

−\$2.0B Q1 2026 NET OUTFLOW FIRST NEGATIVE QUARTER ON RECORD	+429% YEAR-ON-YEAR SURGE IN REDEMPTION REQUESTS	4 of 10 TOP VEHICLES MET <50% OF Q1 REDEMPTION REQUESTS	91% TCPC NAV REDUCTION FROM 2021-OR-EARLIER VINTAGE
--	--	--	--

The Gating of Private *Credit*

Perpetual BDCs record their first-ever negative net flows in Q1 2026, as AI-driven fears over software collateral send redemptions past inflows — and managers scramble to shut the gates.

EXECUTIVE SUMMARY

Private credit's retail expansion depended on a promise that was always a fiction: that semi-liquid vehicles could offer individual investors meaningful quarterly exit from inherently illiquid loans. Q1 2026 is when that fiction became visible. In the first quarter since these vehicles were created, accepted redemptions at perpetual business development companies exceeded new inflows. The industry's flagship managers — BlackRock, Blackstone, Blue Owl — reached for their gates simultaneously.

Three structural forces converge. The 5% quarterly redemption cap, which had never bound in practice, bound across the entire top of the industry at once. The 2021-vintage write-down cycle, which TCPC's January off-cycle disclosure made concrete, has not finished moving through the sector's portfolios. And valuation opacity — already a market risk — has crossed into regulatory risk, with Manhattan federal prosecutors seeking information about TCPC's loan valuation practices.

The product was sold beyond its design limits. Q1 2026 is when the warranty voided.

What the Q1 2026 Numbers Actually Show

The headline from RA Stanger, which tracks approximately 23 publicly registered non-traded BDCs, is stark. In Q1 2026, investors redeemed an estimated \$6.9 billion while new subscriptions came in at roughly \$4.9 billion, a net outflow of approximately \$2.0 billion. That is the first negative quarter on record for this cohort. Put in context: year-over-year, inflows fell by roughly 59% while redemptions surged by approximately 429%. Those are industry-consensus approximations derived from Stanger's proprietary tracking dataset, not audited figures, and the Fed has not published exact quarterly data for the cohort. But the directional signal is unambiguous and corroborated by Fitch, iCapital, and the Federal Reserve's own May 2026 Financial Stability Report.

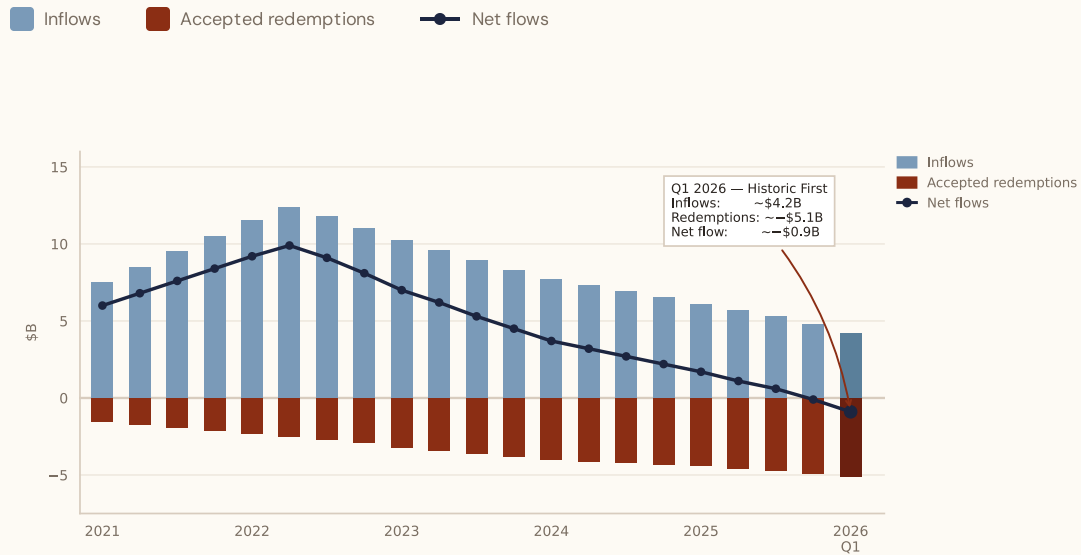
The pressure had been visible in advance to anyone watching. iCapital's data show aggregate redemptions in the Cliffwater perpetual BDC index climbing from approximately 1.6% of NAV in Q3 2025 to approximately 4.8% in Q4 2025, approaching the 5% contractual cap before the first gate was formally invoked. Through that period, several funds honored 100% of tenders even as requests neared the cap. That may have communicated to investors that the ceiling was soft. It was not.

Fitch confirmed in April 2026 that negative net flows had become "more widespread" across perpetual non-traded BDCs, a reversal from the strong inflows of the post-pandemic boom. Moody's shifted its BDC sector outlook negatively around the same time, noting the investor base is "more sentiment-driven and less locked-up than traditional institutional LPs."

The universe these funds inhabit is substantial. Perpetual BDCs hold approximately \$306 billion in gross assets and \$161 billion in net assets, per the Fed FSR. Related interval fund structures add another estimated \$119 billion in gross assets. Together, semi-liquid private credit vehicles represent roughly 20% of all private credit AUM in the United States.

Q1 2026 Marks Perpetual BDCs' First *Negative* Net Flow

Perpetual BDC quarterly inflows and accepted redemptions, billions of dollars · Icarus Asia conservative estimates calibrated to Fed Figure C



[Editor's Note] Accepted redemptions reflect manager-approved withdrawals only; total redemption requests were higher where funds imposed gating or NAV caps. All figures are Icarus Asia estimates derived by visual interpolation of Figure C in the Federal Reserve Financial Stability Report (May 2026). Historical outflow magnitudes were calibrated conservatively.

Figure 1: Perpetual BDC Quarterly Net Flows, 2021–Q1 2026 — Q1 2026 marks the first quarter in which accepted redemptions exceeded new inflows across the non-traded BDC cohort tracked by RA Stanger.

The 5% Illusion: How the Cap Finally *Bound*

When BlackRock activated gates on HPS Corporate Lending Fund for the first time in the \$26 billion vehicle's history, it paid out \$620 million (exactly the 5% cap on its then-NAV) and held the rest. Investors who had submitted the remaining portion of \$1.2 billion in Q1 withdrawal requests, representing approximately 9.3% of fund assets, were told to wait. New subscriptions during the quarter came in at roughly \$840 million. Not enough to cover the gap.

Blackstone's approach at BCRED, the \$82 billion vehicle at the top of the market, was different but no less revealing. Redemption requests hit a record equivalent to nearly 8% of assets in a single quarter. Rather than hold the line at 5%, Blackstone raised its withdrawal threshold to 7% and injected approximately \$400 million of corporate and employee capital to satisfy the backlog. That injection says something — managers who believe a problem is contained do not inject \$400 million of house capital to close the gap.

Blue Owl was more direct. It halted regular redemptions at one retail vehicle entirely, sold approximately \$1.4 billion in loan assets to generate liquidity, and executed a 15.4% fund buyback in January to stabilize NAV. According to RA Stanger's separate analysis of private-placement BDCs, Blue Owl Credit Income Corp. and Blue Owl Technology Income Corp. were among four large vehicles that met less than 50% of Q1 2026 redemption requests, alongside Ares Strategic Income Fund and Apollo Debt Solutions BDC.

That four vehicles at this scale, at the same moment, met under half of what investors asked for (in the first quarter the contractual caps ever bound) deserves to be read as a sector-wide structural signal, not a collection of isolated fund decisions.

The Software Debt *Overhang*

Software became the default destination for private credit capital because the logic was compelling: recurring subscription revenue, high gross margins, low capital intensity, and structural insulation from economic cycles.

Direct-lending exposure to SaaS borrowers grew from an estimated \$8 billion in 2015 to over \$500 billion by end-2025, representing roughly 19% of total direct loans, according to BIS research, though these figures involve estimation across a fragmented market and should be read as approximate orders of magnitude rather than audited totals. TCPC carries approximately 30.5% of its portfolio in software loans; HLEND approximately 19%.

The problem with that thesis emerged gradually and then suddenly. Generative AI has given customers of enterprise software an alternative they did not have before: AI-native tools that replicate core functionality at a fraction of the legacy platform's cost. Recurring revenue that depended on product lock-in is less defensible when the lock-in weakens. The software equities market felt this earlier than private credit: BIS research estimates software equities sold off by roughly 30% between October 2025 and February 2026. BDC equities fell by approximately 10% on average over the same window, with vehicles carrying heavier SaaS exposure underperforming peers by an estimated 5 percentage points and trading at wider NAV discounts.

KBRA's dedicated analysis reaches a more measured conclusion: that AI-related credit risk to most software borrowers held by direct lenders is "diffuse and manageable," concentrated in issuers with near-term maturities and more direct exposure to AI substitution. Private credit executives have made that KBRA finding a talking point in every investor communication since. They are not wrong to cite it. But the KBRA finding does not address the valuation lag embedded in loan marks. Even if most software loans ultimately perform, the quarterly reporting cycle means that deterioration in business fundamentals can accumulate in a

portfolio for months or quarters before any write-down appears. When recognition finally comes, it comes all at once.

In Q1 2026, TCPC recorded \$11 million in software portfolio markdowns specifically attributable to AI disruption risk, slower growth expectations, and multiple compression. The \$11 million markdown is a realized figure from the fund's own filings — not a stress-test estimate.

Marks, Fees, and the *Architecture of Delay*

The valuation problem in private credit is structural, not accidental. Private loans have no continuous market price. Managers value them quarterly using financial models and independent valuation agents, a process that creates room, intentionally or not, for marks to lag economic reality. The mechanism by which that lag benefits managers is direct: management fees and performance fees are calculated on reported NAV and on the income generated by loans. A loan marked too high for too long generates fee income based on a value that does not exist. When the write-down arrives, investors absorb the loss. The fees already paid are not returned.

PIMCO strategist Lotfi Karoui quantified the consequence in a widely circulated analysis: marks for the same loan held across different BDC portfolios diverged by approximately five points on average by year-end 2025. "These gaps," he wrote, "are difficult to reconcile with the notion of arm's-length fair value determinations for identical assets." Translated from the academic: two managers, same borrower, five points apart in their marks. One of them is wrong. Some portion of reported NAV across the sector is not real.

The TCPC situation makes this concrete. In late January 2026, the fund filed an unusual off-cycle disclosure revealing it expected to cut NAV per share from \$8.71 to a range of \$7.05 to \$7.09, a roughly 19% markdown in a single quarter. The official Q4 figure came in at \$7.07, down \$1.64. Total damage: \$73.9 million in realized losses and \$66.5 million in unrealized, driven by a small set of legacy borrowers. TCPC disclosed that six portfolio companies (a cohort including Razor, SellerX, Edmentum, Renovo/HomeRenew, and two others) collectively drove approximately 67% of the Q4 2025 NAV decline, or about \$1.11 per share in aggregate. The fund has not published a detailed company-by-company breakdown of per-share attribution in its formal 10-K; individual figures in circulation derive from investor materials and supplemental disclosures, and should be treated as approximations rather than audited line items. What the filing does state

unambiguously is that roughly 91% of the quarter's overall NAV reduction came from investments underwritten in 2021 or earlier.

That figure — 91% from 2021 or earlier — is the number that should concern investors in other perpetual and non-traded BDCs that have not yet written down equivalent vintage exposures. TCPC is not unique in having funded that era's deal flow.

The Razor position is worth examining separately, not for the precise cents-on-the-dollar figures, but for what the sequence reveals about the mark-to-model architecture. Razor Group, an Amazon aggregator, had merged with another BlackRock debtor, Infinite Commerce Holdings, in August 2025. By the time TCPC filed its Q4 results, the combined position had been written entirely to zero, a loss that, by the company's own account, had not been reflected in the prior quarter's reported figures. How a position goes from carried value to zero in one reporting cycle is the question that regulators are now asking.

Shares fell 13% on January 26 following the off-cycle disclosure, the worst single session since March 2020. The board cut the quarterly dividend by 32%, from \$0.25 to \$0.17 per share. Fitch downgraded TCPC to BB from BB+ on January 30, placing all ratings on Rating Watch Negative, and flagged refinancing risk on \$325 million of senior unsecured notes maturing in February 2026. Net regulatory leverage had reached 1.41×; total debt-to-equity approximately 1.74×. As of Q1 2026, TCPC's NAV stands at \$6.72 per share, down 27% in twelve months.

The Prosecutors Notice the *Gap*

Manhattan federal prosecutors have been seeking information about TCPC's valuation practices, according to Bloomberg's May 15, 2026 reporting. The Southern District of New York, led by U.S. Attorney Damian Williams, has questioned fund executives. The inquiry focuses on how the fund valued its illiquid loans, the same question the market has been asking since the January off-cycle disclosure.

BlackRock has not been accused of any wrongdoing. A spokesperson declined to comment. Investigations at this stage routinely conclude without charges.

What adds weight to the inquiry's potential scope is the public posture of Jay Clayton (the former SEC chairman, speaking at the Managed Funds Association conference this month) explicitly targeting the fee mechanics of private asset mismarking: "If people are mismarking in order to generate fees, that's always been a no-no." In November 2025, he had told a separate audience that "the financial regulators and the department are looking at" how firms value private assets. Clayton was speaking in his capacity as an industry observer and former regulator, not as a member of the SDNY team, but his choice to repeatedly, publicly flag this specific concern in this specific period is not coincidental.

The regulatory overhang from this inquiry goes beyond TCPC. If the SDNY expands its scope, or if charges are filed, it would validate the mismarking thesis for the broader sector and create a template for regulators to demand mark-to-market convergence across multiple managers. The SEC has the tools to move on valuation standards without waiting for criminal proceedings. That risk is not priced into any BDC equity or perpetual vehicle NAV at present.

The Rate Cut That Made *Everything Worse*

L ayered beneath the valuation and redemption story is a simpler problem: the income machine is breaking down. The Fed has cut rates five times since September 2024, bringing the upper bound of the federal funds rate to 3.75%. BDC portfolios are dominated by floating-rate loans tied to SOFR and equivalent benchmarks. As those benchmarks fell, so did the yield on the loans.

Average investment yields for Fitch-rated BDCs fell to approximately 10.1% at year-end 2025, from approximately 11.1% the prior year. Average net investment income relative to portfolio cost dropped to roughly 5.4% from 6.3%. Eleven of the twelve Fitch-rated BDCs ended 2025 with NII below the level needed to fully cover their dividends, meaning they were effectively returning investors' own capital and calling it yield.

PIK income (where borrowers pay interest by issuing additional debt rather than cash) had reached approximately 8.1% of total interest and dividend income across Fitch's rated BDC universe. A high PIK share means a growing portion of reported earnings is a promise of future payment from borrowers who cannot afford to pay today. It also compounds future default risk as deferred obligations accumulate. At 8% of total income, PIK has crossed from a structural feature into a signal: borrowers who could pay cash are instead deferring. The stress exists; it simply has not reached the non-accrual column yet.

TCPC's Q1 2026 originations illustrate the income replacement problem at the individual vehicle level. The fund originated \$22.5 million in new loans in the quarter at an average effective yield of 8.3%. The positions they replaced had carried an average yield of 11.2%. That gap, nearly 300 basis points between what rolls in and what rolled off, will compress NII for multiple quarters regardless of what happens to credit quality.

Where the Stress Is Concentrated, and Where It Is *Not*

Not every vehicle is equally exposed. A few distinctions matter.

Vehicles marketed on technology or software specialization carry the most direct AI-narrative risk and have been focal points for redemption pressure. The Blue Owl technology-focused vehicles and Apollo's Debt Solutions BDC, flagged in Stanger's data as meeting under 50% of Q1 requests, fit this profile. Managers with more diversified portfolios, lower leverage, shorter loan durations, and less dependence on model-based marks appear more resilient, though no NAV in this sector is immune to the broader repricing that is underway.

The Cliffwater analysis prior to the current downturn highlighted a structural feature that now provides some protection for a subset of perpetual BDCs: because these vehicles must accommodate quarterly redemptions, they historically held somewhat more liquid assets than non-perpetual BDCs, accepting a yield penalty in exchange for flexibility. That positioning is now paying off unevenly: vehicles that maintained more liquid portfolios can meet tenders without forced asset sales; those that stretched for yield into less liquid positions face harder choices.

Among the listed BDC managers, responses have varied in what they signal. KKR announced a \$300 million stabilization package for FS KKR Capital Corp.: a \$150 million preferred equity injection and a \$150 million tender offer for common shares at \$11, combined with a four-quarter waiver of KKR's own incentive fees. Waiving fees is not a gesture a manager makes unless it believes the underlying platform is worth defending at cost.

Apollo has moved in the opposite direction at MidCap Financial Investment Corp. Non-accruals surged to approximately \$167 million at amortized cost in Q1 2026, up from \$48.5 million a year prior. Rather than commit further resources to workout, Apollo is reportedly shopping the management contract, a strategic exit from a platform that has become difficult to defend publicly.

BlackRock's response at TCPC has been organizational: installing HPS Investment Partners executives into the investment committee, with HPS direct lending head Vikas Keswani holding one of three newly-assigned seats out of seven total. The logic is that HPS's origination network and workout expertise will help TCPC navigate its legacy portfolio. Whether that integration overrides the drag of 2021-vintage concentrated positions is the open question. The NAV trajectory (\$9.18 a year ago, \$6.72 today) suggests the workout has time to run.

The price-to-NAV discounts on the listed vehicles tell their own story. TCPC trades at 0.55 times book. FSK is at 0.51 times, the deepest discount in the peer set. MFIC, at 0.76 times, trades at a narrower discount. Against the AIC Alliance sector average of 0.74 times, the stress is anything but evenly distributed: FSK at 0.51 times and TCPC at 0.55 times are trading at discounts typically associated with recession-era credit funds.

COMPANY	AUM / NET ASSETS	PRICE / NAV	NON-ACCRUALS	KEY ISSUE	RATING TREND
TCPC BlackRock	~\$1.5B	0.55×	2.8% FV (Q1 2026)	2021 vintage; DOJ probe	BB / Watch Negative (Fitch)
FSK KKR	\$12.3B	0.51×	3.4% FV	Discount gap; incentive realignment	Stabilizing (KKR intervention)
MFIC Apollo	\$3.0B	0.76×	~5.6% at cost†	Management exit risk	Deteriorating
BCRED Blackstone	\$82B (gross)	N/A (non-listed)	1.4% FV	Redemption pressure; gating	Watch
HLEND BlackRock / HPS	\$26B (gross)	N/A (non-listed)	0.1% FV	First gate; software exposure	Watch

Price-to-NAV figures for listed BDCs reflect current market data as of May 2026. BCRED and HLEND are non-listed; no exchange price is available. Non-accrual percentages for TCPC, FSK, BCRED, and HLEND are expressed as a percentage of fair value (FV).

† MFIC's figure is an Icarus Asia estimate calculated on a cost basis (\$167M / reported portfolio cost), not fair value; the FV-equivalent ratio will differ and should be confirmed from the Q1 2026 10-Q before direct peer comparison.

On credit quality, the divergence between HLEND and TCPC is notable: HLEND's non-accruals sit at just 0.1% of fair value, while TCPC's are at 2.8% and FSK's are at 3.4%. BCRED runs at 1.4%. For a sector where the headline concern is valuation integrity rather than realized defaults, those non-accrual figures will be watched closely in Q2 and Q3 for any acceleration.

The Non-Accrual *Acceleration*

Credit metrics sector-wide reinforce the concern. SOLVE Fixed Income data show that approximately 54 BDCs reported at least one new non-accrual loan in Q1 2026. Total new non-accruals for the quarter reached an estimated \$1.4 billion at cost, representing roughly 27% of the approximately \$5.1 billion in aggregate non-accruals across all BDC filings. A single quarter adding 27% to the sector's cumulative non-accrual stock is, by any reading, an acceleration.

Octus identified approximately 31 additional borrowers added to non-accrual status in early May 2026 BDC filings, including Medallia, placed on non-accrual by the Blackstone Secured Lending Fund and marked at approximately 60.3 cents on the dollar. JPMorgan CEO Jamie Dimon has applied the "cockroach theory" to private credit, where one problem surfaces, others are nearby. The recent restructurings of Tricolor, First Brands, and MFS are being read by credit specialists as early indicators of 2020–2021 vintage underwriting weakness that has not yet finished moving through reported marks.

BlackRock separately disclosed a \$400 million loss tied to invoice fraud at Bankai Group, a case that sits apart from the valuation lag issue but reinforces the broader concern about due diligence standards when capital moves rapidly through a market that was built as an institutional channel and has since been retailized.

What Happens Next: *Three Scenarios*

Base Case

~45% PROBABILITY

Protracted trust repair through 2026–27. Periodic gating episodes continue. NAV discounts do not recover quickly as retail advisors re-examine allocations and media coverage stays negative. The 2021-vintage write-down cycle continues to produce cliff-edge recognition events. SDNY inquiry extends without resolution. The perpetual BDC wrapper, as a retail distribution mechanism, undergoes a sustained contraction — though institutional direct lending continues to function.

Optimistic Case

~35% PROBABILITY

AI fears around software cool faster than expected as more earnings data shows resilient performance. The SDNY inquiry resolves without charges. The Fed holds rates roughly flat, preventing further NII compression. Inflows stabilize at lower levels. Managers that maintained conservative portfolios recover first; the sector bifurcates between the disciplined and the stretched.

Tail Risk

~20% PROBABILITY

Bank revolver tightening. The ten largest perpetual BDCs, controlling roughly 80% of sector assets, are supported by bank credit lines representing ~25% of all bank loan commitments to NBFIs. If further NAV deterioration prompts lenders to tighten or withdraw commitments, forced asset sales at scale would pressure NAVs sector-wide. The Fed's three-quarter liquidity runway estimate holds only if those bank lines remain open.

What to *Watch*

RA Stanger Q2 flow data (due July 2026) will show whether the Q1 negative net flow was a one-quarter event or the beginning of a trend. A second consecutive negative quarter makes the trust repair narrative much harder to sustain.

Software loan performance through mid-2026 will test whether KBRA's "diffuse and manageable" conclusion holds at the portfolio level. The first large-cap SaaS default would re-accelerate the AI-narrative risk that drove Q1 redemption behavior.

Bank revolver utilization rates. Twenty-five percent of bank loan commitments to NBFIs concentrated in this sector is a credit risk that has not yet been stress-tested at scale.

Listed BDC price-to-NAV trajectory. Sustained movement back toward the historical 0.85–0.90 times range would signal returning advisor confidence. Widening from 0.74 times would signal the opposite.

Any indication of SDNY inquiry expansion (new subpoenas, expanded scope, or named targets beyond TCPC) would mark a step change in regulatory risk for the sector.

Dividend decisions. BDC boards that cut dividends are managing solvency. Boards that hold dividends above NII are managing optics. Which of those two responses prevails across the rated universe in Q2 and Q3 2026 will reveal how managers themselves are reading the duration of this stress.

Risks

Vintage & Structural Valuation Risks

The highest-probability material risk sitting inside this sector is one that regulators and analysts have named but managers have not fully addressed: the 2021 vintage is not finished writing down. The sector-wide acknowledgment that vintage concentration drove TCPC's Q4 collapse points to a broad cohort of loans across multiple portfolios still carrying marks that do not reflect current economic reality. A coordinated wave of cliff-edge recognition events across several managers simultaneously would reignite redemption pressure, stress bank revolvers, and produce NAV compression that no individual manager can contain independently. Layered on top of that structural risk is the SDNY inquiry. If the Manhattan U.S. Attorney's office broadens its scope beyond TCPC, or if charges are filed, it would confirm the mismarking thesis for the sector at large, accelerating retail advisor reallocation and creating a template for SEC rulemaking on private asset valuation standards, a priority the commission has already signaled. Individual manager fee structures, calculated on NAVs that may have been carried above economic value, would face a level of scrutiny they have not previously encountered.

Liquidity & Bank Transmission Risks

The scenario that converts a manageable stress into a systemic one runs through the banks. Credit lines extended to the ten largest perpetual BDCs now represent an estimated 25% of all bank loan commitments to non-bank financial institutions, per the Fed FSR, a concentration that grew approximately 17% year-over-year in 2025, when the sector was still in growth mode. Those lines are the sector's primary liquidity buffer. The Fed's base case assumes they remain open, providing roughly a three-quarter runway at current redemption rates. That assumption has not been tested under concurrent NAV compression. If a wave of covenant breaches or deteriorating credit quality prompted even a handful of bank lenders to tighten or withdraw commitments, the buffer compresses faster than any manager's published liquidity analysis implies, and forced asset sales at scale would pressure NAVs across the sector rather than at isolated distressed vehicles. Separately, a wave of SaaS defaults, driven by AI displacement converting narrative risk into realized credit losses, would strike concentrated portfolios hardest. TCPC at 30.5% software exposure and HLEND at 19% would absorb the direct impact, but BIS estimates that roughly 19% of all direct loans sector-wide carry SaaS exposure, meaning no diversified portfolio is fully insulated.

Macro & Advisor Reallocation Risks

Combined BDC fundraising has already fallen approximately 22.6% from its March 2025 peak, to roughly \$4.8 billion, per Stanger data, and the structural question is whether that decline stabilizes or steepens. If major wirehouse and RIA platforms formally reduce BDC allocation targets (a step reportedly under active discussion at several firms), the inflow base contracts in a way that makes the Q1 negative net flow a durable feature rather than a stress-period anomaly. Overlaid on that distribution risk is a rate environment that offers no clean resolution. The Fed has cut five times since September 2024, compressing floating-rate loan income and pushing 11 of 12 Fitch-rated BDCs below full dividend coverage at year-end 2025. If inflation returns and the Fed reverses course, floating-rate income stabilizes but borrower debt-service costs rise on already-stressed 2021-vintage positions. If the Fed continues cutting, NII compression deepens further. The spread gap TCPC reported in Q1 (new originations priced at 8.3% replacing positions that had yielded 11.2%) illustrates the income math that every manager in this sector is quietly working through, with no rate path that resolves it cleanly.

DATA SOURCES

All data in this report are sourced from the following. Where figures are industry estimates or derived from proprietary research (RA Stanger, iCapital, Cliffwater), they should be read as approximations subject to revision. The Fed FSR, Fitch ratings actions, and company filings are primary sources.

Federal Reserve Financial Stability Report, May 2026

RA Stanger Q1 2026: Non-Traded BDC Outflows Exceed Inflows for First Time — AltsWire

Fitch Ratings: US BDCs Face Persistent Earnings Pressure and Asset Quality Risks, April 22, 2026

Fitch Ratings: US Perpetually Non-Traded BDCs See More Widespread Negative Net Flows, April 13, 2026

Fitch Ratings: Downgrades BlackRock TCP to BB, Places on Rating Watch Negative, January 30, 2026

TCPC SEC Filings (8-K, 10-Q) — SEC EDGAR

PIMCO / Lotfi Karoui, *mark dispersion analysis across BDC portfolios, 2026* — reported in industry press

BIS Quarterly Review, March 2026: "Private Credit's Software Lending Meets AI Disruption"

iCapital: BDC Redemptions — Looking Beyond the Gates, 2026

Invesco: BDC Growing Pains — Navigating the Next Phase of Private Credit, April 2026

KBRA: Private Credit Deep Dive on AI and Software, March 2026

SOLVE Fixed Income: BDC Filings Reveal New Non-Accruals in Q1 — A Key Indicator of Stress, 2026

Octus BDC Weekly Roundup: 31 Borrowers Added to Nonaccrual, May 2026

JPMorgan Asset Management: Tech, Software, and BDCs — Navigating Volatility and AI Disruption, 2026

Bloomberg: "BlackRock Private Credit Fund's Valuations Being Probed by DOJ," May 15, 2026 (*paywall*)

Jay Clayton, remarks at Managed Funds Association annual conference, May 2026 — reported in industry press

AIC Alliance: AI Jitters, Private Liquidity Crunch and 26% BDC Discounts

Blue Vault: Non-Traded BDC Private Capital Fundraising, Q3 2025

Alternative Credit Investor / Moody's: Downgrades Outlook for \$400bn BDC Sector, April 2026

S&P Global Ratings: BDCs' Exposure to Software Stays High, Steady, 2026

With Intelligence: Private Credit Outlook 2026 — The Market Faces Its First Big Test

This report is for informational purposes only and does not constitute investment advice. Icarus Asia holds no positions in the securities mentioned. All figures sourced from public filings, third-party reports, and Federal Reserve data as cited. RA Stanger, iCapital, and BIS figures involve proprietary or estimated data and should be treated as approximate. Forward-looking scenario probabilities are qualitative judgments and should not be relied upon as forecasts. **BlackRock has not been accused of any wrongdoing in connection with the SDNY inquiry.**