

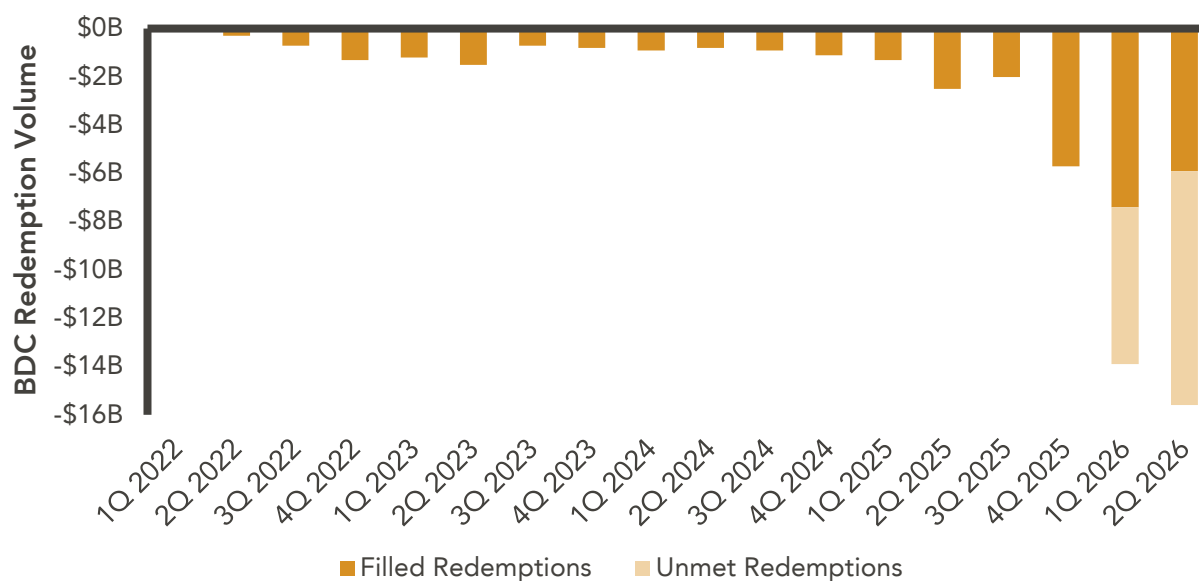
Chart of the Week

July 27, 2026

Liquidity Isn't Free

CHLOE ARISS, ASSOCIATE RESEARCH ANALYST

▾ The gap between filled and unfulfilled redemption requests for BDCs underscores that these vehicles aim to balance liquidity and portfolio stability



Source: Robert A. Stanger & Co., *The Wall Street Journal* as of June 30, 2026

The rapid growth of non-traded business development companies (BDCs), which are investment vehicles that pool investor capital to make loans to privately held companies, has broadened access to private credit. As a result, retail investors have gained exposure to an asset class that was historically available mostly to institutional investors. However, recent redemption activity highlights a key structural consideration of the asset class: the underlying investments are inherently illiquid. Consequently, periods of elevated redemption requests can create challenges that require careful portfolio and liquidity management.

As shown in this week's chart, redemption volumes remained relatively muted from 2022 through the third quarter of last year, then accelerated over recent quarters. Indeed, redemption requests now exceed the amount that BDCs are required to fulfill (5% of assets), resulting in a growing level of unfulfilled redemptions. While this may appear concerning at first glance, redemption limits are a key feature of non-traded BDC structures and are intended to protect the remaining investors in the fund from forced selling of illiquid assets. In many cases, unmet redemption requests reflect the operation of these safeguards as designed, rather than an indication of any deterioration in portfolio quality. While there are signs that BDC redemption requests may have peaked, it is likely that redemptions will remain elevated in the coming quarters as the non-traded BDCs work through queues based on underlying liquidity.

[CONTINUED >](#)

This trend also highlights a key distinction between publicly traded and non-traded BDCs. Publicly traded BDCs provide daily liquidity via the secondary market, with discounts and premiums to NAV reflecting changes in investor sentiment. In contrast, non-traded BDCs generally seek to maintain a more stable NAV, instead relying on repurchase programs and redemption limits to manage liquidity. The recent widening of discounts among publicly traded BDCs may also be contributing to redemption activity in non-traded vehicles, as public vehicles can be viewed as relatively attractive from a valuation perspective.

It is important to note that continued redemption pressures could have an impact on portfolio construction. Managers may hold additional cash, utilize additional fund-level leverage, or slow deployment to preserve liquidity, potentially reducing exposure to newly originated investments and leaving portfolios more concentrated in older vintage loans. For investors, the widening gap between filled and unfilled redemption requests is a reminder that private credit was not designed to function as a daily liquid asset class. Non-traded BDCs can provide valuable access to private markets for certain investors, but liquidity ultimately remains constrained by the underlying assets. As a result, investors should carefully consider whether a semi-liquid structure aligns with their needs and objectives. Manager selection also remains a critical consideration in this space, as approaches to portfolio construction, valuation, liquidity management, and performance can vary meaningfully across strategies. ■

PREPARED BY MARQUETTE ASSOCIATES

180 North LaSalle St, Ste 3500, Chicago, Illinois 60601 PHONE 312-527-5500
CHICAGO BALTIMORE MILWAUKEE PHILADELPHIA ST. LOUIS WEB marquetteassociates.com

CONFIDENTIALITY NOTICE: *This communication, including attachments, is for the exclusive use of the addressee and contains proprietary, confidential and/or privileged information; any use, copying, disclosure, dissemination or distribution is strictly prohibited. Marquette Associates, Inc. retains all proprietary rights they may have in the information.*

Marquette Associates, Inc. ("Marquette") has prepared this document for the exclusive use by the client or third party for which it was prepared. The information herein was obtained from various sources, including but not limited to third party investment managers, the client's custodian(s) accounting statements, commercially available databases, and other economic and financial market data sources.

The sources of information used in this document are believed to be reliable. Marquette has not independently verified all of the information in this document and its accuracy cannot be guaranteed. Marquette accepts no liability for any direct or consequential losses arising from its use. The information provided herein is as of the date appearing in this material only and is subject to change without prior notice. Thus, all such information is subject to independent verification, and we urge clients to compare the information set forth in this statement with the statements received directly from the custodian in order to ensure accuracy of all account information. Past performance does not guarantee future results and investing involves risk of loss. No graph, chart, or formula can, in and of itself, be used to determine which securities or investments to buy or sell.

Forward-looking statements, including without limitation any statement or prediction about a future event contained in this presentation, are based on a variety of estimates and assumptions by Marquette, including, but not limited to, estimates of future operating results, the value of assets and market conditions. These estimates and assumptions, including the risk assessments and projections referenced, are inherently uncertain and are subject to numerous business, industry, market, regulatory, geopolitical, competitive, and financial risks that are outside of Marquette's control. There can be no assurance that the assumptions made in connection with any forward-looking statement will prove accurate, and actual results may differ materially. Indices have been selected for comparison purposes only. Client account holdings may differ significantly from the securities in the indices and the volatility (beta) of the account may be materially different from client account performance and may be more or less than the benchmark. You cannot invest directly in an index. Artificial intelligence has been utilized during the preparation of this document.

The inclusion of any forward-looking statement herein should not be regarded as an indication that Marquette considers forward-looking statements to be a reliable prediction of future events. The views contained herein are those of Marquette and should not be taken as financial advice or a recommendation to buy or sell any security. Any forecasts, figures, opinions or investment techniques and strategies described are intended for informational purposes only. They are based on certain assumptions and current market conditions, and although accurate at the time of writing, are subject to change without prior notice. Opinions, estimates, projections, and comments on financial market trends constitute our judgment and are subject to change without notice. Marquette expressly disclaims all liability in respect to actions taken based on any or all of the information included or referenced in this document. The information is being provided based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any interest in any investment vehicle, and should not be relied on as such. Targets, ranges and expectations set forth in this presentation are approximations; actual results may differ materially. The information and opinions expressed herein are as of the date appearing in this material only, are subject to change without prior notice, and do not contain material information regarding the Marquette Model Portfolio, including specific information relating to portfolio investments and related important risk disclosures. The descriptions herein of Marquette's investment objectives or criteria, the characteristics of its investments, investment process, or investment strategies and styles may not be fully indicative of any present or future investments, are not intended to reflect performance and may be changed in the discretion of Marquette. While the data contained herein has been prepared from information that Marquette believes to be reliable, Marquette does not warrant the accuracy or completeness of such information.

About Marquette Associates

Marquette was founded in 1986 with the sole objective of providing investment consulting at the highest caliber of service. Our expertise is grounded in our commitment to client service — our team aims to be a trusted partner and as fiduciaries, our clients' interests and objectives are at the center of everything we do. Our approach brings together the real-world experience of our people and our dedication to creativity and critical thinking in order to empower our clients to work towards their goals.

Marquette is an independent investment adviser registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Marquette including our investment strategies, fees, and objectives can be found in our ADV Part 2 and Form CRS which are available upon request and on our website. For more information, please visit www.MarquetteAssociates.com.