Deciphering the Distinctions in Private Credit

Keith Crouch, Private Assets Research & Development

April 2026

Agenda & Overview

Section 01

MSCI Private Capital Universe

MSCI Private Capital Universe

MSCI Private Capital Closed-End Fund Indexes use MSCI's Private Capital Universe as their foundation

Unfrozen Private Capital Universe

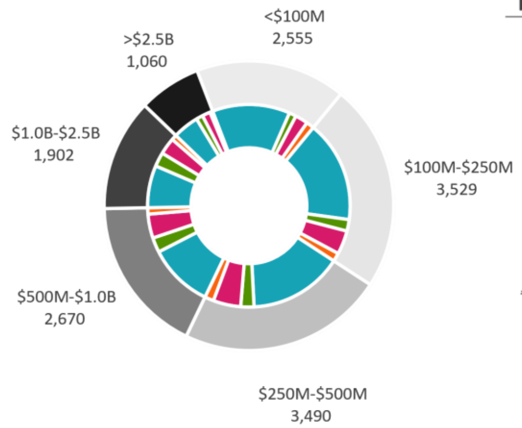
Updated through September 30, 2025

Count and Capitalization by Asset Class

Asset Class	Funds	FoFs	Total	Cap. ($M)
Private Capital	**13,634**	**1,572**	**15,206**	**$12,898,447**
Generalist	528	186	714	640,905
Equity	**8,772**	**1,096**	**9,868**	**7,861,947**
Generalist	1,065	468	1,533	1,214,644
Venture Capital*	4,185	314	4,499	1,469,986
Expansion Capital	224	4	228	162,705
Buyout	3,186	291	3,477	4,959,756
Unknown	112	19	131	54,855
Private Credit	**1,592**	**43**	**1,635**	**1,725,258**
Generalist	89	-	89	122,649
Corporate Lending*	1,109	-	1,109	1,232,061
Asset-Backed Lending*	376	-	376	344,686
Unknown	18	-	18	3,985
Real Assets	**2,571**	**167**	**2,738**	**2,562,579**
Generalist	56	14	70	73,038
Real Estate*	1,666	103	1,769	1,268,506
Natural Resources*	421	26	447	253,569
Infrastructure*	418	21	439	965,271
Not Elsewhere Classified	10	-	10	1,708
Unknown	-	3	3	487
Not Elsewhere Classified	112	6	118	76,896
Unknown	59	74	133	30,862

**Funds have a third tier not shown here.*

Count by Fund Size Range

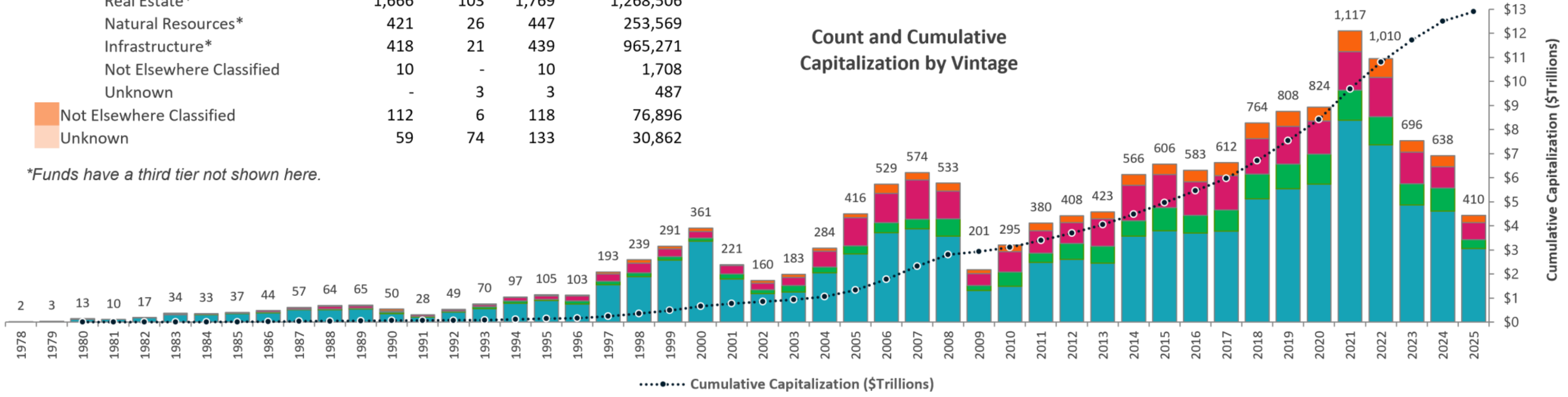


Data Update Schedule

Results Through	Unfrozen Update	Frozen Update
Q4 2024	26-Apr-2025	
Q1 2025	21-Jun-2025	19-Jul-2025
Q2 2025	20-Sep-2025	18-Oct-2025
Q3 2025✓	20-Dec-2025	*24-Jan-2026**
Q4 2025	*25-Apr-2026**	*25-Apr-2026**
Q1 2026	*20-Jun-2026**	*25-Jul-2026**
Q2 2026	*19-Sep-2026**	*24-Oct-2026**

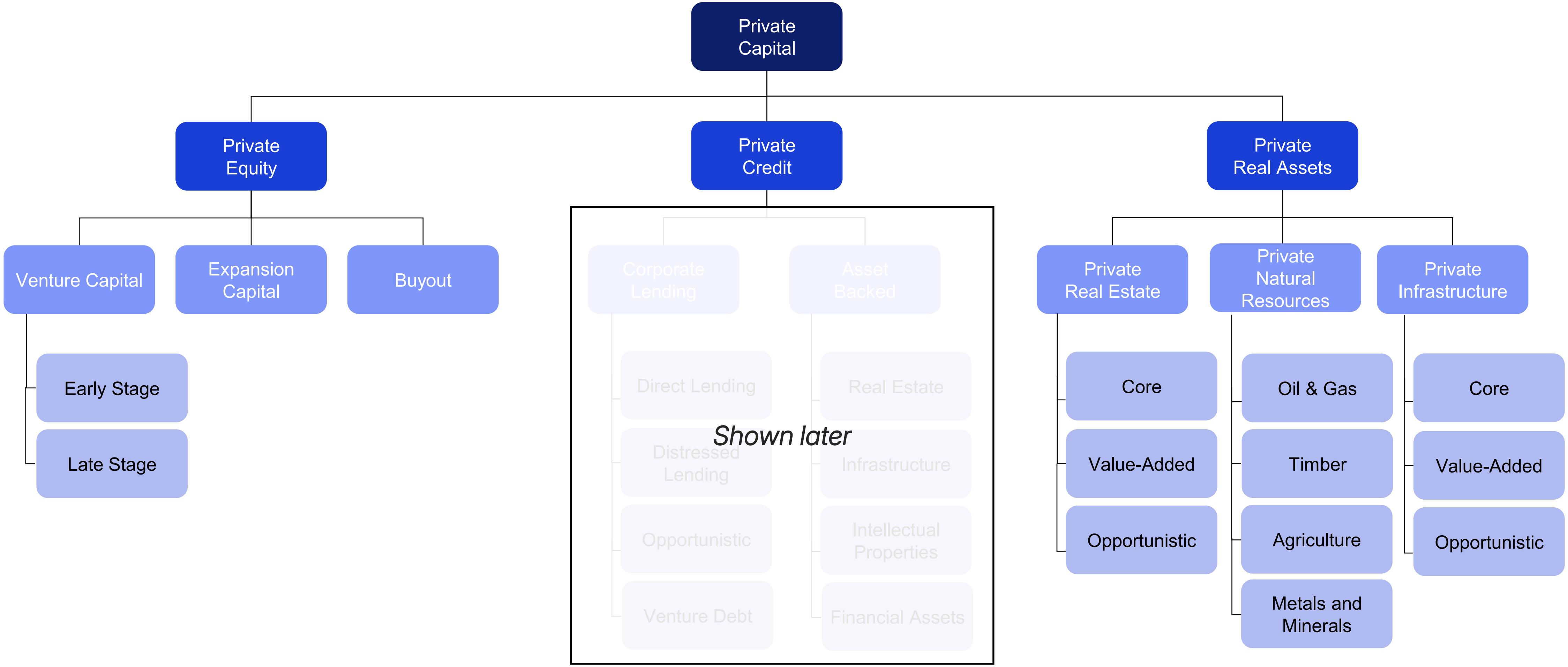
**Estimated*

Count and Cumulative Capitalization by Vintage



Breadth of coverage

The MSCI Private Capital Closed End Fund Indexes cover a range of sub-strategies across private equity, private credit, and private real assets



Section 02

A New Private Credit Taxonomy

Taxonomy Evolution

2010 Launch of “Private iQ”

Legacy taxonomy:
- Venture Capital
- Corporate Finance
- Real Assets
- Real Estate

Within Corporate Finance, two important categories:
- Mezzanine
- Distressed

Taxonomy Evolution

2010 Launch of "Private iQ"

Legacy taxonomy:
- Venture Capital
- Corporate Finance
- Real Assets
- Real Estate

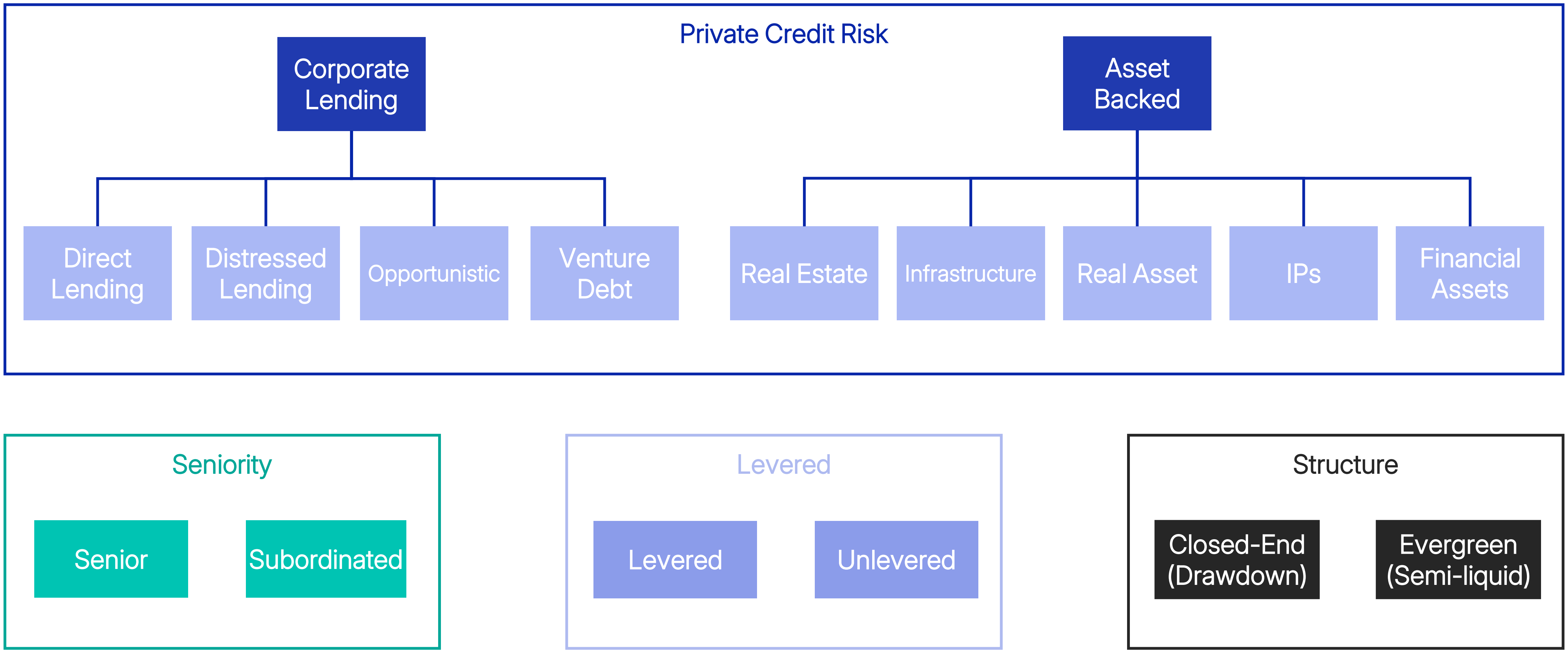
Within Corporate Finance, two important categories:
- Mezzanine
- Distressed

2016 Taxonomy Overhaul

New top-level taxonomy:
- Private Equity
- Private Credit (then "Debt")
- Private Real Assets

Within Private Credit:
1. Senior
2. Mezzanine
3. Distressed
4. "Not Elsewhere Classified"

2025 Private Credit Taxonomy



Section 03

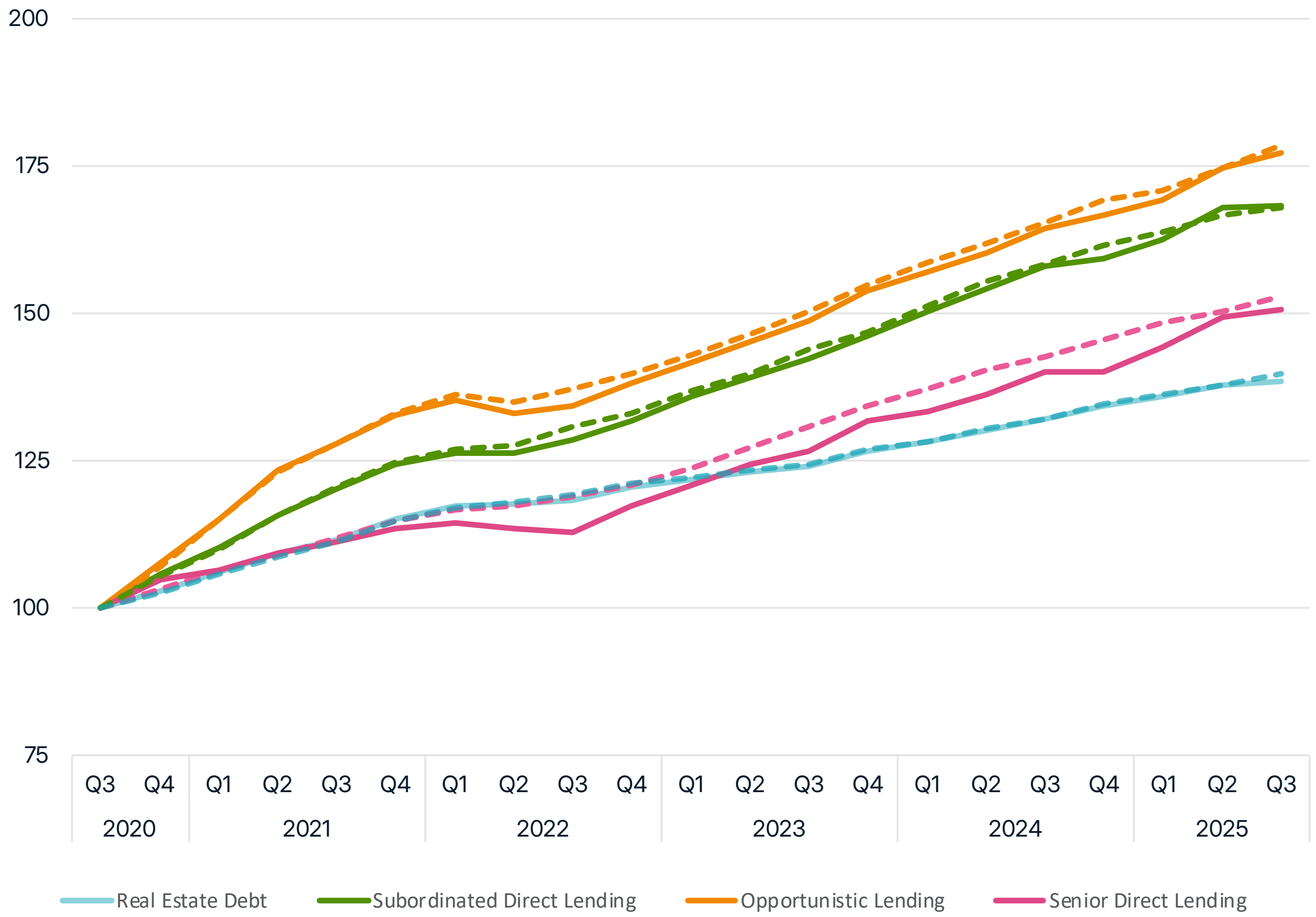
Key findings

5-year cumulative returns

→ Cumulative returns are consistently positive – but funds have been rewarded for being further down in the capital stack

→ Opportunistic and subordinated direct lending eclipsed other key strategies in the past five years

→ Solid lines represent returns compounded in USD, dotted lines represent local-currency returns



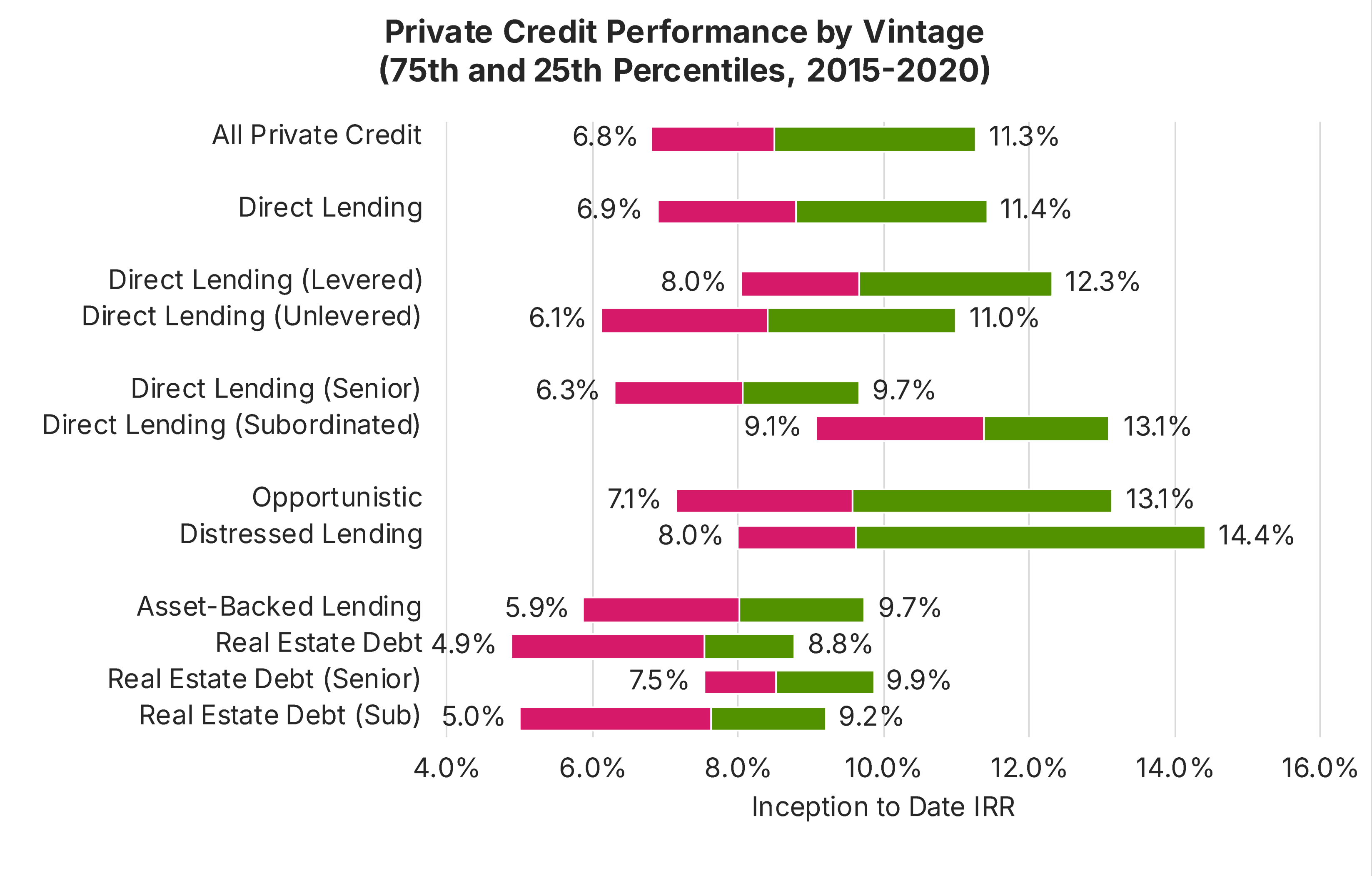
Source: MSCI.

Vintage performance

- → 2015-2020 Private Credit Funds
- → A (somewhat) consistent ~4% spread between the 75th and 25th percentiles
- → (Exceptions: Opportunistic, Distressed Lending)

For these vintages:

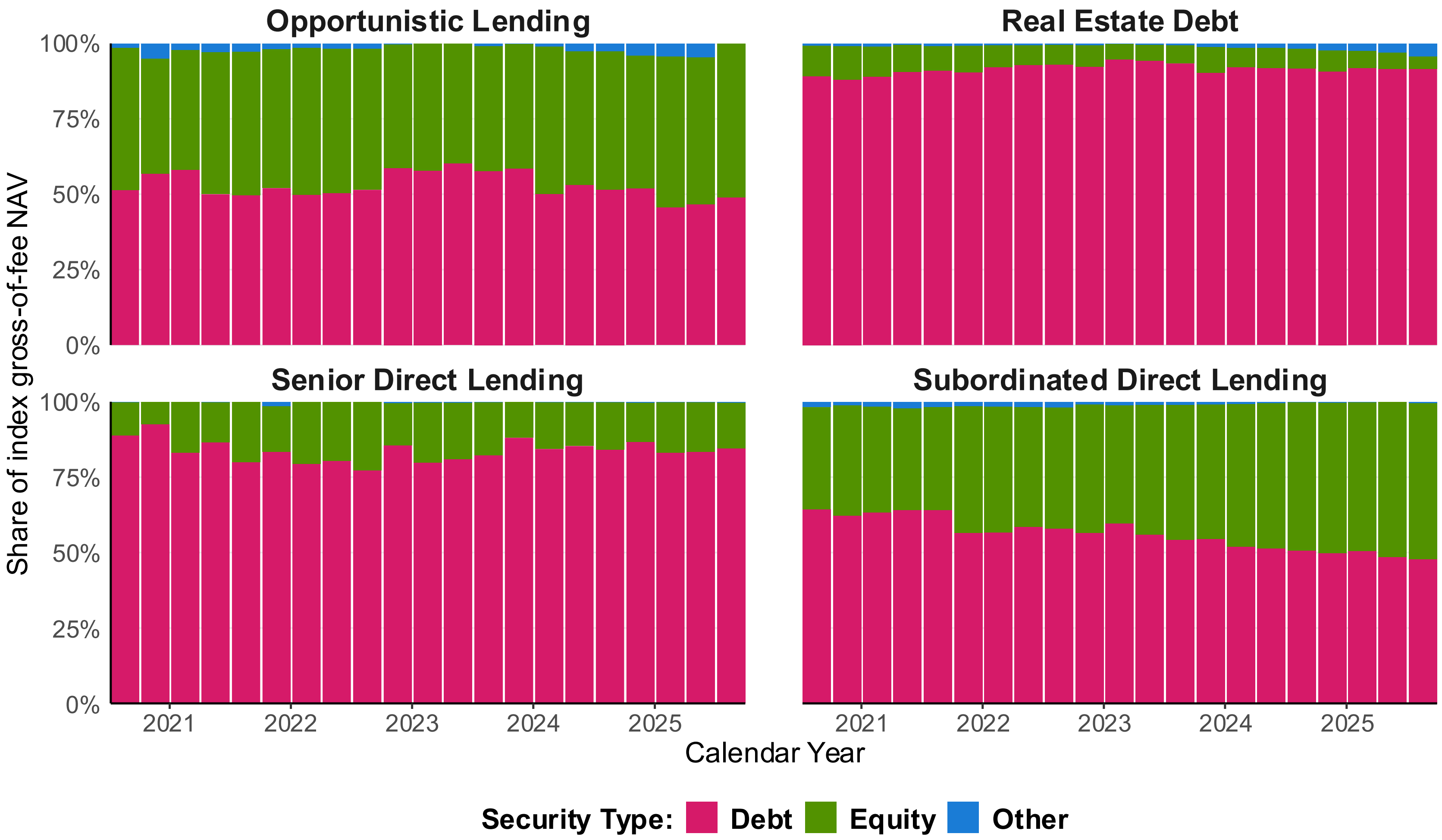
- → Levered > Unlevered
- → Subordinated > Senior
- → High Risk > Lower Risk



Source: MSCI.

Credit is more than debt

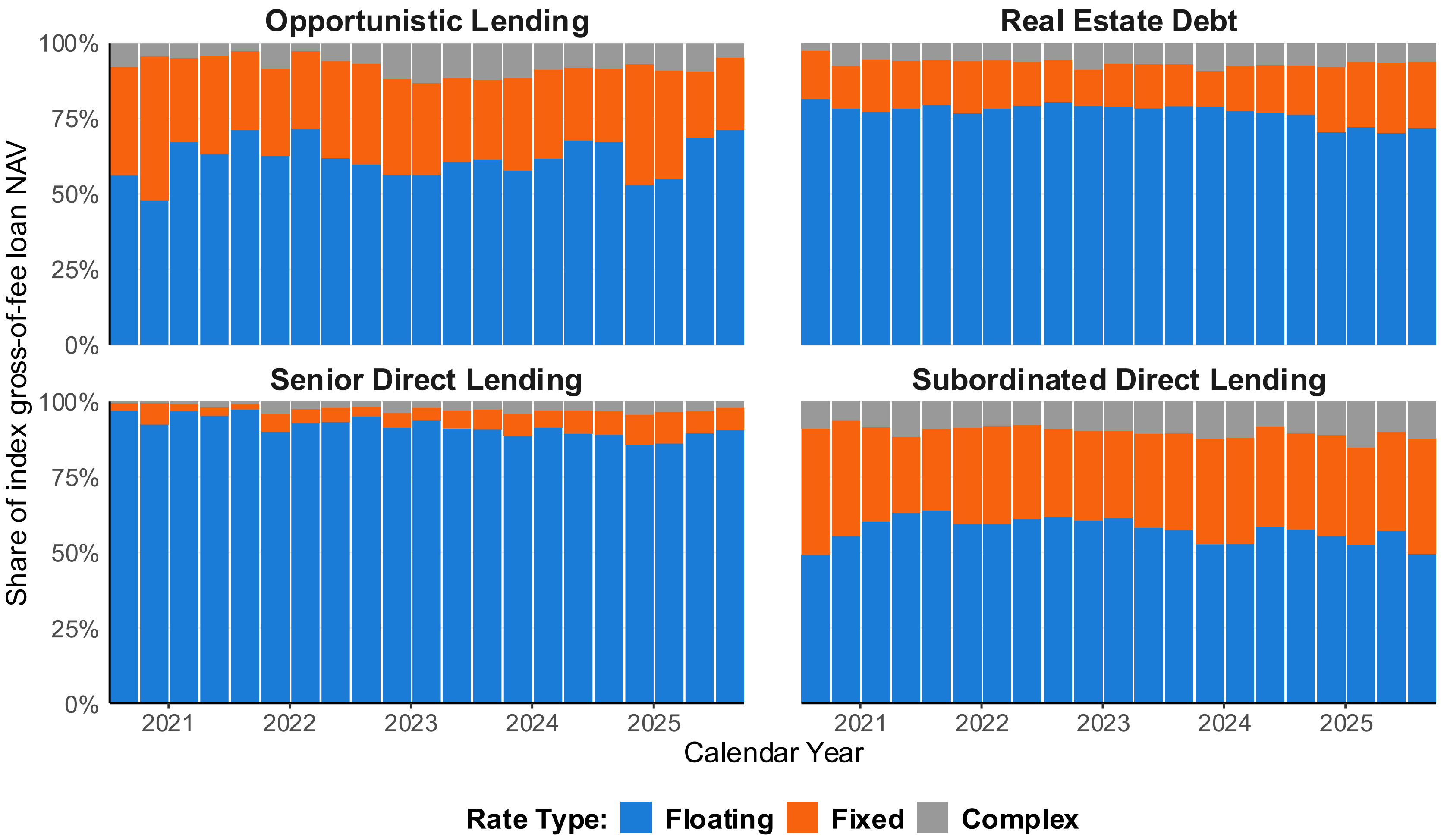
- → Subordinated and opportunistic funds often carry equity exposure — warrants, converts, restructuring stakes
- → Senior direct lending and real estate debt remain nearly pure-debt strategies



Source: MSCI.

Interest rate exposure varies

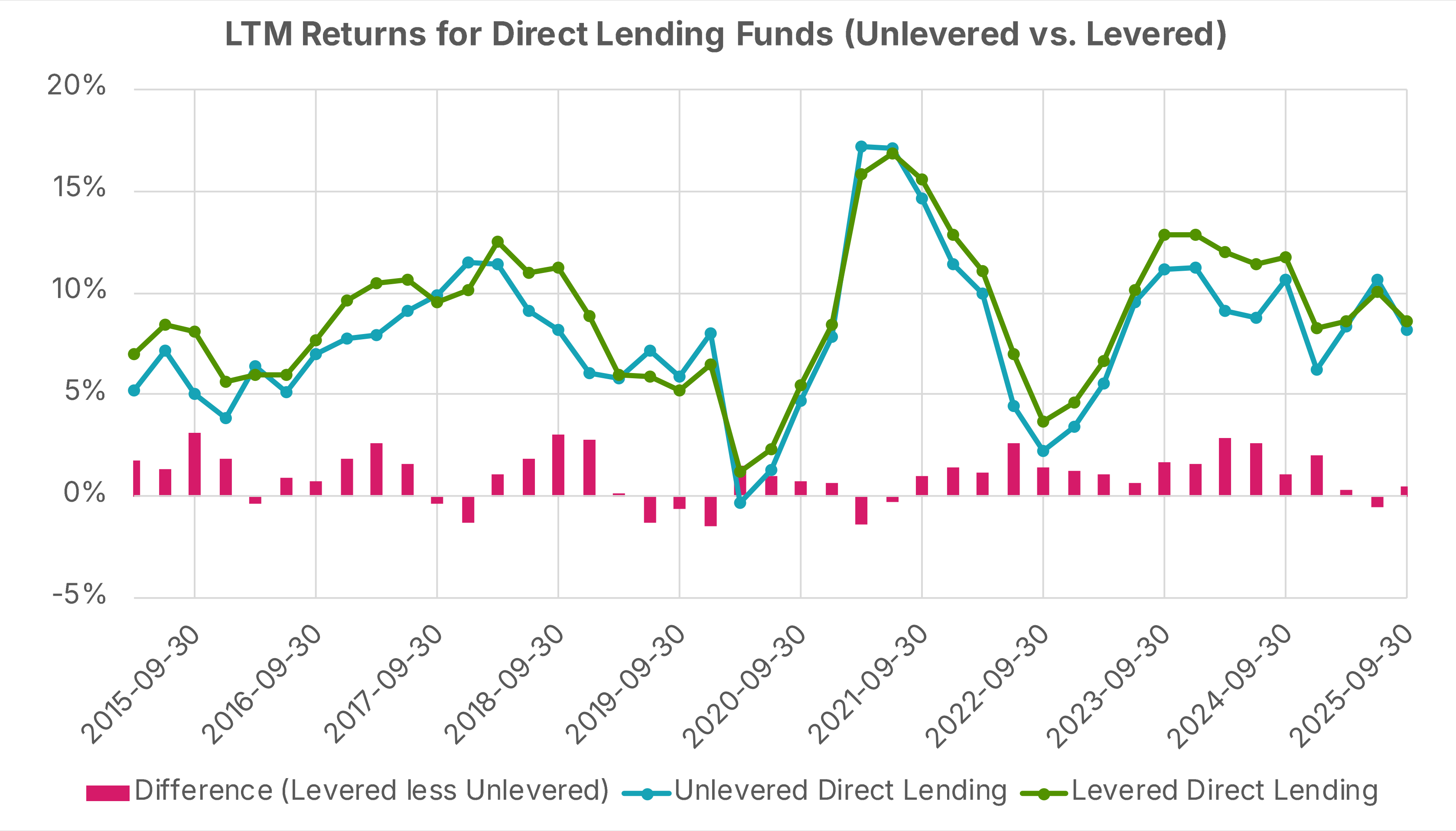
- → Most private credit loans are floating-rate, limiting duration risk
- → Senior direct lending is overwhelmingly floating-rate
- → Subordinated debt carries more fixed-rate exposure — higher yield, higher credit risk
- → Opportunistic lending is mixed, reflecting flexible mandates
- → Real estate debt also tilts modestly fixed, driven by property loan structures



Source: MSCI.

Leverage drives behavior

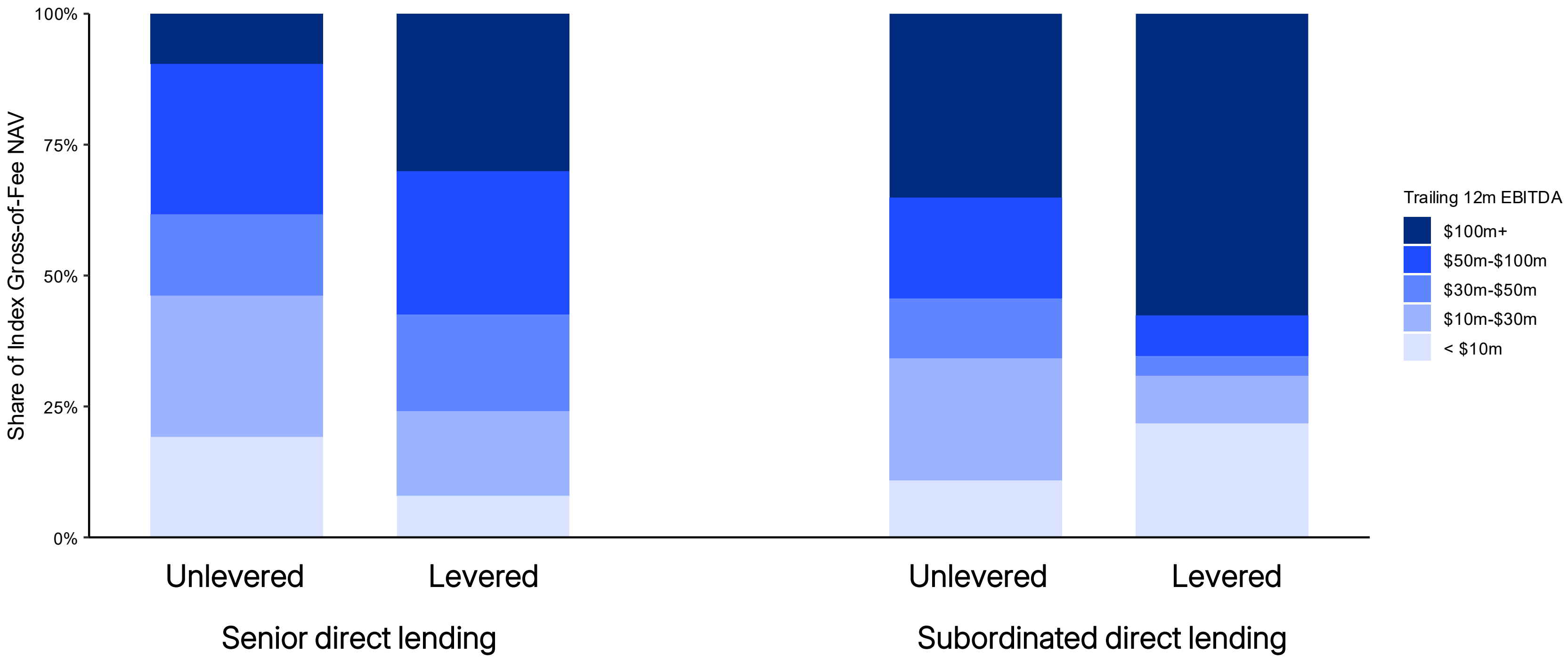
- → Levered funds have generally outperformed unlevered funds
- → But this has been true in the (limited number of) downturns observed in the last 10 years



Source: MSCI.

Leverage drives behavior

- → Leverage and borrower profile go hand in hand — levered funds aren't simply amplified versions of unlevered ones
- → Levered strategies, senior and subordinated alike, skew toward larger, higher-EBITDA borrowers with deeper capital structures
- → Unlevered funds allocate more to mid-market and smaller borrowers: less competition, but higher idiosyncratic risk



Source: MSCI.

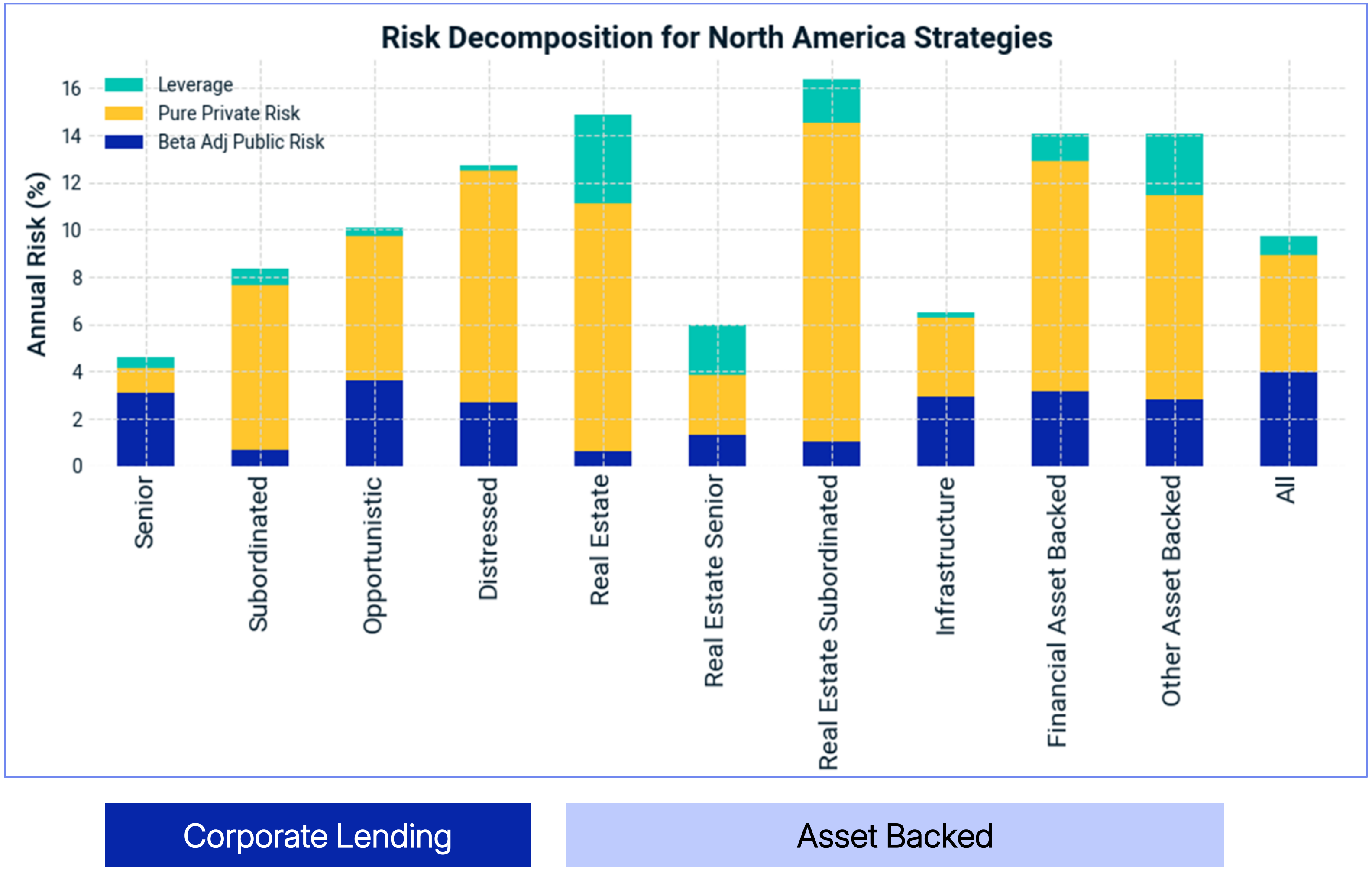
Private credit factors

→ **MSCI private credit risk model** with 30 granular factors

→ **Private credit risk aligns with capital structure positioning:** Senior strategies show the lowest risk, while subordinated and distressed strategies contribute significantly more.

→ **Pure private risk** (yellow) **dominates across strategies**, reinforcing private credit's value as a diversifier within a total portfolio framework.

→ Whitepaper: https://www.msci.com/research-and-insights/paper/the-msci-private-credit-factor-model



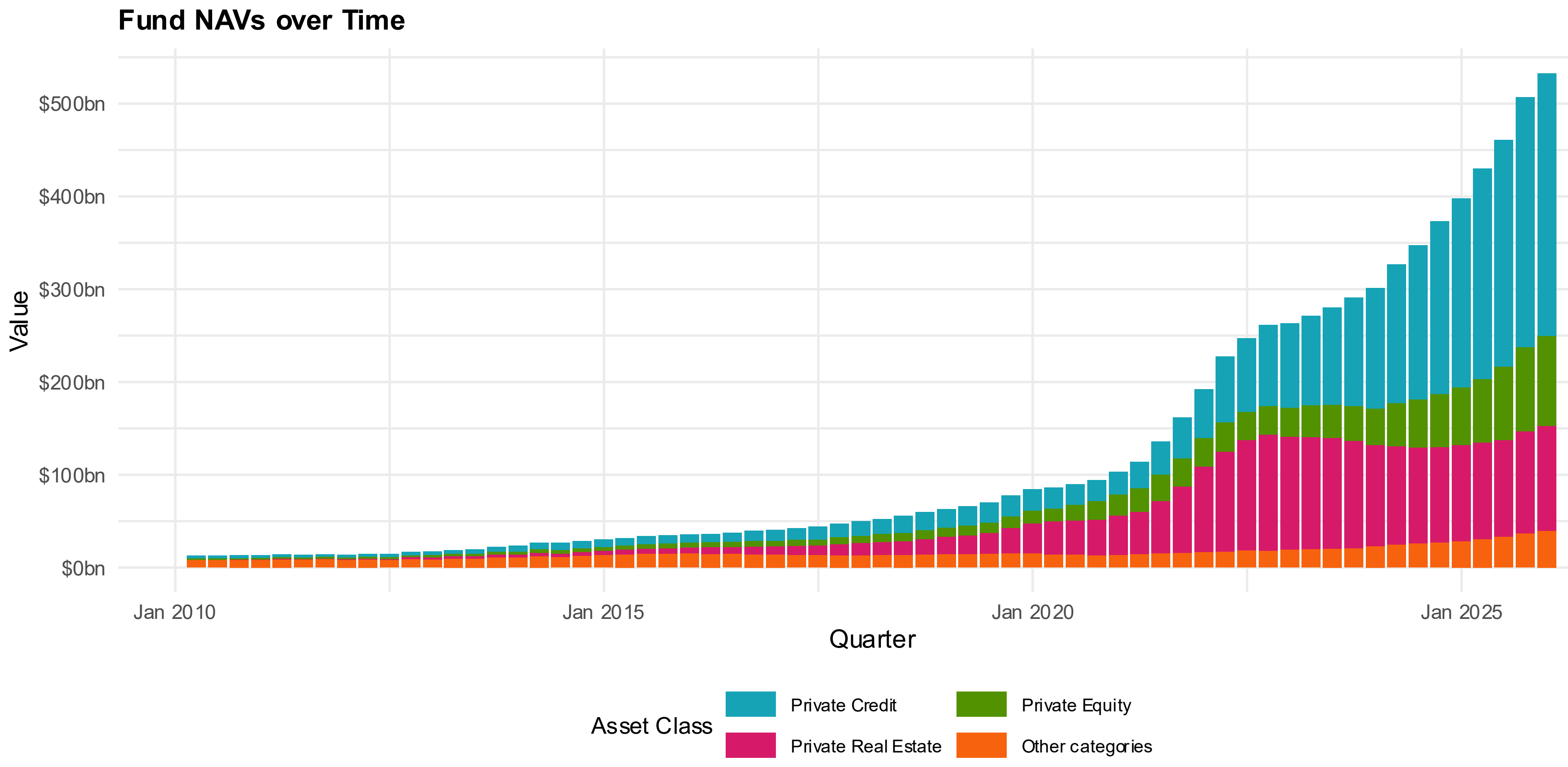
Source: MSCI.

Section 04

What's Next?

Evergreen ascendent?

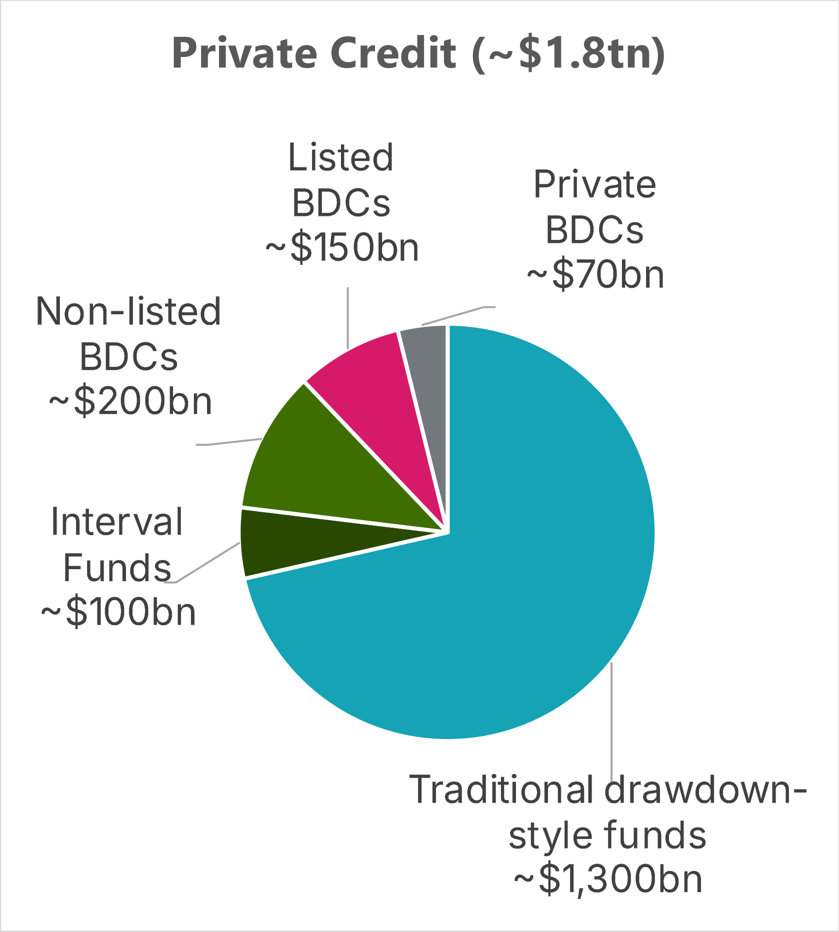
- >$500bn in US-registered vehicles as of late 2025 – CAGR of >30%
- Existing funds are predominantly credit-oriented (CAGR >40%) but with aspirations to facilitate many strategies
- Wealth (retail) is expected to be a large driver of growth
- Redemptions!

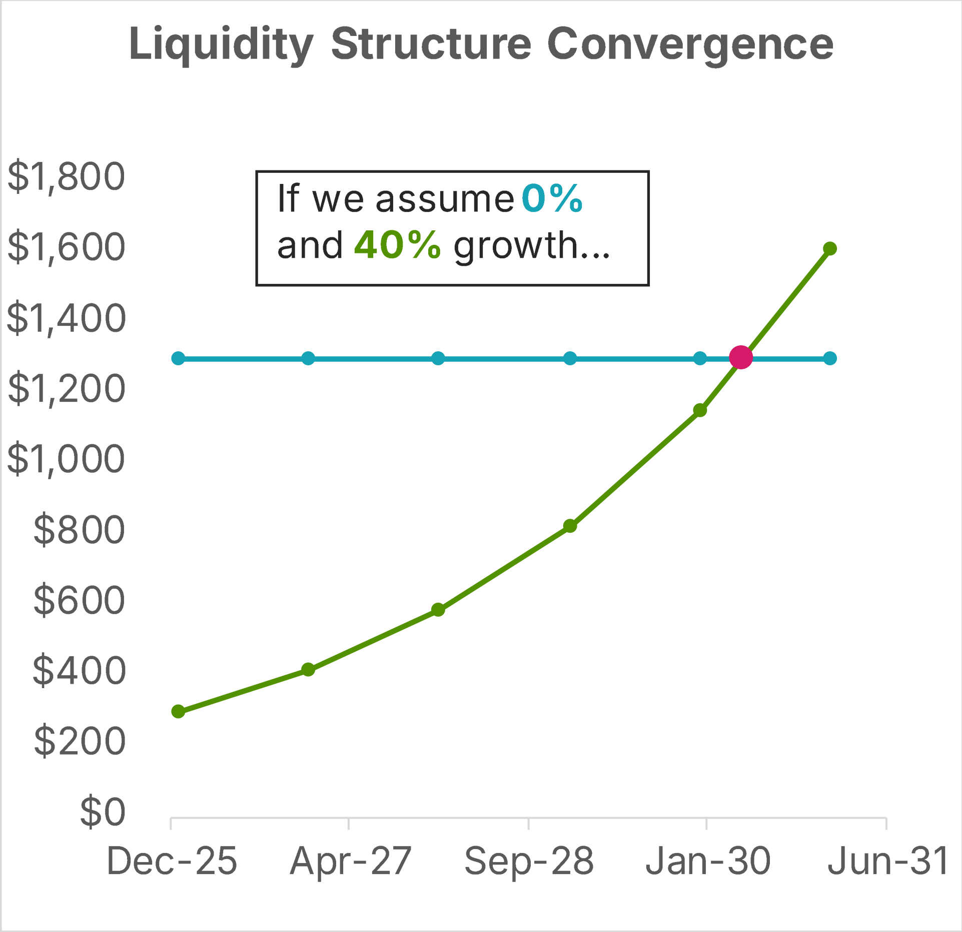


Source: MSCI.

Evergreens and private credit composition

- → Traditional drawdown-style funds still dominate private credit but have grown at ~0% LTM
- → Evergreen private credit funds had been growing at ~40% annually
- → Trends were pointing toward a mid-2030 convergence, but recent redemption troubles will shift that timeline

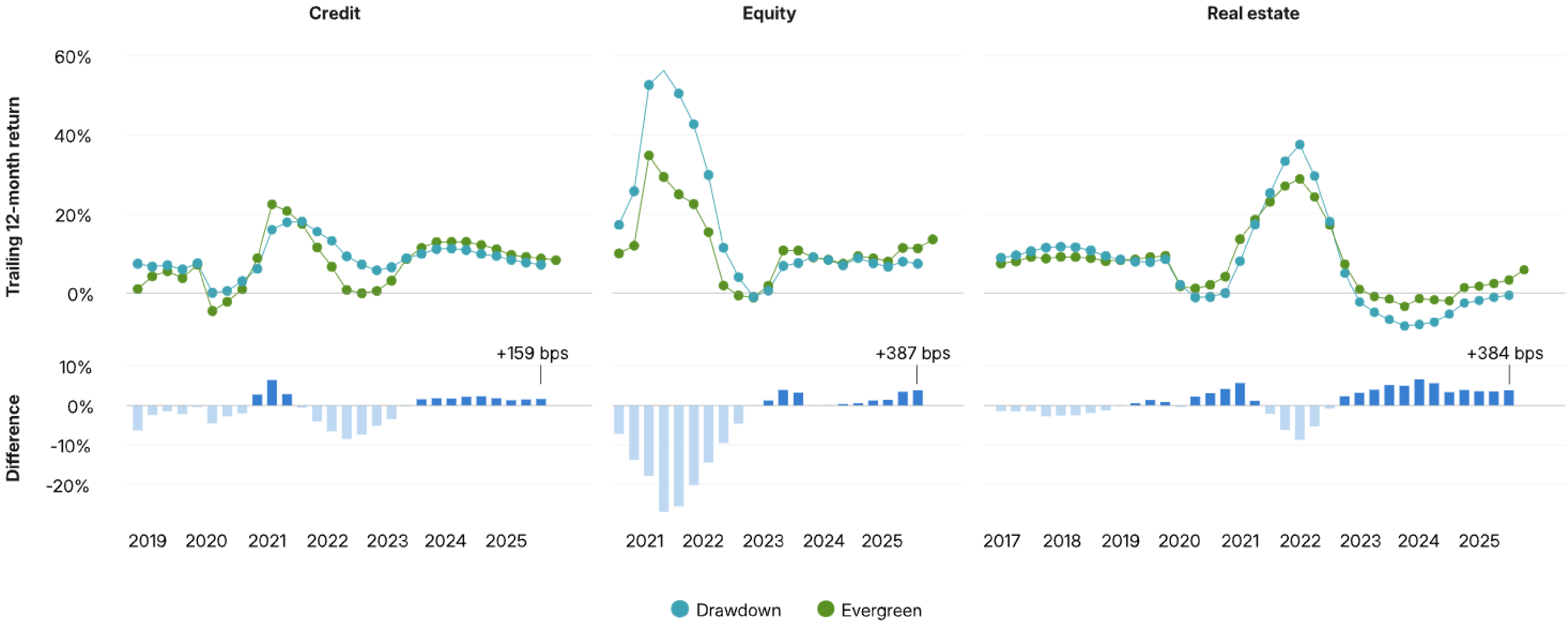




Source: MSCI.

Evergreen fund performance

Varying performance relative to drawdown counterparts



Trailing 12-month returns for evergreen-fund indexes and their drawdown counterparts. Latest performance available for drawdown funds is through Sept. 30, 2025, evergreen-fund indexes through Dec. 31, 2025. Time series correspond to index inception dates. For private credit the drawdown-index comparison is the MSCI US Direct Lending Closed-End Fund Index; for private equity, the MSCI US Private Equity ex-Venture Capital Closed-End Fund Index; for private real estate, the MSCI US Private Real Estate Closed-End Fund Index.

Loan level insights - 1

Full dataset

→ 2,800 Private Credit Funds

→ >14k Private Companies

→ >60k Debt Facilities

→ ~$1.0 trillion Fair Value

Index data (given eligibility filters)

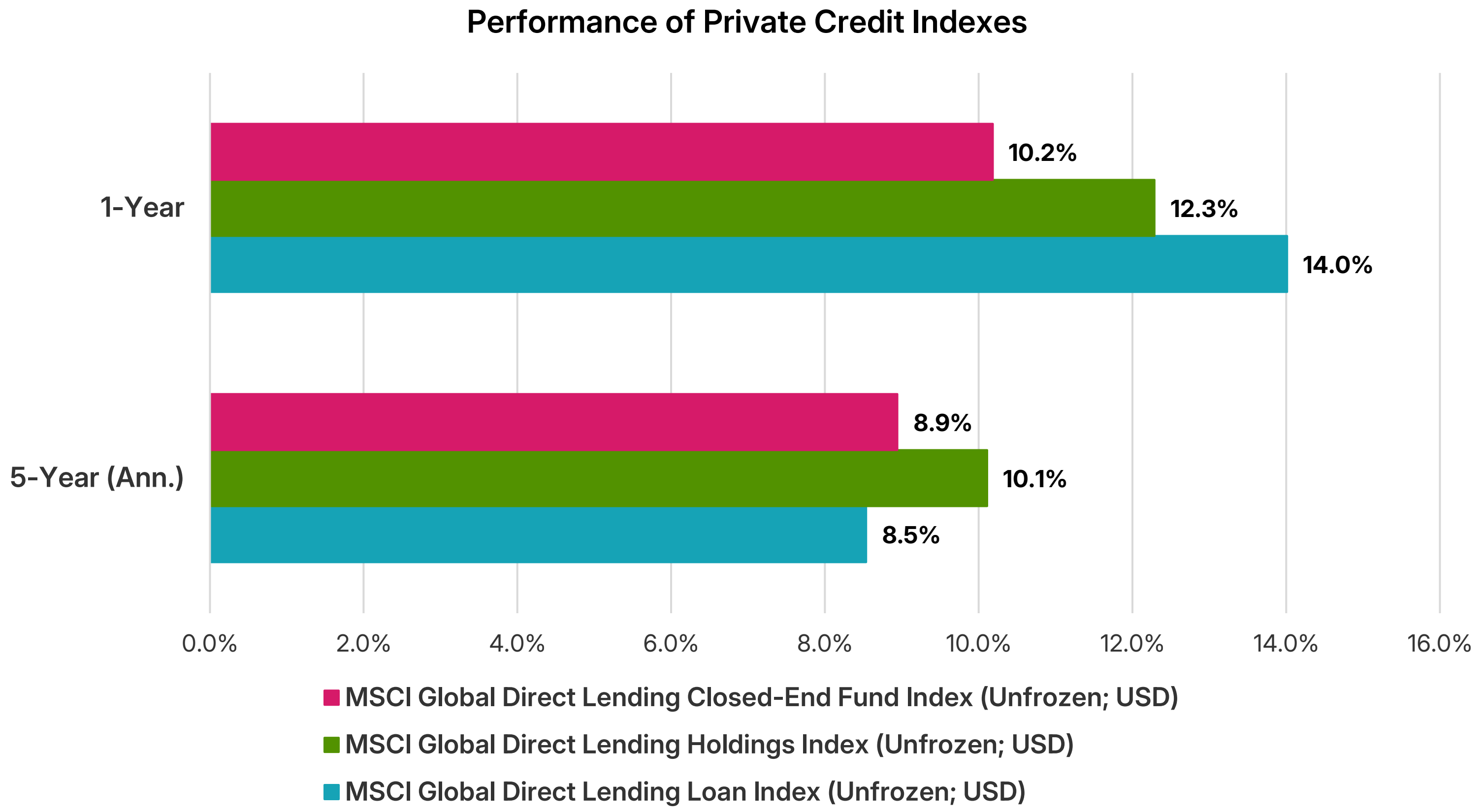
→ >300 funds

→ >6k Private Companies

→ >11k Debt Facilities

→ ~$300 billion Fair Value

All data is preliminary.

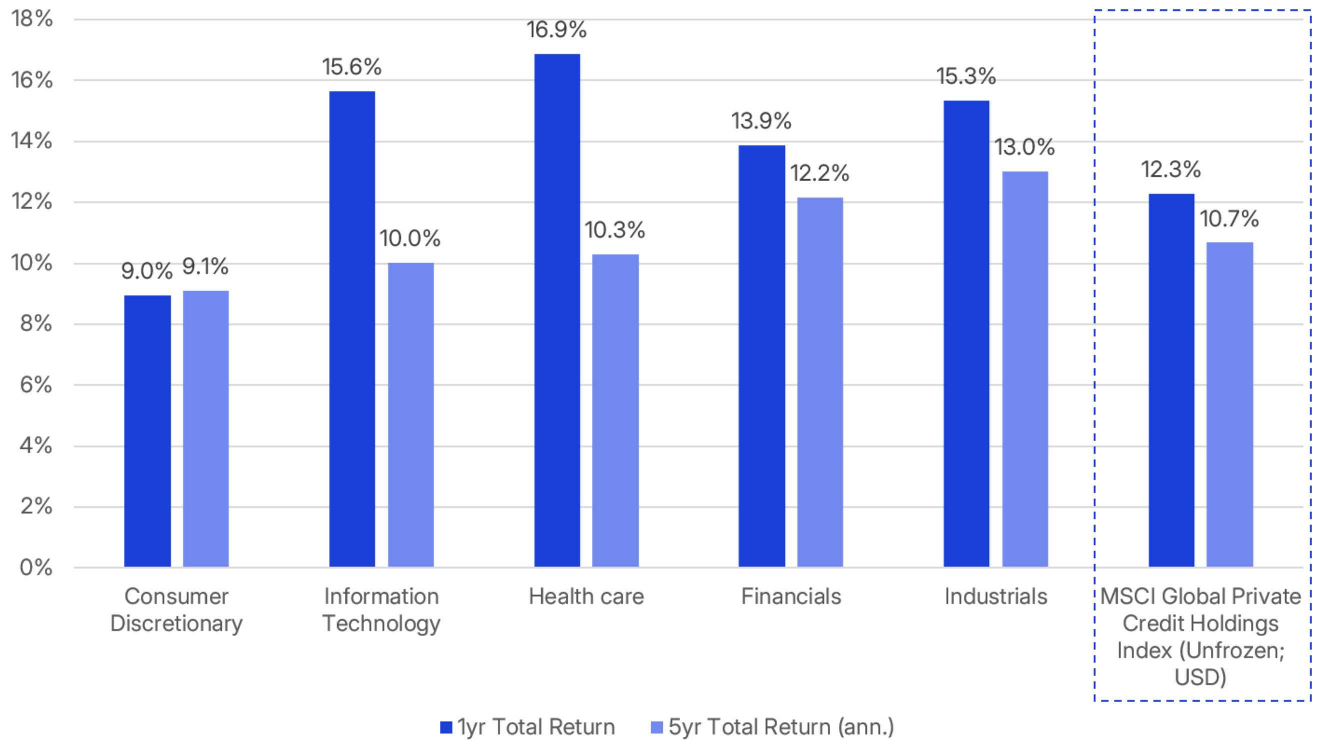


Source: MSCI.

Loan level insights - 2

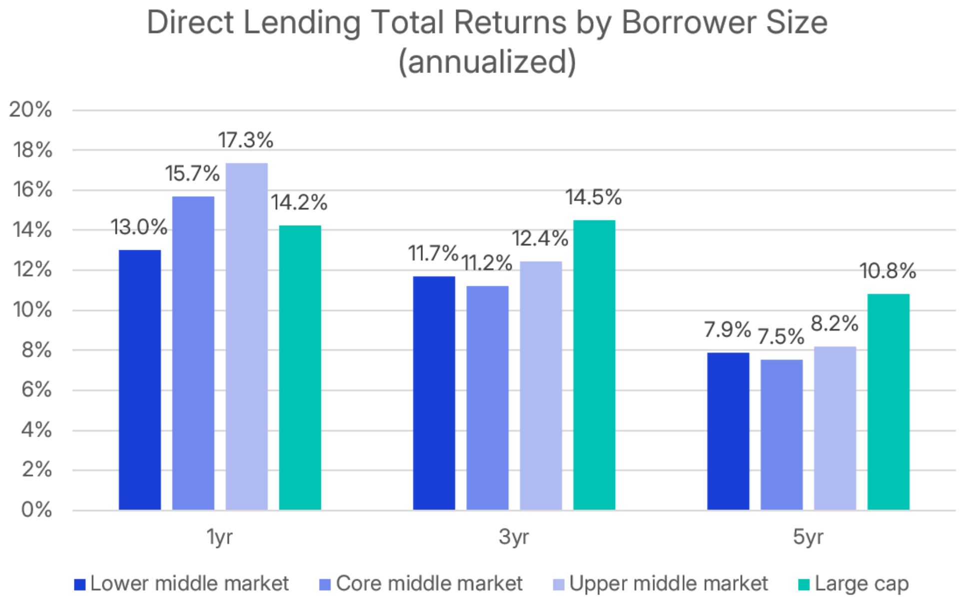
→ Annualized total returns of Private Credit holdings by borrower sector.

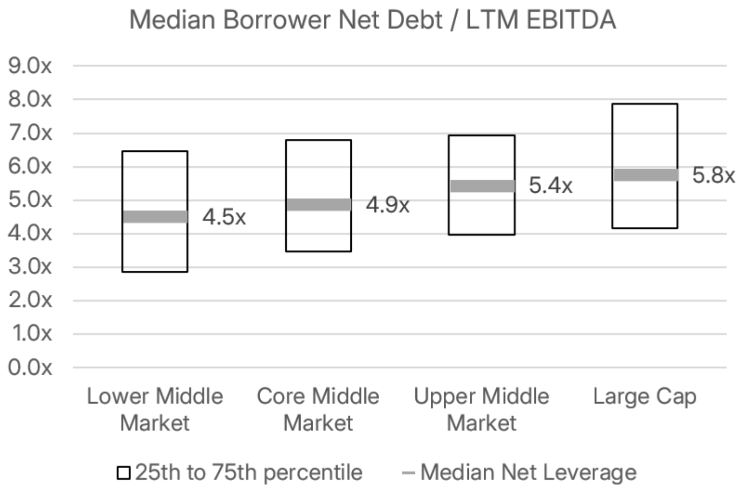
→ Results through Q4 (not yet including the Q1 troubles)

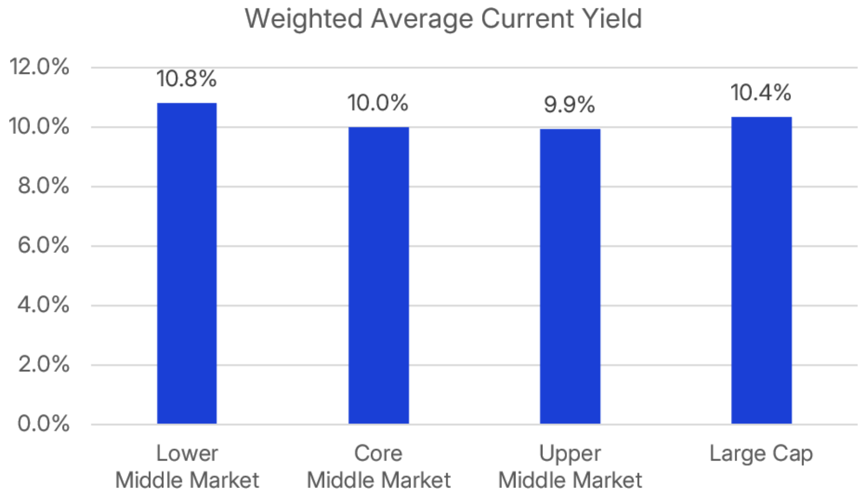


Loan level insights - 3

- → Direct Lending returns by Borrower size.
- → Borrower size is based on LTM EBITDA:
  - → Lower Middle Market $10-$25mn
  - → Core Middle Market $25-50mn
  - → Upper Middle Market $50-150mn
  - → Large Cap >$150mn.







About Us

About MSCI Sustainability and Climate Products and Services

MSCI Sustainability and Climate products and services are provided by MSCI Solutions LLC and certain related entities, and are designed to provide in-depth research, ratings and analysis of environmental, social and governance related business practices to companies worldwide. ESG ratings, data and analysis from MSCI Sustainability and Climate are also used in the construction of MSCI Indexes.

About MSCI Inc.

MSCI (NYSE: MSCI Inc.) 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

The process for submitting a formal index complaint can be found on the index regulation page of MSCI's website at: https://www.msci.com/index-regulation.

Notice and Disclaimer

The data, data feeds, databases, reports, text, graphs, charts, images, videos, recordings, models, metrics, analytics, indexes, ratings, scores, cases, estimates, assessments, software, websites, products, services and other information and materials contained herein or delivered in connection with this notice (collectively, the "Information") are copyrighted, trade secrets (when not publicly available), trademarks and proprietary property of MSCI Inc. or its subsidiaries (collectively, "MSCI"), MSCI's licensors, direct or indirect suppliers and authorized sources, and/or any third party contributing to the Information (collectively, with MSCI, the "Information Providers"). All rights in the Information are reserved by MSCI and its Information Providers and user(s) shall not, nor assist others to, challenge or assert any rights in the Information.

Unless you contact MSCI and receive its prior written permission, you must NOT use the Information, directly or indirectly, in whole or in part (i) for commercial purposes, (ii) in a manner that competes with MSCI or impacts its ability to commercialize the Information or its services, (iii) to provide a service to a third party, (iv) to permit a third party to directly or indirectly access, use or resell the Information, (v) to redistribute or resell the Information in any form, (vi) to include the Information in any materials for public dissemination such as fund factsheets, market presentations, prospectuses, and investor information documents (e.g. KIIDs or KIDs), (vii) to create or as a component of any financial products, whether listed or traded over the counter or on a private placement basis or otherwise, (viii) to create any indexes, ratings or other data products, including in derivative works combined with other indexes or data or as a policy, product or performance benchmarks for active, passive or other financial products, (ix) to populate a database, or (x) to train, use as an input to, or otherwise in connection with any artificial intelligence, machine learning, large language models or similar technologies except as licensed and expressly authorized under MSCI's AI Contracting Supplement at https://www.msci.com/legal/supplemental-terms-for-client-use-of-artificial-intelligence.

The intellectual property rights of MSCI and its Information Providers may not be misappropriated or used in a competitive manner through the use of third-party data or financial products linked to the Information, including by using an MSCI index-linked future or option in a competing third-party index to provide an exposure to the underlying MSCI index or by using an MSCI index-linked ETF to create a financial product that provides an exposure to the underlying MSCI index without obtaining a license from MSCI.

The user or recipient of the Information assumes the entire risk of any use it may make, permit or cause to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, SUITABILITY, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION. Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall MSCI or any other Information Provider have any liability arising out of or relating to any of the Information, including for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages, even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited.

The Information, including index construction, ratings, historical data, or analysis, is not a prediction or guarantee of future performance, and must not be relied upon as such. Past performance is not indicative of future results. The Information may contain back tested data. Back-tested performance based on back-tested data is not actual performance but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy. The Information may include "Signals," defined as quantitative attributes or the product of methods or formulas that describe or are derived from calculations using historical data. Signals are inherently backward-looking because of their use of historical data, and they are inherently inaccurate, not intended to predict the future and must not be relied upon as such. The relevance, correlations and accuracy of Signals frequently change materially over time.

The Information may include data relating to indicative prices, evaluated pricing or other information based on estimates or evaluations (collectively, "Evaluations") that are not current and do not reflect real-time traded prices. No evaluation method, including those used by the Information Providers, may consistently generate evaluations or estimates that correspond to actual "traded" prices of any relevant securities or other assets. Evaluations are subject to change at any time without notice and without any duty to update or inform you, may not reflect prices at which actual transactions or collateral calls may occur or have occurred. The market price of securities, financial instruments, and other assets can be determined only if and when executed in the market. There may be no, or may not have been any, secondary trading market for the relevant securities, financial instruments or other assets. Private capital, equity, credit and other assets and their prices may be assessed infrequently, may not be priced on a secondary market, and shall not be relied upon as an explicit or implicit valuation of a particular instrument. Any reliance on fair value estimates and non-market inputs introduces potential biases and subjectivity. Internal Rate of Return metrics are not fully representative without full disclosure of fund cash flows, assumptions, and time horizons.

The Information does not constitute, and must not be relied upon as, investment advice, credit ratings, or proxy advisory or voting services. None of the Information Providers, their products or services, are fiduciaries or make any recommendation, endorsement, or approval of any investment decision or asset allocation. Likewise, the Information does not represent an offer to sell, a solicitation to buy, or an endorsement of any security, financial product, instrument, investment vehicle, or trading strategy, whether or not linked to or in any way based on any MSCI index, rating, subcomponent, or other Information (collectively, "Linked Investments").The Information should not be relied on and is not a substitute for the skill, judgment and experience of any user when making investment and other business decisions. MSCI is not responsible for any user's compliance with applicable laws and regulations. All Information is impersonal, not tailored to the needs of any person, entity or group of persons, not objectively verifiable in every respect, and may not be based on information that is important to any user.

It is not possible to invest in an index. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index. MSCI makes no assurance that any Linked Investments will accurately track index performance or provide positive investment returns. Index returns do not represent results of actual trading of investible assets/securities. MSCI maintains and calculates indexes but does not manage assets. The calculation of indexes and index returns may deviate from the stated methodology. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase securities underlying the index or Linked Investments. The imposition of these fees and charges would cause the performance of a Linked Investment to be different than the MSCI index performance.

Information provided by MSCI Solutions LLC and certain related entities ("MSCI Solutions"), including materials utilized in MSCI sustainability and climate products, have not been submitted to, nor received approval from any regulatory body. MSCI sustainability and climate offerings, research and data are produced by, and ratings are solely the opinion of MSCI Solutions. Other MSCI products and services may utilize information from MSCI Solutions, Barra LLC or other affiliates. More information can be found in the relevant methodologies on www.msci.com. MSCI Indexes are administered by MSCI Limited (UK) and MSCI Deutschland GmbH. No regulated use of any MSCI private real assets indexes in any jurisdiction is permitted without MSCI's express written authorization. The process for applying for MSCI's express written authorization can be found at: https://www.msci.com/index-regulation.

MSCI receives compensation in connection with licensing its indexes and other Information to third parties. MSCI Inc.'s revenue includes fees based on assets in Linked Investments. Information can be found in MSCI Inc.'s company filings on the Investor Relations section of msci.com. Issuers mentioned in MSCI Solutions materials or their affiliates may purchase research or other products or services from one or more MSCI affiliates, manage financial products such as mutual funds or ETFs rated by MSCI Solutions or its affiliates or are based on MSCI Indexes. Constituents of MSCI equity indexes are listed companies, which are included in or excluded from the indexes according to the application of the relevant index methodologies. Constituents in MSCI Inc. equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. MSCI Solutions has taken steps to mitigate potential conflicts of interest and safeguard the integrity and independence of its research and ratings.

MIFID2/MIFIR notice: MSCI Solutions does not distribute or act as an intermediary for financial instruments or structured deposits, nor does it deal on its own account, provide execution services for others or manage client accounts. No MSCI product or service supports, promotes or is intended to support or promote any such activity. MSCI Solutions is an independent provider of sustainability and climate data. All use of indicative prices for carbon credits must comply with any rules specified by MSCI. All transactions in carbon credits must be traded "over-the-counter" (i.e. not on a regulated market, trading venue or platform that performs a similar function to a trading venue) and result in physical delivery of the carbon credits.

You may not remove, alter, or obscure any attribution to MSCI or notices or disclaimers that apply to the Information. MSCI, Barra, RiskMetrics, and other MSCI brands and product names are the trademarks, service marks, or registered trademarks of MSCI or its subsidiaries in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P Dow Jones Indices. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and S&P Dow Jones Indices. Terms such as including, includes, for example, such as and similar terms used herein are without limitation.

MSCI and its Information Providers may use automated technologies and artificial intelligence to help generate content and output incorporated in the Information.

Privacy notice: For information about how MSCI collects and uses personal data, please refer to our Privacy Notice at: https://www.msci.com/privacy-pledge. For copyright infringement claims contact us at dmca@msci.com. This notice is governed by the laws of the State of New York without regard to conflict of laws principles

Contact

The process for submitting a formal index complaint can be found on the index page of MSCI's website at: https://www.msci.com/index-regulation.

Americas

United States
+1 888 588 4567 (toll free)

Canada
+1 416 628 1007

Brazil
+55 11 4040 7830

Mexico
+52 81 1253 4020

Asia Pacific

China
+86 21 61326611

Hong Kong
+ 852 2844 9333

India
+ 91 22 6784 9160

Malaysia
1800818185 (toll free)

South Korea
+82 70 4769 4231

Singapore
+65 67011177

Australia
+612 9033 9333

Taiwan
008 0112 7513 (toll free)

Thailand
0018 0015 6207 7181 (toll free)

Japan
+81 3 4579 0333

Europe, Middle East & Africa

South Africa
+ 27 21 673 0103

Germany
+ 49 69 133 859 00

Switzerland
+ 41 22 817 9777

United Kingdom
+ 44 20 7618 2222

Italy
+ 39 02 5849 0415

France
+ 33 17 6769 810