

Index Methodology

Kania Global Infrastructure CAI Index

Kania Advisors indices are designed to solve market inefficiencies and provide tools for improved benchmarking.

Kania Global Infrastructure CAI Index

Overview

INDEX	SYMBOL	CURRENCY
Kania Global Infrastructure CAI Price Return Index		USD
Kania Global Infrastructure CAI Total Return Index		USD

The index is designed to provide exposure to global securities of businesses operating in the infrastructure sector in developed markets through a structure which ensures full and consistent active profile, as measured by active share, to its market-capitalization weighted underlying benchmark.

Index constituents are weighted by Kania Advisors' multi-factor score, henceforth referenced as the Kania Score, used to identify companies that exhibit economic growth with a conservative risk profile.

The fully active profile is ensured at each semi-annual rebalancing at 50% active share throughout the opportunity set providing full and consistent alpha generation capacity compared to the underlying benchmark.

Consistent Active Indexing (CAI) is a proprietary index calculation methodology of Kania Advisors.

Underlying Benchmark

The process of constructing the index begins with identifying all eligible securities for the Underlying Benchmark (UB) according to the following two criteria;

- constituents must operate in the infrastructure sector.
- constituents must be included in Kania Advisors Global Infrastructure Universe.

The resulting constituents are market capitalization weighted and form the Underlying Benchmark.

Methodology

The following steps are taken to construct the index.

Step 1 At each rebalancing of the index, constituents of the UB are ranked in descending order by market capitalization and divided into two equal segments, each representing approximately 50% of the UB.

Step 2 Within each of the two segments, the constituents are re-weighted according to the Kania Score, used to identify companies that exhibit economic growth with a conservative risk profile.

Step 3 Following re-weighting, iterations are carried out to adjust the weights of each constituent within each segment so that each segment achieves a ca 50% active share compared to its respective segment of the UB, subject to constraints such that no individual constituent of the index has a resulting weight of,

- i) deviate by more than +/- 5% in absolute terms compared to the UB weight; or
- ii) max 2.5x of the constituent's weight in the UB (or the closest solution).

The index is rebalanced on a semi-annual basis, at the end of June and December.

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At each rebalancing the index has a uniquely consistent active profile, as defined by active share at 50%, across each of the two segments fully and equally utilizing the entire alpha generation capacity of the UB.

Kania Advisors

For more information, please contact:

Kania Advisors

E: info@kaniaadvisors.com

4 Rex House, 4th floor
12 Regent Street
SW1Y 4PE London
United Kingdom

About Kania Advisors

Kania Advisors is an independent research and advisory firm focused exclusively on institutional real assets allocations and investment programmes. We provide advice and solutions to improve outcomes in real assets investment programmes. We conduct detailed industry research and custom studies typically focused on quantitative analysis and provide insights which form a critical part of a client's decision process.

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