



MSCI launches Private Credit Factor Model to bring transparency to rapidly growing asset class

Expanding MSCI's multi-asset risk modeling suite, the new tool analyzes private credit risk within a total portfolio context

New York – Sept 3, 2025 – MSCI Inc. (NYSE: MSCI) launched a [Private Credit Factor Model](#) to help investors overcome the lack of transparency in the asset class and better assess the long-term risks it presents in their overall portfolios.

As investors continue to increase their allocations to the private credit market, they face a critical challenge: A lack of data and insights into their investments can obscure their view of risks of private investments within the context of their total portfolio.

Over the past decade the explosive growth in private credit, driven by investors' search for yield and structural shifts in capital markets, has outpaced the tools needed to manage it. And institutional investors such as pension funds are being asked by plan participants, boards and other stakeholders to shed light on these often-opaque assets.

Designed to address these challenges, the Private Credit Factor Model integrates private credit into the systematic, factor-based framework that forms the basis of modern portfolio management. Powered by MSCI's award-winning analytics and cross-asset modeling capabilities, the model offers institutional investors a consistent, integrated view of risk across public and private markets. These insights draw on MSCI's Private Assets Universe data – one of the most extensive and highest quality sets of cashflow and valuations data in the private markets industry.

"Private credit requires enhanced analytical tools and insights as it plays an increasingly important role in diversified investment portfolios," said **Luke Flemmer, Head of Private Assets at MSCI**. "By bringing transparency and consistency to private credit risk, MSCI's model supports smarter decision-making and enables investors to better understand how these assets contribute to overall portfolio risk and resilience."

Available through MSCI's Analytics platform, the model enables risk teams to:

- **Decompose risk across private credit strategies**, including corporate lending and asset-backed debt, using region- and strategy-specific factors that capture market, structural, and idiosyncratic drivers of risk.
- **Assess how private credit exposures respond to macroeconomic shocks and shifting credit conditions** — and understand their impact on total portfolio risk through scenario analysis and stress testing.

- **Model private credit exposures despite limited data availability**, using MSCI's proprietary estimation and mapping techniques to address illiquidity, lagged valuations and sparse pricing.
- **Integrate private credit into total portfolio risk reporting** to support investment decisions, board level oversights, risk budgeting and strategic asset allocation.

Powered by data from over 1,500 private capital funds, the Private Credit Factor Model leverages the MSCI Private Capital Solutions taxonomy, providing detailed classification across region, strategy, and capital structure. This unique foundation of data gives investors a first-of-its-kind lens into the structural and behavioral traits of private credit. By uncovering both systemic and idiosyncratic risks, the model enhances portfolio construction and sharpens stress testing, bringing private credit in line with the standards applied to public markets.

The model is part of MSCI's expanding suite of private credit analytics, which are designed to help investors measure, manage and benchmark the asset class's risk. The Private Credit Factor Model compliments the [MSCI | Moody's Private Credit Risk Assessment tool](#), which focuses on default and loss probabilities and provides investors with a view on private credit's long-term volatility and correlation with other asset classes.

"MSCI is continuing to expand the boundaries of risk modeling across asset classes," said **Jorge Mina, Head of Analytics at MSCI**. "Our platform is built to help risk teams not only keep pace with the growing complexity of their portfolios, but also deliver strategic insight to their investment teams. The addition of the private credit factor model underscores our commitment to evolving with client needs and enabling a holistic understanding of risk in today's multi-asset world."

The launch of the Private Credit Factor Model also represents the latest enhancement to MSCI's multi-asset class analytics suite, which is available through MSCI Barra One.

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About MSCI

MSCI Inc. (NYSE: MSCI) strengthens global markets by connecting participants across the financial ecosystem with a common language. Our research-based data, analytics and indexes, supported by advanced technology, set standards for global investors and help our clients understand risks and opportunities so they can make better decisions and unlock innovation. We serve asset managers and owners, private-market sponsors and investors, hedge funds, wealth managers, banks, insurers and corporates. To learn more, please visit www.msci.com.

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