side of the SaaS-pocalypse.

However, fundamentally, even if defaults grow we're talking private equity-backed companies that have big equity cushions underneath them.

The biggest concern the private credit market has is how it's reported.

That affects retail investor sentiment, which is jittery by nature. And they're concerned about the image problem.

On the flip side — where are the most interesting opportunities for deployers of capital in H2?

Credit opportunities funds have some interesting opportunities to provide a layer of junior debt where companies may need it. There are also interesting opportunities arising in defence, with ESG restrictions being relaxed in that area.

I think also in industrials and asset-backed private credit, where it's easier for investors to wrap their heads around a solid asset, as opposed to an asset like software business.

Anyone who can smartly structure hybrid private credit ABF deals, lending to both cash flow and assets, will have themselves an advantage for the remainder of 2026.



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