

KraneShares MSCI China ESG Leaders UCITS ETF

30/Jun/2020

Investment Strategy

KESG seeks to track the MSCI China ESG Leaders 10/40 Index. The MSCI China ESG Leaders 10/40 Index aims to provide exposure to companies with high Environmental, Social and Governance (ESG) ratings relative to their sector peers. The MSCI China ESG Leaders 10/40 Index consists of large and mid-cap companies in China. In order to ensure diversification, the Index is designed to limit individual constituent weights to 10% and sector weights to 40% of its composition.

China's ESG Highlights

- China's commitment to stricter environmental mandates and conservation efforts is necessary to achieve national goals of sustained economic growth.
- China now is the world leader in total renewable energy capacity, at approximately 30% of total global capacity¹.
- Greater inclusion of China's capital markets internationally creates more of an incentive to align shareholder rights and governance policies with global standards.

Fund Details	Data as of 30/Jun/2020
Listing Exchange	London Stock Exchange
Management Fee	0.40%
Listing Date	3 Feb 2020
Index Name	MSCI China ESG Leaders 10/40 Index
Index Ticker	MXCNEL40 Index
ISIN Code	IE00BKPT4N29
SEDOL	BJVRFQ3
UK Reporting Fund Status	Reporting Fund
Investment Structure	UCITS
Base Currency	USD

1. REN21's Renewables 2020 Global Status Report (GSR), Chapter 5: Investment Flows.

ESG is an effective filter for selecting companies that best adhere to China's future plans for development.

Environmental



Strong Government Initiatives

The Chinese government has enacted environmental policies and incorporated carbon reduction in national level Five-year Plans.



Proven Ability to Achieve Goals

China has surpassed other leading countries throughout the world in renewable technology.

Social



More Educated Workforce

Economic and technological transformation has created a more educated workforce that requests better working conditions.



High Quality Product Expectations

As disposable income increases, there is greater demand for better product quality.

Governance



Adherence to Global Standards

Greater inclusion of China's capital markets incentivizes Chinese companies to align corporate governance with global standards.



SOE Reform & More Mixed Ownership

Chinese companies are expected to have a more diversified management and shareholder structure in the future.

KESG Performance History as of 30/Jun/2020

	Cumulative %			Average Annualized %		
	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	Since Inception
Fund NAV	17.05%	-	9.84%	-	-	9.84%
Index	17.56%	-	10.88%	-	-	10.88%

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.



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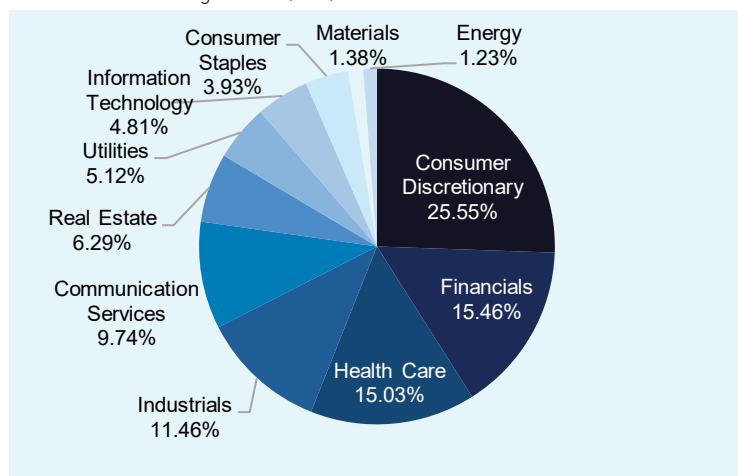


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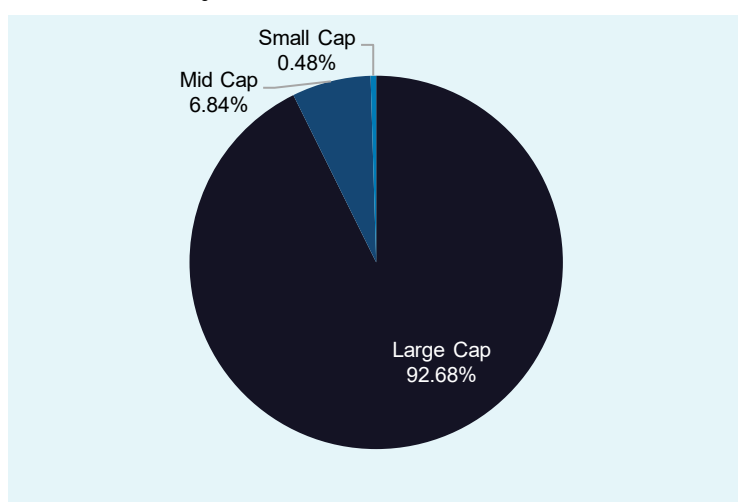
Sector Breakdown

Data from Bloomberg as of 30/Jun/2020



Market Cap Breakdown

Data from Bloomberg as of 30/Jun/2020



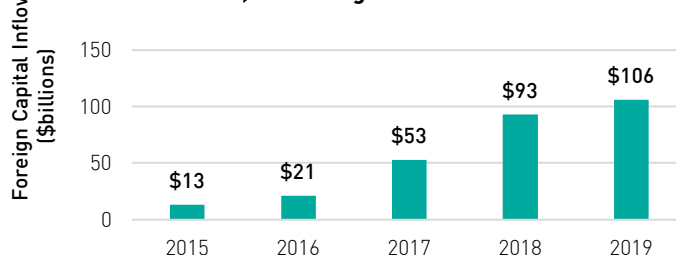
2. MSCI ESG Reach LLC, "China Through an ESG Lens," September 2019.

Top Ten Holdings as of 30/Jun/2020	%
The Fund's Holdings Are Subject to Change.	
MEITUAN DIANPING-CLASS B	10.23
TENCENT HOLDINGS LTD	9.44
CHINA CONSTRUCTION BANK-H	8.48
ALIBABA GROUP HOLDING-SP ADR	8.33
CHINA MERCHANTS BANK-H	3.98
WUXI BIOLOGICS CAYMAN INC	3.35
SINO BIOPHARMACEUTICAL	2.86
CHINA OVERSEAS LAND & INVEST	2.54
CSPC PHARMACEUTICAL GROUP LT	2.38
CHINA MENGNIU DAIRY CO	2.20

International investors encourage further growth in China's ESG development

- International investors now have more exposure to China's capital markets as a result of the China A-Share inclusion to MSCI's Global Standard Indexes.
- Domestic and foreign investors are pushing for better ESG practices and policies now that they are more heavily invested in China.

Annual Foreign Capital Net Inflow Via Hong Kong, Shenzhen, and Shanghai Stock Connect²



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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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In Switzerland, the Fund has appointed as Swiss Representative Oligo Swiss Fund Services SA, Av. Villamont 17, 1005 Lausanne, Switzerland, Tel: +41 21 311 17 77, email: info@oligofonds.ch. The Fund's paying agent is Helvetische Bank AG. In respect of the Shares distributed in or from Switzerland, the place of performance and jurisdiction is Lausanne (Switzerland).

For additional fund documentation, please visit www.DMSGovernance.com R-DMS-KS



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