

The Emerging Market Consumer Internet & E-Commerce Opportunity

An Overview of the KraneShares
Emerging Markets Consumer Technology ETF
(Ticker: KEMQ)

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).



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

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 \$5 trillion a year²

1. Data from the World Bank as of 9/30/2019.
2. "The World Bank's Global Consumption Database" The World Bank, retrieved 9/30/2019.

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

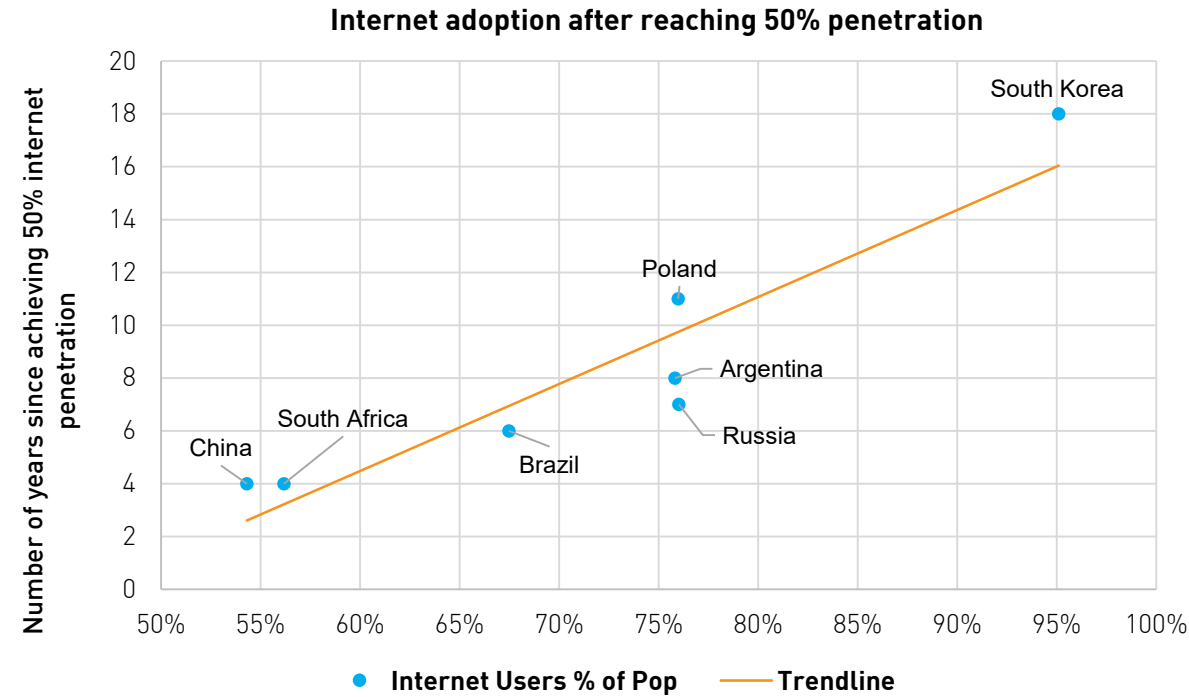
According to a study from the Brookings Institution, middle class consumption could reach 50% of total global consumption by the year 2030, more than doubling from 2015.

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

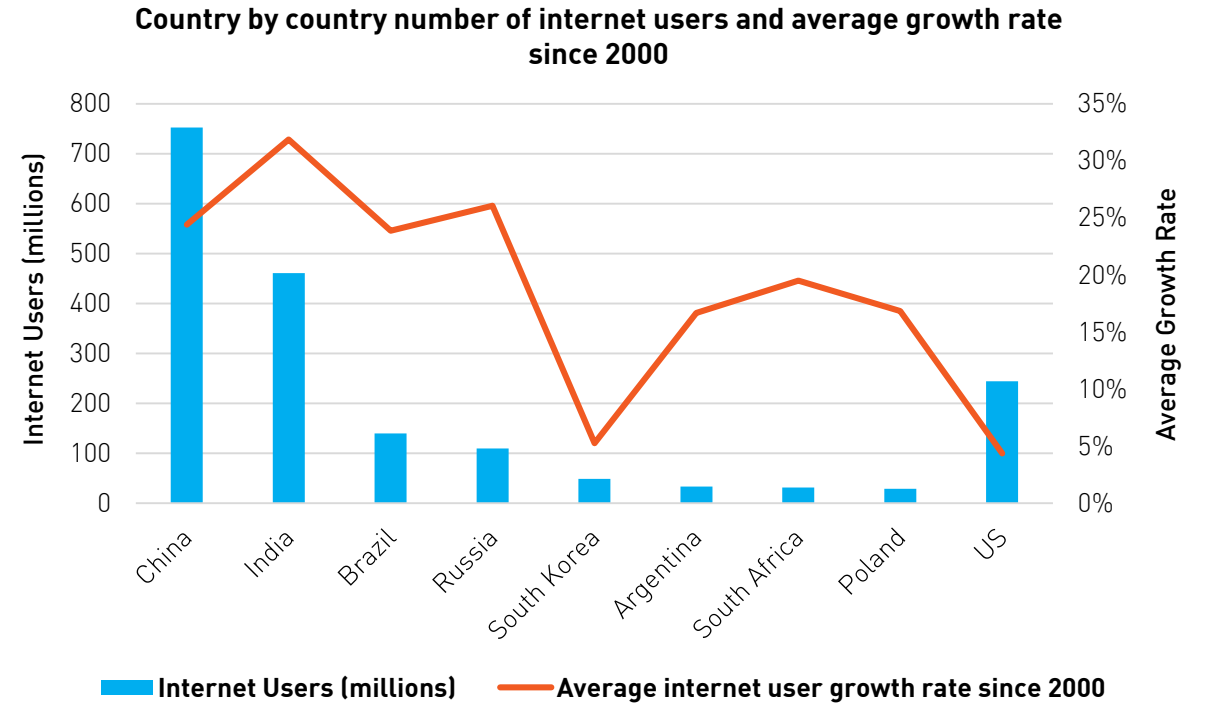
	2015			2020			2030		
1	United States	4.7	13%	China	6.8	16%	China	14.3	22%
2	China	4.2	12%	United States	4.7	11%	India	10.7	17%
3	Japan	2.1	6%	India	3.7	9%	United States	4.7	7%
4	India	1.9	5%	Japan	2.1	5%	Indonesia	2.4	4%
5	Russia	1.5	4%	Russia	1.6	4%	Japan	2.1	3%
6	Germany	1.5	4%	Germany	1.5	4%	Russia	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.

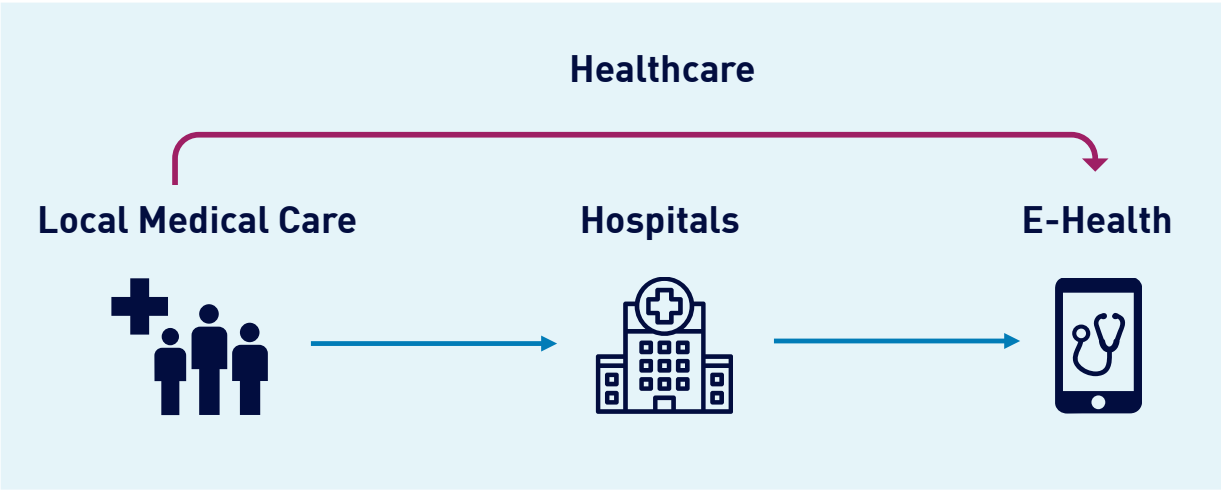
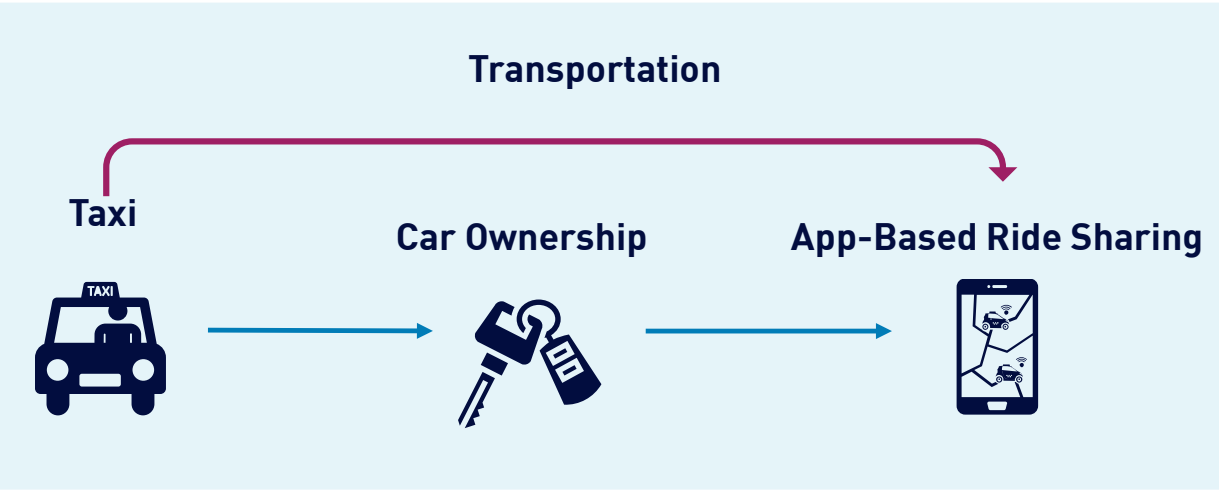
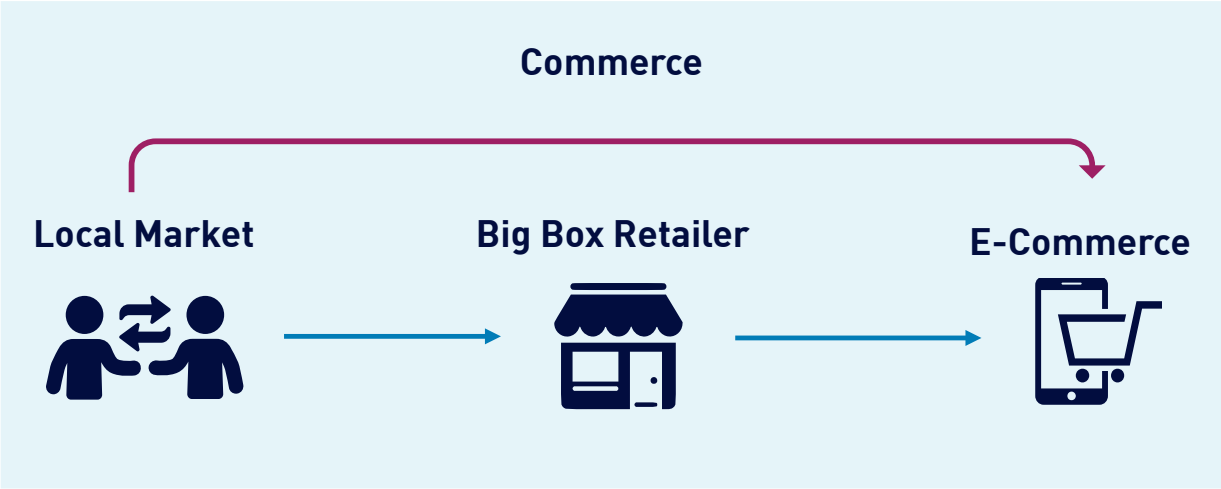
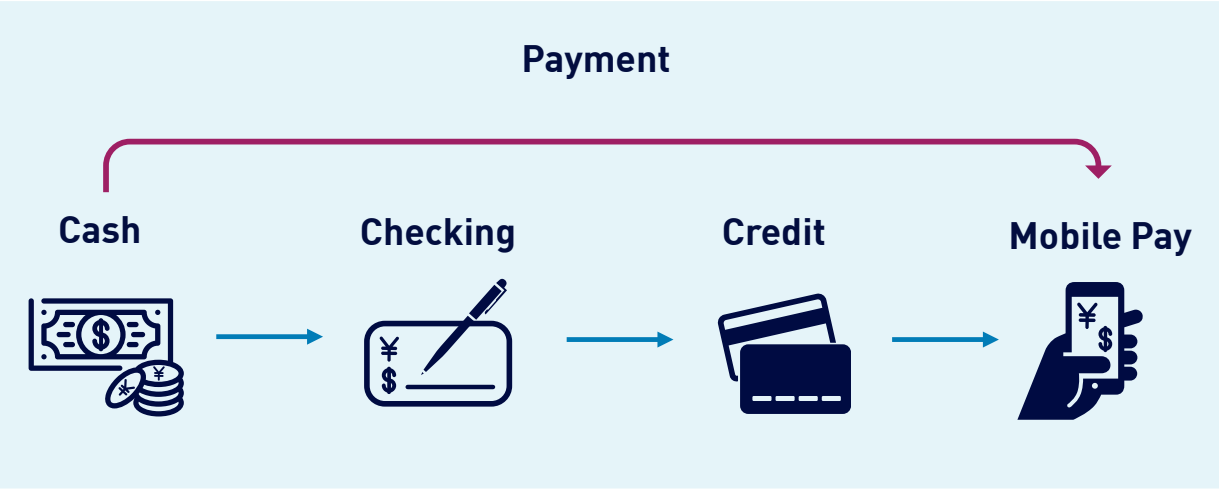
Mobile-cellular telephone subscriptions			
	2000	2018	Growth multiple
India	3,577,095	1,176,021,869	329x
Russia	3,263,200	229,431,008	70x
China	85,260,000	1,641,147,000	19x
South Africa	8,339,000	88,566,977	11x
Brazil	23,188,171	207,046,810	9x
Argentina	6,487,950	58,598,041	9x
Malaysia	5,121,748	42,413,400	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 9/30/2019.
 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.



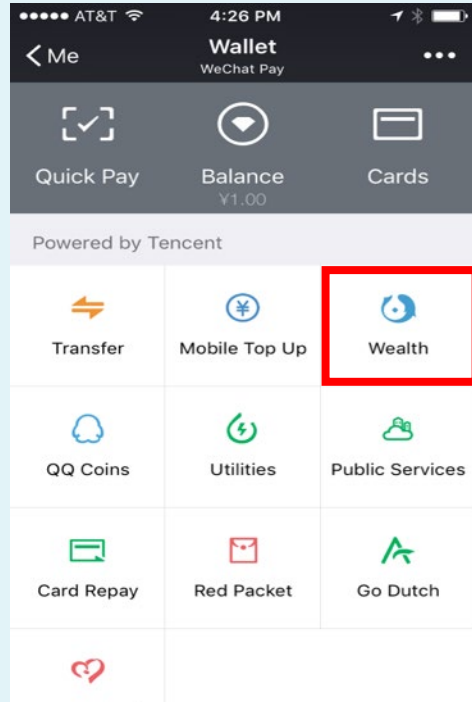
China's rapid adoption of new technologies has produced a "leapfrogging" effect.



Money and the internet have become virtually inseparable.

Apps like Tencent's WeChat and Alibaba's Alipay allow users to do everything from buy a coffee, hail a cab, to make investments in wealth management products, all from a smart phone.

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



Through our experience investing in the Chinese markets we identified three core themes:

- Internet adoption is expanding rapidly within China
- Domestic consumption and retail sales are steadily increasing and frequently taking place online
- The China E-Commerce sector has consistently outperformed the broader Chinese markets

Value of Monthly China Retail Sales Index
(12/31/2009 - 8/31/2019)

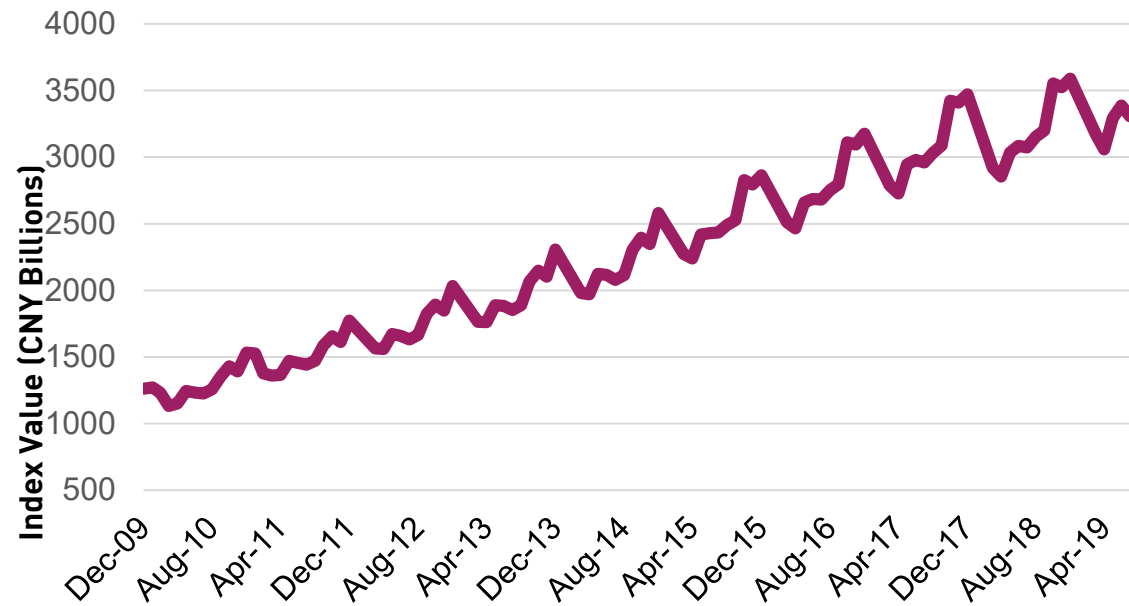


Chart data from Bloomberg as of 8/31/2019, retrieved 9/30/2019.

China Retail Sales Index: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

China / US Internet Statistics	China	US
Total internet population	829mm ¹	286mm ²
% of population with internet access	59.6% ¹	87.0% ²
Country's share of world internet users	22.7% ²	7.8% ²
E-Commerce market size 2018	\$1.3T ³	\$513.6B ⁴
Total retail sales 2018	\$5.5T ³	\$5.3T ⁴
% of online retail sales 2018	23.6% ³	9.7% ⁴
2017-2018 growth online sales	23.9% ³	14.2% ⁴

1. CNNIC, The 43rd Statistical Report on the Development of China's Internet, 3/31/2019.

2. Data from Pew Research Center, World Bank, and US Census Bureau as of 12/31/2018. Retrieved 9/30/2019.

3. National Bureau of Statistics in China, "National Economic Performance Maintained within an Appropriate Range in 2018 with Main Development Goals Achieved" 1/21/2019. Note: Figures converted from Chinese Renminbi to USD as of 12/31/2018.

4. U.S. Department of Commerce, "Quarterly Retail E-commerce Sales 4th Quarter 2018" 3/13/2019.

Through our trips to China we saw the proliferation of e-commerce firsthand.

Over 50 billion packages were delivered in China in 2018, an increase of 26% 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 expands fast in 2018", 1/6/2019. Retrieved 9/30/2019.

China is Rapidly Becoming A Global Internet Services Leader

2013

Top 10 Global Internet Companies By Market Cap ¹	
Alphabet	\$374.4B
Amazon	\$182.5B
Facebook	\$138.8B
Tencent	\$118.7B
Ebay	\$71.0B
Baidu	\$62.3B
Naspers Ltd	\$43.4B
Yahoo	\$41.0B
Twitter	\$36.1B
Salesforce	\$33.3B
Total	\$1.10T

2019

Top 10 Global Internet Companies By Market Cap ²	
Amazon.com	\$858.7B
Alphabet Inc	\$845.9B
Facebook Inc	\$508.1B
Alibaba Group	\$435.4B
Tencent	\$402.3B
Paypal	\$117.9B
Netflix Inc	\$117.2B
Naspers Ltd	\$66.8B
Baidu Inc	\$35.8B
Netease Inc	\$34.1B
Total	\$3.42T

Potential Future IPOs

Toutiao (Bytedance)	\$75.0B
Toutiao (Bytedance)	\$75.0B
Didi Chuxing	\$56.0B
JUUL Labs	\$50.0B
WeWork	\$47.0B
Stripe	\$35.3B
Airbnb	\$35.0B
SpaceX	\$33.3B
Kuaishou	\$18.0B
Epic Games	\$15.0B
Grab	\$14.3B
Total	\$378.9B

1. Data from Bloomberg as of 12/31/2013. Retrieved on 9/30/2019.
2. Data from Bloomberg as of 9/30/2019. Retrieved on 9/30/2019.
3. Data from CB Insights as of January 2019. Retrieved on 9/30/2019.

The Alibaba Ecosystem

China Domestic Marketplaces



1688.com

(B2B Ecommerce Marketplace)

Tmall 天猫

Tmall.com

(B2C Online Retail Platform)



Cainiao

(E-commerce Logistics Platform)



Alimama

(Online Advertising Platform)

Global Marketplaces



AliExpress

(Global B2B Marketplace)



Taobao

(Global C2C E-commerce Website)



Ant Financial

(Mobile and Online Payments Platform)

Other Business Ventures



**South China
Morning Post**



**阿里音乐
Alibaba Music**



**阿里巴巴·影业集团
Alibaba·Pictures**



**阿里体育
Alisports.com**



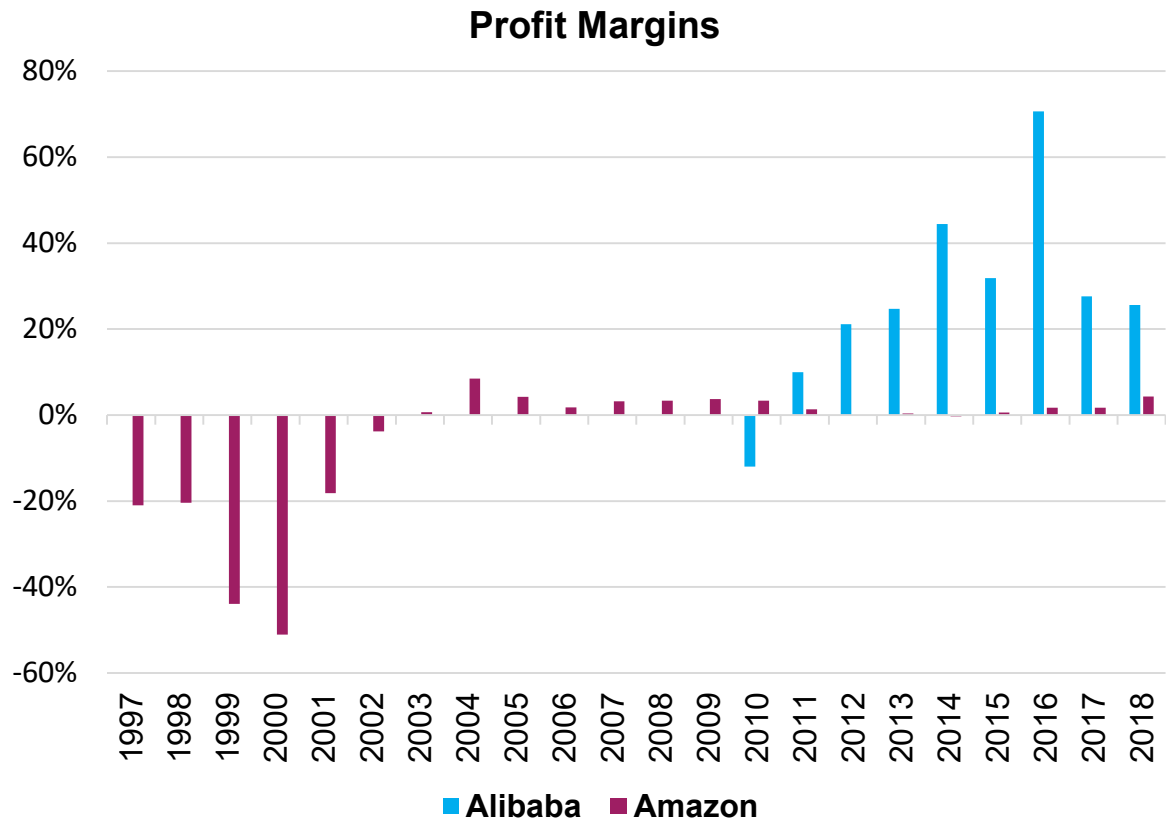
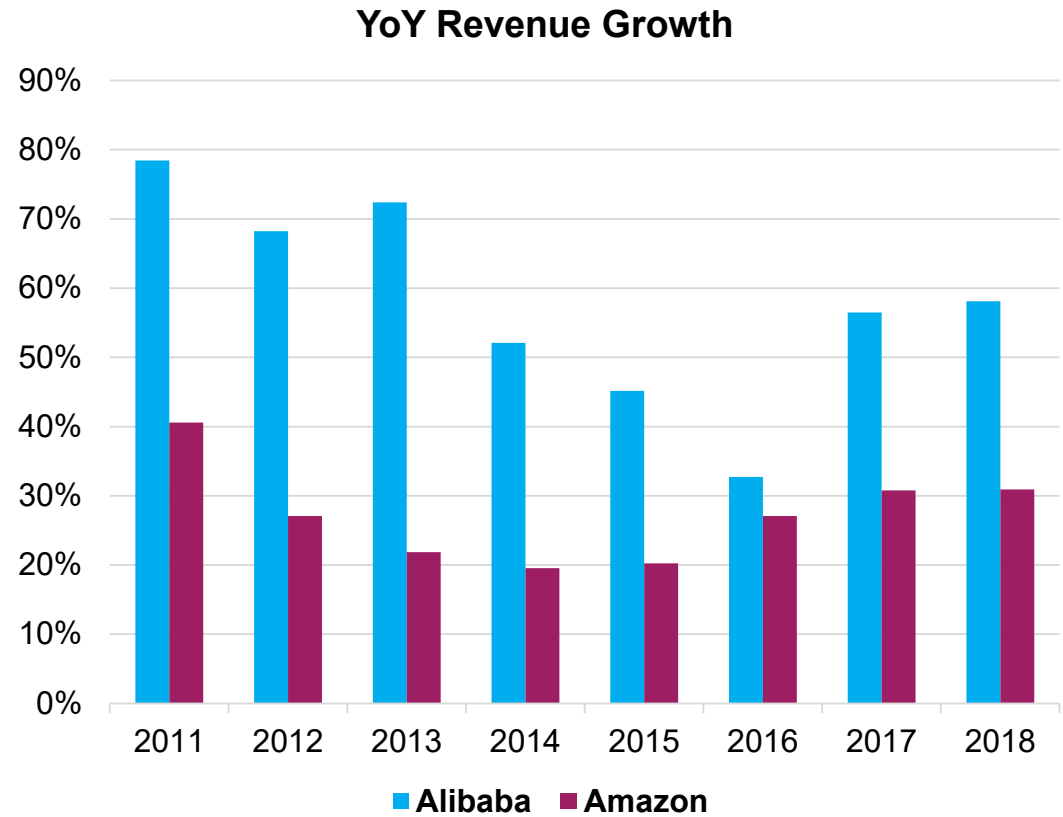
Alibaba Cloud

(Cloud Computing Services
Provider to Online Businesses)



Jack Ma (Alibaba Founder)

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

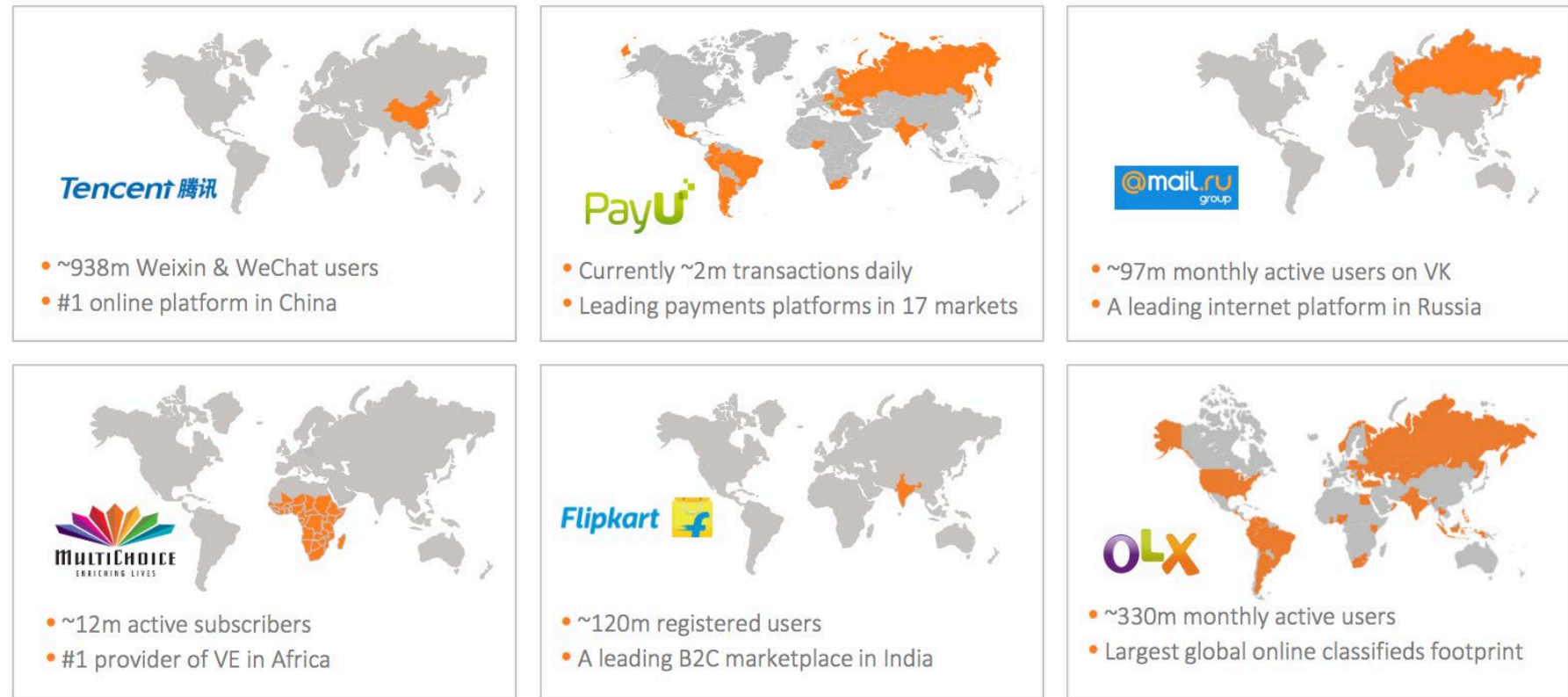


Data from Bloomberg as of 12/31/2018. Retrieved on 9/30/2019.
 Past performance does not guarantee future results.

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

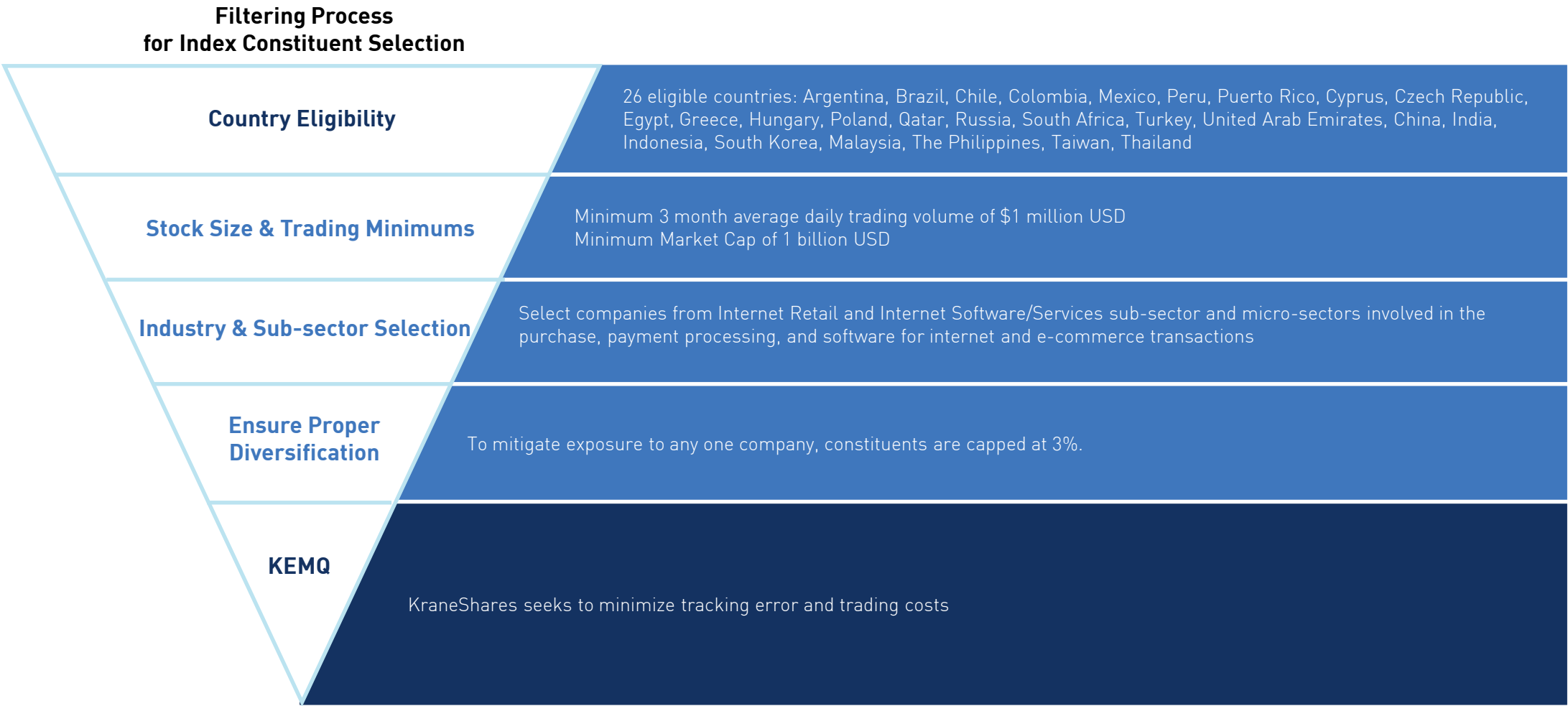
- Naspers was founded in South Africa in 1915 as a publisher and printer of magazines.
- Naspers has become one of the world's leading technology investors.
- Naspers owned 31.16% of Tencent
- Naspers also has a stake in significant publicly traded companies like Mail.ru and private investments such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



Emerging market internet companies around the world



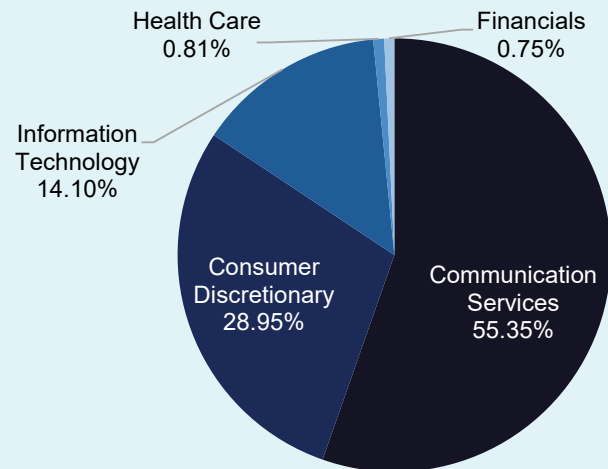
In order to deliver a precise representation of the emerging markets consumer technology opportunity, we worked with Solactive to develop the Solactive Emerging Markets Consumer Technology Index.



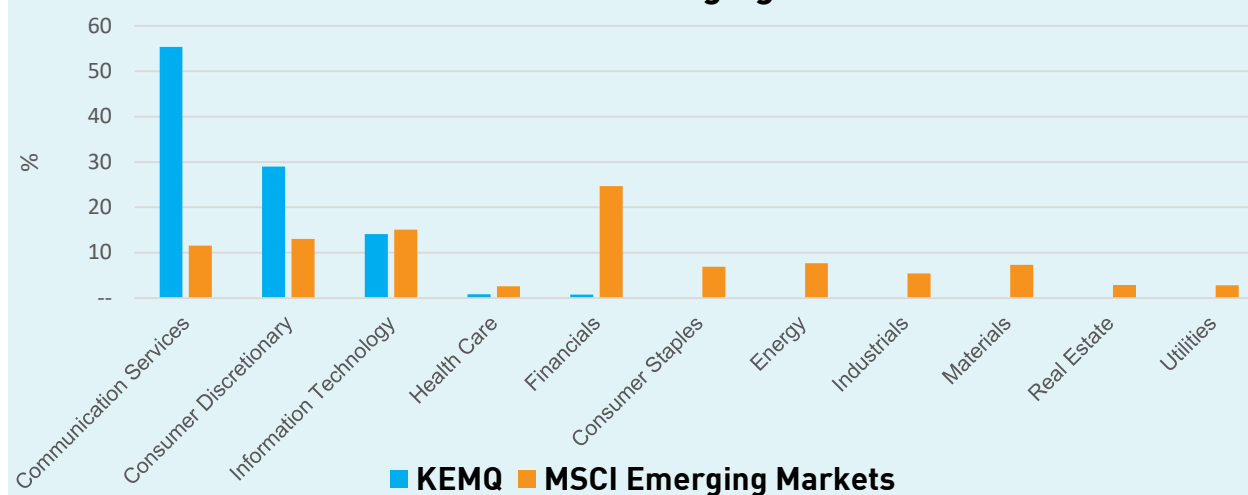
Diversification does not ensure a profit or guarantee against a loss.

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

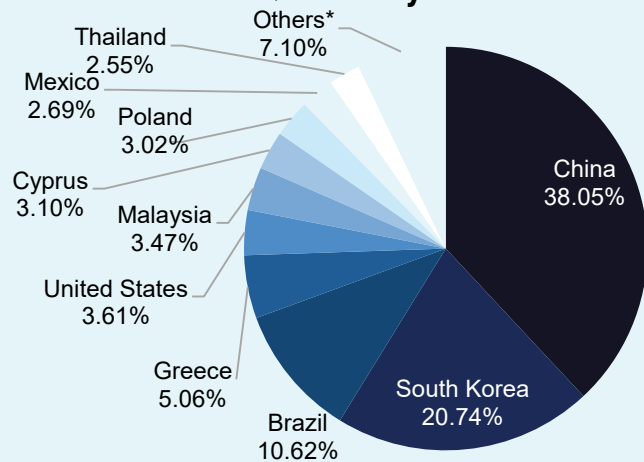
KEMQ Sector Breakdown



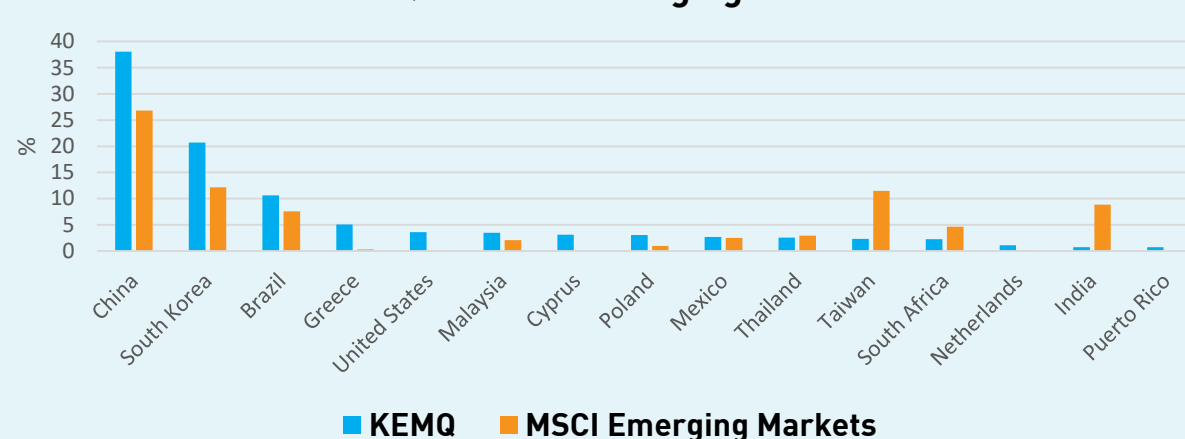
KEMQ vs. MSCI Emerging Markets



KEMQ Country Breakdown



KEMQ vs. MSCI Emerging Markets











Data from Factset as of 9/30/2019. See page 23 for index definitions

*Others include India and Puerto Rico

** Others include Indonesia, Philippines, Chile, Qatar, United Arab Emirates, Turkey, Colombia, Peru, Hungary, Czech Republic, Pakistan, Egypt, and Saudi Arabia

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	38.03%	NEW ORIENTAL EDU-SP ADR	3.76%		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	20.73%	NAVER CORP	3.73%		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	10.62%	B2W CIA DIGITAL	2.95%		B2W Companhia Digital is an e-commerce company. The Company offers technology, logistics, distribution, customer service, and consumer financing services.
Argentina	3.60%	MERCADOLIBRE INC	3.60%		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.
Malaysia	3.46%	TELEKOM MALAYSIA BHD	2.71%		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
Poland	3.02%	CYFROWY POLSAT SA	2.32%		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.
Russia	2.37%	MAIL.RU GROUP	2.37%		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.
Taiwan	2.30%	WISTRON NEWEB CORP	0.79%		Wistron NeWeb Corporation manufactures wireless communication systems. The Company's products include satellite communication, wireless networking, embedded antenna, and mobile handset products.
South Africa	2.26%	NASPERS LTD	2.26%		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.

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.

Fund Details	As of 9/30/2019
Primary Exchange	NYSE
Cusip	500767876
Total Annual Fund Operating Expense	Gross: 0.80%
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)	51

Top Ten Holdings as of 9/30/2019 The Fund's Holdings Are Subject to Change.	% of Fund
NEW ORIENTAL EDUCATIO-SP ADR	3.76
NAVER CORP	3.73
MERCADOLIBRE INC	3.60
NETEASE INC-ADR	3.51
TENCENT HOLDINGS LTD	3.48
ALIBABA GROUP HOLDING-SP ADR	3.43
BAIDU INC - SPON ADR	3.34
JD.COM INC-ADR	3.28
CTRIP.COM INTERNATIONAL-ADR	3.08
B2W CIA DIGITAL	2.95

KEMQ Performance History as of 9/30/2019

	Cumulative %			Average Annualized %		
	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	Since Inception
Fund NAV	-3.51%	-5.27%	-13.08%	-0.73%	-	-6.87%
Closing Price	-3.53%	-6.09%	-13.60%	-0.60%	-	-7.15%
Index	-3.06%	-4.54%	-10.07%	0.43%	-	-5.25%

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.

Key Takeaways

- Our China experience has allowed us to identify and deliver extraordinary opportunities across emerging markets
- The three P's will shape buying behavior for decades to come
 - **Population:** The middle class consumer
 - **Penetration:** Rapid internet adoption
 - **Performance:** The growth of technology platforms
- Many of the themes and opportunities that we observe in China extend across the Emerging Markets and include the consumer, technology, healthcare, the environment and electric vehicles



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.

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.

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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Forward-looking statements (including Krane’s opinions, expectations, beliefs, plans, objectives, assumptions, or projections regarding future events or future results) contained in this presentation are based on a variety of estimates and assumptions by Krane. These statements generally are identified by words such as “believes,” “expects,” “predicts,” “intends,” “projects,” “plans,” “estimates,” “aims,” “foresees,” “anticipates,” “targets,” “should,” “likely,” and similar expressions. These also include statements about the future, including what “will” happen, which reflect Krane’s current beliefs. These estimates and assumptions are inherently uncertain and are subject to numerous business, industry, market, regulatory, geo-political, competitive, and financial risks that are outside of Krane’s control. The inclusion of forward-looking statements herein should not be regarded as an indication that Krane considers forward-looking statements to be a reliable prediction of future events and forward-looking statements should not be relied upon as such. Neither Krane nor any of its representatives has made or makes any representation to any person regarding forward-looking statements and neither of them intends to update or otherwise revise such forward-looking statements to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying such forward-looking statements are later shown to be in error. Any investment strategies discussed herein are as of the date of the writing of this presentation and may be changed, modified, or exited at any time without notice.

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding the funds or any stock in particular. [R_US_KS_SEI]