

MSCI PRIVATE ASSETS IN RISKMANAGER

MODELING ALTERNATIVES BY COMBINING PUBLIC AND PRIVATE INFORMATION

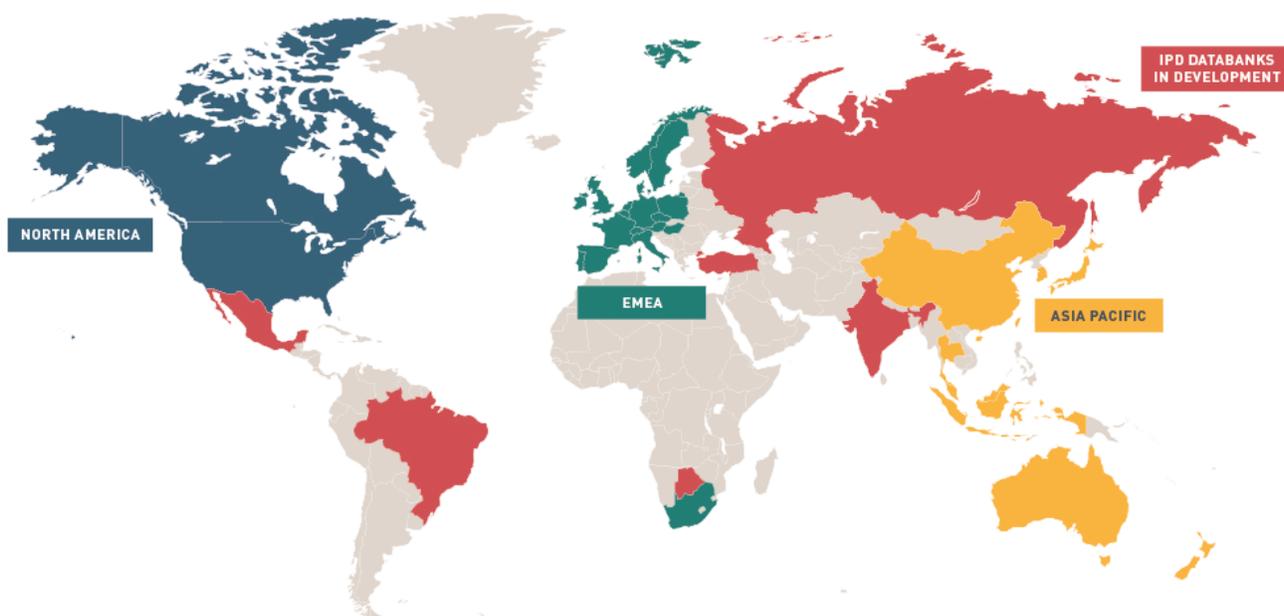
One of the toughest challenges of managing private assets is that they can't be easily analyzed alongside the rest of a portfolio. The relevance of public proxies is limited; they don't account for their own liquidity premium, diversification benefits and active risk. Pure private asset return data is scarce; appraised valuations are hard to come by, and when they can be found, they are often smoothed and lag the market.

In addition, it's all too easy to miss the global context. Many investors fail to recognize the limitations of their home bias or the potential diversification value that might be found abroad.

PUTTING IT ALL IN CONTEXT

MSCI's new private asset models help solve the problem. Seamlessly integrated within RiskManager, the new models combine data on global private real estate and private equity with public proxies. This enables investors to model a coherent correlation structure for all private assets – liquid or illiquid. Now these unique assets can sit side-by-side with conventional assets in a portfolio and be compared with other holdings.

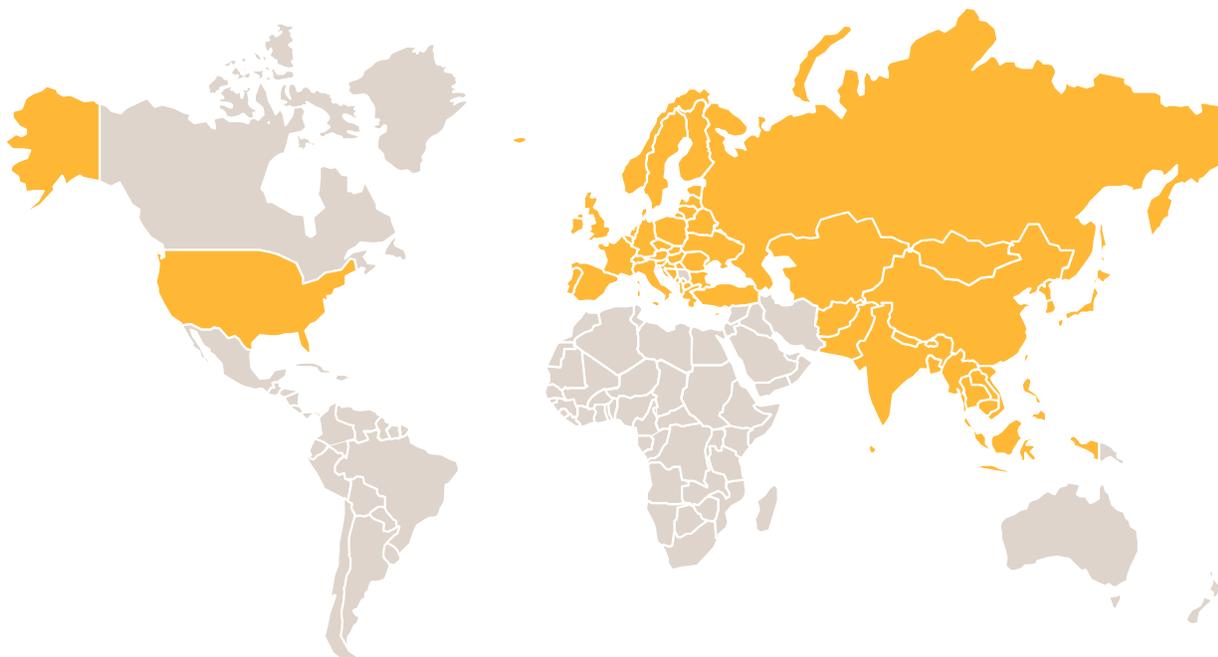
PRIVATE REAL ESTATE MODEL COVERAGE



These models avoid the over- and underestimating of correlations when using pure public proxy data or raw quarterly data from appraised valuations. MSCI's private asset factor models blend historical appraisals with available public proxies to create a midpoint between the two extremes.

The models also account for factor and specific risk, using a total of 431 global private real estate risk factors and 17 private equity risk factors. They are customizable, allowing investors to choose the default inputs or to describe each private position by setting their own fundamental parameters such as leverage, number of assets and specific risk.

PRIVATE EQUITY MODEL COVERAGE



1	US Early Stage Ventures	7	Asia Early Stage Ventures	13	Europe Late Stage Ventures
2	US Late Stage Ventures	8	Asia Late Stage Ventures	14	Europe Small Buyouts
3	US Small Buyouts	9	Asia Small Buyouts	15	Europe Large Buyouts
4	US Large Buyouts	10	Asia Large Buyouts	16	Europe Mezzanine
5	US Mezzanine	11	Asia Distressed	17	Europe Distressed
6	US Distressed	12	Europe Early Stage Ventures		

Find out more about Private Assets offering by calling your MSCI representative or contacting us at enquiries@msci.com.

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