

## Market Consultation: China A-Shares, Argentina and Kuwait Market Classification

RAFI Indices is currently evaluating the following changes to our starting universe, the Research Affiliates Global Equity Universe (RA GEU):

- 1) Inclusion of China A-shares as an eligible share class for Chinese securities for the March, 2021 annual reconstitution.
- 2) Promotion of Argentina and Kuwait to the Emerging Markets (EM) eligible universe for the March, 2021 annual reconstitution.

We would like to solicit the feedback of RAFI Indices users on the effect of this classification change. If you would like to participate in this consultation, please fill out the below questions and return to [indexsupport@rafi.com](mailto:indexsupport@rafi.com) by 7/31/2020. All responses will be kept confidential. RAFI Indices will provide a public announcement regarding the results of this market consultation once the market consultation has been completed. Thank you in advance for your participation.

### Additional Information Regarding RAFI Indices Eligible Universe:

**China A-shares:** If included, RAFI Indices would implement China A-shares at a 20% inclusion factor to start. Using the 2020 starting universe as an example, this would have resulted in a weight of 3.4% for China A-shares in the RAFI Fundamental Emerging Markets Index, 2.0% in the RAFI Multi-Factor Emerging Markets Index, 0.7% for the RAFI Fundamental Global Index and 0.3% for the RAFI Multi-Factor Global Index.

**Argentina and Kuwait:** While RAFI Indices is considering adding Kuwait and Argentina to our EM eligible universe, this does not necessarily mean that these countries will qualify for any indices with EM exposure offered by RAFI Indices. In order for a country to qualify, the total fundamental weight of all securities within a specific country must be greater than 0.50% of the EM eligible universe. Using the 2020 eligible universe as a test case, Argentinian securities had a total fundamental weight of 0.26% while Kuwaiti securities had a total fundamental weight of 0.46%. This means that if added to the eligible universe, Argentina is still unlikely to qualify, while it is possible that Kuwait would qualify given its total weight was near the minimum threshold in 2020 and may cross that threshold in 2020.

Name	
Title	
Organization	
Email	

## **China A-Shares**

**1. What is your view on including China A-shares as an eligible share class?**

**2. Do you currently, or will have access to trade China A-shares by the annual reconstitution for RAFI Indices strategies on March 31, 2021?**

**3. What is the latest date you would need a notice from RAFI Indices regarding a decision on China A-shares for inclusion on March 31, 2021?**

**4. Is there any other feedback you would like to provide?**

## **Argentina & Kuwait**

- 1. What is your view on promoting Argentina and Kuwait to Emerging Markets?**
- 2. Do you currently, or will have access to trade Argentinian and Kuwaiti securities by the annual reconstitution for RAFI Indices strategies on March 31, 2021?**
- 3. What is the latest date you would need a notice from RAFI Indices regarding a decision on Argentina and Kuwait?**
- 4. Is there any other feedback you would like to provide?**

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