

Views From the Stream

April 30, 2026

Private Credit: More Cockroaches

Two more cockroaches emerged recently in the Private Credit arena. They are large loans to two software companies owned by private equity firms: Medallia and Qualtrics. In December, Blackstone and KKR wrote their Medallia loans down to \$0.80 on the dollar lent. Over the past week, they wrote the loan down to \$0.60 on the dollar lent. These latest losses will only bring more questions on Private Credit marks, especially those related to private equity loans. The potential losses prompted UBS this past month to issue a report indicating Private Credit losses could double this year to 9% - 10% of the underlying assets. And this stands before any recession. As the cockroaches continue to emerge, there exists growing risk that the damage will spread beyond Private Credit to broader sectors of the financial markets, including banks and insurance companies. And then ultimately to the economy at large. The snowball appears rolling down the mountain. And only time will tell if it becomes an avalanche.

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