1H 2026 BDC/Private Credit Market Outlook Survey Results

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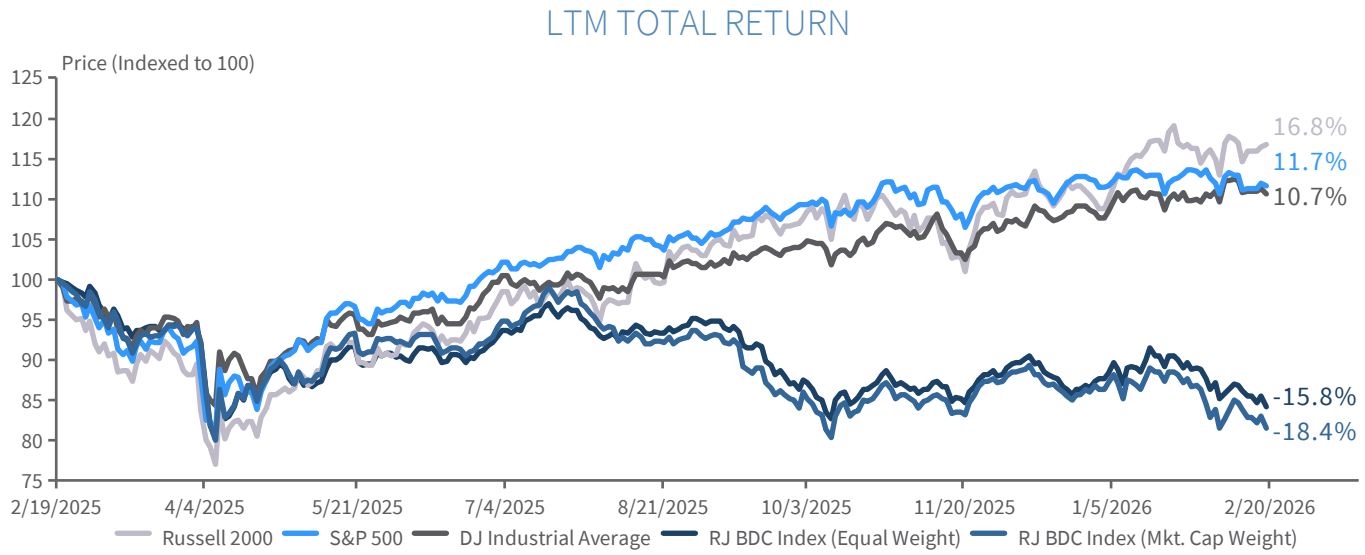
Current market conditions

Macroeconomic market update

- Following 75 bps of cumulative rate cuts across the final three FOMC meetings of 2025, the Federal Reserve has paused further easing, maintaining the federal funds rate in a 3.50%–3.75% range
- Policy expectations have stabilized, with futures markets assigning limited probability to additional rate cuts before mid-year
- Investor focus has shifted toward ongoing policy uncertainty and the upcoming Federal Reserve leadership transition, contributing to periodic rate volatility
- Equity markets have remained resilient despite geopolitical and macro uncertainty, with major indices continuing to advance
- While AI-related headlines have periodically weighed on private credit sentiment, fundamentals for floating-rate, cash-flow-oriented lending remain intact
- BDC impact: The major averages have outperformed the BDC Index from a market cap weight and equal weight perspective over the last twelve months

	2/19/2026	12/31/2025	2/19/2025	2025 Δ	YTD Δ	LTM Δ
S&P 500	6,862	6,846	6,144	16.0%	0.2%	11.7%
DJIA	49,395	48,063	44,628	12.7%	2.8%	10.7%
NASDAQ	22,682	23,242	20,056	19.8%	(2.4%)	13.1%
Financial Select Sector SPDR ETF	52	55	52	12.7%	(4.8%)	(0.1%)
30-Day SOFR (average)	3.66%	3.79%	4.35%	(0.74)	(0.13)	(0.69)
90-day SOFR (average)	3.76%	4.01%	4.44%	(0.68)	(0.25)	(0.68)
2-year treasury	3.47%	3.47%	4.28%	(0.78)	(0.00)	(0.79)
5-year treasury	3.65%	3.73%	4.37%	(0.65)	(0.08)	(0.62)



Source: FactSet as of 2/19/2026; total return assumes dividends are reinvested on the ex-dividend dates

Note: RJ BDC Index includes: ARCC, BBDC, BCSF, BKCC, BXSL, CCAP, CGBD, CION, CSWC, FDUS, FSK, GAIN, GBDC, GECC, GLAD, GSBD, HRZN, HTGC, ICMB, KBDC, LRFC, MAIN, MFIC, MRCC, MSDL, NCDL, NMFC, OBDC, OBDE, OCSL, OFS, OTF, OXSQ, PFLT, PFX, PNNT, PSBD, PSEC, PTMN, RWAY, SAR, SCM, SLRC, TCPC, TPVG, TRIN, TSLX and WHF

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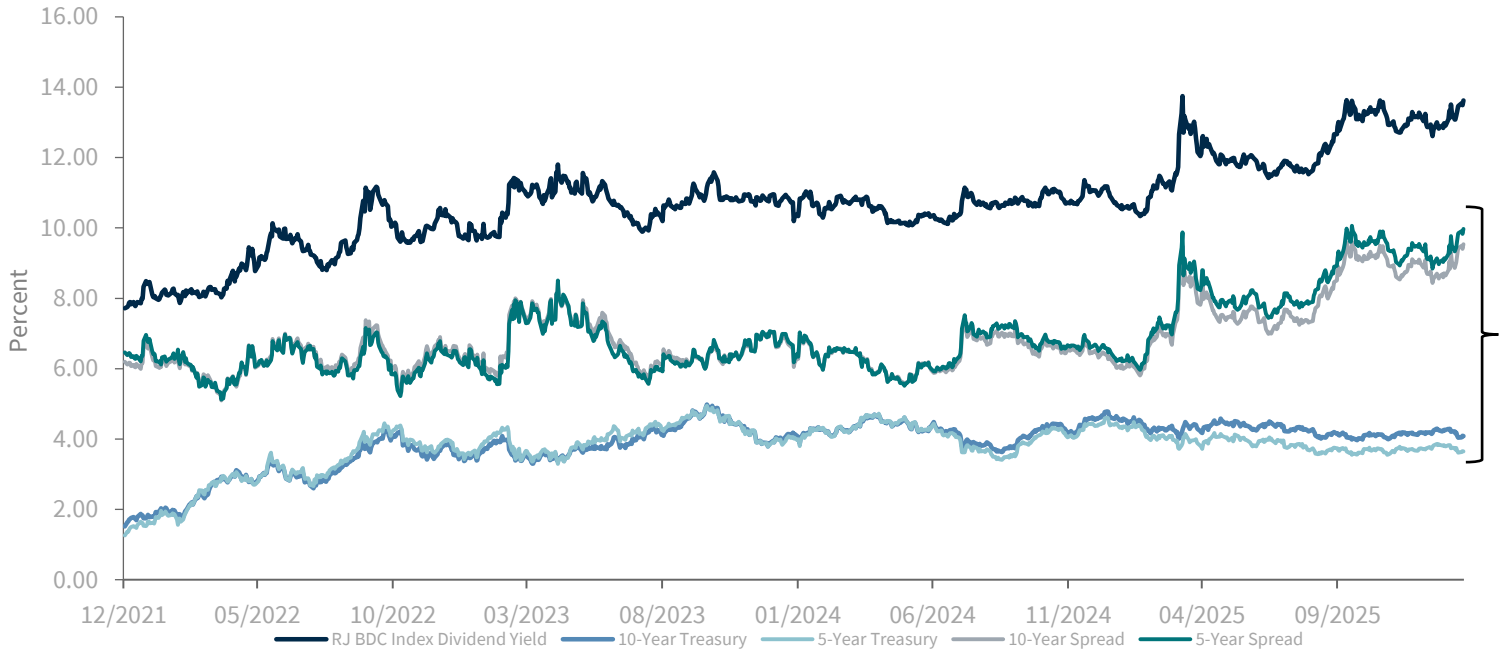
BDC dividend yield and U.S. treasury yield comparison

RJ BDC INDEX DIVIDEND YIELD VS. MARKET YIELD ON U.S. TREASURY SECURITIES



~689 bps average spread (1)

	2/19/2026	12/31/2021	% Change
BDC Div. Yield	**13.62%**	**7.72%**	**76.42%**
10-Year	**4.08%**	**1.52%**	**168.42%**
5-Year	**3.65%**	**1.26%**	**189.68%**

	2/19/2026	12/31/2021	% Change
10-Year Spread (2)	**9.54%**	**6.20%**	**53.87%**
5-Year Spread (2)	**9.97%**	**6.46%**	**54.33%**

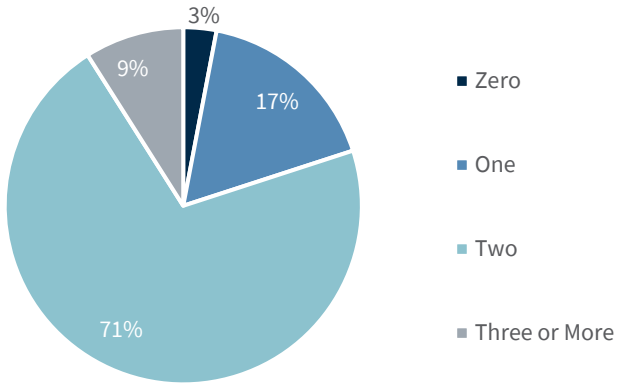
Source: Federal Reserve Bank of St. Louis and FactSet
Note: All data as of 12/31/2021-2/19/2026
1. Represents the spread between the RJ BDC Index dividend yield and the average of the 10-year and 5-year treasuries from 12/31/2021-2/19/2026
2. Represents spread between RJ BDC Index dividend yield and market yield on 10-year and 5-year treasury, respectively

Market preview

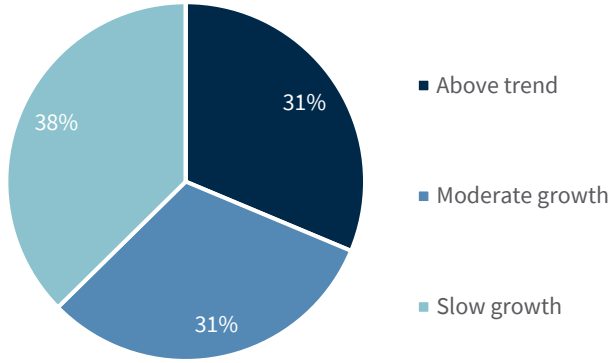
Survey participants expect measured monetary easing in 2026, alongside continued economic growth, improving credit conditions, and stronger deal activity

- **Monetary Policy:** Expectations are firmly tilted toward easing, with 97% anticipating at least one Fed rate cut in 2026 and 71% expecting two cuts. Only 3% expect no change
  - The Fed has noted steady job growth and moderating inflation as it works toward its 2% target
- **Economic Growth:** The outlook remains constructive, with 31% expecting above-trend growth and 31% projecting moderate growth. Notably, no respondents anticipate flat-to-negative growth
- **Private Credit Conditions:** A majority expect improvement, with 11% forecasting significant improvement and 41% modest improvement. 37% expect conditions to remain stable
- **Deal Activity:** Sentiment is overwhelmingly positive, with 82% anticipating an increase in overall deal flow in 2026

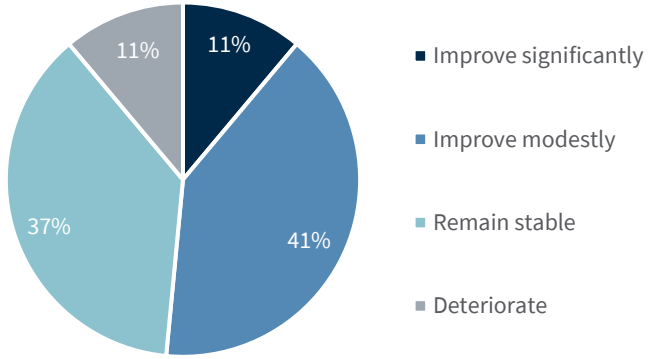
How many Federal Reserve rate cuts do you expect in 2026?



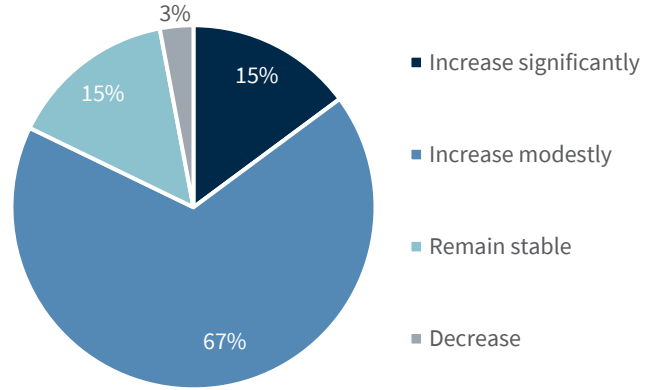
What is your outlook for U.S. economic growth in 2026?



How do you expect private credit market conditions to change in 2026 compared with 2025?



How do you expect overall deal flow to trend in 2026?



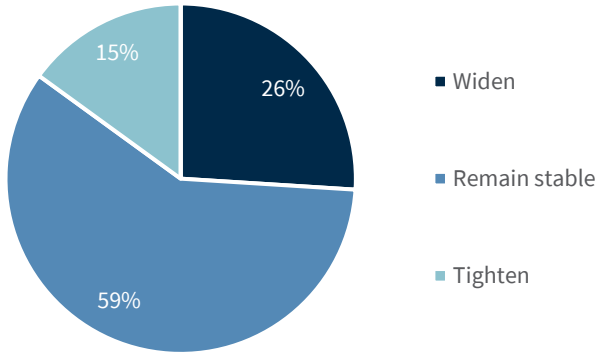
Data derived from Raymond James BDC Investor Survey; survey occurred from 1/6/2026 – 2/17/2026

Private credit market preview

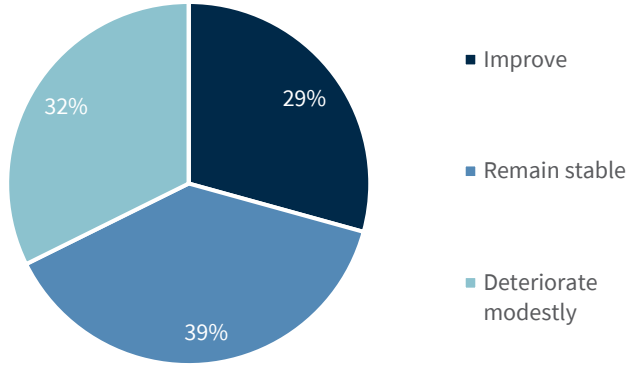
The private credit market remains well-positioned with stable spreads, balanced credit quality expectations, and fundraising driven by manager performance

- **Spreads:** A majority (59%) expect spreads to remain stable in 2026, with 26% anticipating widening and only 15% expecting tightening — reflecting confidence in underlying fundamentals
- **Credit Quality:** Expectations are mixed but balanced — 39% foresee stability, 29% anticipate improvement, and 32% expect modest deterioration
- **Fundraising Drivers:** Manager performance (43%) is viewed as the most important factor influencing fundraising success, ahead of macro uncertainty, investor liquidity constraints, and interest rate expectations
- **LP Allocations:** Sentiment is divided, with 28% expecting increases and 31% projecting steady allocations, while 41% anticipate some level of reduction

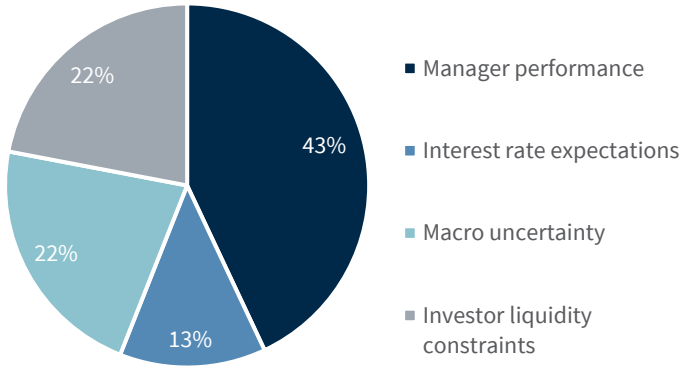
How do you expect spreads in private credit to behave in 2026?



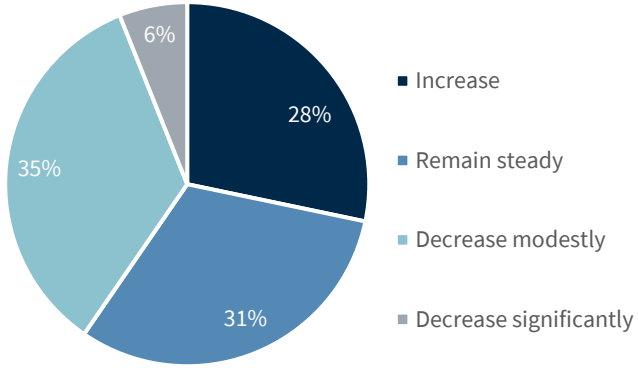
What is your expectation for credit quality trends in 2026?



Which factor do you believe will most influence fundraising success in 2026?



How do you expect LP allocations to private credit to change in 2026?



Data derived from Raymond James BDC Investor Survey; survey occurred from 1/6/2026 – 2/17/2026

Long-term market dynamics are reshaping private credit, with AI emerging as a key operational differentiator

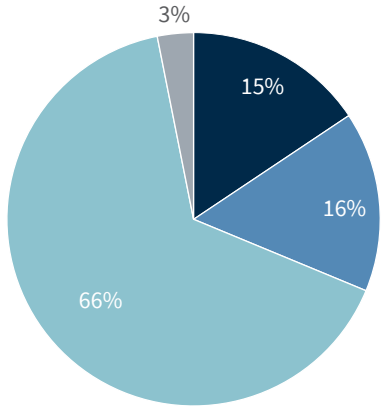
CHALLENGES ANTICIPATED

- **Rising default rates and weaker recoveries:** Participants cited increasing stress in lower middle-market credits, higher-than-expected loss rates, and continued deterioration in recovery values, particularly in covenant-light structures
- **Tighter underwriting and credit selectivity:** Underperformance in certain portfolios and elevated loss expectations are driving more disciplined underwriting standards and a more cautious approach to new originations
- **Regulatory and political uncertainty:** Increased scrutiny of private credit vehicles, BDCs, and non-listed structures, along with broader political uncertainty, may lead to additional oversight, structural changes, or capital constraints
- **Interest rate volatility and macroeconomic risk:** Ongoing uncertainty around Fed policy, inflation, and global macro conditions remains a key variable influencing capital formation, borrower health, and valuation stability
- **Greater competition and return compression:** Continued inflows into private credit and the rise of larger platforms are intensifying competition and may pressure spreads and lower long-term return expectations
- **Slower M&A activity and extended holding periods:** A prolonged slowdown in transaction activity has contributed to longer asset holding periods and more stagnant portfolios, limiting capital recycling and deal velocity
- **Higher transparency expectations:** Investors are demanding deeper reporting, stronger data capabilities, and increased use of technology in underwriting and manager evaluation

BIGGEST OPPORTUNITIES

- **Sustained structural growth of private credit:** Respondents broadly expect the asset class to continue expanding over the next three to five years, driven by institutional adoption and capital migration from traditional bank lending
- **Expansion into new asset classes and specialty lending:** Growth in asset-based finance, infrastructure, energy transition, real estate, and venture and growth lending is expected to diversify opportunity sets and support capital deployment
- **Disintermediation of banks:** Regulatory pressures on traditional banks continue to create space for private credit providers to capture market share and offer flexible, tailored financing solutions
- **Broader investor participation:** Increased allocations from insurance companies, pension funds, retail and wealth channels, and family offices are expected to expand capital availability and deepen the investor base
- **M&A recovery and renewed deal flow:** A rebound in transaction activity could accelerate portfolio turnover, improve liquidity dynamics, and generate new origination opportunities
- **Scale advantages for larger managers:** As the asset class matures, operational leverage, portfolio construction sophistication, and capital-raising capabilities are expected to favor scaled platforms
- **Technology and AI integration:** Adoption of advanced analytics and AI-driven tools is seen as a key enabler of improved underwriting, enhanced transparency, and more efficient portfolio monitoring

AI BENEFITS FOR CREDIT MANAGERS



- Improving the efficiency of sourcing, screening, and underwriting potential borrowers
- Enhancing ongoing portfolio monitoring and early-warning risk detection
- Reducing administrative burden by streamlining reporting, data management, and operational workflows, allowing teams to focus on higher-value tasks
- Supporting more informed decision-making through advanced analytics and forecasting

Data derived from Raymond James BDC Investor Survey; survey occurred from 1/6/2026 – 2/17/2026

Recent Permanent Capital Investment Banking transactions

Since 2010, the Raymond James Permanent Capital Investment Banking team has completed over 190 transactions with aggregate deal value over $32 billion

PennantPark Investment Corporation *$75,000,000* *Senior Unsecured Notes* Joint Lead Placement Agent January 2026	**Barings Private Credit Corporation** *$350,000,000* *Senior Unsecured Notes* Co-Manager January 2026	**Saratoga Invesment Corp.** *$50,000,000* *Senior Unsecured Notes* Sole Placement Agent January 2026	**Goldman Sachs BDC, Inc.** *$400,000,000* *Senior Unsecured Notes* Co-Manager January 2026	**Blackstone Private Credit Fund** *$700,000,000* *Senior Unsecured Notes* Co-Manager January 2026	**Star Mountain Lower Middle-Market Capital Corp.** *$25,000,000* *Senior Unsecured Notes* Sole Placement Agent January 2026	**Trinitas Capital Management, LLC** *$57,409,994* *Senior Unsecured Notes* Joint Placement Agent October 2025	**Blackstone Secured Lending Fund** *$500,000,000* *Senior Unsecured Notes* Co-Manager October 2025	**Fidus Investment Corporation** *$100,000,000* *Senior Unsecured Notes* Sole Left Book-runner October 2025
Carlyle Secured Lending, Inc. *$300,000,000* *Senior Unsecured Notes* Co-Manager October 2025	**Stellus Capital Investment Corporation** *$50,000,000* *Senior Unsecured Notes* Sole Left Book-runner September 2025	**Capital Southwest Corporation** *$350,000,000* *Senior Unsecured Notes* Book-runner September 2025	**Barings Private Credit Corporation** *$300,000,000* *Senior Unsecured Notes* Co-Manager September 2025	**Goldman Sachs BDC, Inc.** *$400,000,000* *Senior Unsecured Notes* Co-Manager September 2025	**Blackstone Private Credit Fund** *$500,000,000* *Senior Unsecured Notes* Co-Manager September 2025	**Lafayette Square USA, Inc.** *$65,000,000* *Senior Unsecured Notes* Joint Placement Agent August 2025	**Main Street Capital Corporation** *$350,000,000* *Senior Unsecured Notes* Co-Manager August 2025	**EPT 16 LLC** *$25,000,000* *Senior Unsecured Notes* Sole Placement Agent August 2025
Blue Owl Technology Finance Corp. *Direct Listing* Co-Advisor June 2025	**Barings Private Credit Corporation** *$400,000,000* *Senior Unsecured Notes* Co-Manager June 2025	**Eagle Point Defensive Income Trust** *$35,000,000* *Term Cumulative Preferred Stock* Sole Placement Agent May 2025	acquired **Carlyle Secured Lending III** Buy-side Advisor March 2025	**Stellus Capital Investment Corporation** *$75,000,000* *Senior Unsecured Notes* Sole Left Book-runner March 2025	**Fidus Investment Corporation** *$100,000,000* *Senior Unsecured Notes* Sole Left Book-runner March 2025	**Blackstone Secured Lending Fund** *$500,000,000* *Senior Unsecured Notes* Co-Manager February 2025	**Sixth Street Specialty Lending, Inc.** *$300,000,000* *Senior Unsecured Notes* Co-Manager February 2025	**MSC Income Fund, Inc.** *$98,227,250* *Initial Public Offering* Active Book-runner January 2025

Source: FactSet and SEC filings
Note: See notes and disclosures for footnotes

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