

**Methodology book for:**  
**MSCI All Country Venture-Backed Private Company Top  
10 Equal Weighted Index**  
**MSCI All Country Venture-Backed Private Company Top  
10 Equal Weighted Vintage Series Indexes**

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# Contents

- 1. Introduction .....3**
- 2. Constructing the Evergreen Index .....4**
  - 2.1 Starting Universe ..... 4
  - 2.2 Eligible Universe ..... 4
  - 2.3 Selection ..... 4
  - 2.4 Weighting scheme ..... 4
- 3. Maintaining the indexes .....5**
  - 3.1 Index Review ..... 5
  - 3.2 Ongoing Event-Related Changes ..... 5
  - 3.3 Daily index calculation ..... 6
- 4. Constructing Vintage Series .....7**
  - 4.1 Naming..... 7
  - 4.2 Ongoing event related changes ..... 7
- 5. Data .....8**
- Appendix 1: Methodology Set .....9**
- Appendix 2: Index Calculation Methodology ..... 10**

# 1. Introduction

The MSCI All Country Venture-Backed Private Company Top 10 Equal Weighted Index (“Evergreen Index”) aims to represent the performance of 10 of the largest venture-backed private companies that have liquidity in the secondary market<sup>1</sup>.

The MSCI All Country Venture-Backed Private Company Top 10 Equal Weighted Vintage Series Index (“Vintage Series”) aims to represent the performance of a buy-and-hold strategy that tracks a set of venture-backed private companies with liquidity in the secondary market.

Venture-backed private companies represent a widely adopted private asset class. Although such companies do not trade on centralized exchanges, secondary markets for many private company shares exist through various networks of brokers and trading platforms<sup>2</sup>. Using transaction and other data from the secondary markets, MSCI constructs these indexes using daily modeled prices, providing daily performance information that is derived from secondary market activity.

MSCI utilizes data from third-party vendors Caplight<sup>3</sup> and PM Insights<sup>4</sup> for the construction of the Evergreen Index and Vintage Series.

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<sup>1</sup> The Index is governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document. Please refer to Appendix 1 for more details.

<sup>2</sup> Private equity investments are generally less liquid than public equity investments. Unlike publicly traded securities, private equity interests are not listed on public markets and are typically subject to transfer restrictions and long holding periods. Secondary markets for private equity interests are limited in scope and may not offer immediate liquidity or favorable pricing. Transactions in the secondary market can be complex, time-consuming, and subject to discounts from net asset value.

<sup>3</sup> Please refer to [Caplight | Private Markets Re-imagined](#) for more details

<sup>4</sup> Please refer to [PM Insights | Private Market Insights](#) for more details

## 2. Constructing the Evergreen Index

### 2.1 Starting Universe

The Starting Universe includes all the venture-backed privately held companies covered by both data providers, Caplight and PM Insights, which have evaluated share prices and related market capitalizations available at the time of rebalance.<sup>5</sup>

### 2.2 Eligible Universe

To construct the Eligible Universe, companies in the Starting Universe that satisfy all the following criteria are selected:

1. Current evaluated market capitalization is higher than 500 million USD
  - Each company must have a minimum of 4 ask counts in the preceding 12 months
  - Each company must have a minimum of 1 bid count in the preceding 12 months
2. Each company must have at least 1 trade (forward trades not included) in the available history<sup>6</sup>

### 2.3 Selection

Companies in the Eligible Universe are ranked in descending order based on their evaluated market capitalization. The top 10 companies are selected to be included in the Evergreen Index.

### 2.4 Weighting scheme

At the initial construction and at each Index rebalancing, constituents are given equal weight (i.e.,  $1/N$  where  $N$  is the number of constituents in the index, which is 10). Between two rebalancings, the weightings of constituents will change due to price performance.

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<sup>5</sup> Only those companies for which required data is available from both providers are included

<sup>6</sup> Two years of rolling history is used for this filter.

## 3. Maintaining the indexes

### 3.1 Index Review

The Evergreen Index is reviewed quarterly, coinciding with the February, May, August and November rebalance schedule of MSCI equity indexes. The proforma Index is generally announced 16 weekdays prior to the effective date.

In general, MSCI uses evaluated market capitalization and liquidity data as of the end of the month preceding the Index Reviews for the rebalancing of the Index.

### 3.2 Ongoing Event-Related Changes

The general treatment of corporate events in the Evergreen Index aims to minimize turnover outside of index reviews. The methodology aims to represent an investor's participation in an event based on relevant deal terms and pre-event weighting of the index constituents that are involved.

The table below briefly describes the treatment of common corporate events for the Evergreen Index:<sup>7</sup>

Event Type	Event Details
New additions	No new additions between Index rebalancings
IPO	The company is deleted at the IPO offer price at the IPO date
Merger/Acquisition	Target company deleted from index at last evaluated price (in some cases may be calculated price if stopped trading)
Spin-Offs	All securities created as a result of the spin-off of an existing index constituent will not be added to the index at the time of event implementation
Bankruptcy	The company is deleted from the index at a price of zero

If any event results in a cash balance, it will be accumulated until the next rebalance.

If a pro forma constituent is impacted by the above corporate events before the effective date of rebalancing, the constituent is removed from the pro forma index and its weight is redistributed on remaining constituents. In such instances the number of constituents for the MSCI All Country Venture-Backed Private Company Top 10 Equal Weighted Index and the associated Vintage Series may be less than 10.

<sup>7</sup> Corporate events outside of this list will be reviewed on a case-by-case basis provided sufficient information is available. Given the nature of this market, some corporate action information will be available with delays. The application of these corporate actions and correction of index levels will be reviewed by MSCI on a case-by-case basis.

### 3.3 Daily index calculation

The index is calculated using the formula described in Appendix 2.

## 4. Constructing Vintage Series

The Vintage Series aim to represent buy-and-hold strategies. Each Vintage Index is created as a fixed set of securities at launch and does not rebalance. These indexes are constructed based on the same methodology as the Evergreen Index, with their initial construction aligned with a quarterly rebalance of the Evergreen Index.

### 4.1 Naming

The Vintage Series Indexes follow the naming convention of the Evergreen Index with vintages explicitly included in the naming. For example, a vintage created in February 2025 and starts in March 2025 will be:

MSCI All Country Venture-Backed Private Company Top 10 Equal Weighted (March 2025 Vintage) Index

### 4.2 Ongoing event related changes

Vintage Series follows the same corporate event methodology as the Evergreen Index in section 3.2. In exit events such as IPO, the cash proceeds are distributed.

## 5. Data

To construct and calculate the Evergreen Index and the Vintage Series, MSCI sources data from two data providers specializing in providing high-quality data on privately held venture-backed companies. The evaluated prices and market capitalizations are directly sourced from the data providers. The pricing models use activities in secondary markets (transactions and indications of interests), primary market activities and other relevant data.

To maintain continuity and robustness, the Starting Universe includes only those companies for which required data is available from both providers (Caplight and PM Insights).

## Appendix 1: Methodology Set

The Indexes are governed by this methodology document and a policy document.

The Methodology document for the Indexes can also be accessed from MSCI's webpage <https://www.msci.com/index-methodology> in the section 'Search Methodology by Index Name or Index Code'.

## Appendix 2: Index Calculation Methodology

The index level is calculated as the sum of the products of the number of shares (units) of each Company and its respective price, aggregated across all index constituents

$$Index\ Level_t = \sum_i^n x_{i,t} \times P_{i,t} + Cash\ Balance_t$$

where:

$x_{i,t}$  is the number (or units) of shares of security  $i$  as of end of day  $t$   
 $P_{i,t}$  is the evaluated price of the security  $i$  as of end of day  $t$

The number of shares is calculated at the initial construction of the index and on each rebalancing using the following formula. Between the rebalancings and in the absence of any corporate event, the number of shares stay constant:

$$x_{i,t} = \frac{Target\ Weight_i}{P_{i,t-1}} \times Index\ Level_{t-1}$$

Target Weight $_i$  is the weight of security  $i$  on the rebalancing date.

A Cash Balance is used to hold cash proceeds between rebalancings.

$$Cash\ Balance_t = Cash\ Balance_{t-1} + \sum_{i=1}^n x_{i,t-1} \times D_{i,t}$$

where:

$x_{i,t-1}$  is the number (or units) of shares of security  $i$  as of  $t-1$   
 $D_{i,t}$  is the cash proceeds per share for security  $i$  as of day  $t$  (e.g. cash proceeds due to IPO, M&A, dividend)

For the Evergreen index, on each rebalance the Cash Balance is redistributed into the index constituents at the next rebalance and Cash Balance is reset to zero.

For Vintage Series where the index is not rebalanced, the Cash Balance will be carried forward and does not reset.

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