

# KraneShares CSI China Internet UCITS ETF

**As of 30/Sept/2019**

KraneShares CSI China Internet UCITS ETF is "A sub fund of KraneShares ICAV (the "ICAV"). The ICAV is authorised as a UCITS in Ireland and regulated by the Central Bank of Ireland.

For Investors in the United Kingdom (UK). Investors should read the Key Investor Information Document and Prospectus prior to investing. The Fund seeks to track the performance of an index composed of companies from developed countries.

## Investment Strategy

KraneShares CSI China Internet UCITS ETF (The fund) tracks the CSI Overseas China Internet Index (the Index), a free float market capitalization weighted index consisting of 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.

## The China Internet Evolution

The Chinese internet sector has seen tremendous growth over the past few years. In 2014 China's E-Commerce market size surpassed the U.S. for the first time. 59.6%<sup>1</sup> of China's population had internet access compared to 87.0% in the U.S.<sup>2</sup>. There is potential for substantial continued growth in the Chinese internet sector.

China / US Internet Statistics	China	US
Total internet population	829mm <sup>1</sup>	287mm <sup>2</sup>
% of population with internet access	59.6% <sup>1</sup>	87.0% <sup>2</sup>
Share of world internet users	22.7% <sup>2</sup>	7.8% <sup>2</sup>
E-Commerce market size 2018 (USD)	\$1.3T <sup>3</sup>	\$513.6B <sup>4</sup>
Total retail sales 2018 (USD)	\$5.5T <sup>3</sup>	\$5.3T <sup>4</sup>
% of online retail sales 2018	23.6% <sup>3</sup>	9.7% <sup>4</sup>
2017-2018 growth online sales	23.9% <sup>3</sup>	14.2% <sup>4</sup>

Fund Details	
London Stock Exchange	KWEB LN
Euronext Amsterdam	KWEB NA
Management Fee	75bps
Listing Date	20/Nov/2018
Index Name	CSI Overseas China Internet Index
Index Ticker	H1137
ISIN Code	IE00BFXR7892
SEDOL	BGLRQN6
UK Reporting Fund Status	Reporting Fund
Investment Structure	UCITS
Base Currency	USD
AUM	\$23.64M

## China Internet Sector Highlights

- Chinese retail web sales totaled US\$1.3 trillion<sup>3</sup> in 2018 (compared to US\$513.6 billion<sup>4</sup> in the United States).
- China's internet population reached 829 million people, a penetration of only 59.6%<sup>1</sup>. The U.S. internet population reached 287 million people, a penetration rate of 87.0%<sup>2</sup>.
- Total Chinese retail sales reached US\$5.5 trillion in 2018<sup>3</sup>.
- Online shopping accounted for 23.6% of retail purchases in China in 2018<sup>3</sup>.

## KWEB Performance History as of 30/Sept/2019

	Cumulative %			Average Annualized %		
	3 Mo	6 Mo	Since KWEB LN Inception 20/Nov/2018	1 Yr	3 Yr	5 Yr
Fund NAV	-5.89%	-12.30%	2.96%	-	-	-
Index	-5.57%	-12.02%	4.08%	-	-	-

**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.**

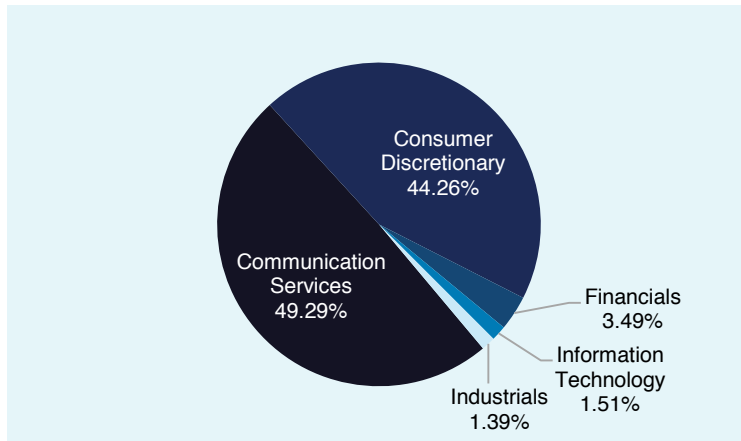
- CNNIC, The 43rd Statistical Report on the Development of China's Internet, 28/Feb/2019.
- Data from Pew Research Center, World Bank and US Census Bureau as of 31/Dec/2013. Retrieved 30/Sept/19
- National Bureau of Statistics in China, "National Economic Performance Maintained within an Appropriate Range in 2018 with Main Development Goals Achieved" 21/Jan/2019. Note: Figures converted from Chinese Renminbi to USD as of 31/Dec/2018.
- U.S. Department of Commerce, "Quarterly Retail E-commerce Sales 4th Quarter 2018" 13/Mar/2019.


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## Sector Breakdown

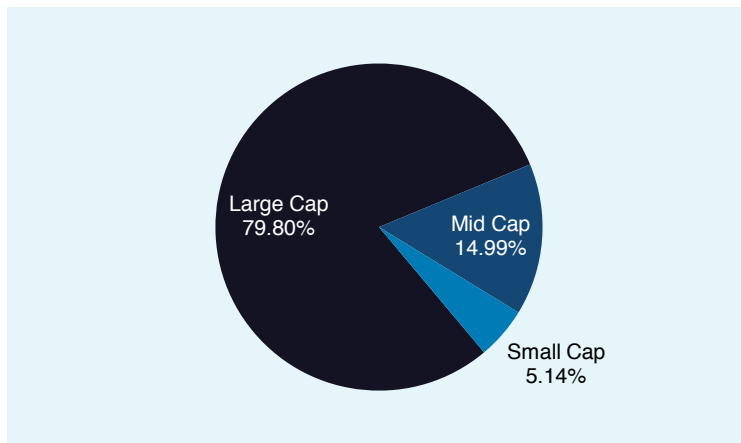
Data from Bloomberg as of 30/Sept/2019



Excludes cash. Due to rounding, the percentage might not add up to 100%.

## Market Cap Breakdown

Data from Bloomberg as of 30/Sept/2019



Excludes cash. Due to rounding, the percentage might not add up to 100%.

This information is being communicated by KraneShares, which is an appointed representative of DMS Capital Solutions UK Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom under the reference number 503325.

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.

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For additional fund documentation, please visit [www.DMSGovernance.com](http://www.DMSGovernance.com) R-DMS-KS

## Top Ten Holdings as of 30/Sept/2019

The Fund's Holdings Are Subject to Change.

	%	Ticker
TENCENT HOLDINGS LTD	9.92	700 HK
ALIBABA GROUP HOLDING-SP ADR	9.43	BABA US
MEITUAN DIANPING-CLASS B	9.26	3690 HK
BAIDU INC - SPON ADR	7.37	BIDU US
PINDUODUO INC-ADR	6.36	PDD US
JD.COM INC-ADR	6.25	JD US
NETEASE INC-ADR	4.06	NTES US
TAL EDUCATION GROUP- ADR	3.83	TAL US
TENCENT MUSIC ENTERTAINM-ADR	3.65	TME US
CTRP.COM INTERNATIONAL-ADR	3.41	CTRP US

## Fund Features

- Access to Chinese internet companies such as Tencent, Alibaba, Baidu, JD, Weibo, 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
  - The fund tracks the same index as the KraneShares CSI China Internet ETF (ticker: KWEB), an ETF listed on the New York Stock Exchange since 31 July 2013 with USD \$1.5 Bn AUM.<sup>5,6</sup>
5. Data from Krane Funds Advisors, LLC as of 30/Sept/2019.
6. The asset under management figure quoted is not that of CICC KraneShares CSI China Internet Index ETF. KraneShares CSI China Internet ETF is not authorized by the Securities and Futures Commission in Hong Kong and not available to the public of Hong Kong.



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