

## Index Selection

On each Selection Day, the Index Administrator will revise the composition of the Index.

In a first step, the Index Administrator and the Selection Party determine the Index Universe in accordance with Section 1. The Index Universe comprises all those financial instruments which fulfill the Index Universe Requirements (as specified in Section 1) and will constitute a starting pool from which the components of the Index will be selected. Based on this Index Universe, the new composition of the Index will be determined by applying the rules outlined in Section 2.

Each new Index Component will be assigned a weight as described in Section 3.

Portfolio Details	As of 5/31/2020
Index Ticker	CHINALUX
# of Constituents	40
Rebalance Schedule	Quarterly
Inception Date	6/1/2020

## 1. Index Universe Requirements

The Index Universe is comprised of all financial instruments which fulfill the below requirements. The “Index Universe Requirements”: In a first step the Index Administrator determines the pool of securities based on the below parameters:

1	Companies which are primary listed in one of the countries that are part of the Developed and Emerging Markets are eligible for inclusion.
2	Companies which are listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange must be available for purchase and sale via the Northbound Stock Connect programming order to be eligible for inclusion.
3	Only companies classified in any of the following FactSet industries: apparel/footwear, apparel/footwear retail, beverages: alcoholic, catalog/specialty distribution department stores, electronics/appliances, hotels/resorts/cruise lines, household/personal care, internet retail, internet software/services, other consumer services, other consumer specialties, real estate development, recreational products, specialty stores, telecommunications equipment
4	Only companies with a minimum total market capitalization of at least USD 1,000,000,000 are eligible for inclusion.
5	Only companies with a minimum average daily value traded of at least USD 20,000,000 over the preceding 1-month and 6-month period are eligible for inclusion.
6	Only one share class of each company is eligible for inclusion in the Index Universe. The share class with the highest minimum average daily value traded over the preceding 1-month and 6-month period is included in the Index Universe.

The resulting pool of securities is then sent to the Selection Party who will determine company level scores related to the brand’s awareness level in China (the “Jing Daily Brand Awareness in China Score”) and a general luxury score (the “Jing Daily Global Luxury Score”). The scores will rank between zero and five, with five representing the most luxury/famous brand. The assignment of scores will be based on companies and brands’ activities in the Chinese market, including but not limited to the market share, sales, marketing, and branding initiatives. The score is reviewed by a committee, which consists of journalists and editors from the Selection Party who report on the Chinese luxury market on a daily basis. The Selection Party will then send the securities including the scores to the Index Administrator who will then determine the Index Components as described in Section 2.

## 2. Selection of Index Components

Based on the Index Universe, the initial composition of the Index as well as any selection for an ordinary rebalance is determined on the selection day in accordance with the following rules (the “Index Component Requirements“):

1	An overall score is calculated as the sum of the “Jing Daily Brand Awareness in China Score” and the “Jing Daily Global Luxury Score” (together the “Luxury Score”). Only companies with a minimum Luxury Score of 1 are eligible for inclusion.
2	Companies in the Index Universe are sorted according to their Luxury Score in descending order. Each company is assigned a rank based on the position in the sorted list, e.g., the company with the highest Luxury Score is assigned rank 1.
3	Companies within each Luxury Score are sorted by total market capitalization in descending order. Each company is assigned a rank based on the position in the sorted list, e.g. the company with the highest total market capitalization is assigned rank 1.
4	For each company in the Index Universe a total rank is calculated as the sum of the respective Luxury Score rank and the respective total market capitalization rank.
5	Companies in the Index Universe are sorted by their total rank in ascending order. Each company is assigned a rank based on the position in the sorted list, e.g., the company with the lowest total rank is assigned rank 1.
6	All companies ranked in the top 40 are selected as Index Components.
7	If there are less than 40 companies with a luxury score of at least 1, the Index will consist of less than 40 Index Components

The selection of the Index Components is fully rule-based, and the Index Administrator cannot make any discretionary decision.

## 3. Weighting of the Components

On each selection day each Index Component is assigned a weight according to its total rank. Index Components within the first tier (rank from 1 to 10) will receive a weight of 4%, Index Components within the second tier (rank from 11 to 20) will receive a weight of 3%, Index Components within the third tier (rank from 21 to 30) will receive a weight of 2%, and Index Components within the fourth tier (rank from 31 to 40) will receive a weight of 1%. If the Index consists of less than 40 Index Components the remaining weight will be distributed across all Index Components on a pro-rata basis.

## Disclosure

The Jing Daily KraneShares Global China Luxury Index is prepared from data, public information and independent third party sources which Jing Daily has not verified for accuracy or any recent changes in circumstances not otherwise reflected therein. The information and rankings are not provided, nor should they be considered, as a basis upon which any person or entity should rely in making any investment decisions or for any other purpose.