



JUPITER WEALTH

# Private Credit Funds

Crisis or Opportunity?

**KNOWLEDGE × SECURITY × PROSPERITY**

Over the past few years, the private credit market grew rapidly as prominent funds gained traction among HNI investors, broadening their traditional institutional investor base. In the recent quarters though, many of these individual investors have grown jittery, pulling out their capital, and leading to liquidity issues. There have been news of funds restricting redemptions, which has only contributed to amplifying the jitters!

Is this a crisis in the private credit funds? Data indicates that **defaults and overdue loans in public and private credit continue to be at relatively low levels**, however outcomes may vary based on underwriting practices, said Goldman Sachs last month.



# Recent News

Recent events across large private credit platforms highlight growing redemption pressure and liquidity management challenges. According to Morningstar, withdrawal requests across large business development companies (BDCs) surged 200% in the fourth quarter of 2025, reaching \$2.9 billion. In April 2026, Financial Times reported that wealthy investors attempted to pull more than \$20bn from private credit funds in the first quarter of 2026.

## **A Few Examples:**

### **Blue Owl Capital - \$300 bn total AUM**

- Blue Owl reportedly sold ~\$1.4B of loans across 3 of their funds to raise liquidity. The assets were sold at ~99.7% of par value to four US public pension funds and insurance companies.
- Quarterly redemptions have permanently been halted for investors in Blue Owl Capital Corp II.
- The firm has also faced scrutiny following exposure to a collapsed UK property lender (\$48 million exposure to Century Capital Partners Ltd.)

Source: Bloomberg, Reuters



# Recent News

## **BlackRock – HPS Corporate Lending Fund (HLEND) - \$26bn AUM**

- HLEND received withdrawal requests worth \$1.2 billion in the first quarter, or roughly 9.3% of its net asset value., exceeding its 5% redemption cap.
- The fund limited redemptions to \$620m, gating the remainder.
- 19% of HLEND's portfolio is tied up in software

## **Blackstone – BCRED - \$82bn AUM**

- The BCRED fund received redemption requests of 7.9% (~\$3.8B) in Q1 2026.
- The fund typically limits redemptions to 5% per quarter, but Blackstone met 100% of the redemption requests and avoided gating: 7% through tender + 0.9% through Blackstone co-invest (Blackstone and its employees injected ~\$400m of capital)
- BCRED also received ~ \$2bn of subscriptions during Q1 2026.
- Blackstone's decision to step in as a buyer in the BCRED strategy, on the same terms as other investors, was a powerful signal of alignment.



# Our Take:

→ The Private Credit Funds industry is going through a shake-up. There will be winners and losers, risks and opportunities. This is a time when **manager selection is of paramount importance**.

→ We believe the redemption activity is **not indicative of any under-performance or stress in the portfolios** of the fund strategies. This is **not** a systemic issue.

→ If the right fund platforms are selected, private credit strategies continue to offer **attractive income levels**, regardless of broader market conditions. They still offer meaningful returns over and above liquid credit and also continue to have very low correlation to public markets.

→ Our recommendation continues to be **strong platforms with deep balance sheets and institutional credibility** as they are better able to weather the current environment and to honor redemptions.

# Our Take:

## **Structural advantages of large managers**

- Larger and more diversified portfolios
- Stronger underwriting resources
- Better access to liquidity

For example, the average size of a single position in some of the large funds on our list, is less than 0.5%

Our investment team believes that these pressures are not systemic – redemption pressure is increasing by virtue of negative sentiment build-up but some of the large platforms and strategies on our list, remain solid.



# The Software Jitters

Software as an industry was generally attractive to private credit lenders, as it is asset-light, can earn high margins, and can be sold on a subscription basis. The recent jitters around the threat of artificial intelligence (AI) to the software industry though have had a knock-on effect on the perceived risk of private credit loans which have a significant exposure to software.

## Our Take:

We recommend funds that have a software portfolio that is invested across sub-verticals and heavily weighted toward areas that we believe **benefit from AI adoption or face low disruption risk**. While a small subset of companies will face AI-related headwinds, some of the large-scale funds carry select portion of the portfolio in areas such as critical infrastructure that is difficult to replace, proprietary data that we believe no one else can replicate, or executing complex workflows that lead to critical outcomes. Further, among the funds we recommend, software investments are characterized **by large, established companies, and low LTVs**.

Source: Bloomberg, Reuters



# Our Take:

## **The Opportunity Set**

Market dislocation could allow leading lenders to:

- Deploy capital at higher spreads
- Negotiate stronger covenants
- Capture market share from weaker lenders



# How Can Jupiter Help?

Our team regularly conducts thorough reviews of funds that are recommended to our clients, making sure we highlight the relevant key facts so our clients invest with eyes wide open. We look at all of the above factors and analyse these on an ongoing basis, ensuring the funds remain aligned to our clients' best interests.

## DISCLAIMER

This material is provided by Jupiter Wealth Advisors Limited ("JWAL"), which is regulated by the Dubai Financial Services Authority (DFSA). It is intended solely for use by Professional Client, as defined by the DFSA, and is not for, nor should it be relied upon by, or distributed to Retail Clients. Professional Clients may not have access to the same protections and compensation rights typically available to Retail Clients under DFSA and other jurisdictions.

This material is for informational purposes only and is not an offer or solicitation to provide succession or wealth planning services. It does not represent that any recommendation is suitable for, or appropriate to, an individual's circumstances, nor

does it constitute personal advice. Recipients are encouraged to make their own independent decisions based on their own judgment. In case of doubt, recipients should consult their legal advisors to assess the suitability of any succession or wealth planning strategy.

All planning and advisory services involve risks, including the potential for changes in personal circumstances or regulatory environments that may impact outcomes. Any consequence arising from the use of this material is the sole responsibility of the recipient, and JWAL accepts no liability for such consequences.