

## Ares Capital: Portfolio Companies Exposure to AI Credit Risk

Inspired by a recent Bloomberg article, the BDC Credit Reporter has identified all the software companies whose debt will mature by 2028 financed by the largest public BDC - Ares Capital.

April 9, 2026

In its typically incendiary language, Bloomberg [published an article](#) on April 9, 2026 announcing that "private markets" are about to "face a new test". This consists of "a wall of debt maturities" between now and the end of 2028 - "just as artificial intelligence threatens to upend entire businesses in what's been dubbed the SaaSocalypse". We can't address all the hypotheticals contained in the article or cover what might happen to all the "private markets". However, with IQ 2026 BDC earnings season only a few weeks away, we thought it would be interesting to analyze the exposure of the largest public BDC - Ares Capital (ARCC) - to this controversial sub-segment of its portfolio. Unlike the generalities in which Bloomberg, and others, discuss the subject, we're going to discuss several specific borrowers in the crosshairs.

### Setting The Scene

At the end of the IVQ 2025, ARCC's total portfolio had a cost of \$29.250bn and an FMV of \$29.450bn. The BDC had 603 portfolio companies.

ARCC claims that "Software and Services" is its largest industry allocation. As of December 31, 2025, ARCC reported that Software and Services made up **23.8% of its investment portfolio at fair value**. This allocation has remained relatively stable, previously reported at 24.2% at the end of 2024 and 23.2% at the end of the third quarter of 2025. **We count 128 portfolio companies in this category.**

Of this cohort of companies, only 4 are currently valued below 80% of cost - including one whose FMV is below \$5mn. **As a result, there are 3 Important Underperformers in the Software & Services group, with an aggregate cost of \$119.2mn and an FMV of \$88.3mn.** The discount of FMV from cost is 26% and these Important Underperformers - the principal focus of the BDC Credit Reporter - account for 3% of the companies and 1.7% of the investments at FMV.

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Only 1 of the 128 companies is currently on non-accrual, and that's **Pluralsight**, whose second lien debt became non-performing recently, [as discussed](#) on these pages. Of course, Pluralsight was the Big Story of 2024 when its sponsor threw in the keys to its lenders - including many BDCs. For a brief reminder of what went wrong, and why, click [here](#).

## Coming Up

However, sticking with the theme of the Bloomberg article, we're going to drill down further and identify only the ARCC portfolio companies in this segment whose debt is maturing between now and 2028 - that "wall" Bloomberg referenced.

**We have identified 24 companies, with an FMV of \$1.753bn.** In this article, we'll discuss - based on research we've undertaken on both Preplexity and Gemini - the 5 companies which might have the biggest problems:

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### 1. EP Purchaser, LLC / TPG VIII EP Co-Invest II, L.P. (FMV: \$41.4M on \$52.8M cost)

*The leading provider of payroll processing, residuals management, production accounting, and workforce management software for film and television productions.*

#### Key Risk Indicators As Per Perplexity:

- (31%) discount on first-lien debt (FMV \$36.5mn vs. cost \$52.8mn)
  - S&P issuer credit rating: B- (downgraded July 2025)
  - Revenue directly correlated with Hollywood production volumes, which remain at historic lows
  - Industry-wide structural headwinds: studio budget cuts, tariff uncertainty, content migration offshore.
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## 2. Cornerstone OnDemand, Inc. / Sunshine Software Holdings, Inc. (FMV: \$319.9mn on \$353.7mn cost)

*A cloud-based, AI-powered learning management and talent development SaaS platform serving 7,000+ enterprise customers across 186 countries.*

### Key Risk Indicators:

- S&P issuer rating: B- (stable); second-lien rated CCC+. 94% of ARCC's exposure is second lien or preferred.
- Revolving credit facility matures in **October 2026** — immediate refinancing risk.
- History of large negative FOCF (2022-2023); improving but fragile cash flow
- Second-lien FMV discount: \$12.4M (\$137.5M cost vs. \$125.1M FMV)

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## 3. WebPT, Inc. and WPT Intermediate Holdco, Inc. (FMV: \$67.0mn on \$75.2mn cost).

*A cloud-based electronic medical record and practice management platform built specifically for outpatient rehab therapy (physical, occupational, and speech) clinics, covering documentation, scheduling, billing, and outcomes tracking.*

### Key Risk Indicators:

- Senior subordinated loan: \$8.2M FMV discount (FMV \$66.2M vs. cost \$74.4M)
- Subordinated position creates elevated loss-given-default in any restructuring
- First-lien maturities in January 2028 create near-term refinancing risk that could impair sub-debt recoveries
- Niche healthcare IT vertical with limited public pricing/rating transparency.

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## 4. CoreLogic, Inc. / T-VIII Celestial Co-Invest LP (FMV: \$163.0M on \$162.1M cost)

*CoreLogic (now rebranded as Cotality) is a leading global provider of property information, analytics, and data-enabled solutions serving real estate, mortgage finance, insurance, and related financial markets.*

### Key Risk Indicators:

- S&P issuer credit rating: B- (stable outlook, October 2025)
- Leverage approximately 9.1x EBITDA — one of the highest in the universe
- Revolving credit matures March 2028; second lien June 2029
- Revenue partially correlated to U.S. mortgage originations, which face affordability headwinds
- FMV approximately at par — market pricing does not yet reflect severe stress.

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## 5. Elemica Parent, Inc. / EZ Elemica Holdings, Inc. (FMV: \$83.7M on \$81.2M cost)

*A network-based SaaS platform that digitizes and automates supply chain transactions — orders, shipments, invoices, and quality documents — connecting global manufacturers with their trading partners across buy, sell, and move processes.*

### Key Risk Indicators:

- All debt facilities mature September 2026 — fully concentrated near-term maturity wall
- Revolving spread of S+5.50% indicates speculative-grade pricing
- Refinancing in the current elevated-rate environment will likely be more expensive
- FMV slightly above par — market not yet pricing distress, but execution risk is real.

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## More

If you want to be systematic, [here are all 24 companies organized in a list](#), with a brief credit bull and bear case.

## Conclusion

The BDC Credit Reporter has no view on whether or not there are going to be a slew of software company failures in one form or another. Our self imposed mission is to follow the evidence - likely to be spread far and wide across the BDC universe - and share our findings with our subscribers. Unofficially we're appalled by how many individuals, institutions and publications are shouting "Fire!" well in advance of any actual visible credit stress except for mark-downs of some loans in the secondary market. Maybe this will prove to be prescient but just as possible - and as most of the institutions involved are claiming - this will be much ado about nothing, and will have caused a wholly unnecessary malaise all across the Private Credit complex. However, given the heightened concerns, we believe the research presented above will prove a useful starting point for a multi-year tracking of what will happen to ARCC's software company portfolio. As we've shown, the BDC starts out in 2026 with a virtually clean sheet. When we circle back in May, after its IQ 2026 results have been published, will we see much in the way of a difference? More importantly - because a credit crack-up takes time - will the picture be radically different early in 2027 or 2028? The sooner ARCC - and most other BDCs - can answer that question, the better we'll be able to tell if we're headed to some of the worst credit metrics in the history of Private Credit (and that includes the GFC) or something more prosaic, or nothing much at all.