

Public BDC Performance in the IQ 2026 Vs IVQ 2025

For a second quarter in a row, we have aggregated key metrics from every public BDC to gain a quantitative picture of how the sector performed in the most recent quarter, and compared to the IVQ 2025. Is BDC credit "cracking up"? You be the judge.

June 9, 2026

Back on March 18, 2026, the BDC Credit Reporter [surveyed](#) multiple metrics about the overall credit performance of the public BDC sector in the IVQ 2025 in a two-part series. At the time, there was great anxiety in the media and on Wall Street about the state of "credit" in Private Credit, so addressing the subject in quantitative rather than emotional terms seemed appropriate. Three months on, we've gathered together the same metrics for the quarter ending March 31, 2026. The malaise surrounding Private Credit has only gotten worse in the intervening months, which makes this new look at the subject as useful as ever. In this latest version, we will compare wherever possible the latest numbers with the IVQ 2025 results.

Resetting The Scene

At the end of 2025, we tracked 46 publicly traded BDCs - those principally involved in leveraged lending to private and public "middle market companies". (Not covered are public BDCs that mostly invest in equity capital, whose AUM - in any case - is modest. Nor do we explicitly track the "private" non-traded BDCs that have been so much in the market. However, both public and private BDCs tend to be lending to the same pool of 5,000-10,000 corporate borrowers). By the end of the IQ 2026, the number of BDCs dropped to 45, as Monroe Capital had left the scene, selling its assets to a non-traded BDC.

Total BDC portfolio assets at cost amounted to \$173.1bn at cost and \$171.9bn at FMV at year end 2025. That was only a (1%) discount overall. Three months later, BDC portfolio assets are very similar in aggregate size: \$171.2bn at cost and \$167.8bn at FMV. The discount of FMV to cost increased slightly to (2%) from (1%).

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In aggregate, BDC net assets amounted to \$80.9bn at the end of the IVQ 2025. At the end of the IQ 2026, partly due to Monroe's departure and losses in the period, the net assets totalled \$78.5bn. Roughly speaking, of the (\$2.4bn) of equity decrease, (\$2.2bn) was due to losses and buybacks in the periods, or about (2.7%) and the rest to Monroe.

Total Borrowers

Going by the company count given by each BDC, but leaving out CLO securities owned and equity only stakes of venture-debt lenders, there were 6,935 portfolio companies on the books of the 46 BDCs - an average of 150 per BDC - at the end of 2025. (Please take that number with a grain of salt as the data is not entirely clear and remember that some borrowers feature in multiple BDC portfolios). By our most recent count for the IQ 2026, there are now 6,765 companies. That's a drop of 140 companies, but after adjusting for Monroe's 87 companies, the real reduction is 53, (0.7%) of the year-end 2025 total adjusting for Monroe.

New Non Accruals

A key metric - but one that most BDCs do not always freely report in their filings or even on their conference calls - are the number of new non-accruals that occurred in a given period. That's one way - amongst many - to measure developing credit stress. In the IVQ 2025, we were able to identify 58 new non-accruals across all 46 BDCs. This amounted to 0.8% of the total company universe. Taking into account duplicates, the number of new individual companies involved was closer to 45-50. In the IQ 2026, this metric is almost identical: 59 new non-accruals, 0.9% of the company universe.

Non Accruals Removed

Lenders are constantly attempting to clear the decks of their troubled and non-performing portfolio companies. In the IVQ 2025, we found 30 instances of non-accruals removed. In the IQ 2026, the number of non-accrual removals jumped moderately to 39, suggesting BDC managers were moving faster to "clean up" their portfolios.

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Current Non Accruals

At the end of 2025, we count 282 companies in BDC portfolios that are non-performing - an average of just over 6 per BDC and 4.1% of all companies. (However, the number of non-accruals at a particular BDC can be misleading. Some players may have very "granular" portfolios with lots of borrowers but still be very little impacted in dollar terms). In the IQ 2026, the number of non-accruals increased very little to 294, or 4.3% of all companies by count.

Non Accruals At Cost

Based on research we've undertaken, we consider 3.8% of non-accruals at cost as a percentage of a BDC portfolio a "normal" level. At the end of the IVQ 2025, 38 BDCs had non-accrual metrics below that number, including 17 whose non-accruals amounted to between 0% and 1.9% - which we deem "above average" - in a good way. On the other hand, there were 18 BDCs whose results were worse, including 9 whose non-accruals exceeded 5.7% of all investments at cost.

In the IQ 2026, the number of BDCs with a "normal" level of non-accruals dropped to 21, including 12 we would regard as "above average" - i.e. performing well by this metric. There were 24 BDCs whose results were worse, including 10 BDCs with non-accrual rates above the 5.7% level. These metrics do suggest weaker non-accrual performance of late than at the end of 2025.

Initial Conclusion

At the end of the IVQ 2025, we concluded that the metrics discussed "paint a picture of a public BDC sector with its fundamentals in pretty good shape going by the averages and the performance of a majority of BDCs". The IQ 2026 data suggests a mild deterioration has occurred in the first 3 months of the year. However, BDC credit conditions remain in much better shape than the critics of Private Credit suggest, and there seems to be no unusual uptick in the number of non-performing borrowers.

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Only Just Begun

This is not meant to be a comprehensive picture of public BDC credit performance in the IVQ 2025 and IQ 2026. In the second article in this series, we'll look at realized and unrealized losses in the quarter and the year; BDCs own breakdown of their portfolios between performing and underperforming and the number and value of investments valued at 80% of value - typically associated with distress. Borrowing from our sister publication - the BDC Reporter - we'll survey how the BDCs net asset value per share (NAVPS) changed in the IQ 2026, most of which is typically a reflection credit performance. We'll also discuss BDC "software" exposure and what the BDCs themselves are saying about current credit conditions and the outlook across all the conference calls we've read.