



MSCI All Country Private Credit Index Methodology

March 2026



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Introduction

Private Credit closed-end fund performance is traditionally measured through quarterly indexes that are published with a significant reporting lag. The MSCI All Country Private Credit Index (the “Daily Index”) introduces a high-frequency, model-based framework designed to provide daily estimates of Private Credit closed-end fund total returns. The Daily Index leverages the historical relationships between established private credit benchmarks, public bond market data, and fund valuation data as they are reported.

By applying robust statistical and econometric techniques, the Daily Index bridges the gap between the infrequent reporting of private markets and the real-time dynamics of public markets. The result is a transparent, data-driven framework that offers investors and researchers a more responsive measure of private credit performance, while maintaining consistency with the long-term behavior and valuation characteristics of traditional private credit benchmarks.

The Daily Index

The Daily Index is derived from the MSCI Global Private Credit Closed-End Fund Index (Frozen, USD) (hereafter, the “Quarterly PC Index”). Using a proprietary econometrics model, the Daily Index nowcasts¹ the returns of the Quarterly PC Index on a daily basis, addressing the traditional reporting lag² associated with private capital benchmarks.

MSCI Private Credit Closed-End Fund Index (Quarterly PC Index)

The Quarterly PC Index aims to measure the *net-of-fees aggregate performance* of unlisted, closed-end Private Credit fund vehicles across a range of sub-strategies. It is constructed top-down using the complete cash flow and valuation history of Private Credit funds.

Fund-level transaction data are sourced exclusively from MSCI’s limited partner clients (“LPs”) investing in these Private Credit fund vehicles. Each Private Credit fund vehicle’s eligibility and attributes are determined using financial statements issued by the general partners (“GPs”) of the fund vehicles. When available, MSCI may supplement this information with public data sources.

Performance measurement relies on the *Net Asset Values (NAVs)* reported by the Private Credit funds on a quarterly basis. These NAVs are combined with the corresponding daily-precision cash flow data (contributions and distributions) sourced in each Private Credit fund’s local currency. MSCI employs the

¹ Nowcasting refers to estimating the level as of “now”. The nature of private assets means the data required for measuring index level as of now becomes available later. The nowcasting model, estimates the level based on available information without looking into the future.

² The term “lag” refers to the delay between changes in the actual market and operating conditions of portfolio companies, the incorporation of these changes into quarterly Fair Value reporting by General Partners, and the subsequent aggregation and publication of index data.

Modified Dietz methodology to calculate returns, as detailed in the [MSCI Private Capital Closed-End Fund Indexes Methodology](#)³ document.

Daily Index Construction

The Daily Index addresses two key challenges of traditional Private Credit benchmarks:

- Addressing the reporting lag of Private Capital funds by nowcasting current performance within the index, and
- Providing daily rather than quarterly index levels.

This is achieved through MSCI's proprietary private credit nowcasting model, which incorporates GP-reported NAVs, historical relationships between public bond and private credit returns, and the evolving availability of fund valuations. As new Private Capital fund NAVs are reported, the model is updated daily to refine estimates and maintain accuracy.

The resulting index provides a daily modelled measure of Private Credit market performance that remains aligned with the long-term trajectory of the Quarterly PC Index, while reflecting daily shifts in public credit market valuations. The methodology is designed to ensure no systematic bias and to preserve the structural characteristics of traditional Private Credit returns.

To capture real-time market dynamics, the model uses public bond market data. We generate a custom global bond index that is re-weighted to mirror the sector and geography composition of Private Credit fund holdings (hereafter, the "Public Proxy Index"). This ensures that the Public Proxy Index's returns are more closely aligned with private credit performance. The Public Proxy Index is reviewed and rebalanced quarterly, after each release of the Quarterly PC Index, using the most recently available sector and country weights.

Ultimately, the model integrates four primary inputs:

- The lagged returns of the Quarterly PC Index,
- The change in the option-adjusted spread of the Public Proxy Index (public market data)
- The EUR/USD foreign exchange returns (public market data), and
- The most recent GP-reported valuations.

Changes in spreads are chosen over public bond index returns to extract the credit component of bond total returns. This separates the spread vs rate component of the total returns, as Private Credit debt facilities are overwhelmingly variable rate, whereas public debt securities are generally fixed rate. The EUR/USD currency returns capture the foreign exchange return component from EUR-denominated credit assets, which represent the second largest currency exposure after USD that is held by Private

³ Link to document: <https://burgiss.docsend.com/view/deyv7wa3mt/d/9q8hw3s6x3ytpwcu>

Credit funds. This set of market data inputs has been chosen out of a wider set of candidate inputs in a way that strikes a balance between model in-sample accuracy vs. the model's complexity and its ability to generalize out-of-sample. Together, these components provide a robust foundation for estimating private credit performance at daily frequency.

Ongoing Maintenance

The underlying model is recalibrated quarterly after each release of the Quarterly PC Index using the most recent available data. The daily estimation parameters are updated continuously as new information becomes available. The model may be enhanced over time as new data or technology emerges. Any methodological updates will apply prospectively, and historical index levels will remain unchanged.

The Daily Index is frozen. Historical values are not revised when new data points become available. Any error correction for historical data or technical issues follows the policies applied to the Quarterly PC Index.

Governance

The Daily Index follows MSCI's governance and quality control framework, including regular methodology reviews, data validation, and oversight by an index governance committee. Methodological changes are subject to the same transparency and consultation standards applied across MSCI index families.

The Index is governed by a set of methodology and policy documents, including:

- [MSCI Private Capital Closed-End Fund Index Methodology](#)⁴ document
- [MSCI Private Capital Index Policies](#)⁵ document
- MSCI All Country Private Credit Index Methodology document (this document)

⁴ Link to document: <https://burgiss.docsend.com/view/deyv7wa3mt/d/9g8hw3s6x3ytpwcu>

⁵ Link to document: <https://burgiss.docsend.com/view/deyv7wa3mt/d/cznnucvmcr9efh78>

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