

The Emerging Market Consumer Internet Opportunity

An Overview of the KraneShares Emerging Markets Consumer Technology ETF (Ticker: KEMQ) and the KraneShares CSI China Internet ETF (Ticker: KWEB)



Introduction to KraneShares

About KraneShares

Krane Funds Advisors, LLC is the investment manager for KraneShares ETFs. The firm is focused on providing investors with strategies to capture China's importance as an essential element of a well-designed investment portfolio. KraneShares ETFs represent innovative, first to market strategies that have been developed based on the firm and its partners' deep knowledge of investing. These strategies allow investors to stay up to date on global market trends and provide meaningful diversification. Krane Funds Advisors, LLC is majority owned by China International Capital Corporation (CICC).



KEMQ

KraneShares Emerging Markets Consumer Technology ETF

Investment Strategy:

KEMQ seeks to track the Solactive Emerging Markets Consumer Technology Index. The Index selects companies from 26 eligible countries within emerging markets whose primary business or businesses are internet retail, internet software/services, purchase, payment processing, or software for internet and E-Commerce transactions.

Emerging Markets Consumer Technology Highlights:

- Internet adoption is expanding rapidly within emerging markets at the same time that domestic consumption and retail sales are steadily increasing and frequently taking place online.
- According to a study from the Brookings Institution, middle class consumption could reach 50% of total global consumption by the year 2030, more than doubling from 2015¹.
- We believe the growth of internet adoption within emerging markets is a long term secular theme that may continue to play out over the course of decades.

KEMQ features:

- Access to emerging market internet companies that provide similar services as Google, Facebook, PayPal, Amazon, etc.
- Exposure to companies that stand to benefit from increasing domestic consumption by emerging markets' growing middle class
- Exposure to emerging market companies facilitating mobile E-Commerce sales

1. Homi Kharas, "The Unprecedented Expansion of the Global Middle Class" Brookings Institution, February 2017, retrieved 3/31/2020.

Transformational growth in emerging markets is driven by the “Three P’s”



Population

The middle class consumer in Emerging Markets will drive global demand.



Penetration

Internet adoption is the catalyst for rapid innovation, and facilitates “leapfrogging”.



Performance

Technology firms across the emerging markets are taking global leadership positions.

Emerging markets represent a huge consumer market opportunity.

- In order to fairly compare the consumption power of different economies we use purchasing power parity (PPP)
- In terms of PPP, the top 25 economies by GDP represent 79% of the global economy¹
- 60% of these economies (or 15 out of 25 numerically) are considered emerging markets¹
- According to the World Bank, emerging markets represent a population of 4.5 billion people who spend more than \$5 trillion a year²

1. Data from the World Bank as of 12/31/2018. Retrieved 3/31/2020.
 2. "The World Bank's Global Consumption Database" The World Bank. Retrieved 3/31/2020.

World Bank 2018 GDP, by PPP

	Ranking	Economy	(millions of international dollars)
CHN	1	China	25,361,744
USA	2	United States	20,494,100
IND	3	India	10,498,468
JPN	4	Japan	5,484,951
DEU	5	Germany	4,505,236
RUS	6	Russian Federation	3,986,064
IDN	7	Indonesia	3,494,762
BRA	8	Brazil	3,365,757
GBR	9	United Kingdom	3,074,432
FRA	10	France	3,073,179
ITA	11	Italy	2,542,974
MEX	12	Mexico	2,519,962
TUR	13	Turkey	2,372,087
KOR	14	Korea, Rep.	2,090,161
ESP	15	Spain	1,908,879
SAU	16	Saudi Arabia	1,857,538
CAN	17	Canada	1,774,034
THA	18	Thailand	1,320,373
AUS	19	Australia	1,288,228
POL	20	Poland	1,228,854
EGY	21	Egypt, Arab Rep.	1,219,510
PAK	22	Pakistan	1,176,498
NGA	23	Nigeria	1,171,387
MYS	24	Malaysia	999,405
NLD	25	Netherlands	978,240

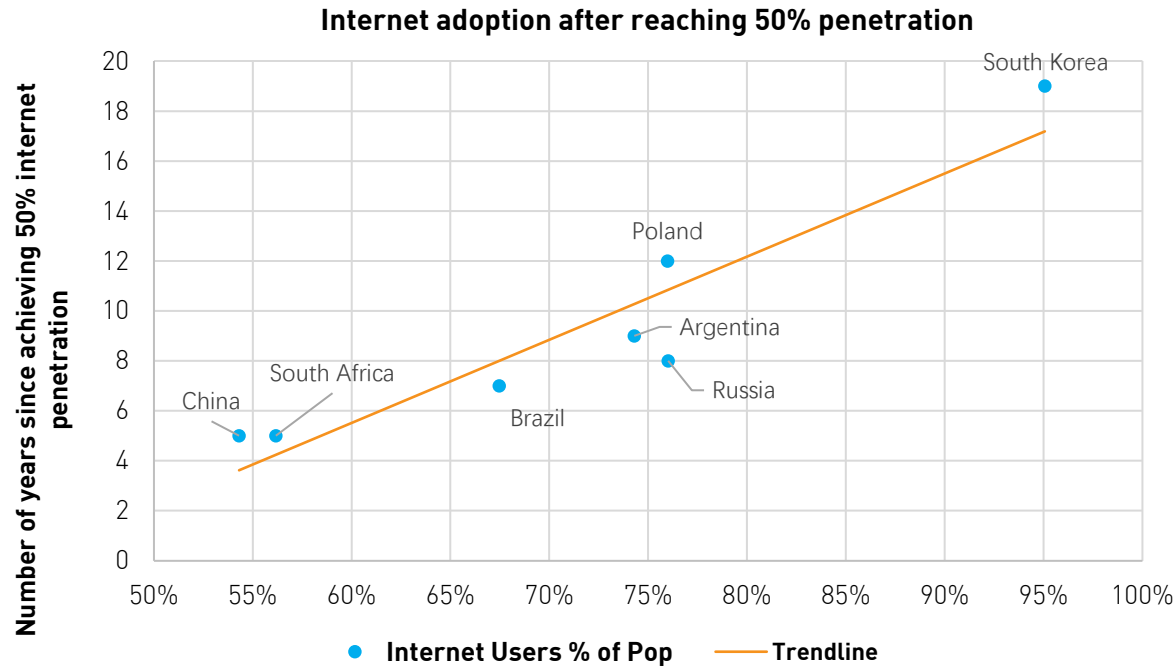
According to a study from the Brookings Institution, middle class consumption could reach 50% of total global consumption by the year 2030, more than doubling from 2015.

Middle Class Consumption – Top 10 Countries (billions of 2011 PPP\$ and global share)

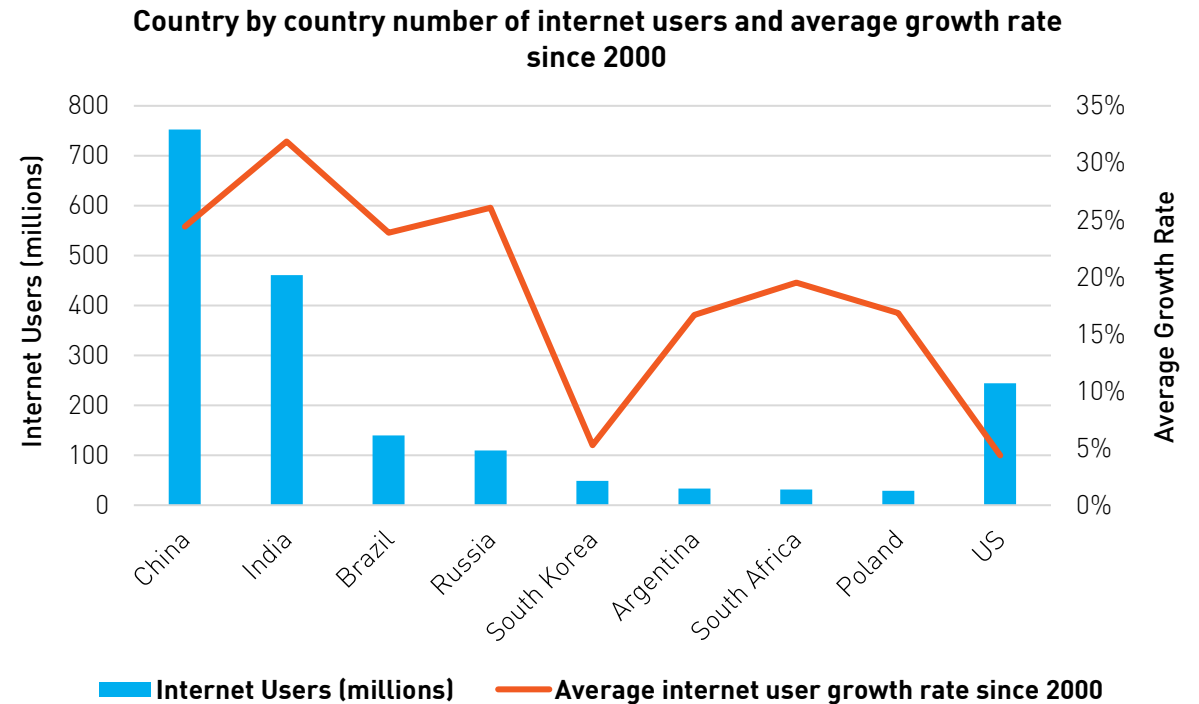
	2015		2020		2030				
1	United States	4.7	13%	China	6.8	16%	China	14.3	22%
2	China	4.2	12%	United States	4.7	11%	India	10.7	17%
3	Japan	2.1	6%	India	3.7	9%	United States	4.7	7%
4	India	1.9	5%	Japan	2.1	5%	Indonesia	2.4	4%
5	Russia	1.5	4%	Russia	1.6	4%	Japan	2.1	3%
6	Germany	1.5	4%	Germany	1.5	4%	Russia	1.6	3%
7	Brazil	1.2	3%	Indonesia	1.3	3%	Germany	1.5	2%
8	UK	1.1	3%	Brazil	1.2	3%	Mexico	1.3	2%
9	France	1.1	3%	UK	1.2	3%	Brazil	1.3	2%
10	Italy	0.9	3%	France	1.1	3%	UK	1.2	2%
	Emerging market total		24%	Emerging market total		35%	Emerging market total		50%

The rise of consumer technology goes beyond China to broader emerging markets as more of the developing world gets internet access for the first time.

Internet penetration rates vary across emerging markets creating distinct growth profiles for each country



Within major emerging market countries, internet usage has grown by an average of 20% a year



For the majority of the developing world, smart phones provide the first point of internet access, bypassing traditional computers.

Mobile-cellular telephone subscriptions

	2000	2018	Growth multiple
India	3,577,095	1,176,021,869	329x
Russia	3,263,200	229,431,008	70x
China	85,260,000	1,641,147,000	19x
South Africa	8,339,000	88,566,977	11x
Brazil	23,188,171	207,046,810	9x
Argentina	6,487,950	58,598,041	9x
Malaysia	5,121,748	42,413,400	8x
Poland	6,747,000	51,098,747	8x
South Korea	26,816,398	66,355,778	2x

Source: International Telecommunications Union statistics database as of 12/31/2018. Retrieved on 3/31/2020.

ITU is the United Nations specialized agency for information and communication technologies. Data includes pay-as-you-go and contract renewals

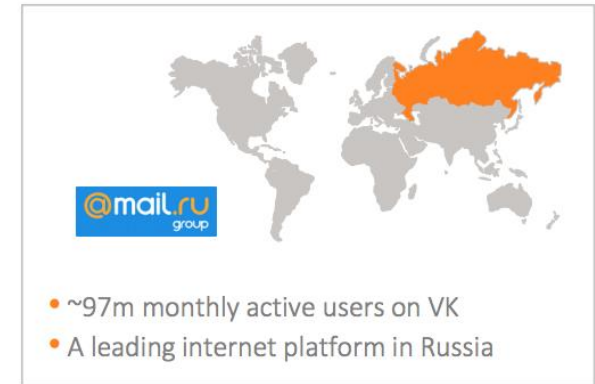
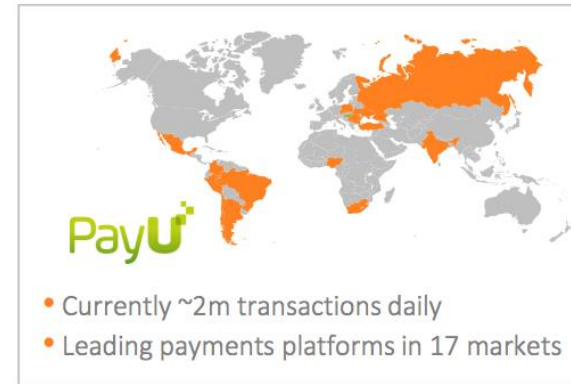
The proliferation of low cost smart phones across emerging markets, like the Mi Max 2 from Xiaomi pictured below, has meant much of the developing population is gaining access to the internet for the first time via smart phones.



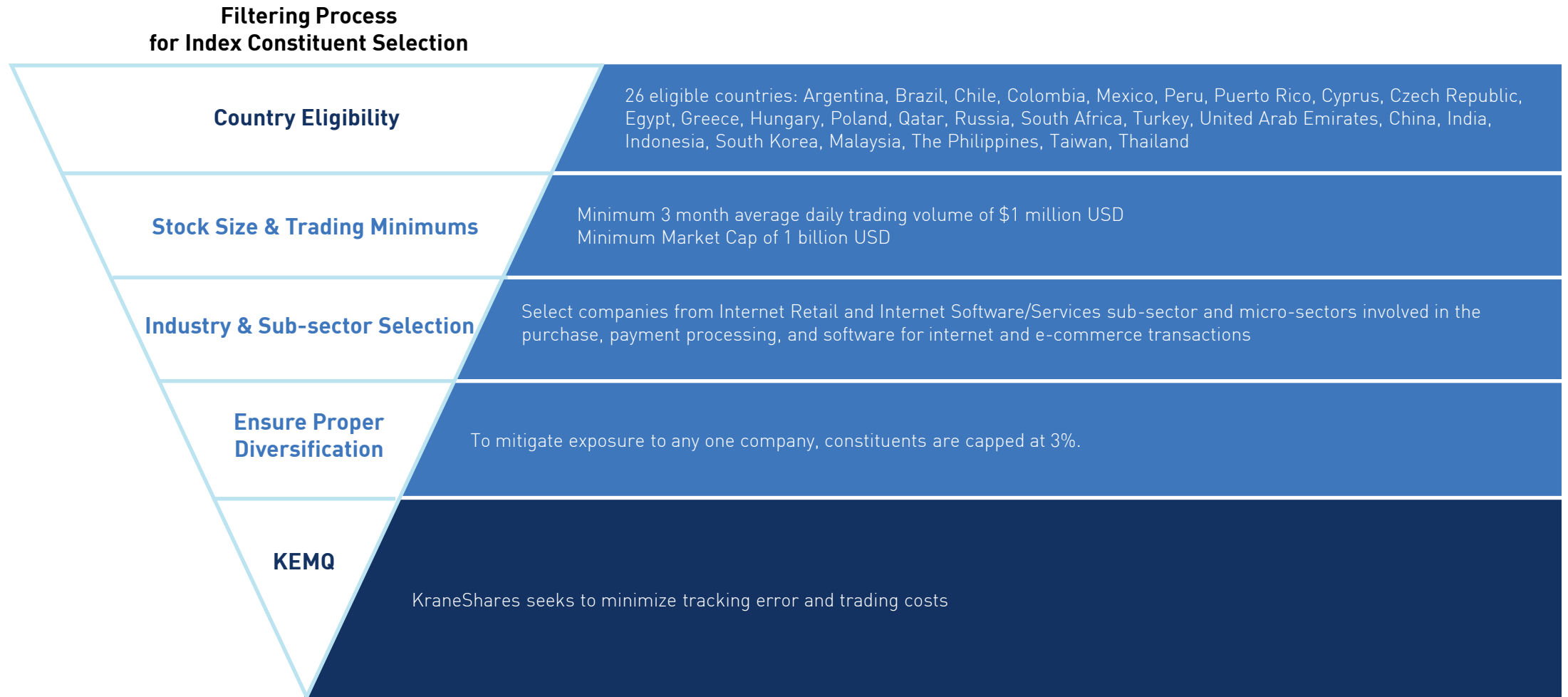
Naspers is a global internet and entertainment group that has grown into one of the largest technology investors in the world. The company's investments span the globe and are organized into six business areas: Classifieds, Payments, B2C E-Commerce, Ventures, Video Entertainment, and Media¹.

Naspers has invested in technology companies across the developing world

- Naspers was founded in South Africa in 1915 as a publisher and printer of magazines.
- Naspers has become one of the world's leading technology investors.
- Naspers owned 31.16% of Tencent
- Naspers also has a stake in significant publicly traded companies like Mail.ru and private investments such as Indian E-Commerce company Flipkart.



In order to deliver a precise representation of the emerging markets consumer technology opportunity, we worked with Solactive to develop the Solactive Emerging Markets Consumer Technology Index.

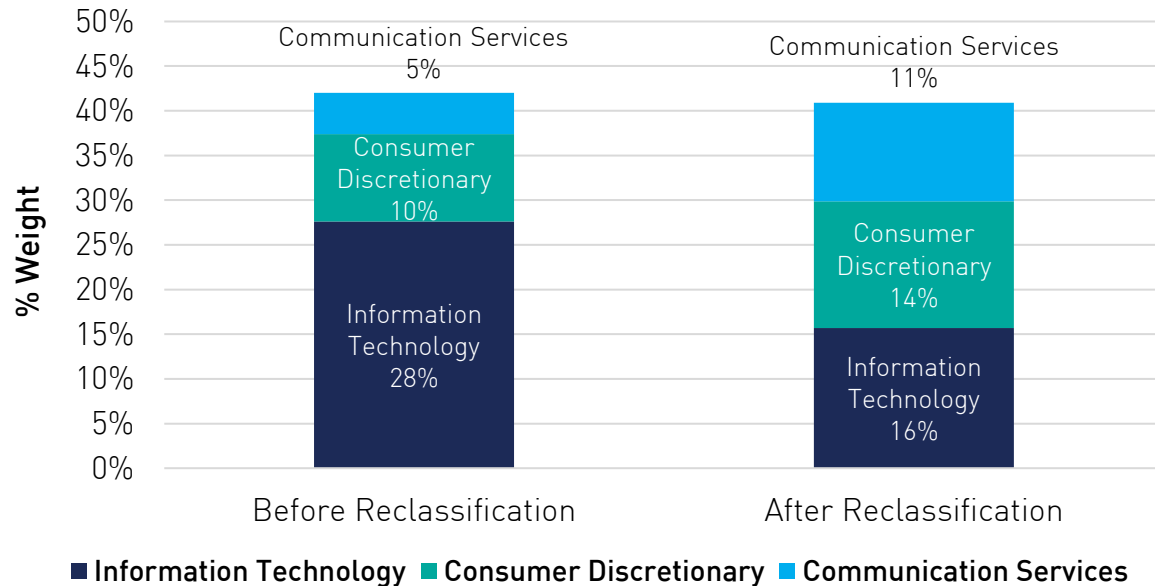


Diversification does not ensure a profit or guarantee against a loss.

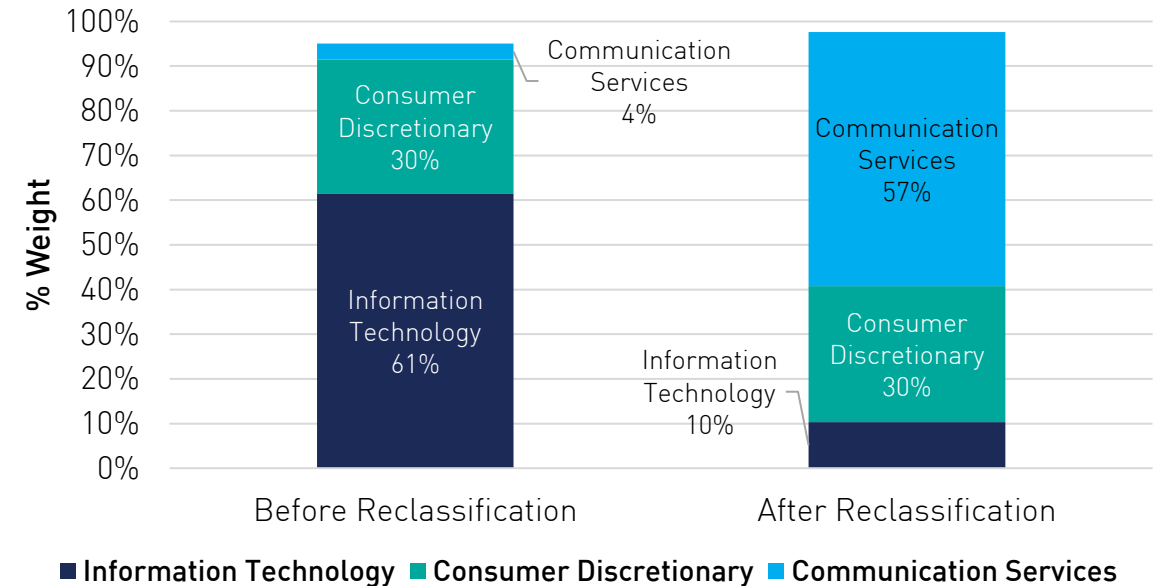
Capturing the performance of the EM consumer/technology sector can be complicated.

- In the past, E-Commerce and internet platforms were classified by Global Industry Classification Standards (GICS) as information technology (IT) companies.
- However, as this sector evolved, it ended up grouping social media platforms, E-Commerce, gaming, and internet companies with chip-makers and hardware companies.
- In October 2018, GICS underwent a major reclassification to resolve this issue. Information technology was left with mostly hardware companies, while E-Commerce and internet platforms were split between two other sectors: consumer discretionary and communication services (formerly telecommunication services).
- For instance, Alibaba and Mercado Libre were shifted to the consumer discretionary sector, while internet platforms, such as Baidu and Naver, were classified as communication services companies.

**Weight of Select Sectors within the MSCI EM Index
Before and After Reclassification**

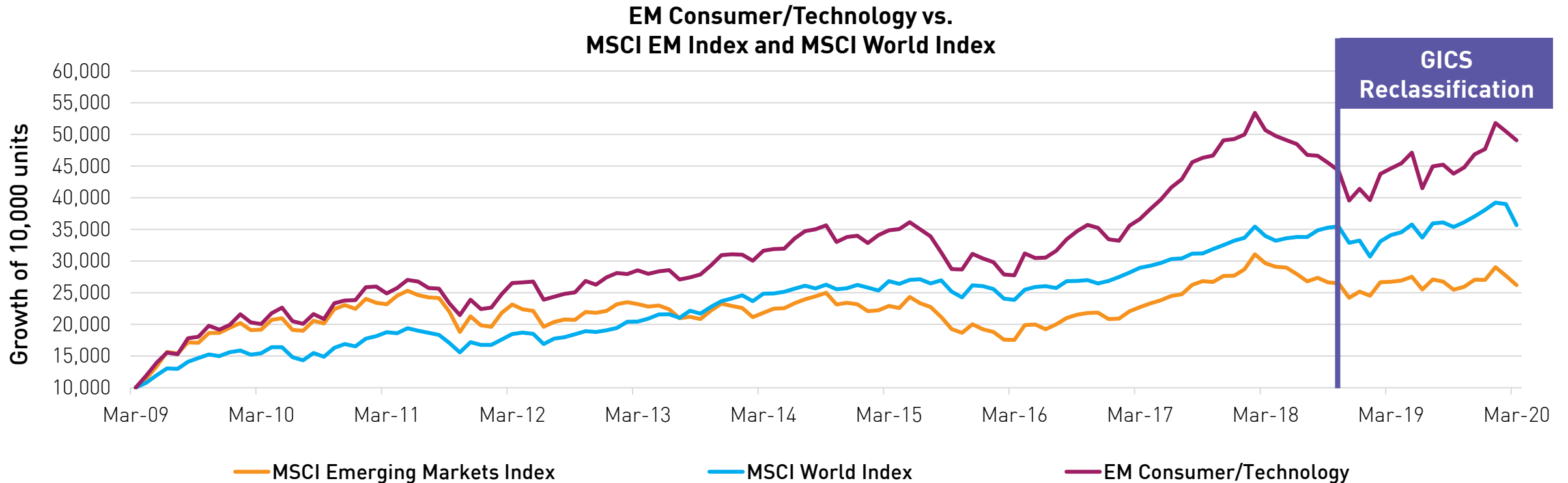


**Weight of Select Sectors within KEMQ
Before and After Reclassification**

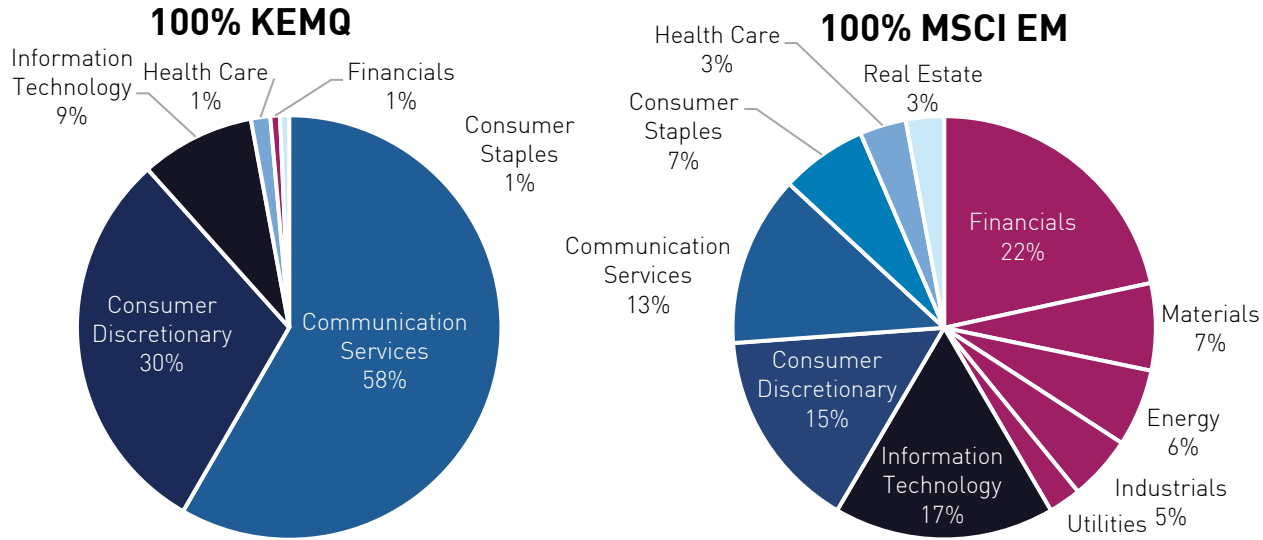


EM consumer/technology outperformed developed and emerging markets.

- In order to show the historical performance of the EM consumer/technology sectors within the MSCI EM Index, we combined the Index's information technology, consumer discretionary, and communication services sectors. We used the sectors' pre- and post-GICS reclassification weightings pictured in slide 15.
- We found that EM consumer/technology outperformed both broad emerging markets and developed markets since the end of the recession, returning 377% against a return of 281% for the MSCI World Index and 170% for the MSCI Emerging Markets Index.



KEMQ offers greater exposure to growth-oriented sectors than the MSCI Emerging Markets Index.

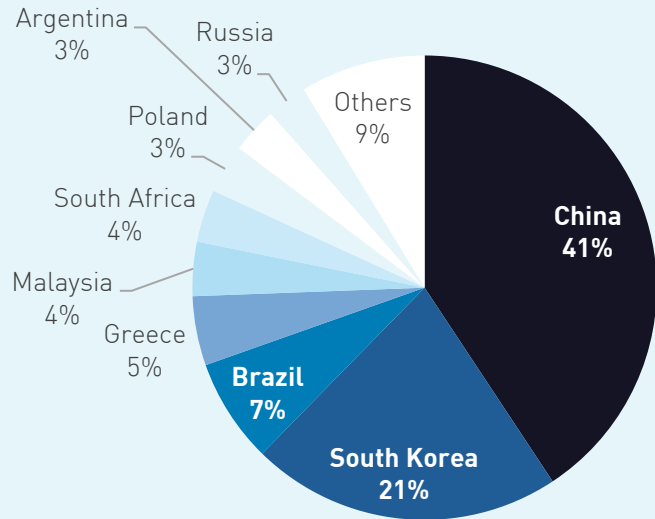


Value-Oriented Sectors

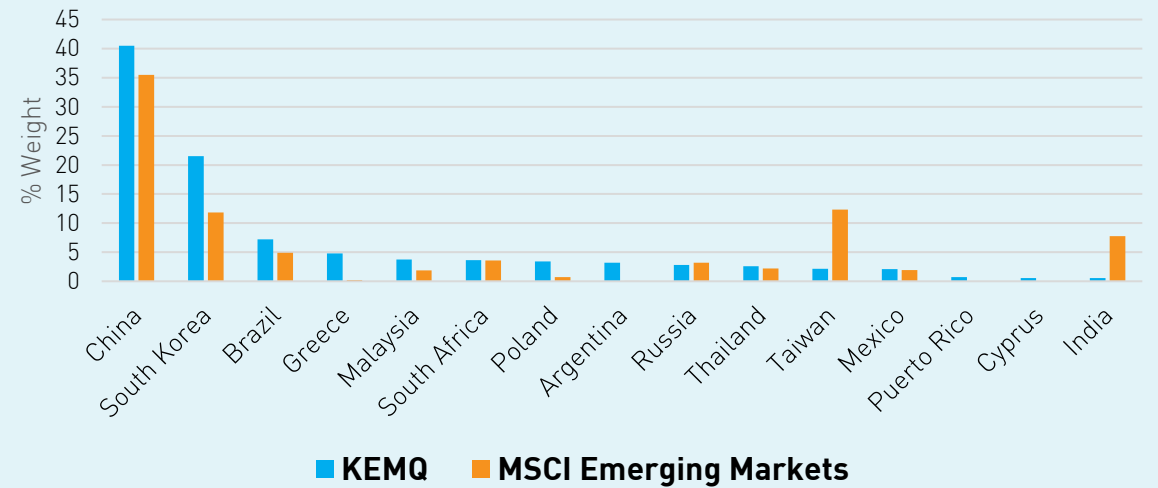
Weight of Growth and Value-Oriented Sectors					
	100% MSCI EM	75% MSCI EM / 25% KEMQ	50% MSCI EM / 50% KEMQ	25% MSCI EM / 75% KEMQ	100% KEMQ
Growth-Oriented Sectors	58%	69%	79%	89%	99%
Value-Oriented Sectors	42%	31%	21%	11%	1%

Our index filtering process also results in a very different country breakdown than traditional emerging markets.

KEMQ Country Breakdown

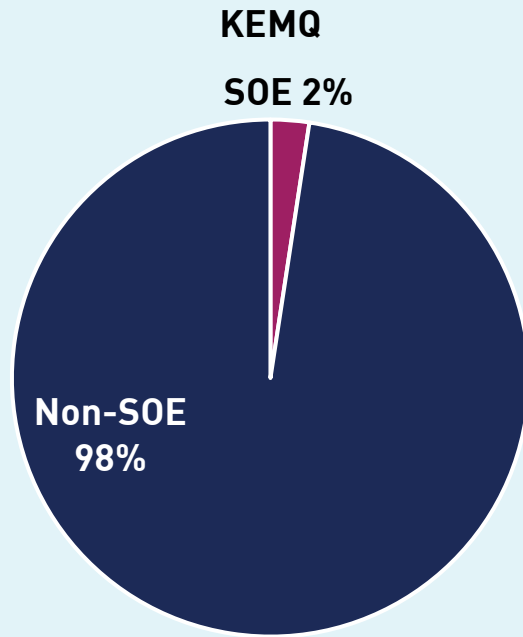


**Country Breakdown
KEMQ vs. MSCI Emerging Markets**

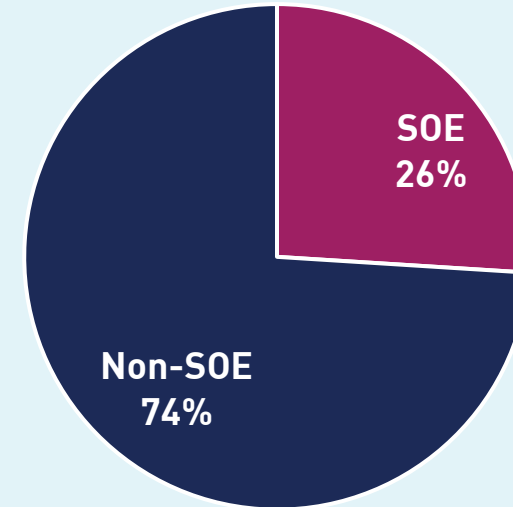


Data from Bloomberg as of 3/31/2020. See page 33 for index definitions
 *Others includes Mexico, Thailand, Taiwan, Puerto Rico, India, and Cyprus










KEMQ holds significantly fewer state-owned enterprises (SOEs) than the broader MSCI Emerging Markets Index.



MSCI Emerging Markets



The KraneShares Emerging Markets Consumer Technology ETF (Ticker: KEMQ) tracks a variety of companies throughout key emerging market countries.

Top countries and weight within KEMQ		Top Holdings in country	Weight	Company Logo	Company description
China	40.50%	TENCENT HOLDINGS	3.93%		New Oriental Education & Technology Group, Inc. offers educational services. The Company offers foreign language training, test preparation courses for admissions and assessment tests in the United States, the PRC and Commonwealth countries, primary and secondary school education, development and distribution of educational content, software and other technology, and online classes.
South Korea	21.52%	NAVER CORP	3.78%		NAVER Corporation provides Internet site with web portal services, such as search engine, online game, and content development. The Company also offers online marketing service through banner advertisement and e-commerce services. The company owns the popular Line app, which is used primarily used in Japan and South Korea but also present in over 230 countries worldwide. Line offers services similar to WhatsApp and WeChat
Brazil	7.22%	B2W CIA DIGITAL	2.19%		B2W Companhia Digital is an e-commerce company. The Company offers technology, logistics, distribution, customer service, and consumer financing services.
Greece	4.80%	HELLENIC TELECOM	2.63%		Hellenic Telecommunications Organization S.A. provides telecommunication services. The company offers fixed-line, television and mobile telecommunications services including voice, broadband, data, and leased lines. The company serves the audio-visual, communications, industrial, and residential industries, as well as public customers.
Malaysia	3.75%	TELEKOM MALAYSIA BHD	3.01%		Telekom Malaysia Berhad establishes, provides, and maintains telecommunication and related services. Through its subsidiaries, the Company provides payphone network, mobile telecommunication, public telephone, and leasing of optical fiber telecommunication system services. Telekom also manages and operates Kuala Lumpur Tower and provides intelligent security services
South Africa	3.64%	NASPERS LTD	3.64%		As a holding company, Naspers mainly grows through acquisitions and equity stakes in companies in emerging markets. It also plans to focus on investment in technology; the company has worked to upgrade and improve its subscriber and user platforms by investing in e-commerce transaction platforms and instant-messaging communication.
Poland	3.40%	CYFROWY POLSAT SA	2.64%		Cyfrowy Polsat, S.A. offers broadcast satellite subscription television services and mobile telephony in Eastern and Central Europe. The Company distributes signal decoders and offers a variety of television and radio channels.
Argentina	3.21%	MERCADOLIBRE INC	3.21%		MercadoLibre Inc. operates an online trading site for the Latin American markets. The Company's website allows businesses and individuals to list items and conduct sales and purchases online in either a fixed-price or auction format. MercadoLibre offers classified advertisements for motor vehicles, vessels, aircraft, real estate and services, and offers online payment services.
Russia	2.78%	MAIL.RU GROUP	2.78%		Mail.Ru Group Ltd. offers Internet access services in Russia. The Company also operates social networking websites, instant messaging networks, an email service, and an online games company.

KraneShares Emerging Markets Consumer Technology ETF (NYSE: KEMQ)

Investment Strategy:

KEMQ seeks to track the Solactive Emerging Markets Consumer Technology Index. The Index selects companies from 26 eligible countries within emerging markets whose primary business or businesses are internet retail, internet software/services, purchase, payment processing, or software for internet and E-Commerce transactions.

KEMQ Performance History as of 3/31/2020

	Cumulative %			Average Annualized %		
	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	Since Inception
Fund NAV	-18.61%	-8.46%	-20.43%	-13.29%	-	-8.84%
Closing Price	-18.12%	-7.62%	-20.19%	-13.25%	-	-8.72%
Index	-18.60%	-8.53%	-17.75%	-12.69%	-	-7.60%

*Fee waivers in effect until August 1, 2021

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please visit www.kraneshares.com

Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

Fund Details	As of 3/31/2020
Primary Exchange	NYSE
Cusip	500767876
Total Annual Fund Operating Expense (Gross)	0.80%
Total Annual Fund Operating Expense (Net)	0.70%*
Inception Date	10/11/2017
Distribution Frequency	Semiannually
Index Name	Solactive Emerging Markets Consumer Technology Index
Index Ticker	Bloomberg: SOLEMCT
Number of Holdings (ex Cash)	50

Top Ten Holdings as of 3/31/2020 The Fund's Holdings Are Subject to Change.	% of Fund
TENCENT HOLDINGS LTD	3.95
NETEASE INC-ADR	3.91
TAL EDUCATION GROUP- ADR	3.88
JD.COM INC-ADR	3.83
NAVER CORP	3.80
ALIBABA GROUP HOLDING-SP ADR	3.73
NASPERS LTD-N SHS	3.66
BAIDU INC - SPON ADR	3.56
NEW ORIENTAL EDUCATIO-SP ADR	3.34
MERCADOLIBRE INC	3.23

KWEB

KraneShares CSI China Internet ETF

Investment Strategy:

KWEB seeks to measure the performance of the investable universe of publicly traded China-based companies whose primary business or businesses are in the Internet and Internet-related sectors.

KWEB features:

- Access to Chinese internet companies that provide similar services as Google, Facebook, Twitter, eBay, Amazon, etc.
- Exposure to companies benefitting from increasing domestic consumption by China's growing middle class
- Exposure to Chinese internet companies listed in both the United States and Hong Kong

China Internet Sector Highlights:

- Chinese retail web sales totaled US\$1.5 trillion¹ in 2019 (compared to US\$601.7 billion² in the United States).
- China's internet population reached 854 million people, a penetration of only 61.2%³. The U.S. internet population reached 294 million people, a penetration rate of 89.5% in June 2019.⁴
- Total Chinese retail sales reached US\$5.8 trillion in 2019¹.
- Online shopping accounted for 25.8% of retail purchases in China in 2019¹.

1. National Bureau of Statistics in China, "Total Retail Sales of Consumer Goods Went up by 8.0 percent in 2019" 1/19/2020. Note: Figures converted from Chinese Renminbi to USD as of 4/14/2020.

2. U.S. Department of Commerce, "Quarterly Retail E-commerce Sales 4th Quarter 2019" 2/19/2020.

3. CNNIC, The 44th Statistical Report on the Development of China's Internet, 8/31/2019.

4. Data from Pew Research Center and US Census Bureau as of 6/30/2019. Retrieved 3/31/2020.

The China Internet Evolution

- China's E-Commerce market size surpassed the U.S. for the first time in 2014, and China's total retail sales surpassed total retail sales of the U.S. for the first time in 2017.
- 61.2% of China's population has internet access compared to 89.5% in the U.S.
- We believe there is potential for substantial continued growth in the Chinese internet sector.

China / US Internet Statistics	China	US
Total internet population	854mm ¹	294mm ²
% of population with internet access	61.2% ¹	89.5% ²
Country's share of world internet users	23.4% ²	8.1% ²
E-Commerce market size 2019	\$1.5T ³	\$601.7B ⁴
Total retail sales 2019	\$5.8T ³	\$5.5T ⁴
% of online retail sales 2019	25.8% ³	11.0% ⁴
2018-2019 growth online sales	16.5% ³	14.9% ⁴

1.CNNIC, The 44th Statistical Report on the Development of China's Internet, 8/31/2019.

2.Data from Pew Research Center, World Bank, and US Census Bureau as of 6/30/2019. Retrieved 3/31/2020.

3.National Bureau of Statistics in China, "Total Retail Sales of Consumer Goods Went up by 8.0 percent in 2019" 1/19/2020. Note: Figures converted from Chinese Renminbi to USD as of 4/14/2020.

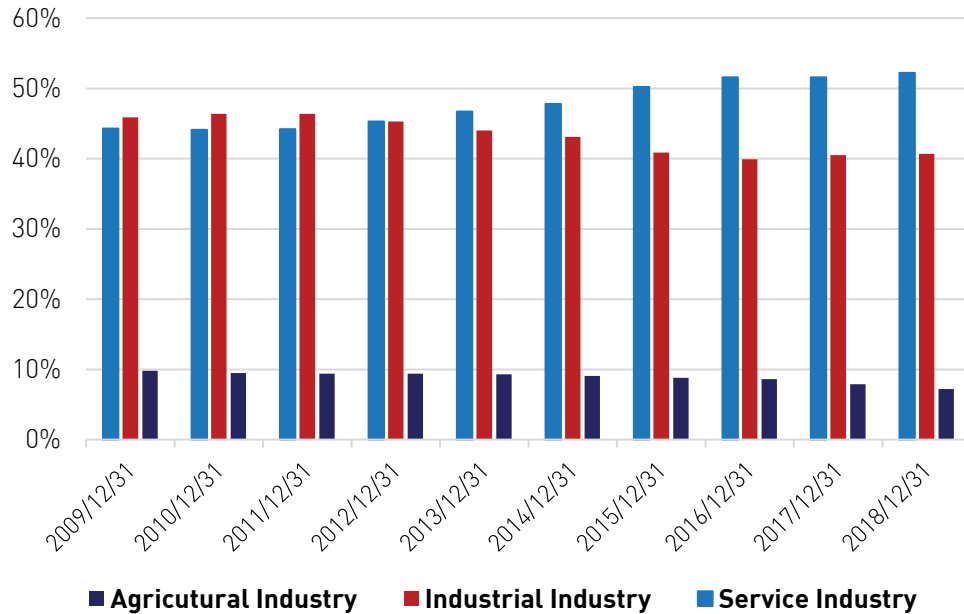
4.U.S. Department of Commerce, "Quarterly Retail E-commerce Sales 4th Quarter 2019" 2/19/2020.

A Tale of Two Chinas

In 2013, the services sector surpassed the industrial sector as the largest contributor to China's GDP for the first time.

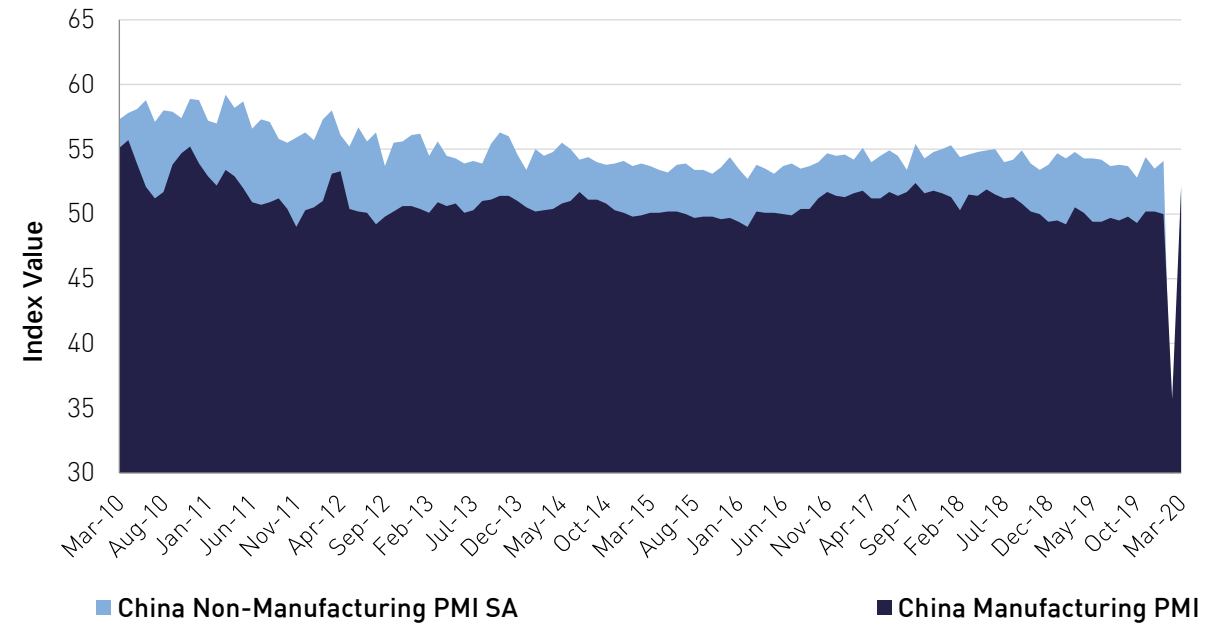
While traditional manufacturing is slowing the service sector Purchasing Managers' Index (PMI) indicates healthy growth in domestic consumption.

China GDP Breakdown
(2009 - 2018)



Data from Bloomberg as of 12/31/2018. Retrieved on 3/31/2020.

China Manufacturing PMI vs. Non-manufacturing PMI*
(3/31/2010-3/31/2020)













Data from Bloomberg as of 3/31/2020.

*The Purchasing Managers' Index (PMI) is an indicator of the economic health of the manufacturing sector. The PMI is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. A PMI of more than 50 represents expansion of the manufacturing sector when compared to the previous month. A PMI reading under 50 represents a contraction, and a reading at 50 indicates no change. The Non-Manufacturing Purchasing Managers' Index (PMI) is a composite index calculated as an indicator of the overall economic condition for the non-manufacturing sector. The index is a composite based on four indicators with equal weights: Business Activity (seasonally adjusted), New Orders (seasonally adjusted), Employment (seasonally adjusted) and Supplier Deliveries.

The 1 year and 5-year average revenue growth rates for China internet companies are higher than those of many U.S. internet companies.

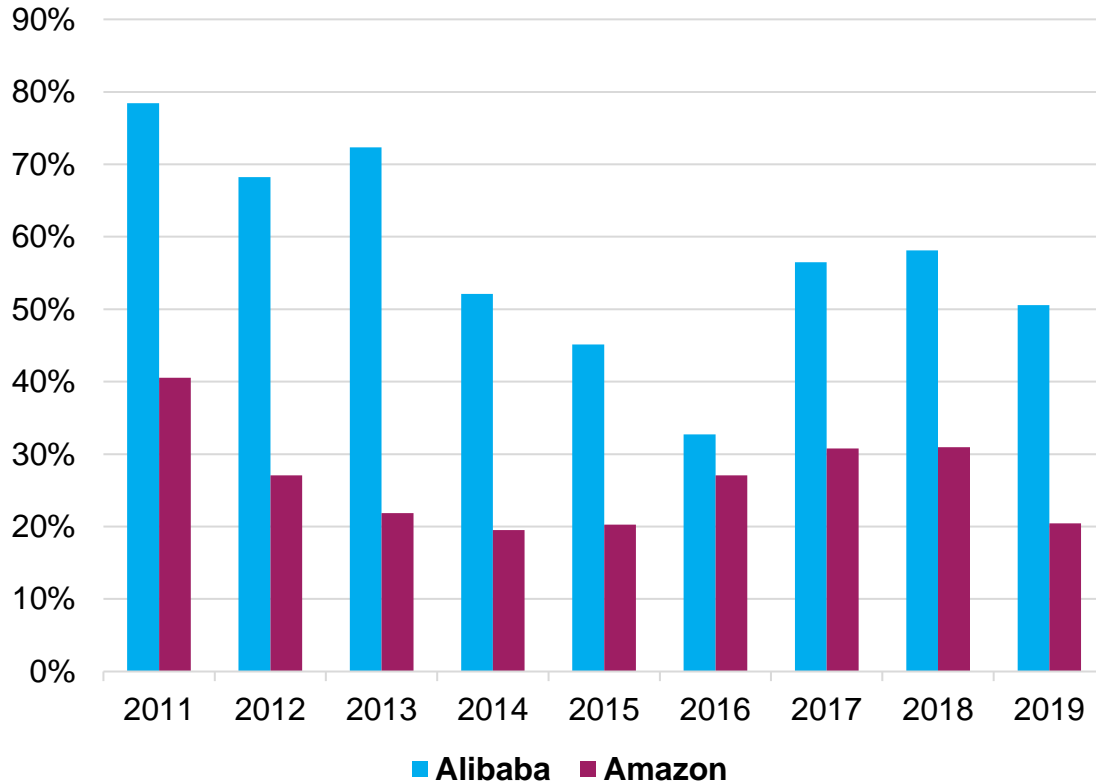
Top 10 KWEB holdings vs. their U.S. equivalents as of 3/31/2020

Top 10 KWEB Holdings	Primary Business	KWEB Weight	China Internet Companies		Comparable U.S. Business	U.S. Internet Companies	
			1 Year Average Revenue Growth Rate	5 Year Average Revenue Growth Rate		1 Year Average Revenue Growth Rate	5 Year Average Revenue Growth Rate
ALIBABA GROUP HOLDING-SP ADR 	E-Commerce	10%	43%	48%	Amazon	20%	26%
TENCENT HOLDINGS LTD 	Social Media	9%	21%	37%	Facebook	27%	42%
MEITUAN DIANPING-CLASS B 	Online Delivery	8%	51%	72%	GrubHub	31%	39%
BAIDU INC - SPON ADR 	Search	7%	6%	18%	Google	18%	20%
JD.COM INC-ADR 	E-Commerce	6%	25%	37%	Amazon	20%	26%
TAL EDUCATION GROUP- ADR 	Online Education	4%	36%	53%	Chegg	28%	8%
NETEASE INC-ADR 	Gaming	4%	2%	46%	Activision Blizzard	-13%	10%
TRIP.COM GROUP LTD 	Online Travel Services	4%	16%	39%	Booking.com	3%	12%
PINDUODUO INC-ADR 	E-Commerce	4%	-	-	Groupon	-15%	-6%
VIPSHOP HOLDINGS LTD - ADR 	E-Commerce	4%	10%	35%	Macy's	-2%	-2%
		Total: 60%	Average: 23%	Average: 43%		Average: 12%	Average: 18%

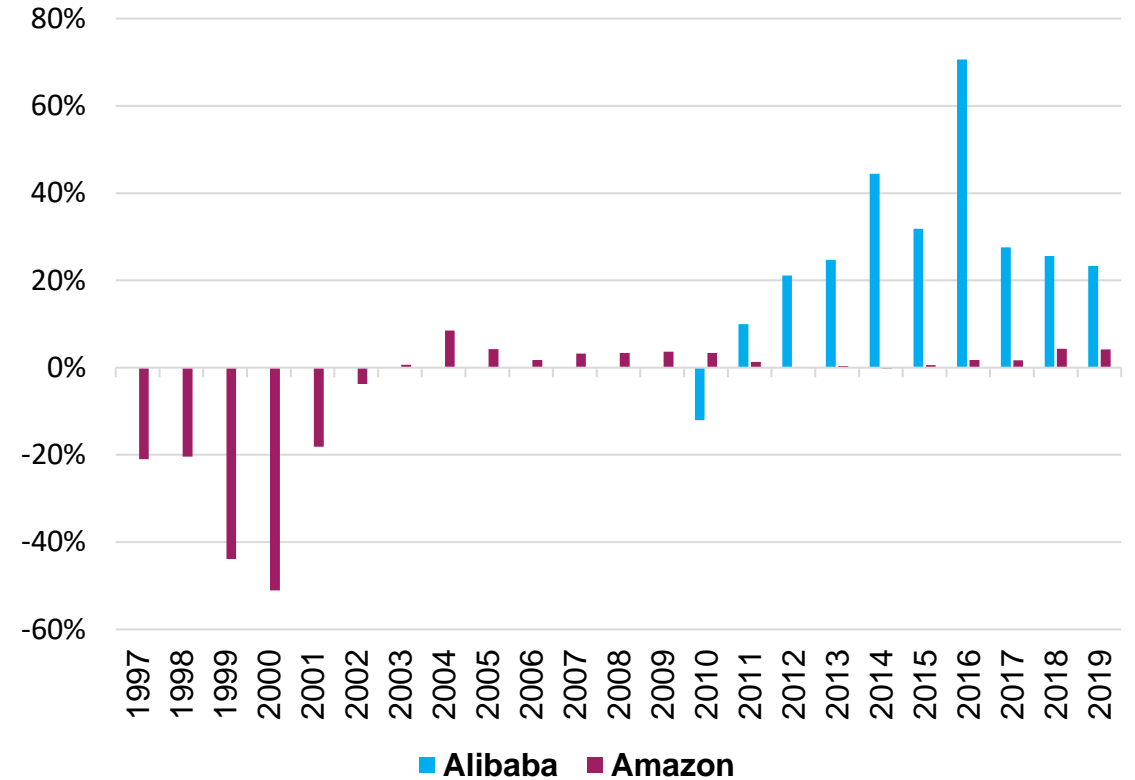
The Fund's holdings are subject to change. Data from Bloomberg as of 3/31/2020.

Historically, Alibaba has consistently outperformed Amazon in terms of revenue growth and profit margins.

YoY Revenue Growth



Profit Margins

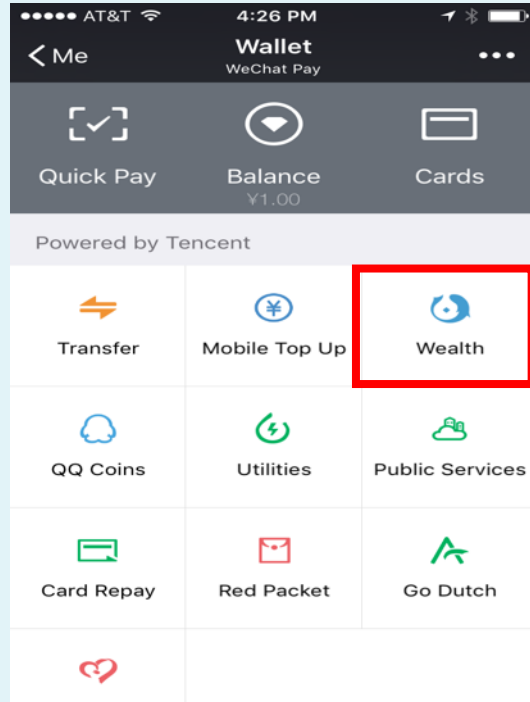


Data from Bloomberg as of 12/31/2019. Retrieved on 3/31/2020.

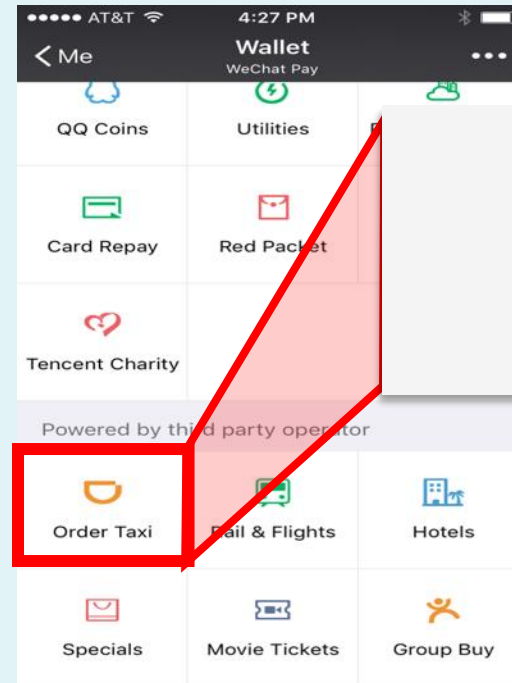
Past performance does not guarantee future results.

Apps like Tencent's WeChat integrate an ecosystem of services including messaging, social media, mobile payments, wealth management, & taxi hailing.

WeChat users can invest in mutual funds through the same app they use for social media.



In 2016, the US taxi hailing service Uber sold its Chinese business to local competitor Didi (logo below). Unlike Uber, which relies on a stand alone app, Didi integrates into the most popular Chinese social media platforms.



The proliferation of E-Commerce in China also benefits Chinese logistics and delivery companies. Over 60 billion packages were delivered in China in 2019, an increase of 20% from the previous year¹.

JD.com warehouse employees prepare same-day delivery



Unlike competitor Alibaba, JD.com owns its own logistics network and has a fleet of delivery vehicles around China



¹www.xinhua.net, "China's express delivery sector handles over 60 bln parcels in 2019", 12/16/2019. Retrieved 3/31/2020.

KraneShares CSI China Internet ETF (NYSE: KWEB)

Investment Strategy:

KWEB (the Fund) tracks the CSI Overseas China Internet Index (the Index) and invests in China based companies whose primary business or businesses are focused on internet and internet-related technology. These companies are publicly traded on either the Hong Kong Stock Exchange, NASDAQ Stock Market, or New York Stock Exchange.

Key Fund Information

Ticker	KWEB
Index Name	CSI Overseas China Internet Index
Primary Exchange	NYSE
Total Annual Fund Operating Expense	0.76%
Inception Date	7/31/2013
Distribution Frequency	Annually

Top Ten Holdings as of 3/31/2020 The Fund's Holdings Are Subject to Change.	% of Fund
TENCENT HOLDINGS LTD	10.04
ALIBABA GROUP HOLDING-SP ADR	9.96
MEITUAN DIANPING-CLASS B	7.75
JD.COM INC-ADR	7.53
BAIDU INC - SPON ADR	6.23
TAL EDUCATION GROUP- ADR	4.87
VIPSHOP HOLDINGS LTD - ADR	4.53
NETEASE INC-ADR	4.42
PINDUODUO INC-ADR	3.94
IQIYI INC-ADR	3.19

KWEB Performance History as of 3/31/2020

	Cumulative %			Average Annualized %			
	3 Mo	6 Mo	Since Inception 7/31/2013	1 Yr	3 Yr	5 Yr	Since Inception 7/31/2013
Fund NAV	-7.13%	9.19%	92.77%	-3.85%	3.66%	6.87%	10.35%
Closing Price	-7.13%	9.53%	92.87%	-3.83%	3.58%	6.86%	10.35%
Index	-7.04%	9.29%	93.28%	-3.84%	3.95%	7.17%	10.39%

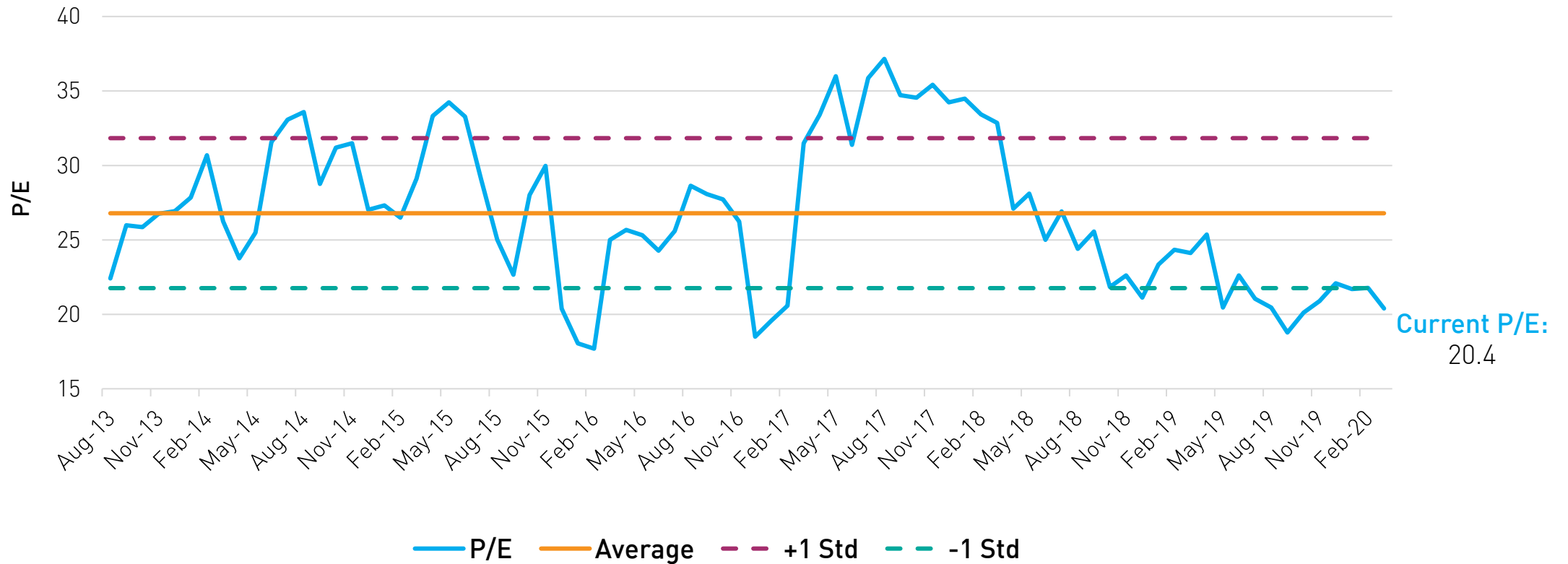
The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please visit www.kraneshares.com

Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

KWEB's current valuation is well below its historic average.

- Price-to-earnings ratio (P/E ratio) is a valuation metric that measures a security's current share price relative to its per-share earnings.
- KWEB's current P/E ratio of 20.4 is more than 1 Standard Deviation (Std) below its historic average, meaning KWEB is inexpensive relative to its average.

KWEB Price-to-Earnings (P/E) Since Inception

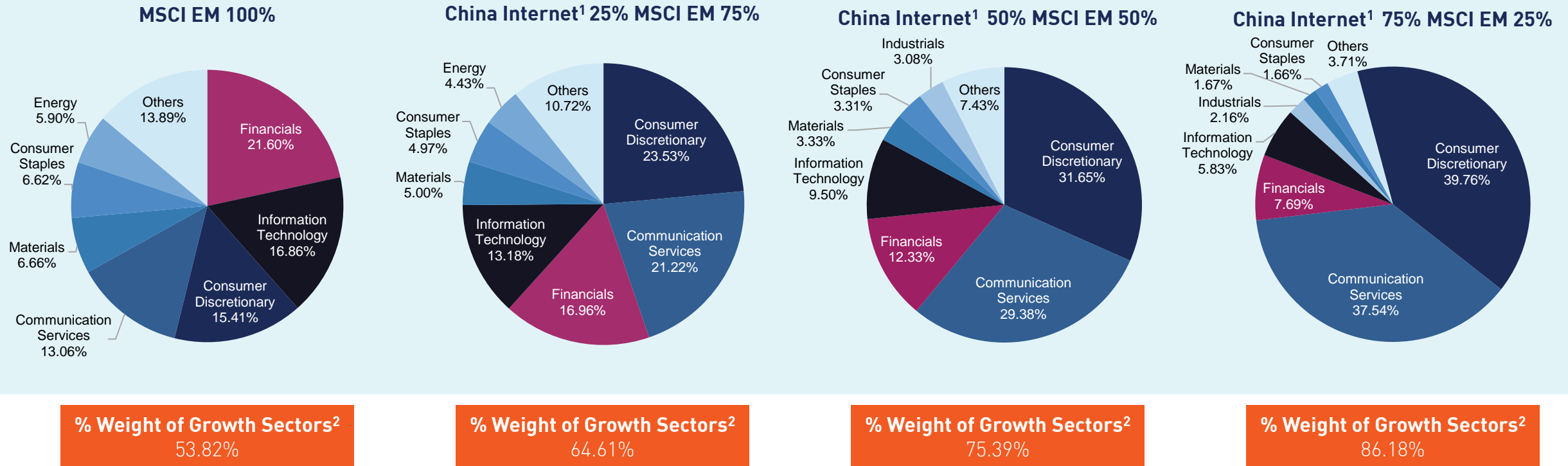


Data from FactSet as of 3/31/2020. Retrieved on 3/31/2020.

Standard deviation is a statistic that measures the dispersion of a dataset relative to its average.

Adding a strategic China Internet allocation to EM portfolios can increase exposure to growth sectors.

- Broad-based EM indexes often have greater weights to sectors such as financials and commodities and less exposure to growth sectors.²
- Investors may consider adding a strategic China Internet allocation to their current EM portfolio to achieve the sector exposure that matches their specific growth appetite.



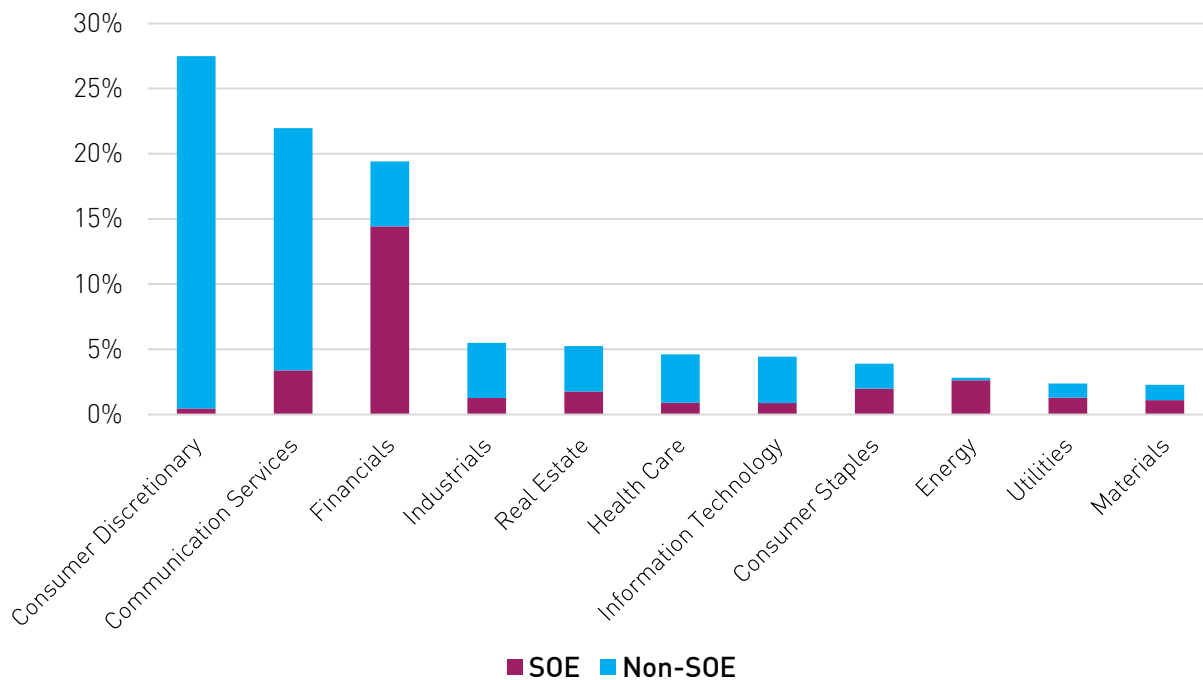
Information is hypothetical, and is provided for illustrative purposes only and not indicative of any particular investment.
Data from Bloomberg as of 3/31/2020.

1. China Internet – CSI Overseas China Internet Index. See page 33 for index definitions.
2. Growth sectors defined as the top 5 sectors by weight of the MSCI ACWI Growth Index as of 3/31/2020: Information Technology, Consumer Discretionary, Industrials, Health Care, and Communication Services

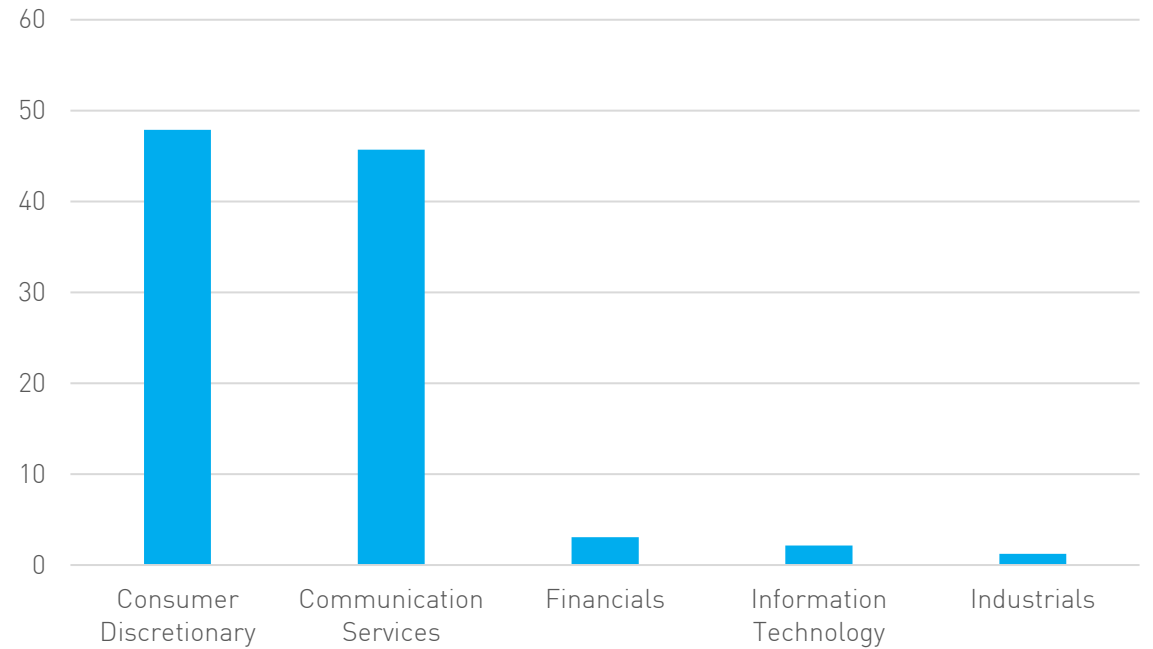
Traditional China indexes have greater exposure to State-Owned Enterprises.

- State-Owned Enterprises are defined by MSCI as companies whose largest shareholder is a government entity or whose government ownership is over 20%.¹
- The MSCI China Index has high exposure to SOEs which constitute 30.11% of the weight of the Index.¹
- Sectors such as financials and energy have the highest concentration of State-Owned Enterprises.
- The CSI Overseas China Internet Index has no exposure to SOEs.

MSCI China Index Sector Breakdown of SOEs and Non-SOEs¹



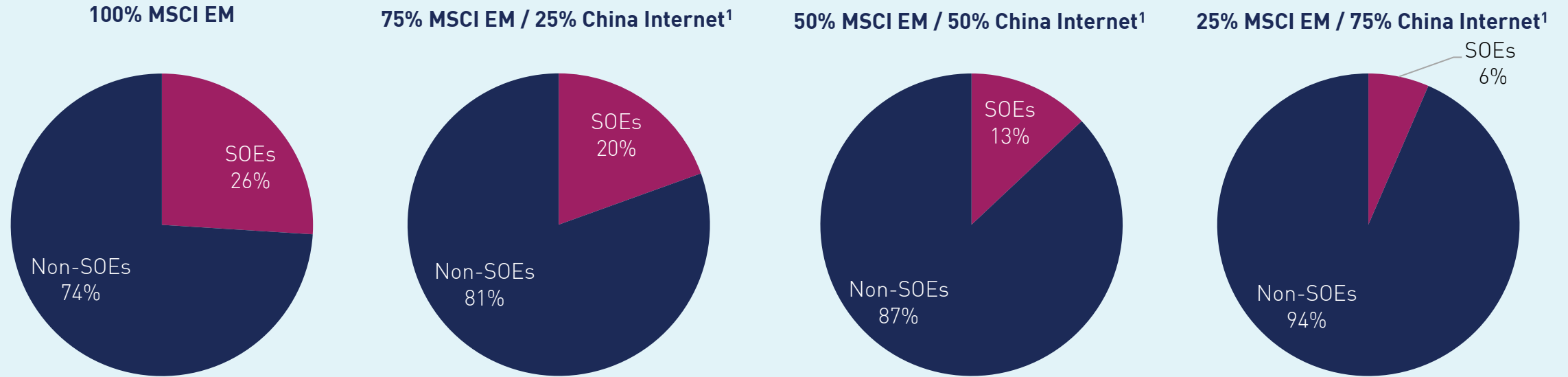
CSI Overseas China Internet Index Sector Breakdown²



1.Data from MSCI and Bloomberg as of 3/31/2020. See page 33 for index definitions.

2.Data from CSI as of 3/31/2020.

A strategic China Internet allocation can reduce exposure to State-Owned Enterprises.



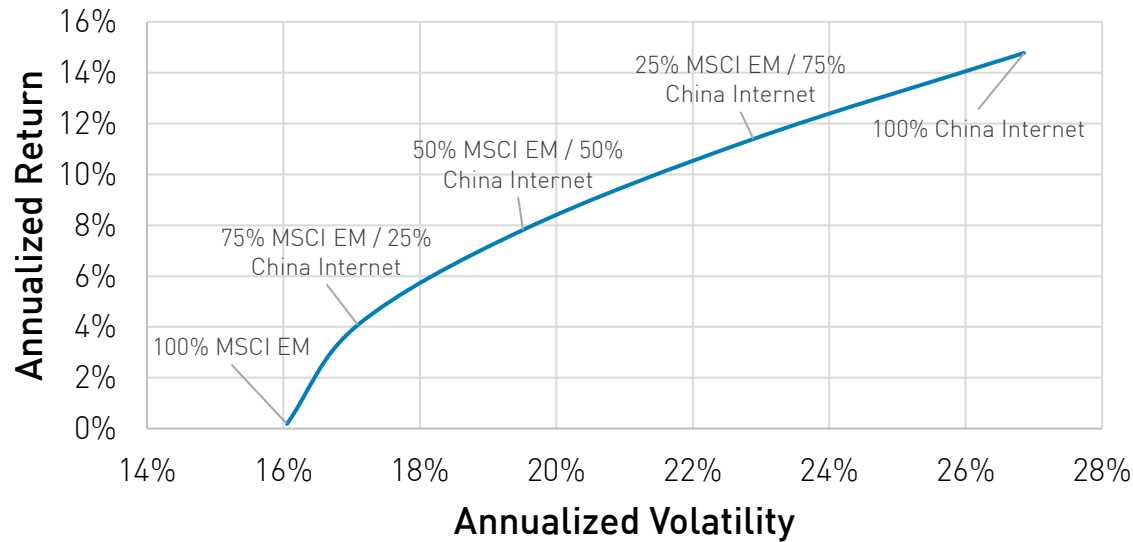
Information is hypothetical, and is provided for illustrative purposes only and not indicative of any particular investment.
Data from Callan and CSI as of 3/31/2020.

1.Data from CSI as of 3/31/2020. State-Owned Enterprises as defined by MSCI are companies whose largest shareholder is a government entity or whose government ownership is over 20%. China Internet – CSI Overseas China Internet Index. See page 33 for index definitions.

Investors can adjust their strategic China Internet allocation within EM to match their specific risk-reward profile.

- China Internet is more volatile than EM broadly, but has provided superior annualized returns and improved Sharpe ratios since the inception of the CSI Overseas China Internet Index.

**Blended China Internet/ MSCI EM Index Hypothetical Portfolios
Return and Volatility 2012-2020 (Since Inception)**



Return and Volatility 2011-2020 (Since Inception)

	100% MSCI EM	75% MSCI EM / 25% China Internet	50% MSCI EM / 50% China Internet	25% MSCI EM / 75% China Internet	100% China Internet
Annualized Return	0.19%	4.08%	7.82%	11.39%	14.78%
Annualized Volatility	16.1%	17.1%	19.5%	22.9%	26.9%
Sharpe Ratio	(0.03)	0.20	0.36	0.47	0.52

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Index returns are for illustrative purposes only and do not represent actual Fund performance. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

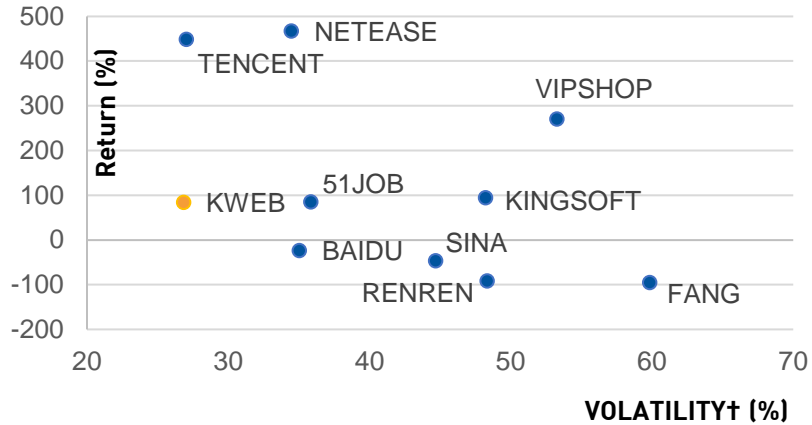
Data from Bloomberg as of 3/31/2020. See page 33 for index definitions.

Sharpe Ratio - used to help investors understand the return of an investment compared to its risk. Generally, the greater the value of the Sharpe ratio, the more attractive the risk-adjusted return.

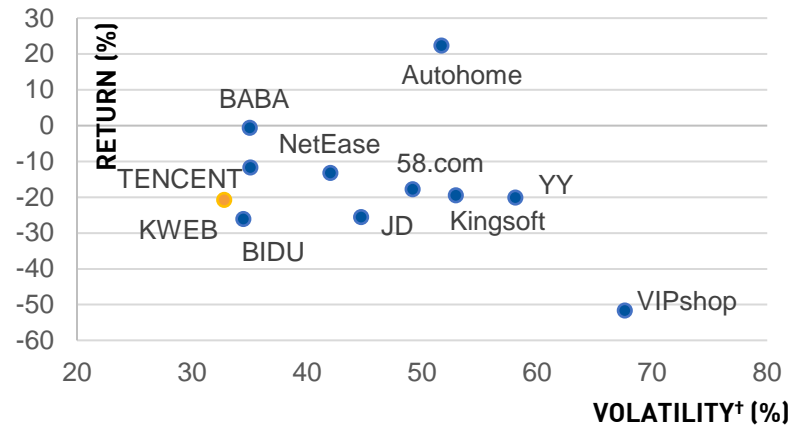
KWEB's investment strategy provides a basket approach to China Internet sector which is aimed at potentially reducing volatility compared to individually held China Internet stocks.

Historical Return / Volatility of KWEB & Its Top Holdings Since KWEB Inception (7/31/2013) & The Past 2 Years

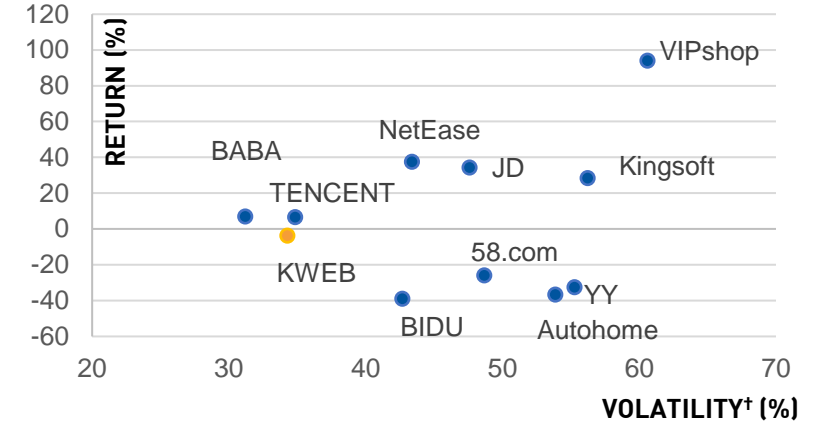
Since Inception (7/31/2013 - 3/31/2020)



3/31/2018 - 3/31/2019



3/31/2019 - 3/31/2020



Top Ten Holdings as of 7/31/2013	Ticker	%
BAIDU INC - SPON ADR	BIDU	10.37
TENCENT HOLDINGS LTD	700 HK	9.62
CTRP.COM INTERNATIONAL-ADR	CTRP	6.77
NETEASE INC-ADR	NTES	6.61
SINA CORP	SINA	4.83
VIPSHOP HOLDINGS LTD - ADR	VIPS	4.80
FANG HOLDINGS LTD - ADR	SFUN	4.28
KINGSOFT CORP LTD	3888 HK	3.97
RENREN INC-ADR	RENN	3.53
51JOB INC-ADR	JOBS	3.41

Top Ten Holdings as of 3/31/2018	Ticker	%
TENCENT HOLDINGS LTD	700 HK	9.88
ALIBABA GROUP HOLDING-SP ADR	BABA US	8.81
VIPSHOP HOLDINGS LTD - ADR	VIPS US	6.93
BAIDU INC - SPON ADR	BIDU US	6.87
JD.COM INC-ADR	JD US	5.63
MOMO INC-SPON ADR	MOMO US	5.17
AUTOHOME INC-ADR	ATHM US	4.89
NETEASE INC-ADR	NTES US	4.81
WEIBO CORP-SPON ADR	WB US	4.20
58.COM INC-ADR	WUBA US	4.07

Top Ten Holdings as of 3/31/2019	Ticker	%
ALIBABA GROUP HOLDING-SP ADR	BABA US	9.57
TENCENT HOLDINGS LTD	700 HK	9.54
MEITUAN DIANPING-CLASS B	3690 HK	6.53
BAIDU INC - SPON ADR	BIDU US	6.47
CTRP.COM INTERNATIONAL-ADR	CTRP US	5.23
NETEASE INC-ADR	NTES US	4.84
JD.COM INC-ADR	JD US	4.77
TENCENT MUSIC ENTERTAINM-ADR	TME US	4.68
TAL EDUCATION GROUP- ADR	TAL US	4.21
IQIYI INC-ADR	IQ US	4.06

Data from Bloomberg as of 3/31/2020.

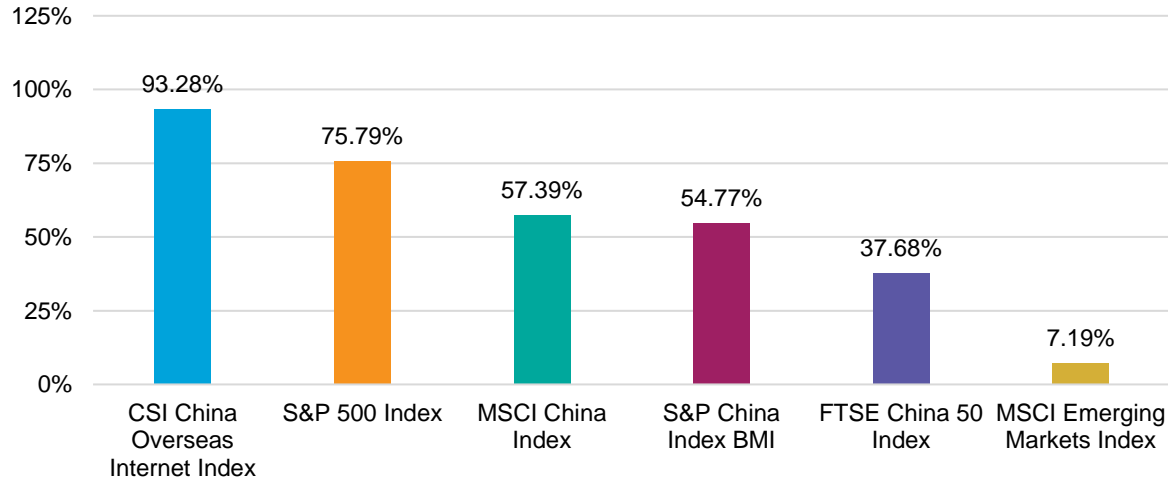
†Volatility: is the degree of variation of a trading price series over time as measured by the standard deviation of returns. Standard deviation: is a quantity calculated to indicate the extent of deviation for a group as a whole. A low standard deviation indicates that the data points tend to be close to the mean (also called the expected value) of the set, while a high standard deviation indicates that the data points are spread out over a wider range of values.

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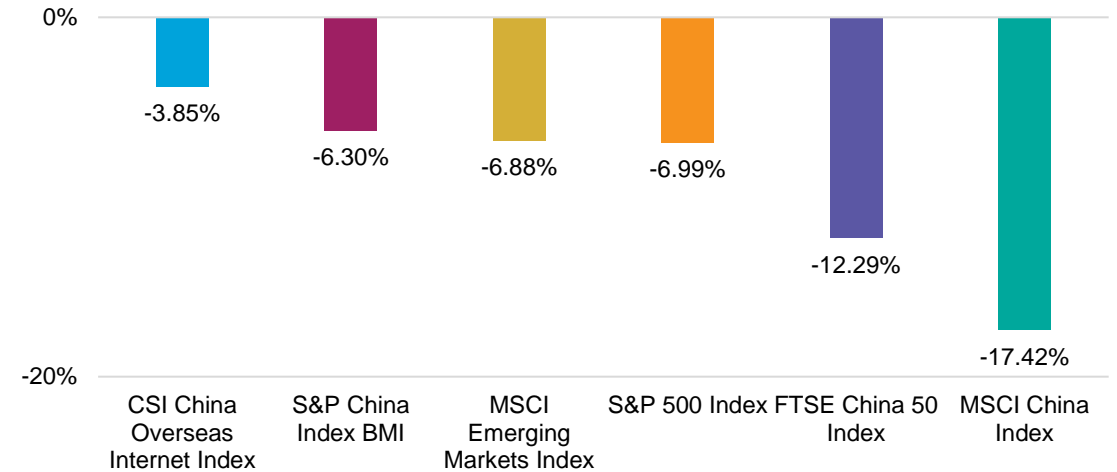
For performance data current to the most recent month end, please call +(1)855 8KRANE8 or visit our website at www.kraneshares.com/kweb/.

China Internet performance compared to the U.S., Emerging Markets, & Other China Indexes

Since KWEB Inception (7/31/2013) as of 3/31/2020



Past Year as of 3/31/2020*



Total return gross dividend tax data from Bloomberg as of 3/31/2020. See page 10 for standard performance.

***Cumulative return is the aggregate amount that an investment has gained or lost over time.**

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See page 33 for index definitions.

Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

The S&P 500 and MSCI Emerging Markets Indexes were chosen to represent the U.S. and broader emerging markets respectively because they are considered to be the industry standard bearers for representing these markets. The S&P China BMI, MSCI China and FTSE China 50 indexes were chosen because they are popular measures of the broad Chinese market and are helpful for illustrating how the Chinese technology sector performs relative to the Chinese markets as a whole.

Index Definitions:

CSI Overseas China Internet Index: Represents the Chinese internet companies listed in overseas markets (New York and Hong Kong), in order to measure the performance of the Chinese internet companies listed outside mainland China.

MSCI China Index: The MSCI China Index captures large and mid cap representation across China H shares, B shares, Red chips and P chips.

The MSCI Emerging Markets Index: Captures large and mid cap representation across 23 Emerging Markets (EM) countries.

MSCI World Index: The MSCI World Index is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1969. The index includes developed world markets and does not include emerging markets.

The Solactive Emerging Markets Consumer Technology Index: The Solactive Emerging Markets Consumer Technology Index selects companies from 26 eligible countries within emerging markets whose primary business or businesses are internet retail, internet software/services, purchase, payment processing, or software for internet and E-Commerce transact.

The S&P 500 Index: The S&P 500 Index is an American stock market index based on the market capitalization of the 500 largest companies having common stock listed on the NYSE or NASDAQ.

FTSE China 50 Index: is a real-time tradable index comprising 50 of the largest and most liquid Chinese stocks (H Shares, Red Chips and P Chips) listed and trading on the Stock Exchange of Hong Kong (SEHK).

Term Definitions:

Purchasing Power Parity (PPP): is an economic theory that compares different countries' currencies through a market "basket of goods" approach. According to this concept, two currencies are in equilibrium or at par when a market basket of goods (taking into account the exchange rate) is priced the same in both countries.

Important Notes

Carefully consider the Funds' investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Funds' full and summary prospectus, which may be obtained by visiting www.kraneshares.com. Read the prospectus carefully before investing.

ETF shares are not redeemable with the issuing fund other than in large Creation Unit aggregations. Instead, investors must buy or sell ETF Shares in the secondary market with the assistance of a stockbroker. In doing so, the investor may incur brokerage commissions and may pay more than net asset value (NAV) when buying and receive less than net asset value when selling. The NAV of the Fund's shares is calculated each day the national securities exchanges are open for trading as of the close of regular trading on the New York Stock Exchange ("NYSE"), normally 4:00 P.M. Eastern time (the "NAV Calculation Time"). Shares are bought and sold at market price not NAV. Closing price returns are based on the midpoint of the bid/ask spread at 4:00 P.M. Eastern Time (when NAV is normally determined).

Narrowly focused investments typically exhibit higher volatility. The ability of the Emerging Markets Consumer Technology Index ETF to achieve its investment objective is dependent, in part, on the continuous availability of A Shares and the ability to obtain, if necessary, additional A Shares quota. The fund may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses. The Fund may engage in securities lending. The Fund is non-diversified.

Investing involves risk, including possible loss of principal. There can be no assurance that a Fund will achieve its stated objectives. The Funds are subject to political, social or economic instability within China which may cause decline in value. Fluctuations in currency of foreign countries may have an adverse effect to domestic currency values. Emerging markets involve heightened risk related to the same factors as well as increase volatility and lower trading volume.

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