MSCI Private Infrastructure Modelling Service

Private infrastructure risk attribution and return performance

The MSCI Private Infrastructure Modelling Service profiles the risk of private infrastructure holdings using infrastructure-specific factors integrated with MSCI's Multi-Asset Class Factor Model.

Through MSCI infrastructure modelling, clients can identify and quantify their exposure to systematic infrastructure factors, and how their infrastructure holdings impact a multi-asset class portfolio's risk. The holdings data collected as part of the service can also be included in MSCI's Global Quarterly Private Infrastructure Index, which allows clients to assess the performance of their investment strategy against the market.

Benefits

- Distill the diversity and complexity of private infrastructure into systematic risk factors
- Consistently integrate private infrastructure into total plan risk
- Leverage MSCI's expertise to collect, clean and model private infrastructure holdings
- Manage infrastructure data in a more efficient and seamless way
- Make informed allocation decisions by understanding drivers of private infrastructure performance and risk of investment types
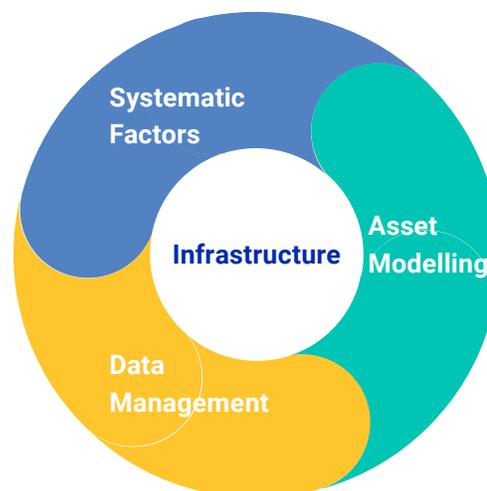
Coverage

Australia	Europe	Global	US	North America	Emerging / Frontier
Utilities	Utilities	Utilities	Utilities	Energy	Utilities
Transportation	Industrial	Industrial	Industrial	Generalist	Non-Utilities
Other	Other	Generalist			

Overview

The modelling service uses holdings-specific infrastructure data to characterize private infrastructure holdings using exposures to infrastructure-specific factors. This approach provides a more precise set of exposures than commonly employed proxies where a true infrastructure model is not available and captures the bespoke nature of private infrastructure.

Bond-like	Hybrid	Equity-like
• Stable cash flows	• Mixture of cash flow profiles	• Cash flows are higly growth sensitive
• Subject to discount rate and credit risk	• Uncertainties in both cash flows and discounting	• Uncertainties in cash flows dominate
• Limited upside potential	• Example: airports	• Unlimited upside potential
• Example: water utilities		• Example: ports
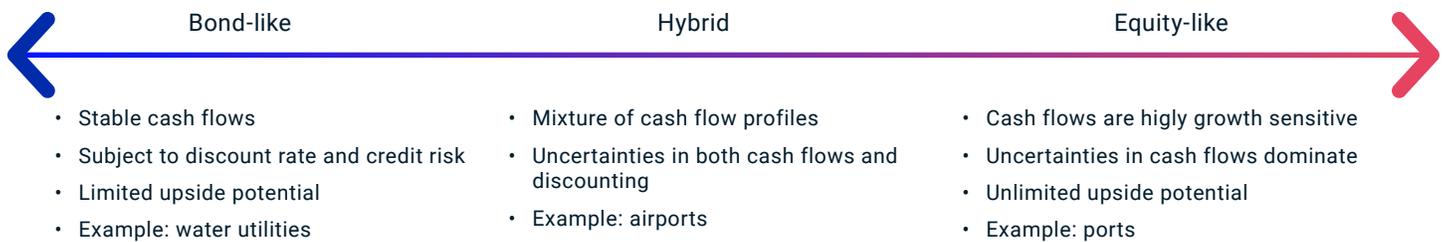
Features

Infrastructure is a collection of different asset classes. The infrastructure model identifies drivers of private infrastructure risk by leveraging multiple private data sources and a discounted cashflow framework to compute sensitivity to economic growth, interest rates, and other economic factors. The model also accounts for the asset characteristics that determine cashflow risk profiles, and classifies assets as bond-like, equity-like or hybrid using a decision tree to account for the asset class heterogeneity.

The private infrastructure model is fully integrated into the MSCI Multi-Asset Class Factor Model, allowing for a consistent view of risk across strategies that include equity, fixed income, derivatives and private asset classes. It is powered by two best-of-breed private infrastructure solutions providers: The Burgiss Group and MSCI Real Estate.

As part of the service, the infrastructure holdings data can be collected and included in MSCI's Global Quarterly Private Infrastructure Index to expand the robustness and coverage of this product, which benefits the model calibration and allows investors to better understand the opportunity set.

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.

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