InCred Insights

Private Credit: Liquidity adjustment, not credit crisis

5 March 2026

Recent headlines around private credit have generated a number of client questions. In particular, elevated redemption requests at several large funds have raised concerns about liquidity in parts of the market. Since the third quarter of 2025 we have maintained a neutral stance on private credit, reflecting tighter spreads and strong capital inflows across the sector.

Blackstone's flagship BCRED vehicle recently met withdrawal requests equivalent to roughly **7.9% of assets in a single quarter**, the highest level since launch but still within the fund's documented redemption and liquidity framework.

A similar dynamic has appeared elsewhere in the market. Blue Owl recently restricted withdrawals in one of its retail-focused credit funds after elevated redemption requests, with investors now primarily receiving capital back through repayments and portfolio realisations.

Episodes like this tend to attract attention because private credit is often perceived as stable and insulated from public market volatility. It is important, however, to distinguish between **liquidity pressures and underlying credit fundamentals**.

Much of the recent redemption activity has occurred in semi-liquid vehicles distributed through wealth channels. These funds typically allow investors to redeem around 5% of assets each quarter and include mechanisms that limit withdrawals during periods of heavy demand in order to avoid forced asset sales. In other words, the gating mechanisms now appearing in headlines are largely operating as designed.

The institutional core of the private credit market remains structurally different. Most assets are held in long-duration funds with multi-year lockups and limited redemption rights, which significantly reduces the risk of forced selling.

For now, we do not see evidence of broad deterioration in credit performance across the core corporate loan portfolios of leading managers. What we are seeing therefore appears less like the beginning of a credit cycle downturn and more like a **normalisation of capital flows - particularly in semi-liquid wealth-channel formats - after several years of rapid asset-class growth**. We remain patient, looking for the point at which widening spreads and stronger covenant structures provide more compelling risk compensation.

Periods when capital flows slow and investors reassess liquidity expectations have historically been when private lenders are able to deploy capital at higher spreads and improved covenant protections. For long-term investors able to tolerate illiquidity, such phases have often proved constructive rather than destabilising.

About the author

Nick Perryman is Vice Chairman at InCred Global Wealth Limited and Chairman of its Investment Committee. He has over 25 years of investment and wealth management experience, holds advanced qualifications in investment management, financial planning and psychology, and was previously a managing director at UBS where he was head of its international business in London and before that head of investment products and services. He is a doctoral researcher at Durham University and an honorary fellow of Royal Holloway, University of London. He is co-author of the book, "Leadership in Wealth: Mastering the opportunities of wealth in your family, firm and society.

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