Blackstone Private Credit Fund (BCRED)

Quarter ended March 31, 2026 · For the advisor's use when explaining this fund — not for distribution to clients · Methodology: “The Average Is Not the Offer” (Svach, 2026)

What this fund is

BCRED is a very large lending fund. It pools money from investors and lends it to about 700 private companies, the way a bank makes loans. The companies pay interest, and the fund passes most of that interest to investors as monthly income. Almost all of its loans (97%) are “first in line” to get paid back if a company runs into trouble. The fund is not traded on a stock exchange — you buy in at its stated value, and you sell back to the fund itself, in limited amounts each quarter.

What the documents show

- **The income engine still works.** About $1.03 billion earned after expenses this quarter from loan interest — enough to cover the payouts promised to investors.
- **But the value of the loans slipped.** Marked down about $1 billion this quarter; each share fell from $24.79 to $24.19 (–2.4%). Income payments roughly offset the drop.
- **A few borrowers stopped paying.** Non-paying loans rose to 2.4% of the portfolio at cost; the two biggest problem loans are marked near 60 and 70 cents on the dollar.
- **Some interest is an IOU, not cash.** About 6% of income is “PIK” — interest promised for later instead of paid in cash now — and creeping up.
- **More people wanted out than the exit door allows.** Requests exceeded the normal 5% quarterly limit; the Board raised it to 7% and Blackstone insiders added about $400 million to help meet requests. More money left than came in.
- **The manager still got its bonus.** A $151 million performance fee was paid this quarter even though the fund lost money overall — the fee is based only on income earned, not total results.

Things worth asking about

- What is the plan for the two big problem loans, and when will we know if the money comes back?
- If investors keep asking to sell more than the limit allows, what happens next quarter?
- Why does the manager earn a full performance fee in a quarter when the fund lost value — could that change?
- How much PIK interest was part of the original deals versus added because borrowers couldn't pay cash?

01 · PORTFOLIO COMPOSITION

About $80.5 billion of investments across roughly 700 companies, with 97% in senior secured loans — the kind first in line for repayment. This is the largest fund of its type; scale brings diversification, and also means the fund is the market in some deals.

02 · CREDIT QUALITY & NON-ACCRUALS

Loans where borrowers stopped paying rose to 2.4% of the portfolio at cost (1.4% at value). The two largest problem loans are marked around 60 and 70 cents on the dollar. Still low as a share of the whole — but the direction is up.

03 · INCOME QUALITY & PIK

The fund earned about $1.03 billion after expenses — the income engine covers the distributions. But about 6% of income is PIK: interest promised for later instead of paid in cash now. Growing PIK can be an early sign borrowers are stretched.

04 · LEVERAGE & COVERAGE

The fund has borrowed about $35.2 billion against $45.0 billion of investor money — roughly 78 cents of debt per dollar, comfortable for these funds. Interest on that debt cost about $512 million this quarter and is the fund's biggest expense.

05 · VALUATION PROCESS

Share value fell from $24.79 to $24.19 as the manager marked the portfolio down about $1 billion. Prices are set by the manager's process, not a market — a 2.4% quarterly move is meaningful for a fund sold on stability.

06 · FEE ARCHITECTURE

Fees run 1.25% of assets plus a performance fee of 12.5% of income over a 5% hurdle. The catch: the performance fee looks only at income, not total results — so the manager collected $151 million in a quarter when investors lost money overall.

07 · LIQUIDITY & REPURCHASES

Exit requests exceeded the normal 5% quarterly cap; the Board raised it to 7% and Blackstone insiders contributed about $400 million to help meet requests. Money owed for buybacks grew from $2.1 to $3.2 billion. The door held — because it was propped open.

08 · ORIGINATION & YIELD

The fund bought about $4.3 billion of new loans and received $5.0 billion from repayments and sales — the portfolio shrank slightly. In a quarter of outflows, repayments become a funding source, which is how the structure is supposed to work.

09 · COMMENTARY VS. FILINGS

The manager's letter emphasizes seniority, scale, and low problem loans versus peers — all supported by the filings. What the letter underplays: the fee earned during a loss quarter and the rising PIK share. Both are in the numbers.

10 · RISK & SUBSEQUENT EVENTS

After quarter-end the fund disclosed the upsized 7% buyback and affiliate support. The watch items: whether exit requests stay elevated, whether problem loans keep rising, and what falling rates would do to income on a floating-rate book.
