

Customizing China Exposure within Emerging Market Portfolios

An Overview of the KraneShares MSCI Emerging Markets ex China ETF (Ticker: KEMX)

Introduction to KraneShares

About KraneShares

Krane Funds Advisors, LLC is the investment manager for KraneShares ETFs. Our suite of China focused ETFs provides investors with solutions to capture China's importance as an essential element of a well-designed investment portfolio. We strive to provide innovative, first to market strategies that have been developed based on our strong partnerships and our deep knowledge of investing. We help investors stay up to date on global market trends and aim to provide meaningful diversification. Krane Funds Advisors, LLC is majority owned by China International Capital Corporation (CICC).



KEMX

KraneShares MSCI Emerging Markets ex China ETF

Investment Strategy:

KEMX is benchmarked to the MSCI Emerging Markets ex China Index, which tracks large-cap and mid-cap companies within emerging market countries, excluding China. KEMX enables investors to build tailored Emerging Market (EM) portfolios when combined with exposure to China. KEMX can be paired with KraneShares China-focused core and thematic funds to establish strategic positions in China without duplicating exposures.

KEMX Features:

- Exposure to large-cap and mid-cap companies within emerging market countries, excluding China
- Benchmarked to MSCI, a global leader in international indexing

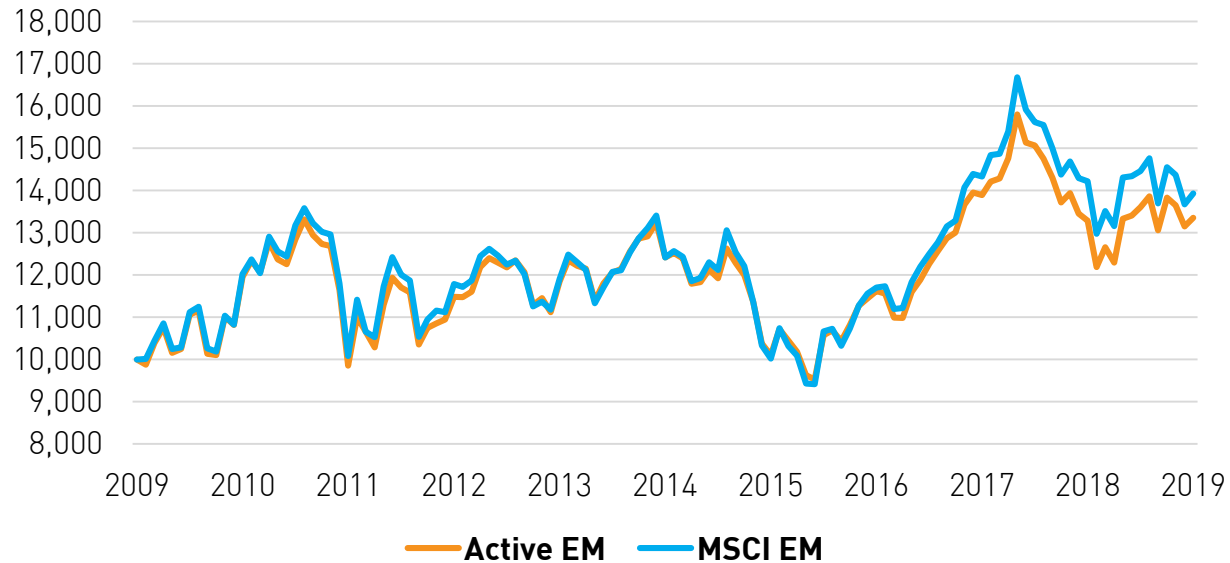
By pairing KEMX with other KraneShares China-focused funds, investors can make strategic allocations to China by employing the following strategies:

- **China Core:** Exposure to the full range of publicly listed Chinese companies across the Mainland, US, and Hong Kong Stock Exchanges
- **China Core-Thematic:** Broad China exposure enhanced by specific sector or investment themes
- **China Thematic:** Focused exposure to specific sectors or themes in China
- **China Tactical:** Ability to dynamically adjust China's weighting within an Emerging Market portfolio

The risk-return profile of active EM investment does not differ significantly from passive EM investment

- Investors often associate minimizing risk with active management, especially with regards to emerging markets.
- Morningstar has developed the US Active Fund Diversified EM Category which aggregates the performance of US-listed actively managed EM funds.
- Over the past 1, 5, and 10 years, EM active managers have underperformed the MSCI Emerging Markets Index albeit with slightly lower volatility.

10 Year Performance of Active EM Funds vs. the MSCI EM Index



Active vs Passive EM Return and Volatility

	Annualized Returns			Annualized Volatility		
	1-Year	5-Year	10-Year	1-Year	5-Year	10-Year
MSCI EM	-2.02%	2.33%	3.37%	18.16%	15.55%	17.50%
Active EM Funds	0.47%	1.56%	2.98%	16.69%	13.78%	15.80%

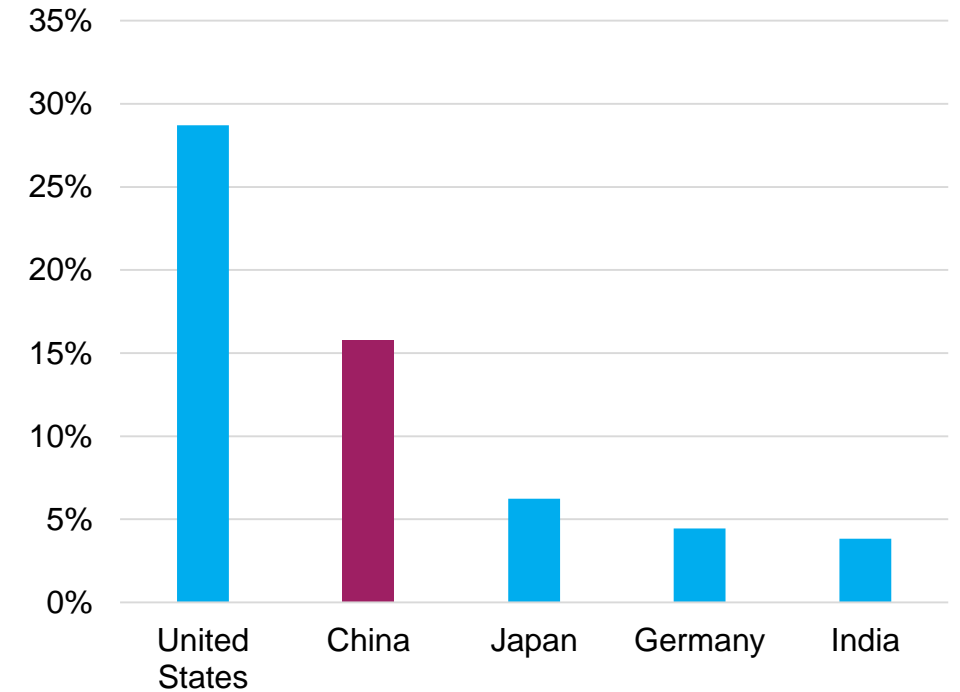
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The size of China's equity market is large enough to be considered its own asset class.

China has the world's second largest economy and stock market.

Equity Asset Class		2018 Full MARKET CAPITALIZATION (\$bb)		Adjusted MARKET CAPITALIZATION*				
		2018	2018	(Percentage of World)				
				2018	2010	2000	1990	1980
Developed Market Equities	United States	26,621	43%	53%	41%	48%	34%	50%
	Europe	11,464	18%	19%	24%	32%	27%	23%
	Japan	5,182	8%	7%	8%	10%	31%	17%
	Pacific ex-Japan	2,532	4%	4%	5%	3%	3%	5%
	Other (Israel and Canada)	1,746	3%	3%	5%	2%	3%	5%
	TOTAL DEVELOPED	47,547	76%	85%	84%	95%	98%	100%
Rest of the World	Emerging Markets ex-China	7,669	12%	8%	11%	5%	2%	
	China**	7,235	12%	7%	4%	0.3%		
	Frontier	394	0%	0.3%	0.5%			
	TOTAL EM and FM	15,300	24%	15%	16%	5%	2%	0%
	TOTAL	62,847	100%	100%	100%	100%	100%	100%

Top 5 Country Weights in the MSCI All Country World Index (GDP Weighted)¹



Data from MSCI as of 9/30/2019. See page 20 for index definitions.

Data from MSCI as of 12/31/2018. Due to rounding numbers may not add up to 100%.

*Full market capitalization based on MSCI Investable Market Indexes (IMI). Historic adjusted market Capitalizations based on MSCI Standard Indexes. Adjusted market caps reflect free-float or shares that are freely traded in the open market. The free-float adjustment reduces the overall market by about 1/3.

**China includes Hong Kong, ADR and Mainland listed Chinese companies. Market capitalization formula: MSCI China A International IMI + Hong Kong & ADR constituents within MSCI Emerging Market Index.

Inclusion efforts spanning the past 17 years have made China's equity market available to outside investors.

- In 2002, the Chinese government launched the Qualified Foreign Institutional Investor (QFII) Quota Program, which allowed institutional investors who could demonstrate a limited capacity to repatriate earnings to purchase stocks listed on Mainland exchanges.¹
- From 2014 to 2016 the Stock Connect program was launched which allowed foreign investors to purchase Mainland listed stocks through accounts in Hong Kong without obtaining approval from the Chinese government.¹
- On September 3, 2018, MSCI completed the first inclusion of Mainland listed A-shares into their Global Standard Indexes.¹
- 90.6% of Chinese stocks are listed in Hong Kong, Shenzhen (Mainland), or Shanghai (Mainland) exchanges, while 8.8% are listed in New York using American Depositary Receipts (ADRs).¹

Share Type	Weight in Overall China Equity Market	Description
A	45.6%	Listed on the Shanghai and Shenzhen Exchanges in RMB
B	0.2%	Listed on the Shanghai and Shenzhen Exchanges in USD and HKD
Listed on Mainland Exchanges	45.8%	
P Chip	17.1%	Listed on the Hong Kong Stock Exchange and incorporated in Cayman, Bermuda, BVI; privately managed
H	18.7%	Listed on the HK Stock Exchange
Red Chip	9.0%	Listed on the Hong Kong Stock Exchange, incorporated outside of Mainland China; controlled by PRC
Listed on Hong Kong Exchange	44.8%	
ADR	8.8%	Listed on overseas exchanges including the United States and Singapore
Non-ADR	0.6%	Listed on overseas exchanges but not considered an ADR
Listed on Overseas Exchanges	9.4%	

1. Data from MSCI as of 12/31/18. Retrieved 9/30/2019.

Data from MSCI as of 12/31/18.

The unique characteristics of China's equity market performance demonstrate its capacity to have a distinct portfolio impact and provide diversification benefits

- Over the past 18 years, China was the best performer in 5 years and the worst performer in 5.
- By contrast, the U.S. was the best performer in 3 years and the worst in 4 years.

Ranked Annual Performance of Equity Asset Classes

RANK	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018 Rank
1st	-1.39	-5.82	60.33	28.46	35.19	99.20	98.89	-29.21	81.47	28.65	1.36	24.57	31.79	24.09	9.57	14.29	41.18	-5.04	United States
2nd	-9.88	-6.42	53.31	27.49	25.52	33.72	34.84	-37.57	76.42	21.86	-11.06	20.87	27.16	12.69	0.69	10.89	31.24	-10.30	Pacific ex-Japan
3rd	-12.39	-10.28	45.77	20.88	13.81	32.02	30.73	-46.42	72.81	16.91	-12.79	19.94	25.23	7.20	-2.84	7.85	26.79	-12.42	Emerging Markets ex-China
4th	-19.90	-14.65	38.54	15.86	11.14	27.36	13.86	-50.50	35.83	15.44	-14.33	19.12	5.49	-0.47	-3.05	5.00	25.88	-12.88	Japan
5th	-22.23	-18.38	35.91	10.14	9.42	14.67	5.44	-53.93	26.25	14.77	-17.55	16.96	4.28	-4.02	-8.47	2.38	25.51	-14.60	Frontier
6th	-29.40	-23.09	28.41	-3.29	5.14	6.24	-4.23	-54.49	25.61	3.88	-18.55	15.33	2.98	-5.00	-17.33	-0.40	23.99	-14.86	Europe
7th								-55.72	6.25	2.61	-19.04	8.18	-4.32	-6.18	-18.30	-7.87	21.19	-23.27	China

China
 Emerging Markets ex-China
 Japan
 Pacific ex-Japan
 Europe
 United States
 Frontier

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China's historical pattern of returns exhibits low correlations to other regions.

- Average correlations between China's equity market and other major equity markets, including other emerging markets, have remained low over the past 18 years, maintaining correlation coefficients generally lower than 0.7.
- Correlations remain low in bull market and bear market environments.

Return, Risk, and Correlation (2001-2018)

Asset Class	Annualized Return	Annualized Volatility	China	United States	Europe	Japan	Pacific ex-Japan	EM ex-China
China	8.8%	24.4%	1.00					
United States	5.1%	14.5%	0.57	1.00				
Europe	3.2%	18.3%	0.61	0.87	1.00			
Japan	2.3%	15.7%	0.49	0.60	0.64	1.00		
Pacific ex-Japan	7.9%	19.5%	0.72	0.79	0.85	0.63	1.00	
Emerging Markets ex-China	8.0%	21.7%	0.70	0.77	0.83	0.63	0.91	1.00

Return, Risk, and Correlation (2009-2018)

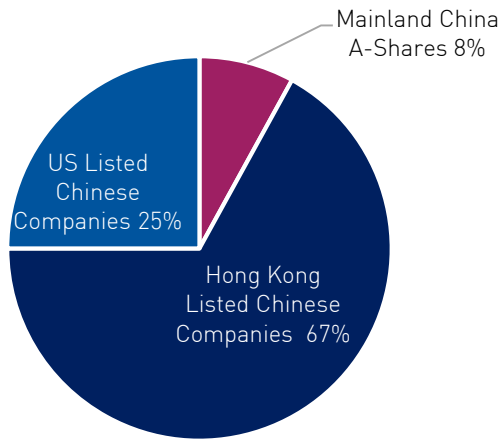
Asset Class	Annualized Return	Annualized Volatility	China	United States	Europe	Japan	Pacific ex-Japan	EM ex-China
China	8.1%	21.7%	1.00					
United States	12.4%	13.6%	0.57	1.00				
Europe	6.1%	18.1%	0.58	0.86	1.00			
Japan	5.3%	14.2%	0.47	0.69	0.70	1.00		
Pacific ex-Japan	9.9%	19.3%	0.71	0.79	0.84	0.63	1.00	
Emerging Markets ex-China	7.6%	19.5%	0.69	0.75	0.82	0.61	0.90	1.00
Frontier Markets	5.3%	15.0%	0.58	0.66	0.77	0.58	0.79	0.84

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MSCI's current definition of China only represents a small portion of China's total market

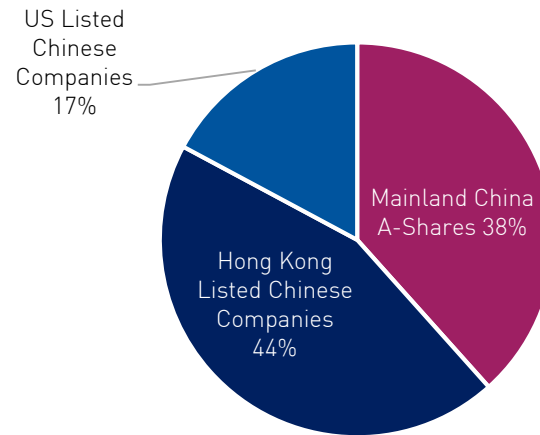
- While 55% of China's equity market is China A-Shares, the current definition of China within MSCI EM Index is 2% China A-Shares and 98% Hong Kong and U.S. listed companies.
- The KraneShares MSCI China All Shares ETF (ticker: KALL) provides investors with broad exposure to China as an asset class and we believe is more reflective of the full range of publicly listed Chinese companies.
- Additionally, for investors seeking core exposure to China A-Shares, the KraneShares Boserá MSCI China A-Share ETF tracks the exact A-Share securities being incrementally included into the MSCI Emerging Markets Index.

Current MSCI Definition¹



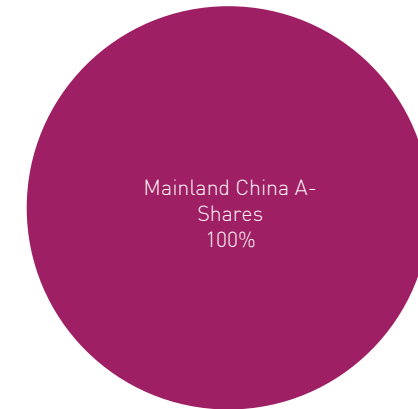
Current Definition of China

KraneShares MSCI China All Shares Index ETF (KALL)



All China

KraneShares Boserá MSCI China A-Share ETF (KBA)



China A-Shares

Data from MSCI and FactSet as of 9/30/2019. See page 21 for index definitions.

1. Current MSCI Definition of China = MSCI China Index

KEMX can be paired with various China-focused strategies, allowing investors to choose the China allocation that matches their specific risk/return profile



China Core

A core China allocation should encompass the full China opportunity including Mainland, US, and Hong Kong stocks.



China Core-Thematic

Thematic investments may generally complement the China core allocation.



China Thematic

A strong view on a particular sector or investment theme permits a thematic approach to the China allocation.



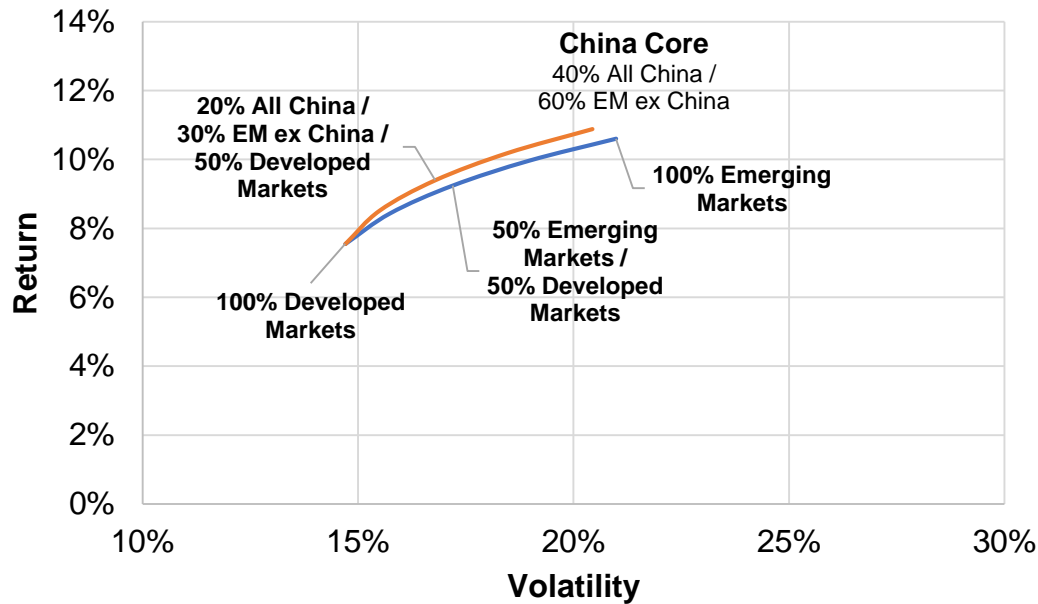
Tactical Overlay

By analyzing various characteristics across countries and within regions, each strategy can be implemented tactically to further refine return and risk.

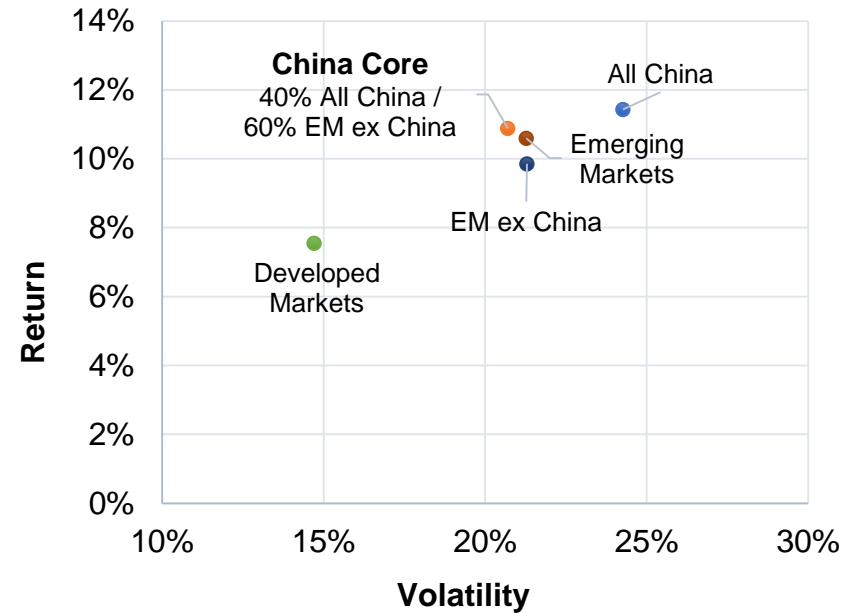
Example Portfolio 1: China Core

- China represents about 40% of the market cap of EM; therefore, we believe an allocation of 40% All China¹ within EM portfolios best reflects the full China opportunity.
- A hypothetical portfolio of 60% EM ex China² and 40% All China¹ has provided portfolios with less risk and comparable returns to emerging markets over the past 18 years.

**Blended Developed / Emerging Market Portfolios
Return and Volatility from 10/30/2001 – 9/30/2019**



**18-Year Index Return and Volatility
10/30/2001 – 9/30/2019**



Related ETFs

KALL	China Core
KEMX	EM ex China

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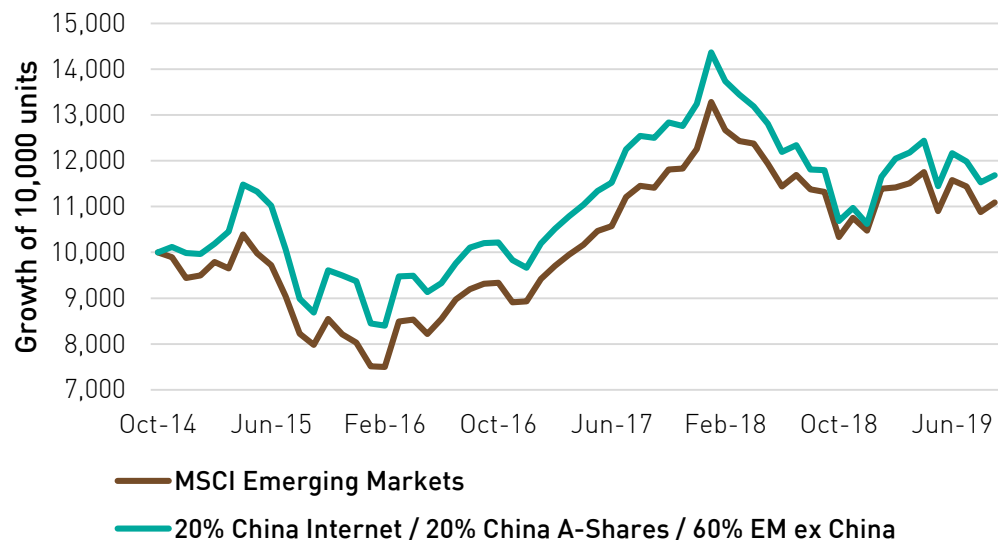
Data from MSCI as of 9/30/2019. See page 21 for definitions.

1. All China – index calculation methodology on page 21.
2. EM ex China – index calculation methodology on page 21.

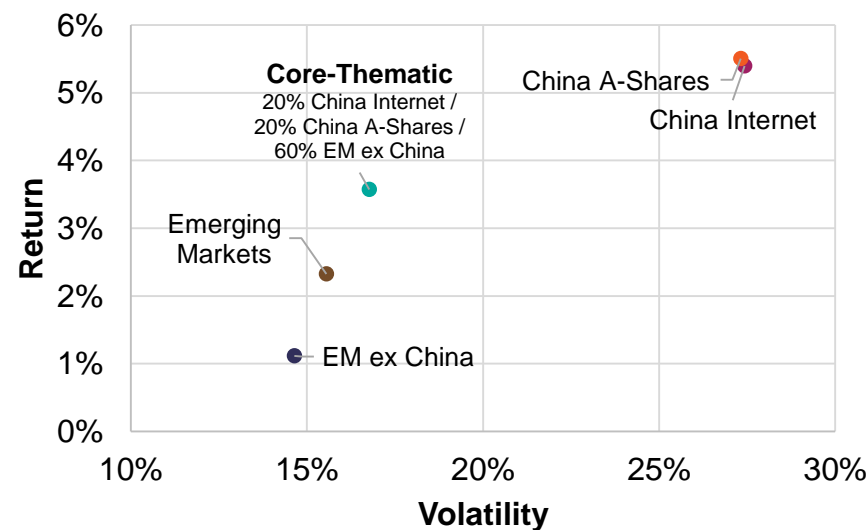
Example Portfolio 2: China Core-Thematic

- Investors seeking broad China exposure complemented by growth sectors such as China Internet¹ could create a blended core-thematic portfolio.
- A blend of 20% China A-Shares², 20% China Internet¹ and 60% EM ex China has largely outperformed the MSCI Emerging Markets Index since the inception of the KraneShares Boserá MSCI China A-Share ETF (ticker: KBA).

5-Year Index Performance of China Core-Thematic vs MSCI EM
10/30/2014 – 9/30/2019



5-Year Index Return and Volatility
10/30/2014 – 9/30/2019



Related ETFs

KBA	China Core
KWEB	China Thematic
KEMX	EM ex China

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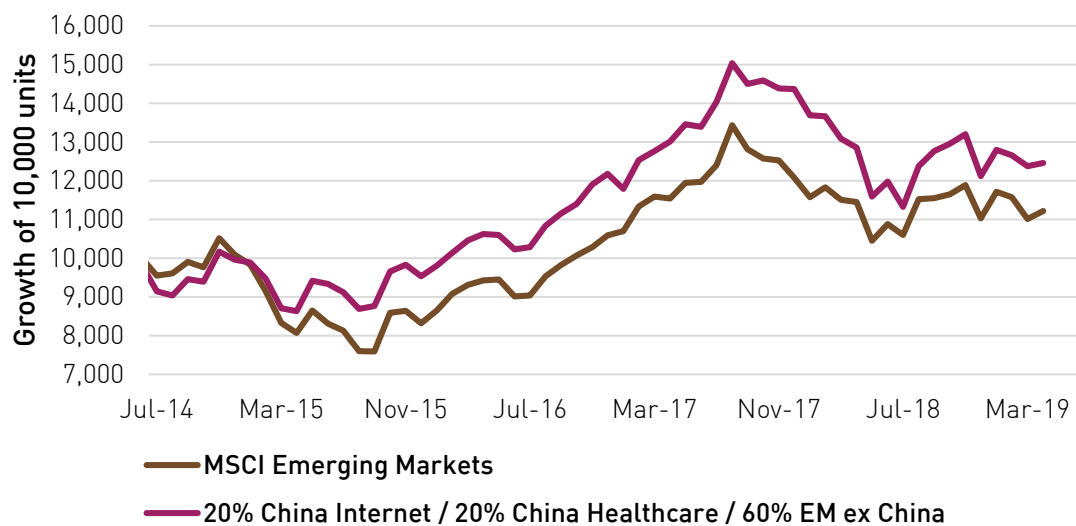
1.China Internet – index calculation methodology on page 22.

2.China A-Shares – index calculation methodology on page 22.

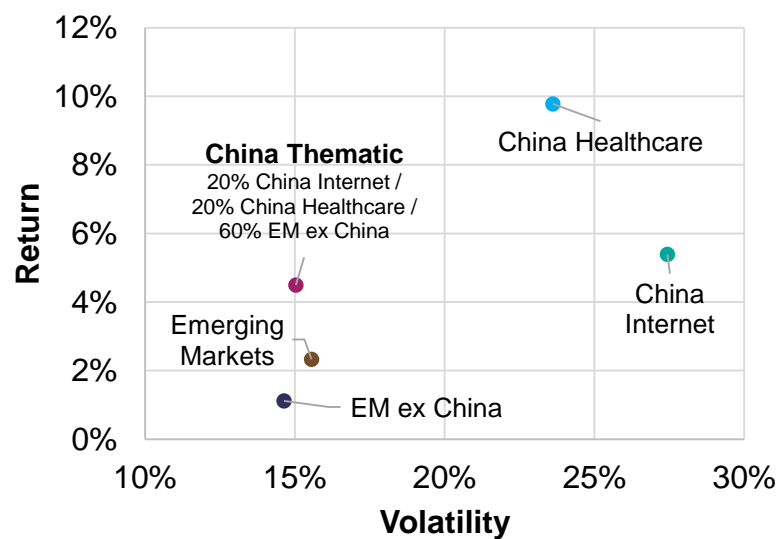
Example Portfolio 3: China Thematic

- China’s sectors such as internet technology and healthcare are more volatile than Emerging Markets broadly, but have provided superior annualized returns over the past 5 years.
- Investors looking to gain exposure to specific sectors within China could substitute China’s weight in EM with China Internet and China Healthcare¹.

5-Year Index Performance of China Thematic vs MSCI EM
10/30/2014 – 9/30/2019



5-Year Index Return and Volatility
10/30/2014 – 9/30/2019



Related ETFs

- KWEB** China Internet
- KURE** China Healthcare
- KEMX** EM ex China

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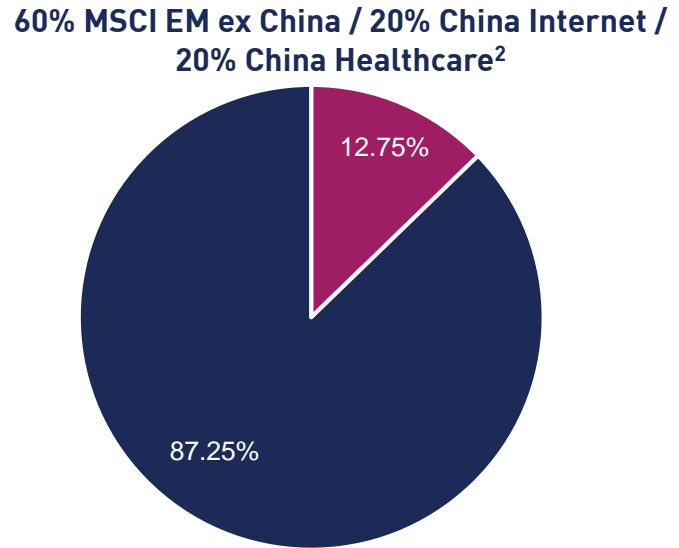
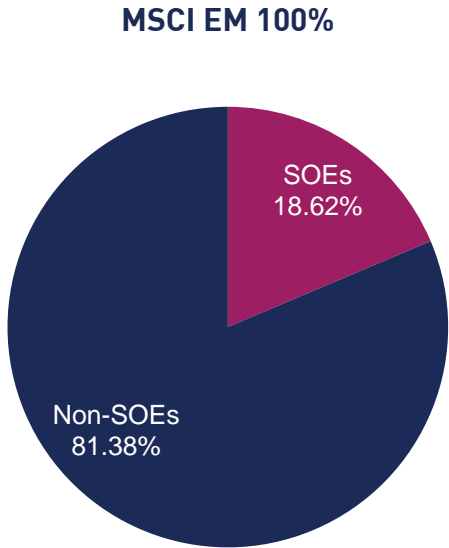
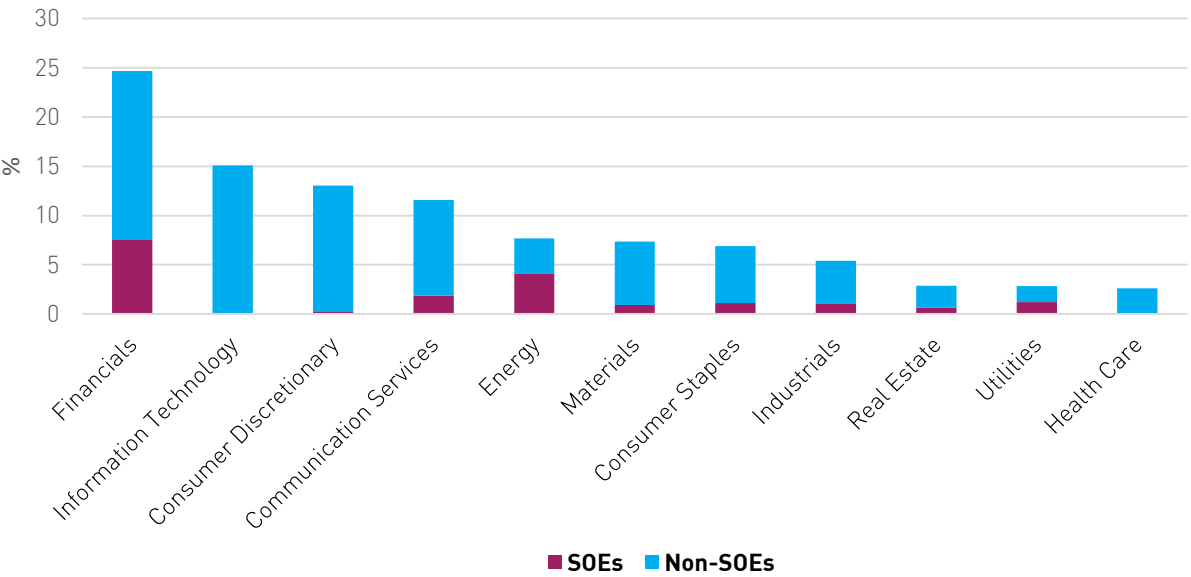
Data from Bloomberg as of 9/30/2019. See page 21 for index definitions.

1.China Healthcare – index calculation methodology on page 22.

Investors can tailor EM portfolios around specific investment themes such as decreased exposure to State-Owned Enterprises (SOEs)

- State-Owned Enterprises are defined by MSCI as companies whose largest shareholder is a government entity or whose government ownership is over 20%¹.
- MSCI Emerging Markets has relatively high exposure to SOEs which constitute 18.62% of the Index¹.
- In contrast, China Internet and China Healthcare have very little exposure to SOEs.

MSCI EM Index Sector Breakdown of SOEs and Non-SOEs¹

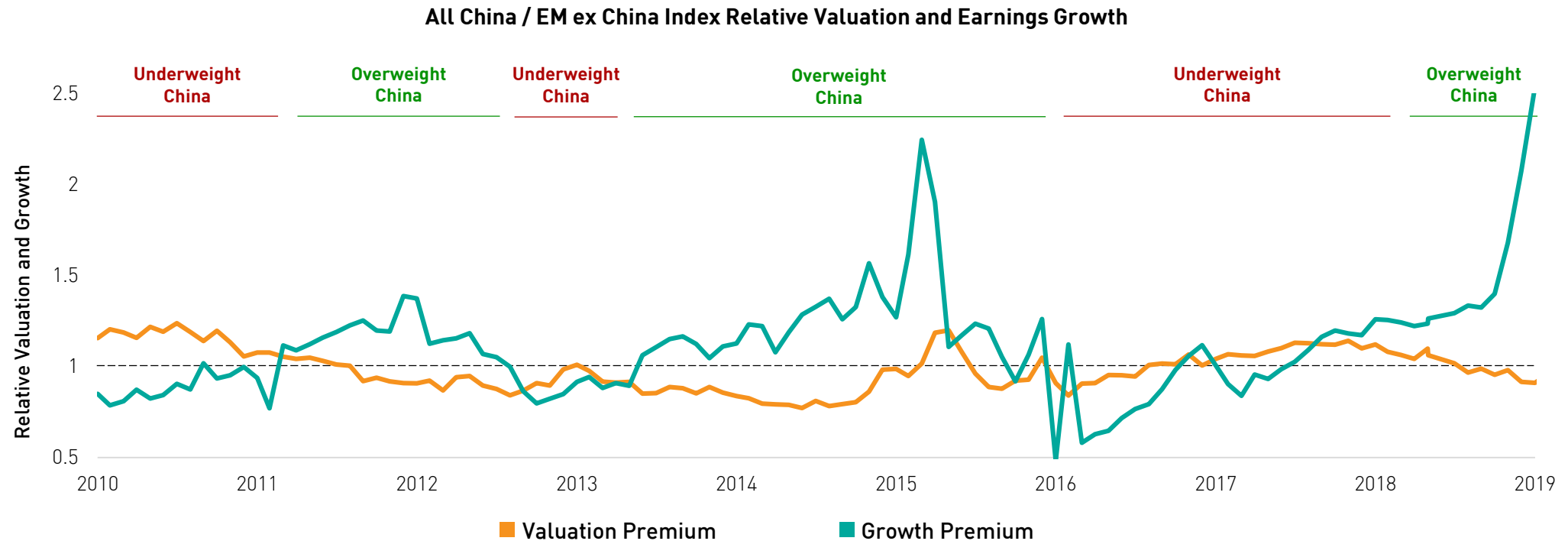


1.Data from MSCI and Bloomberg as of 9/30/2019.

2.Data from MSCI and CSI as of 9/30/2019. Information is hypothetical, and is provided for illustrative purposes only and not indicative of any particular investment.

Example Portfolio 4: China Tactical

- Investors looking to dynamically adjust their China position could create a blended All China / EM ex China portfolio that responds to relative value and growth factors between China and EM ex China.
- For example, one hypothetical approach could be that as Relative Earnings Growth¹ increases and Relative Valuation² decreases between All China and EM ex China, investors could tactically overweight/underweight exposure to China.



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Data from MSCI as of 12/30/2018. See page 21 for index definitions.

1. Relative Earnings Growth (Growth Premium)- Relative short term forward EPS growth between the MSCI China All Shares Index and the MSCI Emerging Markets ex China Index
 2. Relative Valuation (Valuation Premium)- Relative forward 12 month price/earnings ratio (P/E) between the MSCI China All Shares Index and the MSCI Emerging Markets ex China Index

KraneShares MSCI Emerging Markets ex China ETF (NYSE: KEMX)

Investment Strategy:

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Key Fund Information

Ticker	KEMX
Index Name	MSCI Emerging Markets ex China Index
Index Ticker	M1CXBRV
Primary Exchange	NYSE
Total Annual Fund Operating Expense (Gross)	0.59%
Total Annual Fund Operating Expense (Net)	0.49%*
Inception Date	04/12/2019
Distribution Frequency	Annual
Number of Holdings (ex cash)	312

Top Ten Constituents as of 9/30/2019. Excluding cash. The Index's Constituents Are Subject to Change.	% of Fund
HOUSING DEVELOPMENT FINANCE	1.72
ITAU UNIBANCO HOLDING S-PREF	1.39
SBERBANK OF RUSSIA PJSC	1.19
BANCO BRADESCO SA-PREF	1.14
QATAR NATIONAL BANK	0.85
BANK CENTRAL ASIA TBK PT	0.77
AXIS BANK LTD	0.64
B3 SA-BRASIL BOLSA BALCAO	0.60
BANK RAKYAT INDONESIA PERSER	0.60
SHINHAN FINANCIAL GROUP LTD	0.55

KEMX Performance History as of 9/30/2019

	Cumulative %			Average Annualized %		
	3 Mo	6 Mo	Since Inception 04/12/2019	1 Yr	3 Yr	Since Inception 04/12/2019
Fund NAV	-3.18%	-	-2.68%	-	-	-
Closing Price	-3.16%	-	-1.80%	-	-	-
Index	-4.00%	-	-3.83%	-	-	-

*Fee waivers are in effect until August 1, 2020

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.

The Indexes reflect the reinvestment of any cash distributions after deduction of any withholding tax using the maximum rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

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Related KraneShares ETF Performance as of 9/30/2019

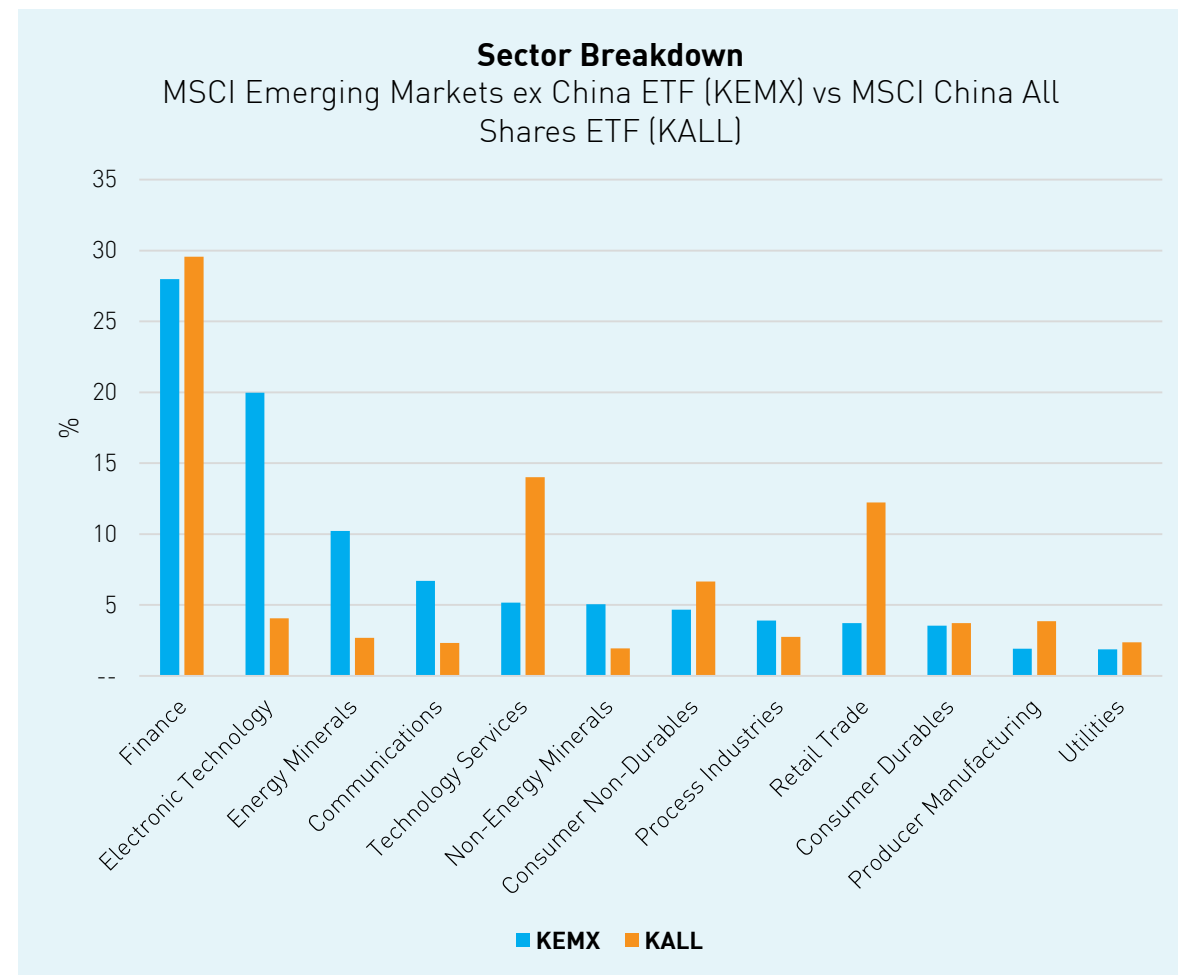
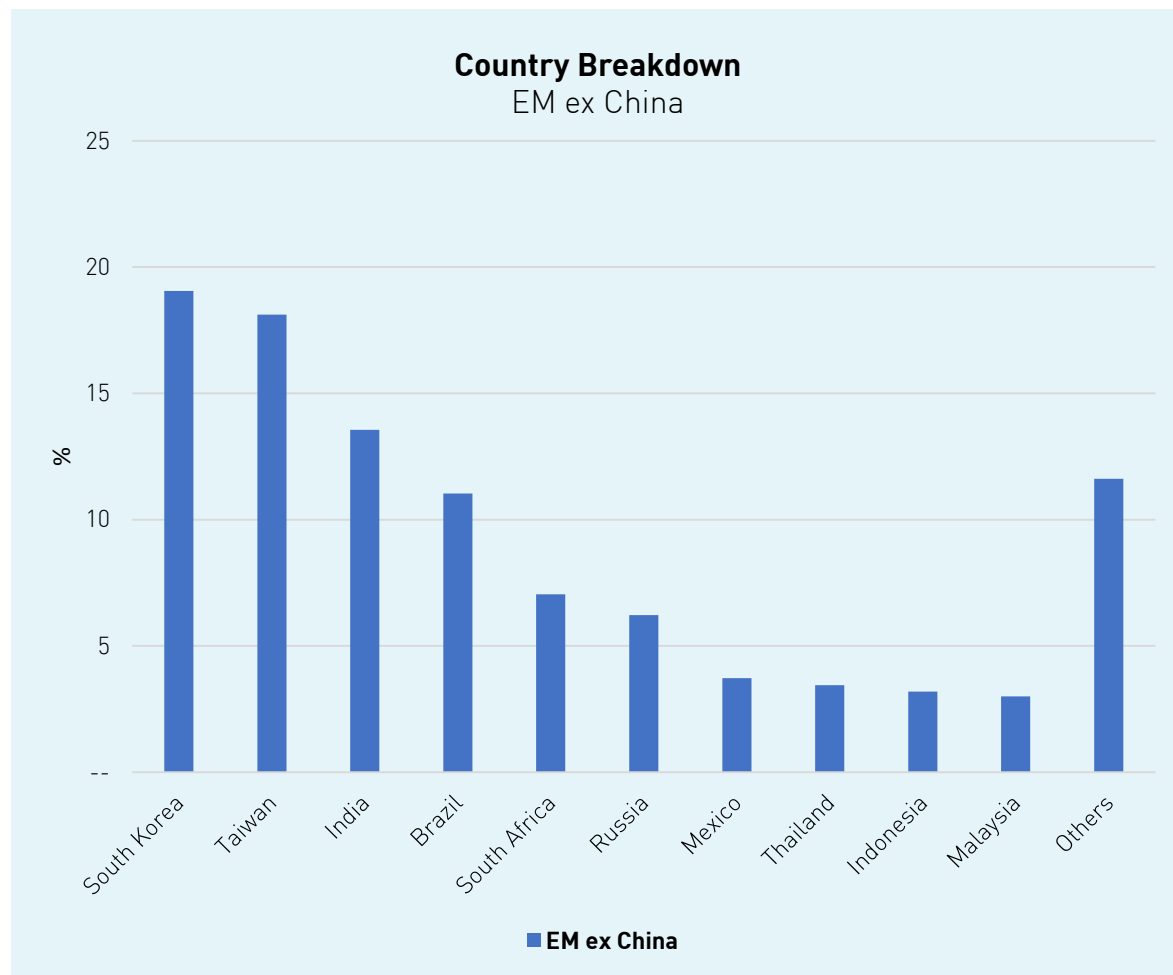
Fund Name	Inception Date	Total Annual Fund Operating Expense	Characteristics	Cumulative %			Average Annualized %			
				3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	5 Yr	Since Inception
KraneShares CSI China Internet ETF (NYSE: KWEB)	7/31/2013	0.70%	Fund NAV	-5.67%	-11.95%	76.54%	-12.43%	1.91%	4.73%	9.65%
			Closing Price	-6.07%	-12.20%	76.09%	-12.58%	1.67%	4.70%	9.61%
			Index	-5.57%	-12.02%	76.85%	-12.12%	2.06%	5.08%	9.69%
KraneShares Boserá MSCI China A ETF (NYSE: KBA)	3/04/2014	Gross: 0.80%	Fund NAV	-2.88%	-5.87%	41.30%	8.18%	3.72%	4.16%	6.40%
			Closing Price	-3.39%	-6.09%	41.19%	7.35%	3.19%	4.00%	6.39%
		Net: 0.60%*	Index	-2.46%	-5.38%	50.10%	9.03%	2.56%	5.43%	7.55%
KraneShares MSCI All China Index ETF (NYSE: KALL)	02/12/2015	Gross: 0.90%	Fund NAV	-4.37%	-8.05%	5.25%	0.08%	3.81%	1.11%	-4.37%
			Closing Price	-4.71%	-9.14%	5.23%	-0.74%	3.49%	1.11%	-4.71%
		Net: 0.49%**	Index	0.13%	-7.70%	9.23%	0.50%	3.98%	1.92%	0.13%
KraneShares MSCI All China Health Care Index ETF (NYSE: KURE)	2/1/2018	0.82%	Fund NAV	3.83%	-5.20%	-15.11%	-4.83%	-	-9.36%	3.83%
			Closing Price	3.14%	-5.01%	-15.47%	-6.49%	-	-9.59%	3.14%
			Index	4.01%	-4.77%	-14.76%	-3.59%	-	-9.16%	4.01%

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*Krane has contractually agreed to waive its management fee by 0.20% of the Fund's average daily net assets. This contractual fee waiver will continue until August 1, 2020.

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MSCI Emerging Markets ex China Index Characteristics



Data from FactSet as of 9/30/2019. Others include Poland, Philippines, Qatar, Netherlands, Portugal, Turkey, Chile, UAE, Hungary, Colombia, Egypt, Czech Republic, Greece, and Peru.

Conclusion

- Within emerging markets, KraneShares believes China is in a league of its own; an asset class unto itself distinguished by its market size and unparalleled growth.
- We believe that incorporating a strategic China investment strategy that distinguishes China from the rest of EM may help to optimize EM performance as a whole.
- We believe KEMX is a great tool to enable a variety of custom completion strategies around China.

Contact us for further insight into creating customized China portfolios

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Custom China Allocation Strategies



China Core

A core China allocation should encompass the full China opportunity including Mainland, US, and Hong Kong stocks.



China Core-Thematic

Thematic investments may generally complement the China core allocation.



China Thematic

A strong view on a particular sector or investment theme permits a thematic approach to the China allocation.

Tactical Overlay



By analyzing various characteristics across countries and within regions each strategy can be implemented tactically to further refine return and risk.

Index Definitions:

MSCI ACWI Index: captures large and mid cap representation across 23 Developed Markets (DM) and 23 Emerging Markets (EM) countries.

The MSCI ACWI GDP Weighted Index: This index is based on the flagship MSCI ACWI Index, its parent index, and includes large and mid cap stocks across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The index uses a different weighting scheme than its cap weighted parent index, however. The weight of each country in the index is derived from its economic size (using GDP data) rather than the size of its equity market. Over time, GDP data tends to have more stability than equity market prices.

MSCI China Index: The index captures large and mid-cap representation across offshore listings of Chinese companies in the form of H shares, B shares, Red chips, P chips, and foreign listings such as ADRs. With 447 constituents, the index covers about 85% of this China equity universe. Currently, the index also includes Large Cap A shares, represented at 2.5% of their free float adjusted market capitalization.

CSI Overseas China Internet Index: selects overseas listed Chinese Internet companies as the index constituents; the index is weighted by free float market cap. The index can measure the overall performance of overseas listed Chinese Internet companies.

US Active Fund Diversified Emerging Mkts Morningstar Category: Morningstar categories help investors and investment professionals make meaningful comparisons between funds. Diversified emerging-markets portfolios tend to divide their assets among 20 or more nations, although they tend to focus on the emerging markets of Asia and Latin America rather than on those of the Middle East, Africa, or Europe. These portfolios invest predominantly in emerging market equities, but some funds also invest in both equities and fixed income investments from emerging markets. This category aggregates the performance of US-listed actively managed EM funds.

RETURN, RISK & CORRELATION	INDEX	INDEX DEFINITION
Developed Markets	MSCI WORLD INDEX	MSCI World Index (Net USD): The MSCI World Index captures large and mid cap representation across 23 Developed Markets (DM) countries. With 1,644 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Inception date: Mar 31, 1986.
	Inception Date: Mar 31, 1986	
Emerging Markets	MSCI EMERGING MARKETS INDEX	MSCI Emerging Markets Index (Net USD): MSCI Emerging Markets Index captures large and mid cap representation across 23 Emerging Markets (EM) countries. With 834 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Inception date: Jan 1, 2001.
	Inception Date: Jan 01, 2001	
China (All China)	MSCI CHINA ALL SHARES INDEX	<p>MSCI China All Shares Index (Net USD): MSCI China All Shares Index captures large and mid-cap representation across China A shares, B shares, H shares, Red chips, P chips and foreign listings (e.g. ADRs). The index aims to reflect the opportunity set of China share classes listed in Hong Kong, Shanghai, Shenzhen and outside of China. It is based on the concept of the integrated MSCI China equity universe with China A-shares included. Inception date: Jun 26, 2014.</p> <p>MSCI China A Onshore Index (Net USD): The MSCI China A Onshore Index captures large and mid cap representation across China securities listed on the Shanghai and Shenzhen exchanges. Inception date: May 10, 2005.</p> <p>MSCI China Index (Net USD): The MSCI China Index captures large and mid cap representation across China H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 153 constituents, the index covers about 85% of this China equity universe. Inception date: Jan 1, 2001.</p> <p>Shanghai Composite Index (Net USD): is a stock market index of all stocks that are traded at the Shanghai Stock Exchange. Inception date: Jul 15, 1991.</p>
	Inception Date: Jun 26, 2014	
	From June 25, 2014 through October 31, 2008, MSCI CHINA A ONSHORE + MSCI CHINA was used to calculate return. MSCI CHINA A ONSHORE reflects the percent of A-Shares within the entire investable China equity market while MSCI CHINA reflects the percent of H shares, B shares, Red chips, P chips and foreign listings.	
	From November 1, 2008 through May 10, 2005, 31.15% MSCI CHINA A ONSHORE Index + 68.03% MSCI CHINA Index was used to calculate return. From May 9, 2005 through January 1st, 2001, 31.15% Shanghai Composite Index + 68.03% MSCI CHINA Index was used to calculate return.	
United States	MSCI USA INDEX	MSCI USA Index (Net USD): The MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With 622 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US. Inception date: Mar 31, 1986.
	Inception Date: Mar 31, 1986.	
Europe	MSCI EUROPE INDEX	MSCI Europe Index (Net USD): The MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. With 443 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe. Inception date: Mar 31, 1986.
	Inception Date: Mar 31, 1986.	
Japan	MSCI JAPAN INDEX	MSCI Japan Index (Net USD): the MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 321 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. Inception date: Mar 31, 1986.
	Inception Date: Mar 31, 1986.	
Pacific ex- Japan	MSCI Pacific EX JAPAN INDEX	MSCI Pacific ex Japan Index (Net USD): The MSCI Pacific ex Japan Index captures large and mid cap representation across 4 of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 148 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Inception date: Aug 31, 1986
	Inception Date: Aug 31, 1987	
Emerging Markets Excluding China (EM ex China)	MSCI EMERGING MARKETS EX CHINA INDEX	MSCI Emerging Markets ex China Index (Net USD): The MSCI Emerging Markets ex China Index captures large and mid cap representation across 23 of the 24 Emerging Markets (EM) countries* excluding China. With 692 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Inception date: Mar 09, 2017.
	Inception Date Mar 09, 2017. Prior to start date, MSCI EMERGING MARKETS INDEX minus the returns of securities from MSCI CHINA was used to calculate return. MSCI CHINA reflects the percent of China within the MSCI EMERGING MARKETS INDEX.	
Frontier	MSCI FRONTIER MARKETS INDEX	MSCI Frontier Markets Index (Net USD): The MSCI Frontier Markets Index captures large and mid cap representation across 29 Frontier Markets (FM) countries. The index includes 109 constituents, covering about 85% of the free float-adjusted market capitalization in each country. Inception date: Dec 18, 2007.
	Inception Date: Dec 18, 2007	

	INDEX	INDEX DEFINITION
China Internet	<p>CSI OVERSEAS CHINA INTERNET INDEX</p> <p>Inception Date: Sep 20, 2011</p>	<p>CSI Overseas China Internet Index (Net USD): selects overseas listed Chinese Internet companies as the index constituents; the index is weighted by free float market cap. The index can measure the overall performance of overseas listed Chinese Internet companies. Inception Date: Sep 20, 2011.</p>
China Healthcare	<p>MSCI CHINA ALL SHARES HEALTH CARE 10/40 INDEX</p> <p>From 4/30/2014 to 10/25/2017, the Index consists of 60% A-Shares represented by the CSI 300 Health Care Index and 40% H & N Shares represented by the MSCI China Health Care Index. Then, from 10/25/2017 going forward, it consists of the MSCI China All Shares Health Care 10/40 Index.</p>	<p>MSCI China All Shares Health Care 10/40 Index (Net USD): captures large and mid-cap representation across China A-shares, B-shares, H-shares, Red-chips, P-chips and foreign listings (e.g. ADRs). The index aims to reflect the opportunity set of China share classes listed in Hong Kong, Shanghai, Shenzhen and outside of China. It is based on the concept of the integrated MSCI China equity universe with China A shares included. All securities in the index are classified in the Health Care sector according to the Global Industry Classification Standard (GICS®). The 10/40 concentration constraints apply investment limits where the weight of each group entity in the index is capped at 10% and the cumulative weight of all group entities with a weight in excess of 5% does not exceed 40% of the Index by weight. Inception Date: Oct. 25, 2017.</p> <p>CSI 300 Health Care Index (Net USD): consists of all the constituents of CSI 300 Index that are in the health care sector. It aims to reflect the overall performance of the sector. Inception Date: Jul 07, 2007.</p> <p>MSCI China Health Care Index (Net USD): captures large and mid cap representation across China H shares, B shares, Red chips and P chips. Currently, the index also includes Large Cap A shares represented at 5% of their free float adjusted market capitalization. All securities in the index are classified in the Health Care sector as per the Global Industry Classification Standard (GICS®). Inception Date: Jan 01, 2001.</p>
China A-Shares	<p>MSCI CHINA A INCLUSION INDEX</p> <p>Prior to the inception date, China A-Shares consists of the MSCI China A Index from 3/4/2014 through 10/23/2014, the MSCI China A International Index from 10/23/2014 through 12/26/2017, and the MSCI China A Inclusion Index going forward.</p>	<p>MSCI China A Index (Net USD) (renamed as the MSCI China A Onshore Index as of March 1, 2018): captures large and mid-cap representation across China securities listed on the Shanghai and Shenzhen exchanges. The index covers only those securities that are accessible through "Stock Connect". The index is designed for international investors and is calculated using China A Stock Connect listings based on the offshore RMB exchange rate (CNH). Inception Date: May 10, 2005.</p> <p>MSCI China A International Index (Net USD): captures large and mid-cap representation and includes the China A-share constituents of the MSCI China All Shares Index. It is based on the concept of the integrated MSCI China equity universe with China A-shares included. Inception Date: Jun 26, 2014.</p> <p>MSCI China A Inclusion Index (Net USD): is designed to track the progressive partial inclusion of A shares in the MSCI Emerging Markets Index over time. The index is designed for global investors accessing the A shares market using the Stock Connect framework and is calculated using China A Stock Connect listings based on the offshore RMB exchange rate (CNH). Inception Date: Oct. 23, 2017.</p>

China's Equity (Stock) Market: For the purposes of this presentation, this refers to the superset of investments including the Mainland, Hong Kong, and overseas listed securities found in the MSCI China All Shares Index. Note that others may use a different definition and, as such, the data provided by other sources may not match ours as it may exclude shares listed in certain places.

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).

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.

Narrowly focused investments typically exhibit higher volatility. Internet companies are subject to rapid changes in technology, worldwide competition, rapid obsolescence of products and services, loss of patent protections, evolving industry standards and frequent new product productions. Such changes may have an adverse impact on performance. Technology companies may be subject to severe competition and rapid obsolescence. The KraneShares CSI China Internet Index ETF and KraneShares MSCI All China Healthcare Index ETF are non-diversified.

The ability of the KraneShares MSCI All China Index ETF to achieve its respective investment objectives is dependent, in part, on the continuous availability of A Shares and the ability to obtain, if necessary, additional A Shares quota. If the Fund is unable to obtain sufficient exposure to limited availability of A Share quota, the Fund could seek exposure to the component securities of the Underlying Index by investment in other types of securities. The Funds may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses.

Although the information provided in this document has been obtained from sources which Krane Funds Advisors, LLC believes to be reliable, it does not guarantee accuracy of such information and such information may be incomplete or condensed.

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