

# Assessing the 2026 Private Credit Landscape: Liquidity Concerns and Technology Exposure

6 March 2026

→ **Abstract:** This report assesses the 2026 private credit space by examining these four key private credit risks: valuation opacity, liquidity constraints, credit risk, and AI disruption. In addition to evaluating the large price divergence between Alternative Asset Managers and the S&P 500, it investigates how semi-liquid fund withdrawal restrictions affect that price difference. Overall, the results are pessimistic regarding the near-term prospects for major private equity firms, while also stressing the importance of highly disciplined asset selection as defaults rise significantly in technology-heavy funds.

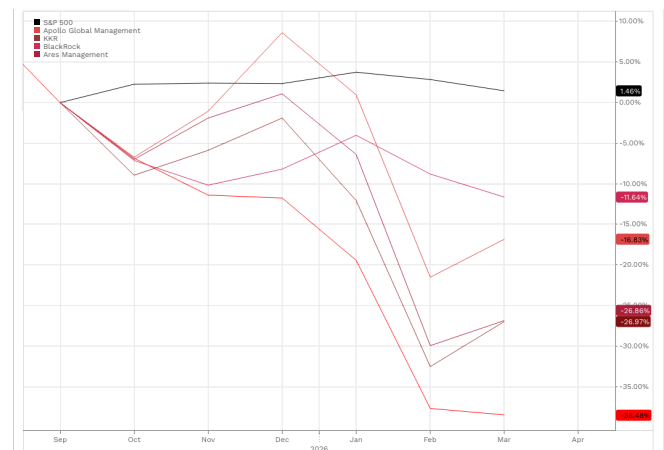
**Research Analyst**  
Amaris Vreshta  
[amaris.vreshta@student.uva.nl](mailto:amaris.vreshta@student.uva.nl)

**Head of Research**  
Junho Son  
[junho.son@student.uva.nl](mailto:junho.son@student.uva.nl)

As of 2026, the private credit market will likely remain an attractive source of high returns, but the goal is to move away from merely speculative investments and focus on warnings about the potential downsides of investing in this space. There are many potential pitfalls in four main areas: valuation; liquidity; credit quality; and structural vulnerability.

Diminishing clarity around what private credit is worth, declining access to capital, rising levels of corporate debt, and increasing regulatory scrutiny all pose significant challenges for the industry. More dramatically, the likes of JPMorgan's CEO, Jamie Dimon, are sounding alarm bells. Specifically, he recently warned that "unregulated private lending" has created a "shadow systemic risk" to the economy as traditional banking capital is largely sidelined. As a result, it begs the question of whether the present pullback represents a "once-in-a-generation opportunity" to invest in private credit stocks, or whether there are going to be too many additional risks to consider going forward?

**Figure 1: Private Credit Managers vs. S&P 500**



Source: FactSet

Risk associated with private credit relates to the inherent vulnerabilities associated with non-bank lending. Private credit lends money to mid-market companies and does not trade on public exchanges. The benefits of this model include the "illiquidity premium," the excess yield you receive when your money is locked in a commitment for a longer time. However, the trade-offs for private credit in 2026 include lower transparency and increased sensitivity of borrowers to changes in the overall economy compared to the more transparent public debt markets.

Many large Alternative Asset Managers and Business Development Companies (BDCs) provide a great deal of the current exposure to the market. However, specifically, investors are paying closer attention to those with larger exposures to the technology sector:

- **The AI Software Threat:** About 25% of the portfolios of most BDCs are comprised of software companies. Given that many of these companies are experiencing "AI induced disruption," and therefore cannot refinance, they represent a large number of the BDCs' most vulnerable portfolio components.
- **Surging Default Projections:** Based on analysts' projections, default rates for private credit portfolios that are heavily exposed to the tech sector could increase to 13% or even 15% if the AI displacement trend continues to accelerate.
- **Contagion Factor:** Bank Contagion is starting to re-emerge as regional banks, who used to partner with private lenders for "risk sharing," are now feeling pressure from the declining values of the loans they had made to these private lenders.

Blue Owl Capital (OWL) can serve as a warning example for the sector. Although OWL's forward P/E and \$10 stock price seem very attractive, the downward EPS revisions for both FY26 and FY27 do not.

The key factor that has caused Blue Owl's decline to near its 52-week low is a "liquidity gate" that was put into place at its retail-oriented vehicle, Blue Owl Capital Corp II (OBDC II). When investors were told that they would be able to withdraw their capital from OBDC II on a quarterly basis, they quickly discovered

that their exit paths were either severely restricted or completely blocked. The inability of the fund to meet the requests for withdrawals prompted the restructuring of "the window(s) of time during which one can withdraw from the fund." The inability of investors to withdraw their money from the fund during this period of turmoil has been a major flashpoint and represents a growing reality that the "semi-liquid" characterization of these funds is rapidly becoming a mislabeled during periods of stress.

**Figure 2: Blue Owl Stock Price**



Source: FactSet

Even though every major credit stock's price has recently gone down that does not mean that they will be worthless any time soon. Worth mentioning are:

**1. The Blackstone Group (BX)  
\$115 Price / 5.37% Dividend Yield**

Blackstone is the biggest Alternative Manager in the world as well as one of the main players in the private credit industry. Blackstone's huge software sleeve may have some protection because of the diversity of its international business model. This diversity is what separates Blackstone from other smaller players.

**2. Apollo Global Management (APO)  
\$110 Price / 11X Forward P/E**

Apollo has positioned itself as a higher quality direct lender with senior secured lending. It's senior secured lending

position will be able to weather downturns of 2026. Additionally, Apollo's Retirement Services division provides the company with a steady flow of capital.

### **3. Ares Management (ARES)**

#### **\$116 Price / 37% FY26 EPS Growth**

Ares is the one of the biggest defenders of the software sector and asserts that the companies in its portfolio are "AI resilient". However, Ares' high projected growth rate depends upon the stabilization of the Tech Credit Market.

As we move more into 2026, the private credit market is at a crossroads. While it has consistently outperformed the public markets due to the ability of active managers to successfully manage and exit from investments, the emergence of the "AI-Factor" and "Liquidity Gating" has introduced two new, unforeseen variables into the mix. Going forward, investors will need to pay close attention to the development of these four factors:

1. Default Trends: Will defaults among tech-backed firms reach 10%?
2. Valuation Pressure: How will declining interest rates affect the floating rate income BDCs rely on?
3. Liquidity Stability: Are there any other "gates" or restrictions on withdrawing from semi-liquid retail funds?
4. Regulatory Heat: What will the Securities Exchange Commission require of non-bank lenders in terms of transparency?

## Disclosures

This research report has been prepared by members of Prometheus Capital, an independent, student-run investment club in Amsterdam, NL. The report is produced solely for educational and informational purposes.

### Analyst Certification

Each contributing analyst certifies that the views expressed in this report accurately reflect their own analysis and interpretation of publicly available data. No analyst received or will receive compensation related to any specific recommendation or opinion contained in this report.

### Regulation

Prometheus Capital is not a registered financial institution and is not regulated by any financial industry. The club operates independently and is not affiliated with the University of Amsterdam, any financial firm, or regulatory body. Nothing in this report should be interpreted as compliance with, or endorsement by, any supervisory or regulatory organization.

### Conflicts of Interest

Analysts and members of Prometheus Capital may hold academic or personal interest in financial markets but have no financial positions in the instruments or entities discussed. All research is conducted for educational discussion only and is free from commercial bias or incentive structures.

### Methodology and Data Resources

All calculations, forecasts, and views are based on publicly available data and standard analytical methods. Sources may include official statistics, academic literature, and market data services. Documentation is available upon request.

### Risk Warning

Financial markets are inherently volatile. Any analysis or opinion here is hypothetical and should not be relied upon for actual investment decisions. Readers should perform their own due diligence before engaging in financial transactions.

## General Disclaimers

This report is provided for academic and educational use only. It does not constitute investment, legal, accounting, or tax advice, nor an offer or solicitation to buy or sell any financial instruments. Prometheus Capital, its members, and contributors accept no liability for any loss or damage resulting from reliance on this material.