**Universe Definition**

The objective of the Unlisted Infrastructure Universe Standard is to identify the relevant universe to track the fair value and the risk-adjusted performance of the unlisted infrastructure asset class.

The notion of fair value is a market-based measurement rather than an entity based measurement. It is concerned with how average prices are formed in the most representative markets. In the language of academic finance, fair value is about betas, that is, the combined exposure of each firm to priced risk factors, but not alpha, which represents market outperformance and is the result of proprietary or new information.

In the terminology of IFRS 13, the relevant market is known the **principal (or most advantageous) market**.

The principal market enables the best possible measurement of average/systematic drivers of prices in unlisted infrastructure investments.

This point has direct implications for the definition of the relevant broad market universe: the choice of universe for a broad market reference index aims to include those markets that are representative of the **price preferences of independent, knowledgeable and willing buyers and sellers on the measurement date**.

The **investment universe** relevant to measuring performance in the principal market is defined in two steps:

1. **National-market inclusion**: relevant national markets are determined on the basis of national-level index inclusion criteria, including their level of activity (number and frequency of transactions and market participants) and relative size, and also minimum data availability.
2. **Individual-company inclusion**: within the markets that qualify under these criteria, potential index constituents - whether they are equity or debt issuers - must also meet a set of minimum inclusion criteria. These include investability, age and minimum data availability.

The third step, once the investment universe is defined, is to build a **sampled universe** that meets certain minimum representative criteria. The sampled universe is then used as the basis for defining the constituents of the global broad market index. Broad market index constituents are further filtered according to minimum-size and time-to-maturity filters.