

NextGen Alpha



Activities dedicated to the application of
artificial intelligence
to the investment management industry

The NextGen Artificial Intelligence Multi-Manager Index



Kaleidoscope
Capital

Introduction

The NextGen Artificial Intelligence Multi-Manager Index (AI Index), a broad measure of the performance of fund managers who offer AI powered fund products that utilize artificial intelligence in their investment process is designed to offer investors access to a diversified, liquid and unique sub-set of the universe of AI powered investment products offered by innovative investment management firms.

The AI Index is based on and a result of NextGen Alpha's deep knowledge of the AI fund universe which it has been tracking and qualifying since 2016 including access to managers who offer these funds. NextGen Alpha's experience is combined with Kaleidoscope Capital's expertise on manager research and selection and on multi-manager, multi-strategy portfolio management.

The rules-based equally weighted "flagship" AI Index of constituent funds will be expanded to offer a family of investible indices. The AI fund universe is defined in accordance with the NextGen Alpha AI fund definition published in 2019

NextGen Alpha AI fund defining attributes

- 1) Use of AI technology (a learning system as opposed to a mechanically programmed rules-based approach) is the foundation of the AI-based fund product, in contrast to other approaches (e.g., traditional quantitative, discretionary, etc.). Note: a fully autonomous investment decision-making process (portfolio construction and rebalancing) is preferred but not necessarily a requirement.
- 2) The ability to process diverse inputs, interpret and learn from them and generate adaptive goal-directed actions.
- 3) The ability to process diverse inputs, unconstrained by any particular modality or format.
- 4) The ability to learn in an adaptive way without specific programmed functionality.
- 5) Knowledge representation supports "reasoned" actions to novel events, more than just pattern recognition.

Inclusion criteria and index rules

Eligibility

The AI Index represents a subset of a full investment universe which is based on, and in accordance with, the NextGen AI fund definition. Every constituent in the Index needs to be part of NextGen Alpha investment universe.

AUM

No minimum AUM requirements.

Track record

No minimum live track record requirements.

Liquidity

Every constituent of the AI Index needs to have daily/weekly liquidity.

Investment structure and domicile

A variety of regulated, on shore domiciled investment vehicles will be considered to include co-mingled funds, ETFs, managed accounts, certificates, etc., provided the fund pricing source is accepted by the index calculation agent.

Index stability related matters

Ongoing operational due diligence issues regarding fund investment structure and or fund manager will be considered and could trigger exclusion at any time.

Index methodology related matters

Matters relating to the index methodology including base currency, pricing frequency, rebalancing (i.e. new fund inclusions and liquidated fund exclusions), backtesting, fund pricing source/s, etc. are to be agreed with the index calculation agent.

About NextGen Alpha

NextGen Alpha is a Swiss domiciled public limited company whose AI event, index and investment activities are focused on the application of AI to the investment management industry with the aim to promote and grow the universe of investment management products powered by artificial intelligence. NextGen Alpha is the initiator and organizer of the NextGen AI Aware event series which delivers the most comprehensive line-up of managers offering investible AI products alongside market participants who contribute to the growth of the AI fund universe. Presentations involving practical AI implementation experiences offered by these AI innovators of the investment management industry give professional investors a closer look at the exciting advancements of the universe of AI-based investment products and services.

About Kaleidoscope Capital

Kaleidoscope Capital is an independent advisory boutique headquartered in London focused on providing total return multi-manager and multi-strategy innovative investment solutions to family offices and institutional clients. Based on a core expertise to select innovative alpha driven investment solutions, Kaleidoscope Capital offers a comprehensive and customized range of advisory services, from ongoing manager selection to the creation of customized investment portfolios and outsourced CIO and Portfolio Management solutions.

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