



CAISCRED Index

Solactive CAIS Private Credit BDC Index ("CAISCRED Index") Q1 2026 Quarterly Review

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CAISCREATED Index Quarterly Review

2025 ended as a strong year for BDC fundraising and capital deployment, but Q4 marked a turning point as rising redemptions and negative sentiment around AI took hold. As investors assess potential impacts on credit quality alongside broader risk-off sentiment tied to conflict in the Middle East, redemptions remain in focus. However, some view AI as a force for transformation rather than disruption in software. Below, we examine flows, sentiment, and fundamentals to better understand what is driving the market.

CAIS Advisors Private Credit Sentiment Indicator



Market Environment

Global M&A Deal Volume¹ (\$BN) (Q)
Analysis Period (6/30/2004-12/31/2025)



LBO Volume^{2 6} (\$BN) (Q)
Analysis Period (3/31/2020-12/31/2025)



PE Dry Powder³ (\$BN) (Y)
Analysis Period(1/1/2008-12/31/2025)



Return

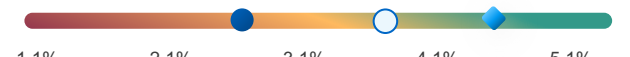
Indicated Div Yield Public BDC¹⁷ (%) (D)
Analysis Period (3/28/2013-3/31/2026)



Direct Lending Spreads² (bps) (YTD Avg.)
Analysis Period (2018-2026)



SOFR¹ (%) (D)
Analysis Period (4/2/2018-3/31/2026)



Risk

Chapter 11 Fillings¹ (N) (Q)
Analysis Period (6/30/2004-12/31/2025)



SP600 Debt/EBITDA¹ (N) (D)
Analysis Period (1/30/2004-3/31/2026)



BDCs Default Rates⁴ (%) (Q)
Analysis Period (12/31/2014-12/31/2025)



Source: (1) Bloomberg, (2) Pitchbook LCD, (3) Preqin, (4) LSEG BDC Collateral

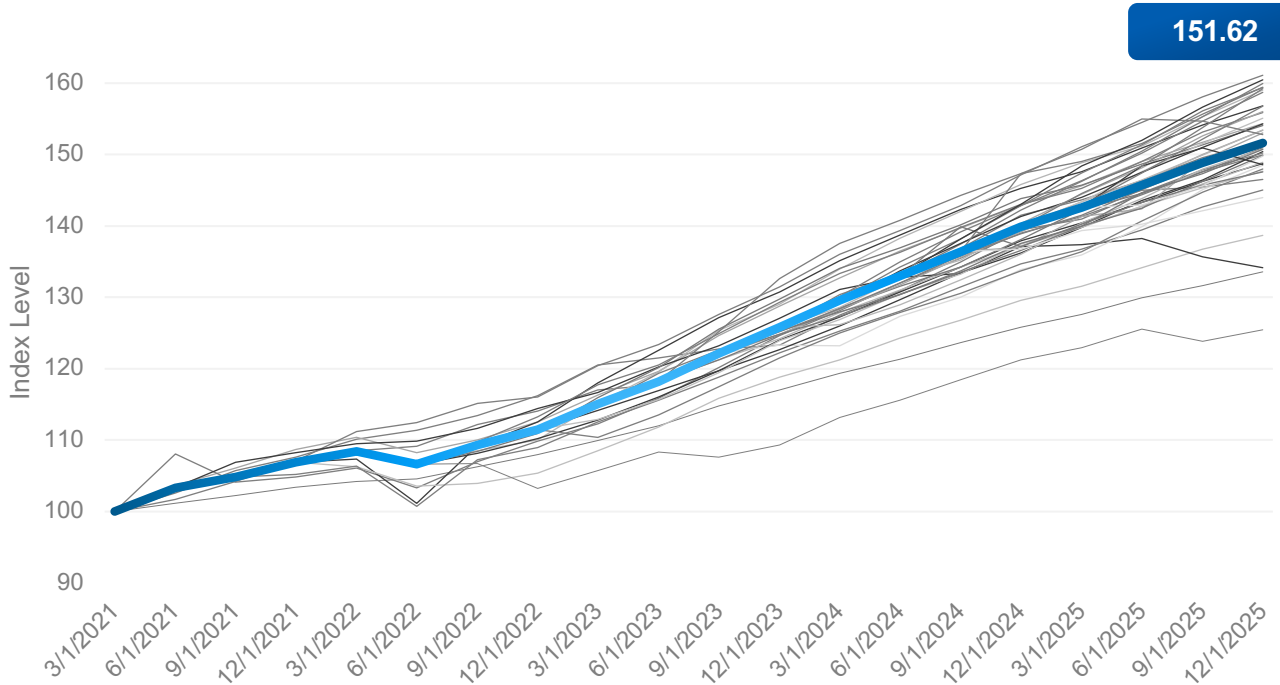
Disclaimers: The gradient applied to each bar is derived from a proprietary methodology developed by CAIS advisors. It visually represents the relative favorability of data points related to private credit asset class fundamentals, where green denotes a positive contribution and red denotes a negative contribution to the overall assessment. (5) The Long-Term Average represents the arithmetic mean calculated over the available data period and serves as the basis for determining the average, minimum, and maximum values Initial dates for each data point are: 6/30/2004 for Global M&A Deal Volume and US New Bankruptcy Cases Chapter 11 Business Fillings; 1/30/2004 for SP600 Debt/EBITDA; 3/28/2013 for Indicated Div Yield Public BDCs ; 4/2/2018 for SOFR; 3/31/2020 for LBO Volume and Private Credit Defaults; 1/1/2018 for DL spreads; 2008 for Pe Dry Powder. (6) LBO Volume data is limited to US data. (7) Indicated Div Yield Public BDC refers to the Dividend Indicated Yield of the BIZD ETF 90 Day Rolling Average (4) BDCs is a non-accrual percent based on debt outstandings for both public and private BDCs at cost at year/quarter-end filing date (excludes equity)

CAISCRED Index Overview

Solactive CAIS Private Credit BDC Index, CAISCRED Index, is a first-of-its-kind index that aims to track performance of perpetual non-traded Business Development Companies (BDCs) with a modified asset-weighted methodology.

For additional index details, please visit [Solactive](#).

CAISCRED Index vs Constituents



151.62

Disclaimer: Index starts on 3/31/2021, Inception date of the CAISCRED Index. Constituents with a shorter track record than the index start at the index level of the quarter before their inception

CAISCRED Index Performance

4Q 2025	1.85%
Return (LTM)	8.40%
Return (3Y Annualized)	9.65%
ITD Annualized	9.16%

Source: Solactive_CAIS Private Credit BDC Index ([Solactive | Indices](#)) Data as of 12/31/2025

CAISCREDBDC Constituents – State of the Market

Rising redemptions in Q4 2025 began to test liquidity management across platforms, with more than \$10B in withdrawals across non-traded BDCs. In some cases, demand exceeded available liquidity, leading to gating or prorated withdrawals.

While fundamentals remain broadly stable, **this dynamic introduces forward-looking risks**, particularly for less experienced managers where forced selling could pressure performance, making platform scale, capital access, and manager diversification key differentiators.

The persistence of elevated redemptions into Q1 reinforces why many open-ended structures such as BDCs include quarterly liquidity limits of up to 5%, with managers adhering to these features to avoid forced selling that could impact existing investors.

Perpetual Non-Traded BDC Redemptions



Source: Stanger Market Pulse, Dec 2026 for Q12021- Q32025. Dataset comprises flow data derived from regulatory filings for 23 non-traded BDCs. 2025 Q4 data sourced by CAIS Advisors from SEC filings

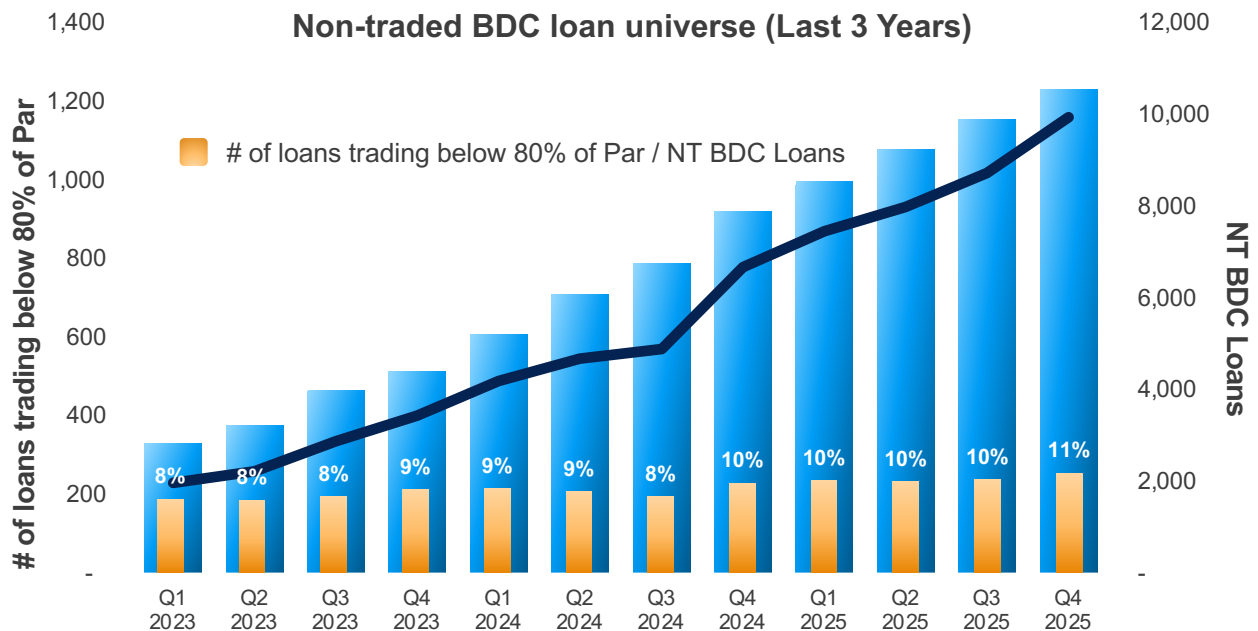
CAISCRED BDC Constituents – State of the Market

Over the past three years, the loan universe for non-traded BDCs has grown from ~2,800 loans in Q1 2023 to over ~10,500 by Q4 2025—nearly a 4x increase. This expansion reflects the continued institutionalization of private credit as a primary capital provider across U.S. middle markets. Growth has been steady quarter-over-quarter, driven by both platform scaling and increased borrower adoption.

Discounted Loans Rise, but Stress Remains Idiosyncratic

Over the same period, loans trading below 80% of par increased from ~230 to ~1,160. However, as a share of the total universe, this has moved more modestly from ~8.1% to ~11.0%. While this points to some incremental pressure in lower-quality credits, the increase remains broadly in line with overall market growth rather than signaling systemic stress. The relatively stable proportion suggests that dispersion—rather than broad-based deterioration—is driving outcomes.

As the opportunity set expands, a larger and more heterogeneous loan universe naturally results in more idiosyncratic underperformers. For investors, this underscores the importance of manager selection and underwriting discipline in distinguishing isolated credit issues from broader signs of cycle deterioration.



Source: LSEG BDC collateral. The universe is defined by constituents of the Solactive CAIS Private Credit BDC Index. Loan pricing data is sourced from LSEG BDC collateral, based on underlying SEC filings.

Non-traded BDC Events



Record Growth Continued in 2025

Total BDC assets (including leverage) reached approximately ~570 billion in 4Q25, representing a 33% increase year-over-year. Perpetual-life non-traded (NT) BDCs continue to drive this expansion. This segment now includes 55 funds with approximately ~\$312 billion in assets (including leverage), marking a 5.3% increase over the quarter. Despite elevated redemptions, net flows remained supportive, with net assets rising to approximately ~\$166 billion in Q4 (43% YoY)¹. That said, early 2026 marks a clear shift in flow dynamics: net flows for non-traded BDCs have turned negative in Q1, according to Fitch, with redemptions rising to ~3.8% of NAV³. Preliminary data also shows pressure at large flagship vehicles, with requests surpassing ~7–8% of NAV and creating multi-billion dollar redemption queues.



Private Credit in Focus as Shifting Sentiment Drives Elevated Redemptions

Fundraising remained strong throughout 2025 despite a shift in sentiment in Q4. Entering Q1 2026, the BDC and private credit landscape has shifted as investors increasingly prioritize liquidity, often acting before reassessing. Elevated redemptions reflect concerns around AI's impact on software and potential downstream effects on private credit, though this contrasts with views such as Jensen Huang's February comment that it is "illogical" to assume AI will replace software tools.² At the same time, higher oil prices linked to the conflict in Iran and continued inflation uncertainty have reinforced a broader risk-off environment.



Focus Turns to Q1 BDC Filings Due in May

The shifts in investor sentiment and market conditions during Q1 are expected to become evident in upcoming BDC 10-Q filings, which are due approximately 40–45 days after quarter-end. Investors will be closely watching for NAV markdowns, commentary on credit quality, redemption and subscription trends, and broader manager outlooks. These filings will be critical in determining whether recent market reactions have been overdone or if further downside risk remains.



Non-Accruals Remain Contained, but Forward-Looking Concerns Persist

Despite growing investor focus on potential risks—including AI-related disruption and broader macro uncertainty—non-accrual data through 2025 does not yet signal meaningful deterioration. The weighted average non-accrual rate for BDCs within the CASICRED Index declined to 0.66% in Q4 2025 from 0.73% in Q3 2025¹, remaining near historically low levels. At the manager level, outcomes are mixed but stable: of the 46 NT BDCs in the index, 14 saw increases in non-accruals, 12 improved, and 20 were unchanged—highlighting dispersion without broad-based credit stress. Overall, current market behavior appears driven more by forward-looking concerns than realized credit deterioration.

For more information, please contact CAISAdvisors@caisgroup.com or visit [CAISCREDEX](#)

1. LSEG BDC collateral as of 12/31/2025 2. Bloomberg, "Nvidia CEO: Software Selloff 'Most Illogical Thing in the World,'" February 4, 2026.
3. Fitch Ratings. U.S. BDCs: Perpetually Non-Traded BDCs' Redemptions Increase. March 26, 2026.

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The Solactive CAIS Private Credit BDC Index aims to track the performance of non-traded private credit funds(BDCs) with a modified market-cap weighting. Detailed information about the Solactive CAIS Private Credit BDC Index, including the factsheet and rulebook, is available at <https://www.solactive.com/indices/> and searching for “Solactive CAIS Private Credit BDC Index”. References to indices, benchmarks, or other measures of relative market performance are provided for informational purposes only. Indices are unmanaged, do not incur management fees, costs, or expenses, and cannot be directly invested in. The performance of an index does not represent the performance of any specific investment, and the composition of an index may not reflect the manner in which a client’s portfolio is constructed.

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For further information regarding the calculation of performance and a description of the Solactive CAIS Private Credit BDC Index, please contact CAIS Advisors at 212-300-9355.

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