

MNI US Credit Sector Overview - 16 January 2026

BDC IG Sector Review – Q3 '25

Overview

Each quarter, in addition to relative value and issuance charts, we choose key metrics across what are now **31 BDCs with publicly traded debt** and try to discern any important trends for investors. We look at both quarter-over-quarter or year-over-year trends where relevant. We also include the data tables we rely upon to glean those trends. While aggregating the data, we do our best to use the same financial criteria across all BDCs.

Overall, for Q3'25 results of the **investment grade BDCs**, we see little that raised concern with one exception, **FS KKR (FSK; Baa3neg/NR/BBB-neg)**, which trades among the widest in the sector. While FSK has been improving its metrics, is it doing so very slowly. At some point the rating agencies may have to act, with current trading levels already anticipating such a move. We highlight three metrics at FSK which show the weakness: a) Portfolio Growth: FSK's portfolio has been shrinking as it improves its balance of assets. Most other BDCs have been growing opportunistically at double digit growth rates, b) Lowish Secured Debt in Portfolio: FSK's portfolio is comprised of 78% (including ABS financing) of secured debt (lower than the segment average), equity investments of 7.5% and subordinated debt of 7%. c) PIK Income: FSK's PIK income as a percentage of total income, a lightning rod these days for private credit loans, is among the highest of the BDCs we cover.

We'd also like to quickly highlight the spread relationship between **public and private BDCs** from the same manager. Around the 5Y point of the curve spread differential ranges from about +28bps (**GSBD v. GCRED**) to -12bps (**OAKSCF v. OCSL**). The average spread between the 6 public/private BDCs we cover is about +11bps, which is near where Ares BDCs are trading. For names trading wider than that (Goldman Sachs and Blackstone BDCs) we would expect some compression when and if new issue volume declines.

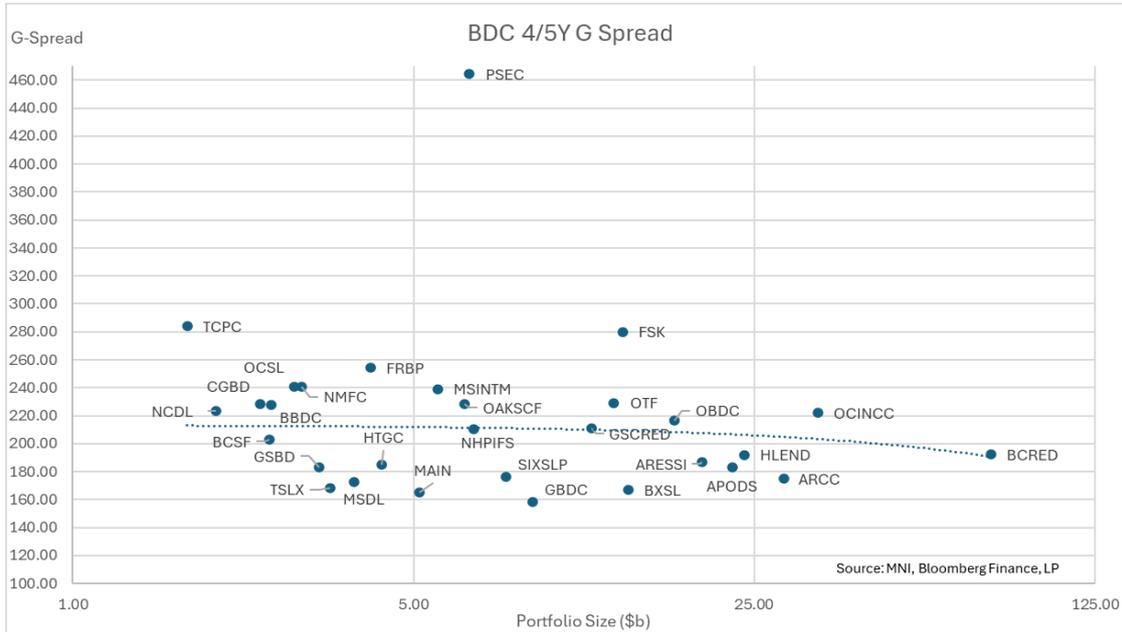
Private vs. Public BDC Spreads

Manager	Private Ticker	Private Yield (bps)	Public Ticker	Public Yield (bps)	Spread Difference
Goldman Sachs	GSCRED	211.23	GSBD	183.08	28.15
Blackstone	BCRED	192.39	BXSL	167.07	25.33
Ares	ARESSI	187.18	ARCC	175.12	12.06
Sixth Street	SIXSLP	176.08	TSLX	168.52	7.56
Blue Owl	OCINCC	222.10	OBDC	216.55	5.54
Oaktree	OAKSCF	228.53	OCSL	240.73	-12.20
			Average		11.07

Source: MNI, Bloomberg (as of 1/15/2026)

Recent Trading Levels and New Issuance

The charts below show trading levels for most of the BDCs we cover and recent issuance. Versus last fall, we note that most names are tighter. Issuance remains robust. Nearly \$11b in new issues have come from the BDC sector since September 2025.



Recent IG BDC Bond Issuance

Date	Issue	Size	Issue Spread	Recent Level
9/2/2025	ARCC 5.1 01/15/31	650,000,000	160	164.73
9/3/2025	BCRED 5.05 09/10/30	500,000,000	160	175.36
9/4/2025	GSBD 5.65 09/09/30	400,000,000	200	183.08
9/4/2025	HLEND 4.9 09/11/28	600,000,000	155	152.34
9/4/2025	HLEND 5.45 11/15/30	500,000,000	183	185.69
9/8/2025	BBDC 5.2 09/15/28	300,000,000	200	178.70
9/8/2025	ARESSI 4.85 01/15/29	600,000,000	160	167.03
9/8/2025	ARESSI 5.15 01/15/31	500,000,000	185	187.18
9/18/2025	FSK 6 1/8 01/15/31	400,000,000	270	279.99
9/18/2025	NHPIFS 5 1/8 09/25/28	300,000,000	183	165.01
9/25/2025	FRBP 6 10/02/30	300,000,000	250	254.40
9/30/2025	CGBD 5 3/4 02/15/31	300,000,000	215	228.58
10/6/2025	BXSL 5 1/8 01/31/31	500,000,000	155	167.07
10/9/2025	GSCRED 5 3/8 01/31/29	660,000,000	200	166.95
11/19/2025	GSCRED 5 7/8 01/31/31	500,000,000	245	211.23
12/2/2025	MSINTM 6 1/8 02/05/31	400,000,000	270	239.08
12/3/2025	APODS 5.2 12/08/28	400,000,000	170	163.16
1/5/2026	ARCC 5.25 04/12/31	750,000,000	180	175.12
1/5/2026	BCRED 5.35 03/12/31	700,000,000	190	192.39
1/6/2026	HLEND 5.15 04/2/2029	350,000,000	170	162.43
1/6/2026	HLEND 5.65 04/2/31	400,000,000	200	192.10
1/15/2026	APODS 5.70 01/23/2031	750,000,000	195	189.84

Source: MNI, Bloomberg Finance, LP

Key Metrics Worth Watching

Nonaccruals

Sector Avg: 1.0% - Range: 3.5% to 0.1%

The average level is slightly improved over the previous quarter implying a stabilization in nonaccruals and at-risk loans. **TCPC** still has the highest nonaccruals and 3 BDCs (**ARESSI**, **SIXSLP**, and **NCDL**) reported no nonaccruals in Q3.

PIK Revenues as % of Total Investment Income

Sector Avg: 7.2% - Range: 1.6% to 14.5%.

This metric was incrementally weaker than the previous quarter so it may be premature to say that payment-in-kind income is moderating at BDCs. As previously mentioned **FSK** has the largest percentage of PIK income and **OAKSCF** has the lowest.

Non-accruals as a % of Total Portfolio as of 9/30/25		
BlackRock TCP Capital Corp	TCPC	3.5%
Oaktree Specialty Lending Corp	OCSL	3.0%
FS KKR Capital Corp	FSK	2.9%
Franklin BSP Capital Corp	FRBP	1.9%
Blue Owl Capital Corp II	OBDCII	1.9%
New Mountain Finance Corp	NMFC	1.7%
Goldman Sachs BDC Inc	GSBD	1.5%
Blue Owl Capital Corp	OBDC	1.3%
Main Street Capital Corp	MAIN	1.2%
Morgan Stanley Direct Lending Fund	MSDL	1.2%
North Haven Private Income Fund	NHPIFS	1.1%
Hercules Capital Inc	HTGC	1.1%
Blue Owl Credit Income Corp	OCINCC	1.0%
Ares Capital Corp	ARCC	1.0%
Carlyle Secured Lending	CGBD	1.0%
Barings BDC Inc	BBDC	0.8%
Prospect Capital Corp	PSEC	0.7%
Bain Capital Specialty Finance	BCSF	0.7%
Sixth Street Specialty Lending Inc	TSLX	0.6%
HPS Corporate Lending Fund	HLEND	0.6%
Blackstone Private Credit Fund	BCRED	0.4%
Apollo Debt Solutions BDC	APODS	0.3%
Golub Capital BDC Inc	GBDC	0.3%
Blue Owl Technology Finance Corp	OTF	0.2%
Goldman Sachs Private Credit Corp	GSCRED	0.2%
Blackstone Secured Lending Fund	BXSL	0.1%
Oaktree Strategic Credit Fund	OAKSCF	0.1%
MSD Investment Corp	MSINTM	0.1%
Ares Strategic Income Fund	ARESSI	0.0%
Sixth Street Lending Partners	SIXSLP	0.0%
Nuveen Churchill Direct Lending	NCDL	0.0%

PIK Income as a % of Total Income as of 9/30/25		
FS KKR Capital Corp	FSK	14.5%
Blue Owl Technology Finance Corp	OTF	13.8%
Bain Capital Specialty Finance	BCSF	11.1%
BlackRock TCP Capital Corp	TCPC	10.6%
Hercules Capital Inc	HTGC	10.5%
Prospect Capital Corp	PSEC	10.1%
Carlyle Secured Lending	CGBD	9.7%
New Mountain Finance Corp	NMFC	9.4%
Blackstone Secured Lending Fund	BXSL	8.2%
Goldman Sachs BDC Inc	GSBD	8.2%
Sixth Street Lending Partners	SIXSLP	8.0%
Barings BDC Inc	BBDC	7.2%
Blackstone Private Credit Fund	BCRED	6.4%
Oaktree Specialty Lending Corp	OCSL	6.4%
Blue Owl Capital Corp	OBDC	6.4%
MSD Investment Corp	MSINTM	6.3%
Sixth Street Specialty Lending Inc	TSLX	6.3%
Blue Owl Capital Corp II	OBDCII	6.0%
Golub Capital BDC Inc	GBDC	5.9%
HPS Corporate Lending Fund	HLEND	5.9%
Blue Owl Credit Income Corp	OCINCC	5.7%
Franklin BSP Capital Corp	FRBP	5.3%
Ares Capital Corp	ARCC	4.9%
Ares Strategic Income Fund	ARESSI	4.8%
Morgan Stanley Direct Lending Fund	MSDL	4.1%
Nuveen Churchill Direct Lending	NCDL	3.9%
Main Street Capital Corp	MAIN	3.7%
Goldman Sachs Private Credit Corp	GSCRED	3.2%
Apollo Debt Solutions BDC	APODS	2.7%
North Haven Private Income Fund	NHPIFS	2.6%
Oaktree Strategic Credit Fund	OAKSCF	1.6%

Source: MNI, Company Reports, Bloomberg Finance, LP.

Weighted Portfolio Yield

Sector Avg: 10.1% - Range: 8.9% to 13.0%.

This metric came in lower than the previous quarter and has been steadily declining. The start of the decline coincided with US rate cuts that began over a year ago. This has been a major factor in the underperformance of BDC equities alongside lower trending NAV. **HTGC** and **MAIN** continue to have the highest weighted portfolio yields.

YOY Portfolio Growth

Sector Avg: 27.0% - Range: -16.2% to 168%

Some BDCs are aggressively growing the size of their portfolios while most are growing them at a more modest level. However, 8 BDCs saw their portfolios shrink YOY. The latter can occur for several reasons including portfolio rebalancing or fundamental balance sheet improvements. Private BDCs **ARESSI** and **GSCRED** were the fastest growing YOY.

Secured Debt as a % of Portfolio

Sector Avg: 89.5% - Range: 65.8% to 99.9%

Defining secured debt can be difficult across the BDC sector but generally we include credit and ABS facilities and all secured loans. While the current levels for our universe are within historical levels, two BDCs (**ARCC** and **BCSF**) have less than 75% secured debt in their portfolios. While the absolute level does not concern us it does beg the question of what the other assets are in their portfolios and what level of risk they pose.

Company	Ticker	Yield (%)
Hercules Capital Inc	HTGC	13.0%
Main Street Capital Corp	MAIN	12.1%
Sixth Street Specialty Lending Inc	TSLX	11.4%
Bain Capital Specialty Finance	BCSF	11.2%
Goldman Sachs BDC Inc	GSBD	10.8%
Carlyle Secured Lending	CGBD	10.7%
Ares Capital Corp	ARCC	10.7%
Golub Capital BDC Inc	GBDC	10.4%
BlackRock TCP Capital Corp	TCPC	10.3%
Sixth Street Lending Partners	SIXSLP	10.2%
MSD Investment Corp	MSINTM	10.2%
Blue Owl Capital Corp II	OBDCII	10.2%
New Mountain Finance Corp	NMFC	10.0%
Blackstone Secured Lending Fund	BXSL	10.0%
Franklin BSP Capital Corp	FRBP	10.0%
FS KKR Capital Corp	FSK	9.8%
Barings BDC Inc	BBDC	9.8%
Blue Owl Capital Corp	OBDC	9.8%
Oaktree Specialty Lending Corp	OCSL	9.8%
Morgan Stanley Direct Lending Fund	MSDL	9.8%
Blackstone Private Credit Fund	BCRED	9.7%
HPS Corporate Lending Fund	HLEND	9.7%
Nuveen Churchill Direct Lending	NCDL	9.7%
North Haven Private Income Fund	NHPIFS	9.5%
Oaktree Strategic Credit Fund	OAKSCF	9.5%
Blue Owl Credit Income Corp	OCINCC	9.3%
Blue Owl Technology Finance Corp	OTF	9.2%
Prospect Capital Corp	PSEC	9.1%
Apollo Debt Solutions BDC	APODS	9.0%
Goldman Sachs Private Credit Corp	GSCRED	8.9%
Ares Strategic Income Fund	ARESSI	8.7%

Company	Ticker	YOY Growth (%)
Ares Strategic Income Fund	ARESSI	168.0%
Goldman Sachs Private Credit Corp	GSCRED	120.2%
Blue Owl Technology Finance Corp	OTF	109.2%
HPS Corporate Lending Fund	HLEND	83.8%
Apollo Debt Solutions BDC	APODS	81.2%
Oaktree Strategic Credit Fund	OAKSCF	51.0%
Carlyle Secured Lending	CGBD	41.7%
MSD Investment Corp	MSINTM	39.7%
Blue Owl Credit Income Corp	OCINCC	35.8%
Sixth Street Lending Partners	SIXSLP	30.3%
Blue Owl Capital Corp	OBDC	27.4%
Blackstone Private Credit Fund	BCRED	24.0%
Hercules Capital Inc	HTGC	21.0%
North Haven Private Income Fund	NHPIFS	16.6%
Blackstone Secured Lending Fund	BXSL	15.3%
Ares Capital Corp	ARCC	10.7%
Franklin BSP Capital Corp	FRBP	7.3%
Bain Capital Specialty Finance	BCSF	5.2%
Main Street Capital Corp	MAIN	4.8%
Barings BDC Inc	BBDC	4.7%
Morgan Stanley Direct Lending Fund	MSDL	3.7%
Golub Capital BDC Inc	GBDC	3.2%
Sixth Street Specialty Lending Inc	TSLX	1.9%
FS KKR Capital Corp	FSK	-3.8%
Nuveen Churchill Direct Lending	NCDL	-3.9%
Oaktree Specialty Lending Corp	OCSL	-5.7%
Goldman Sachs BDC Inc	GSBD	-7.1%
New Mountain Finance Corp	NMFC	-9.8%
BlackRock TCP Capital Corp	TCPC	-10.1%
Prospect Capital Corp	PSEC	-12.9%
Blue Owl Capital Corp II	OBDCII	-16.2%

Company	Ticker	% of Secured Debt
Apollo Debt Solutions BDC	APODS	99.9%
MSD Investment Corp	MSINTM	99.5%
North Haven Private Income Fund	NHPIFS	99.0%
Blackstone Secured Lending Fund	BXSL	98.6%
Goldman Sachs BDC Inc	GSBD	98.2%
Morgan Stanley Direct Lending Fund	MSDL	98.2%
Goldman Sachs Private Credit Corp	GSCRED	98.2%
Sixth Street Lending Partners	SIXSLP	97.9%
HPS Corporate Lending Fund	HLEND	97.6%
Franklin BSP Capital Corp	FRBP	95.7%
Barings BDC Inc	BBDC	95.0%
Sixth Street Specialty Lending Inc	TSLX	94.8%
Blackstone Private Credit Fund	BCRED	94.1%
Hercules Capital Inc	HTGC	93.5%
Oaktree Strategic Credit Fund	OAKSCF	93.3%
Blue Owl Credit Income Corp	OCINCC	92.9%
Nuveen Churchill Direct Lending	NCDL	92.7%
Golub Capital BDC Inc	GBDC	92.0%
BlackRock TCP Capital Corp	TCPC	89.7%
Blue Owl Capital Corp II	OBDCII	87.2%
Ares Strategic Income Fund	ARESSI	86.4%
Oaktree Specialty Lending Corp	OCSL	85.9%
New Mountain Finance Corp	NMFC	84.0%
Main Street Capital Corp	MAIN	81.1%
Blue Owl Capital Corp	OBDC	80.4%
Blue Owl Technology Finance Corp	OTF	80.3%
Carlyle Secured Lending	CGBD	79.8%
FS KKR Capital Corp	FSK	77.6%
Prospect Capital Corp	PSEC	77.4%
Ares Capital Corp	ARCC	67.4%
Bain Capital Specialty Finance	BCSF	65.8%

Source: MNI, Company Reports, Bloomberg Finance, LP.

Liquidity Coverage (Liquidity/Outstanding Commitments)

Sector Avg: 3.36x – Range: 0.7x to 25.7x

We watch this ratio given its importance if the capital markets become very illiquid. A ratio lower than 1.0x indicates that a BDC has more commitments outstanding than current reported liquidity. However, this doesn't mean that the BDC couldn't immediately access added liquidity in today's market – some BDCs manage costs related to credit availability. That said, the range is very broad. **APODS** had the lowest ratio and **NCDL** had the highest.

Secured Debt as % of Total Debt on BDC Balance Sheet

Sector Avg: 36.8% - Range: 9.8% to 75.3%.

BDCs ramping up (especially private ones) tend to use their secured facilities. Therefore, their ratio of secured to total debt can be volatile. 6 BDCs have more than 50% of their balance sheet debt in secured loans and facilities, with **FRBP** and **GSCRED** having the highest levels. Rating agencies utilize different factors and absolute levels when considering this ratio in the ratings process but usually anything above 70% could draw their attention. A high percentage can also be a signal that the BDC needs to raise capital in the unsecured or equity markets to pay down its secured borrowings.

BDCs Liquidity/Commitments Ratio as of 9/30/25		
BDC	Ticker	Ratio of Liquidity/Commitments
Apollo Debt Solutions BDC	APODS	0.7x
Blackstone Private Credit Fund	BCRED	0.8x
Goldman Sachs Private Credit Corp	GSCRED	0.8x
Main Street Capital Corp	MAIN	0.8x
Franklin BSP Capital Corp	FRBP	0.9x
Bain Capital Specialty Finance	BCSF	1.0x
Barings BDC Inc	BBDC	1.1x
HPS Corporate Lending Fund	HLEND	1.2x
Blue Owl Credit Income Corp	OCINCC	1.2x
Golub Capital BDC Inc	GBDC	1.3x
Ares Strategic Income Fund	ARESSI	1.3x
Ares Capital Corp	ARCC	1.4x
Blackstone Secured Lending Fund	BXSL	1.5x
Blue Owl Capital Corp	OBDC	1.6x
FS KKR Capital Corp	FSK	1.6x
Carlyle Secured Lending	CGBD	1.7x
Oaktree Strategic Credit Fund	OAKSCF	1.8x
Blue Owl Capital Corp II	OBDCI	1.8x
MSD Investment Corp	MSINTM	1.9x
Goldman Sachs BDC Inc	GSBD	2.0x
Blue Owl Technology Finance Corp	OTF	2.1x
Sixth Street Lending Partners	SIXSLP	2.1x
Oaktree Specialty Lending Corp	OCSL	2.4x
North Haven Private Income Fund	NHPIFS	2.5x
Morgan Stanley Direct Lending Fund	MSDL	2.6x
Hercules Capital Inc	HTGC	2.8x
New Mountain Finance Corp	NMFC	3.1x
Sixth Street Specialty Lending Inc	TSLX	3.4x
BlackRock TCP Capital Corp	TCPC	3.4x
Prospect Capital Corp	PSEC	21.4x
Nuveen Churchill Direct Lending	NCDL	27.7x

Secured Debt % on Balance Sheet as of 9/30/25		
BDC	Ticker	Secured Debt % on Balance Sheet
Main Street Capital Corp	MAIN	9.8%
Hercules Capital Inc	HTGC	17.4%
New Mountain Finance Corp	NMFC	19.1%
Barings BDC Inc	BBDC	21.8%
Blue Owl Capital Corp II	OBDCI	23.3%
Blue Owl Capital Corp	OBDC	24.0%
BlackRock TCP Capital Corp	TCPC	24.3%
Ares Capital Corp	ARCC	25.9%
Bain Capital Specialty Finance	BCSF	26.5%
FS KKR Capital Corp	FSK	28.7%
Goldman Sachs BDC Inc	GSBD	29.9%
Ares Strategic Income Fund	ARESSI	30.1%
Blue Owl Technology Finance Corp	OTF	31.0%
Morgan Stanley Direct Lending Fund	MSDL	31.1%
Sixth Street Specialty Lending Inc	TSLX	33.0%
Blue Owl Credit Income Corp	OCINCC	33.4%
Prospect Capital Corp	PSEC	35.6%
Blackstone Secured Lending Fund	BXSL	36.5%
HPS Corporate Lending Fund	HLEND	38.8%
Apollo Debt Solutions BDC	APODS	40.2%
Carlyle Secured Lending	CGBD	41.7%
Blackstone Private Credit Fund	BCRED	43.6%
North Haven Private Income Fund	NHPIFS	45.1%
Nuveen Churchill Direct Lending	NCDL	45.9%
Oaktree Specialty Lending Corp	OCSL	47.3%
Golub Capital BDC Inc	GBDC	51.1%
MSD Investment Corp	MSINTM	51.6%
Oaktree Strategic Credit Fund	OAKSCF	53.9%
Sixth Street Lending Partners	SIXSLP	55.1%
Franklin BSP Capital Corp	FRBP	70.2%
Goldman Sachs Private Credit Corp	GSCRED	75.3%

Source: MNI, Company Reports, Bloomberg Finance, LP