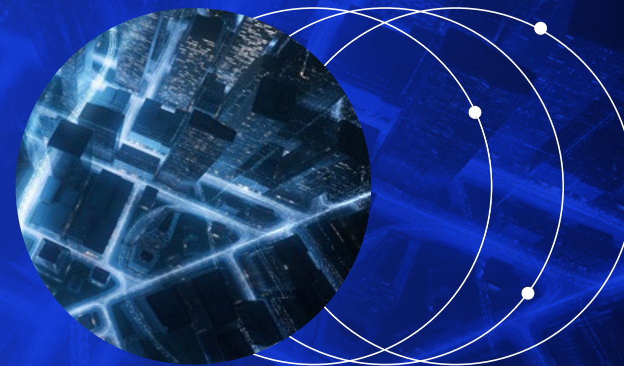
Total Portfolio Solutions

MSCI Private Credit Factor Model

Capture the unique characteristics of private credit risk with purpose-built, factor-based analytics for this complex and growing asset class.



As allocations to private credit accelerate, investors need risk models that reflect its unique structure, behavior and risk. Our Private Credit Factor Model[1] delivers a structured, scalable approach—integrating credit-specific factors, real data inputs, and flexible modeling capabilities into a total portfolio risk framework

Why Private Credit Needs a Purpose-Built Risk Model?

Traditional risk models often fall short in capturing the unique nature of private credit. Smoothed valuations, strategy-specific structures, inconsistent data, and fund-level leverage require a dedicated framework that reflects how these exposures behave—especially in stress scenarios.

Key Benefits

Sharper risk insights
Model private credit with greater transparency and precision using strategy-specific and structural private credit drivers.

Improved Measurement of Diversification
Capture risks that are unique to private credit and not visible in public markets.

Stronger Allocation Decisions
Position private credit effectively within your total portfolio and risk budget.

Our Methodology

- Flexible modeling approaches: Incorporates both a strategy-level approach to support top-down risk analytics and a deal-level approach to support bottom-up risk analytics.
- Captures the distinct “pure private” risk component using MSCI’s private credit data.
- Aligns public and private exposures with consistent risk factors from MSCI’s fixed income models. Applies Bayesian de-smoothing to reveal risk and return dynamics in private credit.

De-smoothed return innovation = Beta * Public Proxy + Pure Private Factor + Specific Return

Global Coverage and Strategic Depth

- Regional coverage of North America (NA), Europe (EU), Asia (AS) and a global Diversified Region (DR).
- Strategy-level analysis: 30 factors spanning both corporate lending and asset-backed lending with full global coverage.

Data-driven Insights

Leverages MSCI Private Capital Solution's 1,550+ private credit fund-level returns and is refined using detailed terms from over 60,000 individual loans and deals.[2]

Backed by MSCI's decades of expertise in factor research

- Built on the Multi-Asset Class (MAC) Factor Model framework: The private credit factor model is fully integrated into the MSCI MAC Factor Model, allowing for a consistent view of risk across strategies that include equity, fixed income, derivatives and private asset classes.
- Whether you are already using MSCI's Private Real Estate, Private Equity, or Private Infrastructure Factor Models—or exploring private market risk modeling for the first time—the Private Credit Factor Model integrates seamlessly into MSCI's broader private asset analytics suite.

Ready to bring private credit into full view?

Discover how MSCI can help you model it with the clarity and precision your total portfolio demands. Contact your MSCI representative to learn more.

1 The Private Credit Factor Model does not evaluate creditworthiness; this will be handled by the independent risk assessment through MSCI-Moody's partnership. Contact us to learn more.

2 Data as of September 2025. The number of funds and underlying investments is subject to change.

About MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

To learn more, please visit **www.msci.com.**