



Private Market Indexes: A Lens to the Markets

Bringing Public Market Tools to Private Assets

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I. Executive Summary

Indexes represent a foundational element of modern markets. In public markets, they help measure markets through transparent, rules-based methodologies that offer investors a consistent lens to the markets across asset classes, regions, and strategies. Over time, indexes have supported the global shift from savings to investing by enabling clearer decision-making, improved governance, and broader market participation.

As capital increasingly flows into private assets, investors seek the same analytical tools that already support public market investing. Private companies remain private for longer, private credit continues to expand, and real assets attract sustained institutional interest. This evolution creates demand for benchmarks and measurement frameworks that allow private assets to be evaluated alongside public assets within a unified investment framework. In addition, index methodology and tools solve many investor pain points of private markets, by delivering more consistent reporting and consistency of definitions of asset classes.

The Index Industry Association observes the rise of private market indexes as a defining trend for 2026. Institutional investors expect tools such as benchmarking, factor analysis, performance evaluation, risk measurement, and custom index creation to extend across the full investment universe. Private market indexes respond to this demand by bringing established public market practices into private markets, enabling third parties such as asset and investment managers to develop financial products that support investor choice.



Almost half of Index Industry Association members have either launched private market indexes or have announced intentions to do so.

Key takeaways include:

- Demand for private market exposure continues to rise as part of the broader shift toward diversified sources of return.
- Private market indexes are emerging as an important component of the market ecosystem, supported by advances in data quality, governance, and methodology design.
- Competition among index approaches encourages innovation while underscoring the importance of transparency and consistency in measuring markets.

II. The Role and Benefits of Indexes in Public Markets

Indexes play a central role in public markets by providing objective, rules-based measures that allow investors to measure markets accurately and consistently. Indexes deliver several long-standing benefits.

First, indexes enable performance evaluation. Asset owners, fiduciaries, and investment managers rely on benchmarks as a common reference point, creating alignment and accountability across the investment process.

Second, indexes support portfolio construction and asset allocation. By organizing markets into sectors, regions, styles, and factors, indexes provide a structured lens to the markets that supports disciplined portfolio design and risk management.

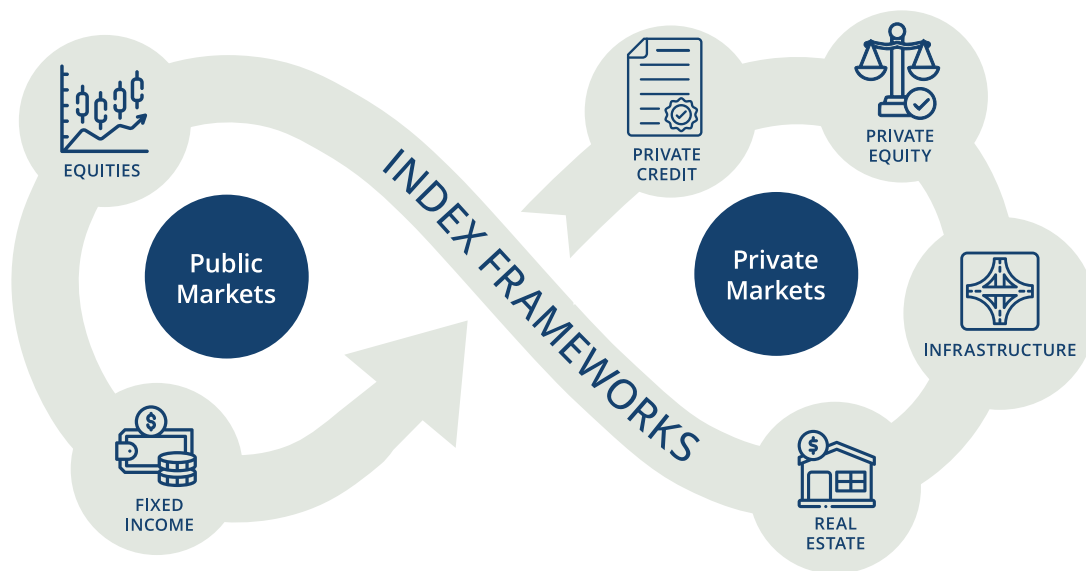
Third, indexes enhance transparency and comparability. Clearly articulated methodologies applied consistently over time allow market participants to understand how exposures are defined and maintained. This transparency reinforces trust in indexes as neutral statistical tools.

Fourth, indexes enable innovation and access. Index-based frameworks support the development of investment solutions that broaden opportunity sets and expand investor choice. Through these mechanisms, indexes play a critical role in supporting the shift from savings to investing across global capital markets.

These benefits provide a natural foundation for extending index-based tools into private markets as private assets assume a larger role in institutional portfolios. For a deeper review of indexes and their use cases, see IIA's [Measuring Markets: The Origins and Benefits of Indexes \(A Primer\)](https://www.indexindustry.org/wp-content/uploads/Measuring-Markets-The-Origins-and-Benefits-of-Indexes-A-Primer.pdf)¹.

¹ Measuring Markets: The Origins and Benefits of Indexes (A Primer) at <https://www.indexindustry.org/wp-content/uploads/Measuring-Markets-The-Origins-and-Benefits-of-Indexes-A-Primer.pdf>

III. Extending Public Market Tools to Private Markets













Definition and Role of Private Market Indexes

Private market indexes measure the performance and characteristics of defined universes of private assets through systematic, rules-based methodologies. These indexes serve as analytical reference tools that bring structure, consistency, and transparency to private equity, venture capital, private credit, private infrastructure, and private real estate markets. By applying familiar index concepts to less transparent asset classes, they provide a common framework for understanding private market activity.

Private markets play an increasingly important role in long-term wealth creation. As companies remain private for longer periods and a growing share of economic growth occurs outside public markets, average investors gain exposure to private assets through retirement plans, target date funds, insurance products, endowments, and pension systems. Reliable measurement tools become essential for fiduciaries, policymakers, and market participants seeking to assess performance, risk, and allocation outcomes on behalf of these investors.

At the same time, private markets present distinct challenges. Data availability varies widely, transactions occur infrequently, valuations rely on models and manager inputs, and asset characteristics differ significantly across strategies and vintages. These features increase the need for clear methodologies, governance standards, and consistent measurement approaches that support comparability across time and across segments of the market.

What Are “Private Market Indexes?”

What Private Market Indexes <u>Are</u>	What Private Market Indexes <u>Are Not</u>
 <p>Independent Benchmarks Rules-based measures of private markets.</p>	 <p>Not Investment Managers Do not allocate capital or select deals.</p>
 <p>Methodology-Driven Transparent rules & governance.</p>	 <p>No Fund Sponsors Do not operate private funds.</p>
 <p>Measurement Tools Assess private equity, credit, real assets & more.</p>	 <p>Not Broker or Dealers Do not intermediate transactions.</p>
 <p>Portfolio & Risk Analytics Aid allocation, benchmarking & research.</p>	 <p>Not Financial Advisors Do not provide investment advice.</p>
 <p>Data-Intensive Frameworks Aggregate private market data.</p>	 <p>Not Issuers of Assets Do not create underlying investments.</p>
<p>Market Structure Clarifications</p> <hr/> <p>Not a Real-Time Price of Assets (<i>Always Lagged</i>) Not a Guarantee of Liquidity of Tradability</p>	

Alignment with Public Market Practices

Private market indexes reflect investor demand for continuity across asset classes. Investors increasingly expect private assets to be evaluated using tools already embedded in public market investing, including:

- Style and factor analysis to assess drivers of return.
- Sector and regional segmentation to evaluate diversification.
- Risk metrics that inform portfolio-level oversight and governance.

By aligning with these practices, private market indexes help integrate private assets into holistic portfolio frameworks, reinforcing a consistent lens to the markets across public and private investments. However, private market indexes differ from public market indexes in important ways. For example, private market indexes do not provide a real-time price of assets and are not typically as liquid as public markets.

IV. Data Quality, Governance, and Controls

Data Considerations in Private Markets

Data forms the foundation of all indexes, directly shaping index construction, interpretation, and credibility. In private markets, a credible framework must address data challenges that can affect measurement in identifiable and sometimes material ways.

The following are examples of mechanisms by which data challenges are addressed in index construction:

Timing and valuation lag. Private assets are valued periodically rather than continuously. Appraisal-based valuations and manager-reported marks may smooth volatility, delay recognition of losses, or cluster updates around reporting cycles. This can dampen measured drawdowns and reduce observed correlations with public markets. Methodological responses include time-weighted return adjustments, lag alignment techniques, cash-flow based calculations, and explicit disclosure of valuation frequency so users understand the cadence and limitations of updates. These techniques aim to improve comparability across time periods and asset classes, while recognizing that statistical adjustments cannot fully eliminate structural features of periodic valuation.

Heterogeneous valuation methodologies. Different managers apply varying assumptions, discount rates, and comparable analyses when valuing portfolio companies or loans, typically within established accounting frameworks. These differences can contribute to dispersion that reflects modeling choices alongside underlying economic performance. Index construction may address this through standardized eligibility criteria, normalization rules, consistent treatment of unrealized gains and losses, and where feasible, incorporation of transaction-based observations to help anchor valuations.

Survivorship and selection effects. Private fund reporting often skews toward established managers and successful strategies, which can bias aggregate results. To mitigate this, robust index methodologies define transparent inclusion rules, seek broad data coverage across vintages and managers, incorporate inactive or liquidated funds where data is available, and disclose universe coverage rates so users can assess representativeness. Data constraints may limit complete coverage, making transparency around scope an important governance feature.

Infrequent transactions and sparse data. Early-stage venture and certain real asset segments experience long intervals between pricing events. This limits statistical precision and increases dispersion. Methodological approaches may include vintage-year segmentation, peer-group stratification, minimum data thresholds, and clearly defined rebalancing schedules to preserve internal consistency.

Limited asset-level transparency. In some strategies, underlying exposures remain partially opaque. Index providers may rely on aggregated fund-level data, third-party datasets, or standardized reporting templates. Transparent disclosure of data sources, calculation methodologies, and known constraints allows users to evaluate index construction choices in context.

Data availability also varies across sectors. Private credit benefits from detailed loan-level cash flow and covenant data that supports more frequent performance signals. Commercial real estate draws on established appraisal and transaction benchmarks. Later-stage private equity relies on structured institutional reporting and secondary market activity. Early-stage venture capital reflects greater dispersion and heavier reliance on model-based valuation inputs. A sound index framework aligns methodology with the structural realities of each asset class rather than imposing uniform assumptions across heterogeneous markets.

Governance and Oversight

Strong governance frameworks underpin confidence in private market indexes. The following are examples of mechanisms by which governance and oversight can enhance the credibility of private market indexes:

Methodological transparency. Publicly documented rules define index eligibility, weighting, rebalancing frequency, valuation treatment, and calculation procedures. Change management protocols describe how methodological revisions occur and how stakeholders can provide their inputs to the process and receive notice of the outcomes.

Independence and oversight. Index design and maintenance benefit from defined oversight structures with documented decision processes. Organizational controls, committee governance, and clearly articulated roles help preserve objectivity in methodology decisions.

Conflict management. Where index providers operate alongside asset management, advisory, or data businesses, formal conflict-of-interest policies, information barriers, and disclosure frameworks support integrity. Transparent policies regarding constituent eligibility, data sourcing, and client relationships reinforce credibility.

Data disclosure and review. Disclosure of data inputs, coverage levels, and known limitations allow users to assess robustness. In some cases, independent review processes, external assurance mechanisms, or adherence to recognized benchmark principles further strengthen confidence.

Remaining Challenges

Private market measurement continues to evolve. Data standardization in private markets remains uneven. Valuation subjectivity persists in segments that rely heavily on models. Coverage of smaller managers, emerging regions, and early-stage strategies may expand gradually as reporting infrastructure matures. Liquidity constraints and infrequent pricing remain structural features of private assets that influence indexes.

Acknowledging these realities supports informed use. Private market indexes provide structured, rules-based measurement tools that enhance comparability and governance, while operating within the economic and reporting characteristics of private markets. Clear disclosure of methodology, governance practices, scope, and known constraints enables index users to interpret results with appropriate context.

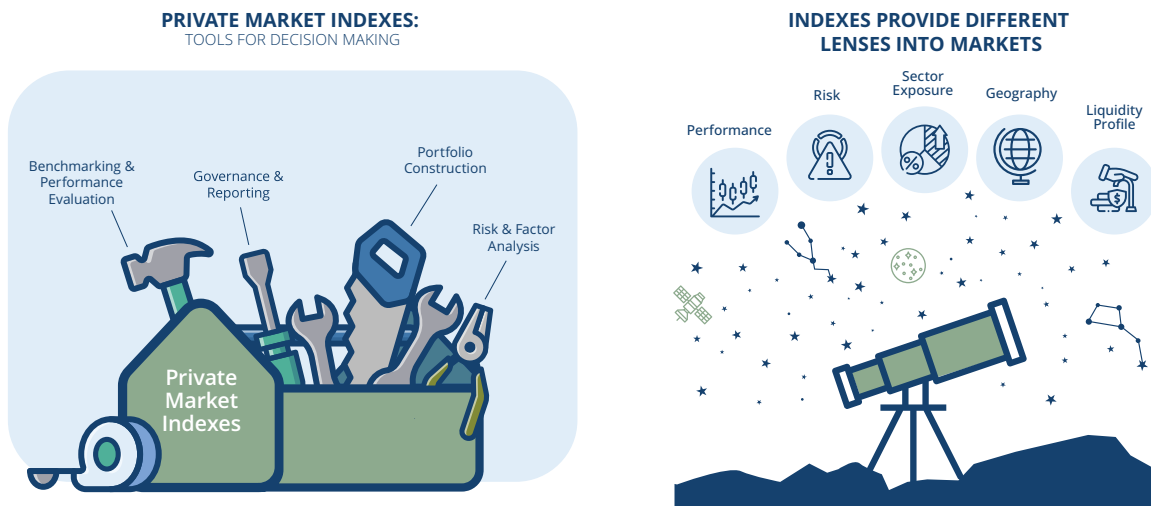
V. Use Cases for Private Market Indexes



Private market indexes support a range of investor needs as private assets become more integrated into institutional portfolios, including:

- Portfolio construction and risk management across public and private assets.
- Benchmarking and performance evaluation for private market strategies.
- Strategic asset allocation informed by systematic market measurement.
- Reporting and transparency for investment committees and oversight bodies.
- Risk and factor analysis that enhances understanding of private market dynamics.
- Product development that expands investor choice while relying on transparent reference measures.

Across these use cases, private market indexes function as tools that support governance, comparability, and informed decision-making.



Hypothetical Example: Use Case: Private Credit Index in Manager Evaluation

Consider a large public pension plan allocating capital to direct lending strategies within its private credit portfolio. Historically, the investment committee evaluated managers primarily against absolute return targets and peer quartile rankings, relying on self-reported fund data with limited comparability across vintages and strategies. The introduction of a rules-based private credit index changes this process in several concrete ways. First, it establishes a transparent reference universe defined by clear eligibility criteria such as loan type, sector exposure, leverage profile, and geographic scope. Second, it enables performance attribution relative to a systematic market measure, allowing the asset owner to distinguish between market beta in private credit and manager-specific alpha. Third, it supports risk analysis by comparing a manager’s duration profile, sector concentrations, and loss experience to benchmark characteristics. As a result, quarterly reviews shift from narrative assessments toward structured evaluation against an objective benchmark, strengthening governance and fiduciary oversight. Over time, capital allocation decisions such as re-ups, pacing by vintage year, and adjustments between senior and opportunistic credit reflect measured deviations from benchmark exposures rather than reliance on manager opinion alone.

VI. Conclusion

Private market indexes extend the principles of public market indexing into a growing universe of private assets. By applying rules-based methodologies, robust governance, and transparent frameworks, these indexes help measure markets more effectively and support better decision-making.

By 2030, global alternatives AUM is projected to reach roughly \$25–32 trillion dollars (Preqin, McKinsey, PwC, et al.) with several forecasts attributing a significant share of that growth to the expansion of access to private markets. Robust indexes, benchmarks, and data/analytics tools that make private exposures easier to design, monitor, and regulate are important to private markets' ability to scale. Synthetic private market indexes and blended public-private benchmarks are expected to act as a key "on-ramp" for wealth and retirement channels, enabling trillions of retail and quasi-retail assets to access private market beta within familiar index driven frameworks.

As private markets continue to expand, private market indexes strengthen the market ecosystem and provide investors with a consistent lens to the markets across public and private assets. In doing so, they support the ongoing shift from savings to investing and contribute to a capital market ecosystem defined by clarity, discipline, and investor choice.