

# The China Consumer E-Commerce Opportunity

An Overview of the KraneShares  
CSI China Internet UCITS 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 current on global market trends and provide meaningful diversification.

In 2019, KraneShares established a London headquarters to better deliver its renowned China-focused ETFs to European investors. In addition to launching Europe-specific versions of its most popular US-listed funds, KraneShares also develops strategies tailored to meet the specific needs of its European clients.



# KWEB

## KraneShares CSI China Internet UCITS 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 trillion<sup>1</sup> in 2019 (compared to US\$601.7 billion<sup>2</sup> in the United States).
- China's internet population reached 854 million people, a penetration of only 61.2%<sup>3</sup>. The U.S. internet population reached 294 million people, a penetration rate of 89.5% in June 2019.<sup>4</sup>
- Total Chinese retail sales reached US\$5.5 trillion in 2019<sup>1</sup>.
- Online shopping accounted for 25.8% of retail purchases in China in 2019<sup>1</sup>.

1. National Bureau of Statistics in China, "Total Retail Sales of Consumer Goods Went up by 8.0 percent in 2019", 19/Jan/2020.

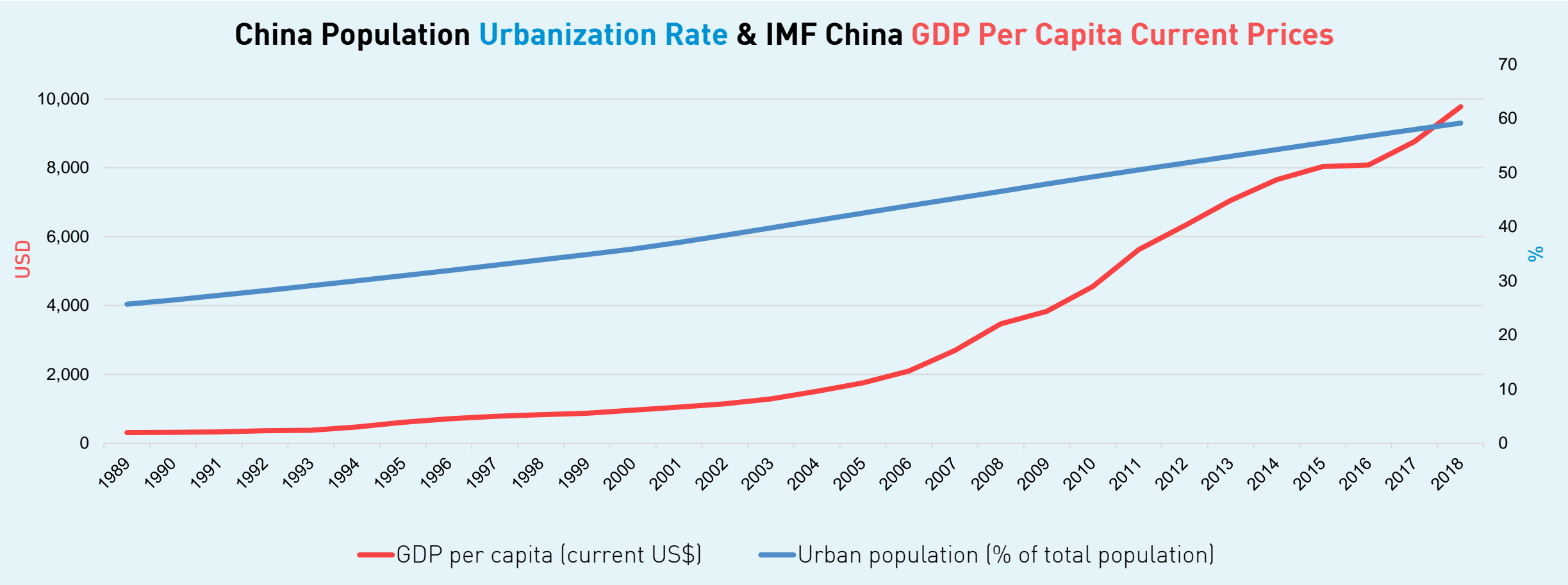
Note: Figures converted from Chinese Renminbi to USD as of 14/Apr/2020

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

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

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

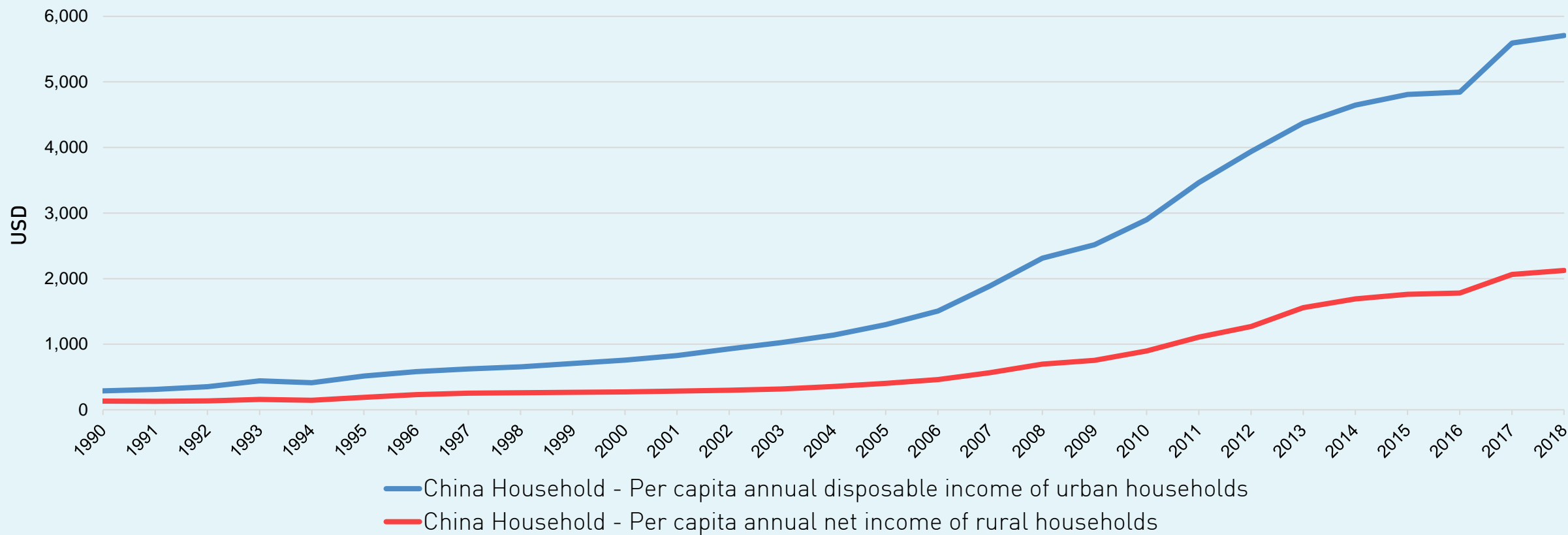
As China’s population moves into cities, they gain access to better jobs and wages, which in turn has a positive impact on GDP per capita.



Data from World Bank, as of 31/Dec/2018. Retrieved on 30/Jun/2020.

China's urban population has almost three times more disposable income than their rural counterparts.

China Household Per Capita Annual Disposable Income of **Urban** & **Rural** Households



Data from Bloomberg, as of 31/Dec/2018. Retrieved on 30/Jun/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 <sup>1</sup>	294mm <sup>2</sup>
% of population with internet access	61.2% <sup>1</sup>	89.5% <sup>2</sup>
Country's share of world internet users	23.4% <sup>2</sup>	8.1% <sup>2</sup>
E-Commerce market size 2019	\$1.5T <sup>3</sup>	\$601.7B <sup>4</sup>
Total retail sales 2019	\$5.8T <sup>3</sup>	\$5.5T <sup>4</sup>
% of online retail sales 2019	25.8% <sup>3</sup>	11.0% <sup>4</sup>
2018-2019 growth online sales	16.5% <sup>3</sup>	14.9% <sup>4</sup>

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

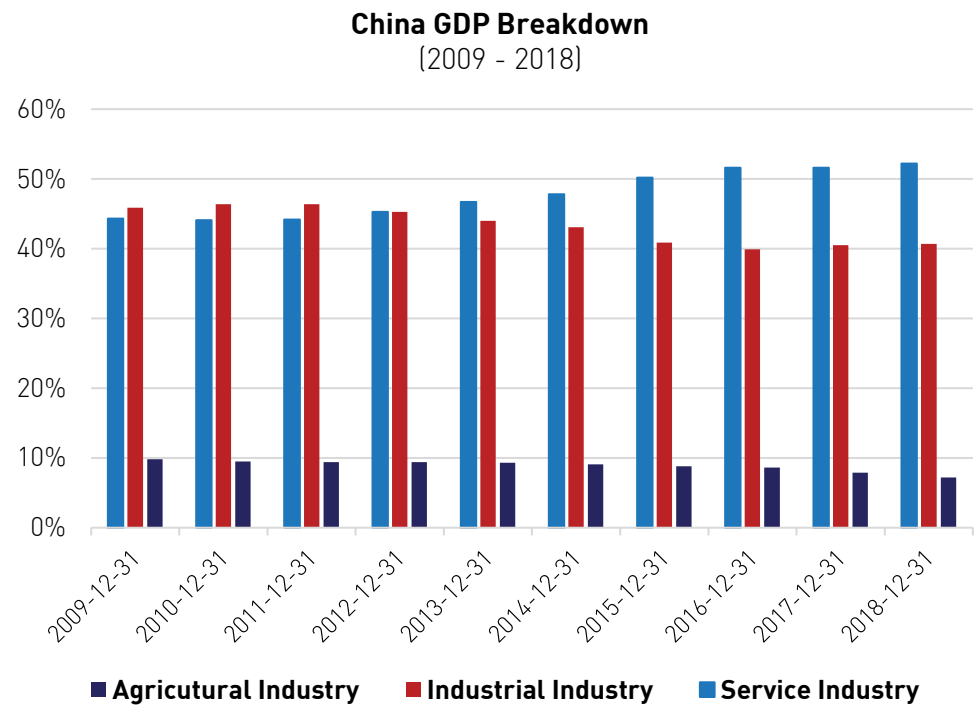
2.Data from Pew Research Center, World Bank and US Census Bureau as of 30/Jun/2019. Retrieved 30/Jun/2020.

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

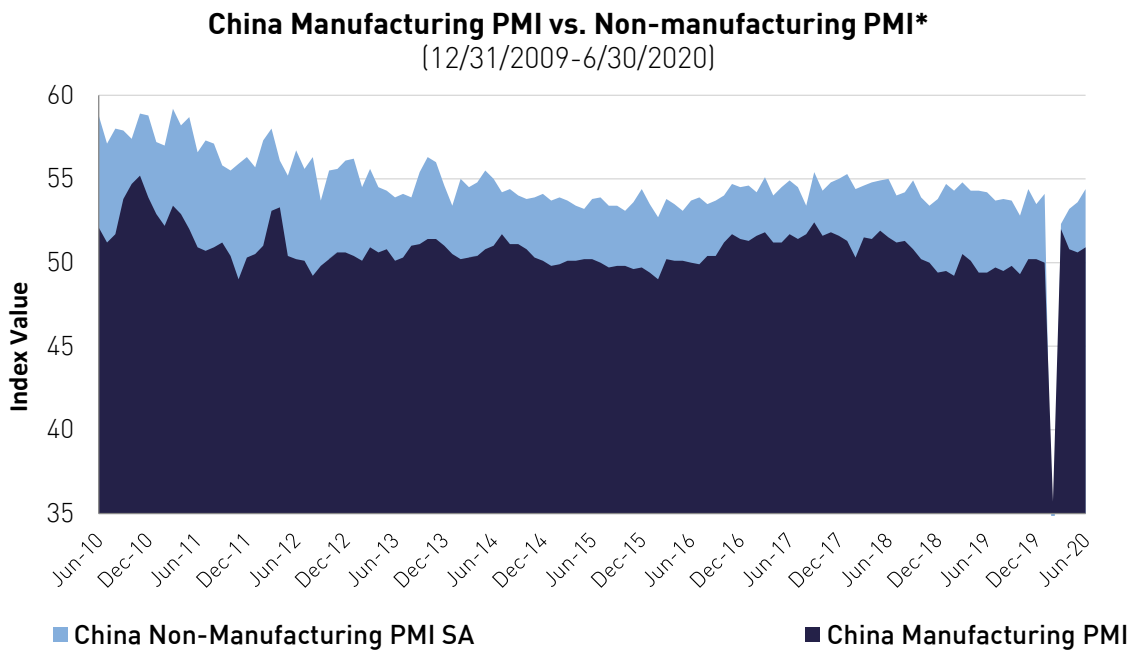
4.U.S. Department of Commerce, "Quarterly Retail E-commerce Sales 4th Quarter 2019" 19/Feb/2020.

# 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.



Data from Bloomberg as of 31/Dec/2018, retrieved 30/Jun/2020

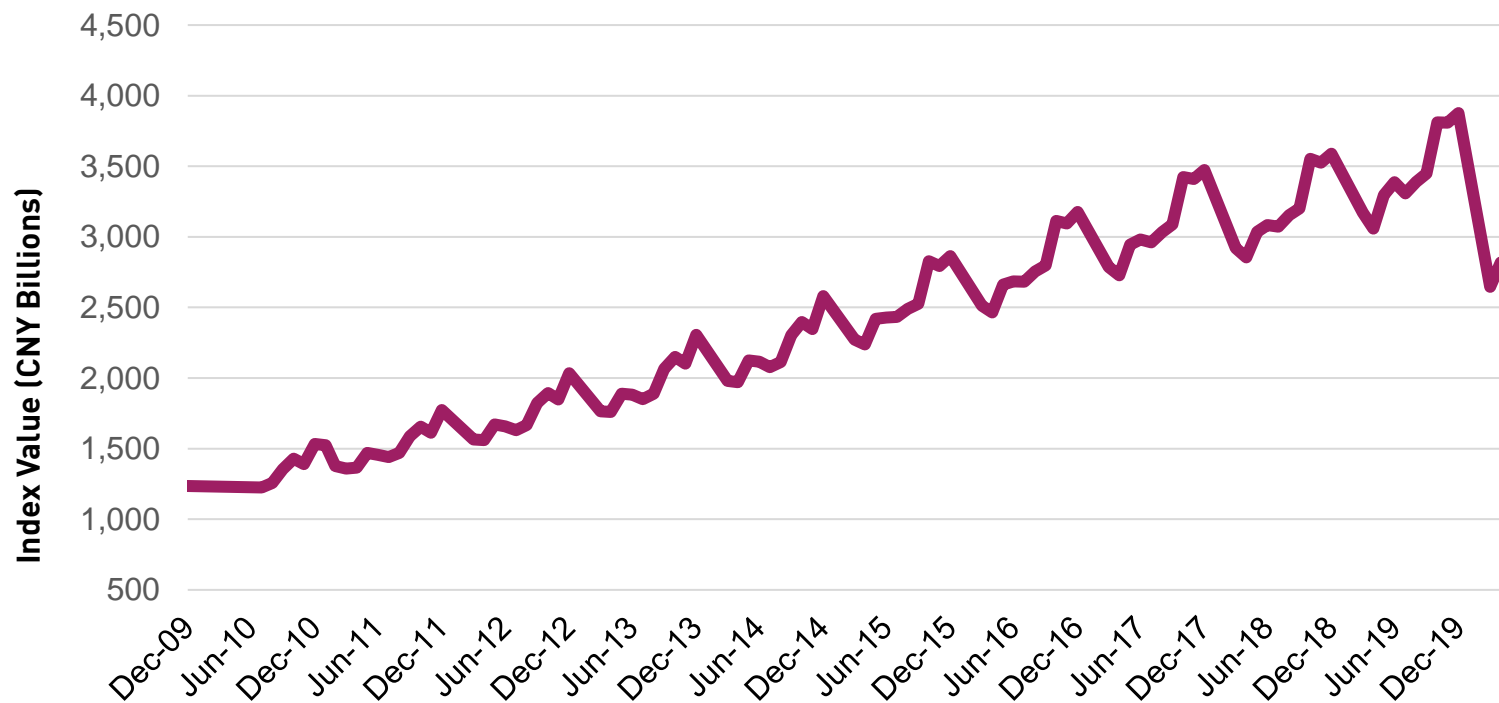


Data from Bloomberg as of 30/Jun/2020

**\*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.

## Retail sales have expanded steadily in China.

**Value of Monthly China Retail Sales Index**  
(12/31/2009 - 5/31/2020)



- Total Chinese retail sales reached **\$5.8 trillion** in 2019
- Chinese retail websites sold **\$1.5 trillion** worth of goods in 2019, a **16.5%** year-on-year increase.
- Online shopping accounted for **25.8%** of total retail sales in 2019.

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











Chart data from Bloomberg as of 31/Dec/2019, retrieved 30/Jun/2020. Past performance does not guarantee future results.

**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.



**The 1 year and 5 year average revenue growth rates for China internet companies is higher than that of many U.S. internet companies.**

**Top 10 KWEB holdings vs. their U.S. equivalents as of 30/Jun/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
TENCENT HOLDINGS LTD 	Social Media	9%	23%	38%	Facebook	25%	41%
ALIBABA GROUP HOLDING-SP ADR 	E-Commerce	9%	35%	47%	Amazon	23%	27%
MEITUAN DIANPING-CLASS B 	Online Delivery	8%	31%	54%	GrubHub	24%	37%
PINDUODUO INC-ADR 	E-Commerce	7%	107%	-	Groupon	-22%	-8%
JD.COM INC-ADR 	E-Commerce	7%	25%	37%	Amazon	23%	27%
BILIBILI INC-SPONSORED ADR 	Video Streaming	4%	66%	175%	Roku	54%	39%
ALIBABA HEALTH INFORMATION 	Health Information	4%	95%	356%	Teladoc Health	33%	67%
TAL EDUCATION GROUP- ADR 	Online Education	4%	33%	52%	Chegg	30%	9%
NETEASE INC-ADR 	Gaming	4%	7%	42%	Activision Blizzard	-12%	10%
VIPSHOP HOLDINGS LTD - ADR 	E-Commerce	4%	5%	29%	Macy's	-13%	-4%
		<b>Total: 59%</b>	<b>Average: 43%</b>	<b>Average: 92%</b>		<b>Average: 16%</b>	<b>Average: 24%</b>

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

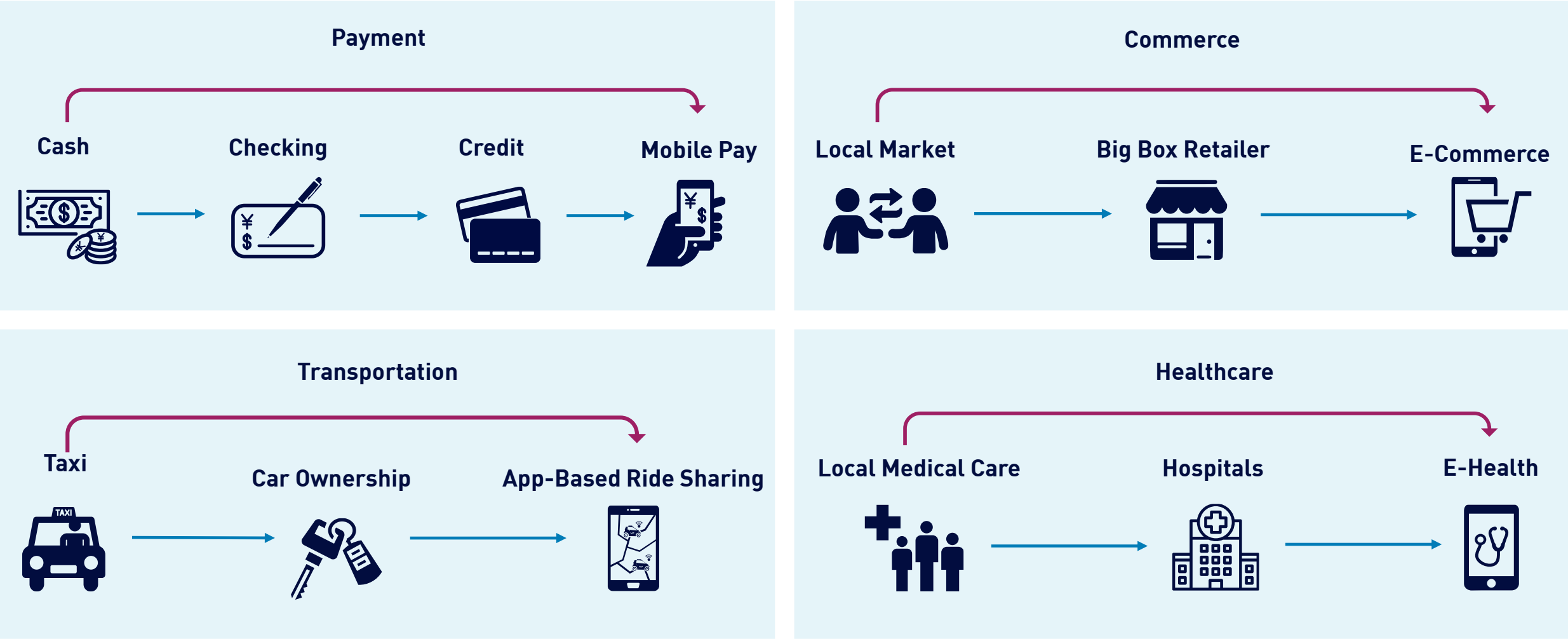
Mobile-cellular telephone subscriptions			
	2000	2018	Growth multiple
India	3,577,095	1,176,021,869	329x
Russia	3,263,200	229,431,008	70x
China	85,260,000	1,641,147,000	19x
South Africa	8,339,000	88,566,977	11x
Brazil	23,188,171	207,046,810	9x
Argentina	6,487,950	58,598,041	9x
Malaysia	5,121,748	42,413,400	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 31/Dec/2018. Retrieved on 31/Mar/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.



China’s rapid adoption of new technologies has produced a “leapfrogging” effect.



# 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)

## Other Business Ventures



**South China Morning Post**



**阿里音乐**  
Alibaba Music

**YOUKU 优酷**



**阿里巴巴·影业集团**  
Alibaba Pictures



## Global Marketplaces

**AliExpress™**

Smarter Shopping, Better Living!

**AliExpress**

(Global B2B Marketplace)

**淘宝网®**  
Taobao.com

**Taobao**

(Global C2C E-commerce Website)



**Ant Financial**

(Mobile and Online Payments Platform)

**Alibaba Cloud**

**Alibaba Cloud**

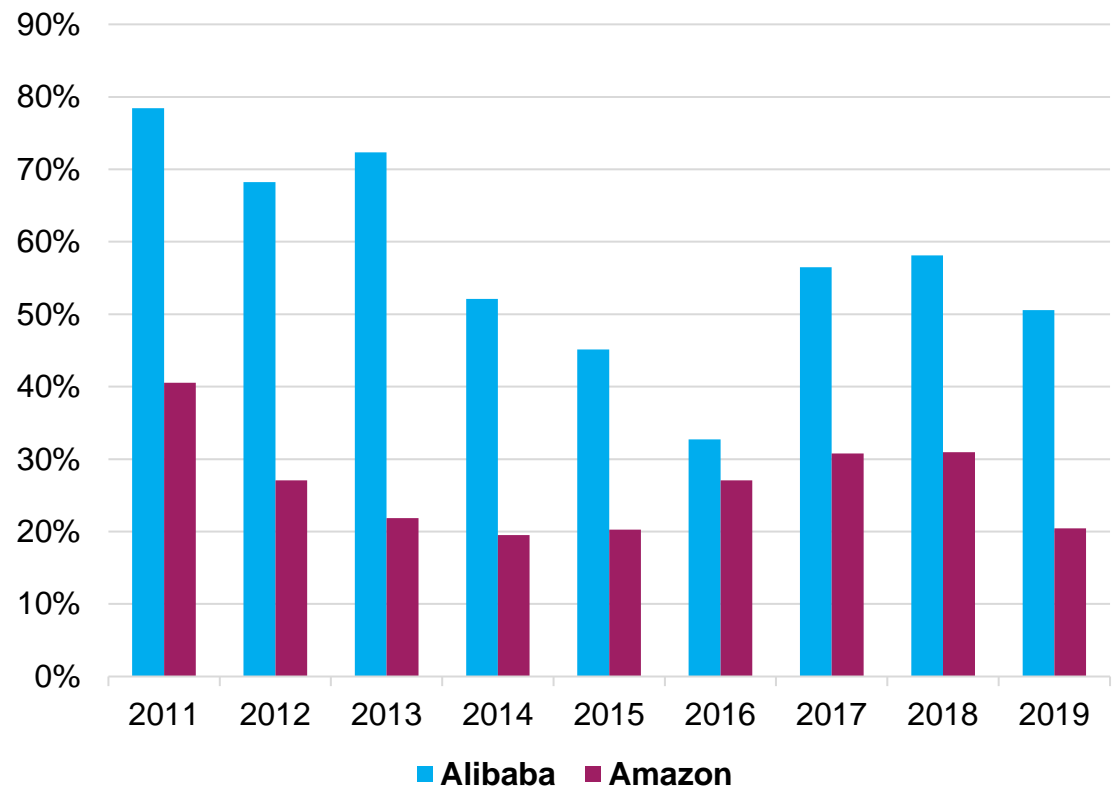
(Cloud Computing Services  
Provider to Online Businesses)



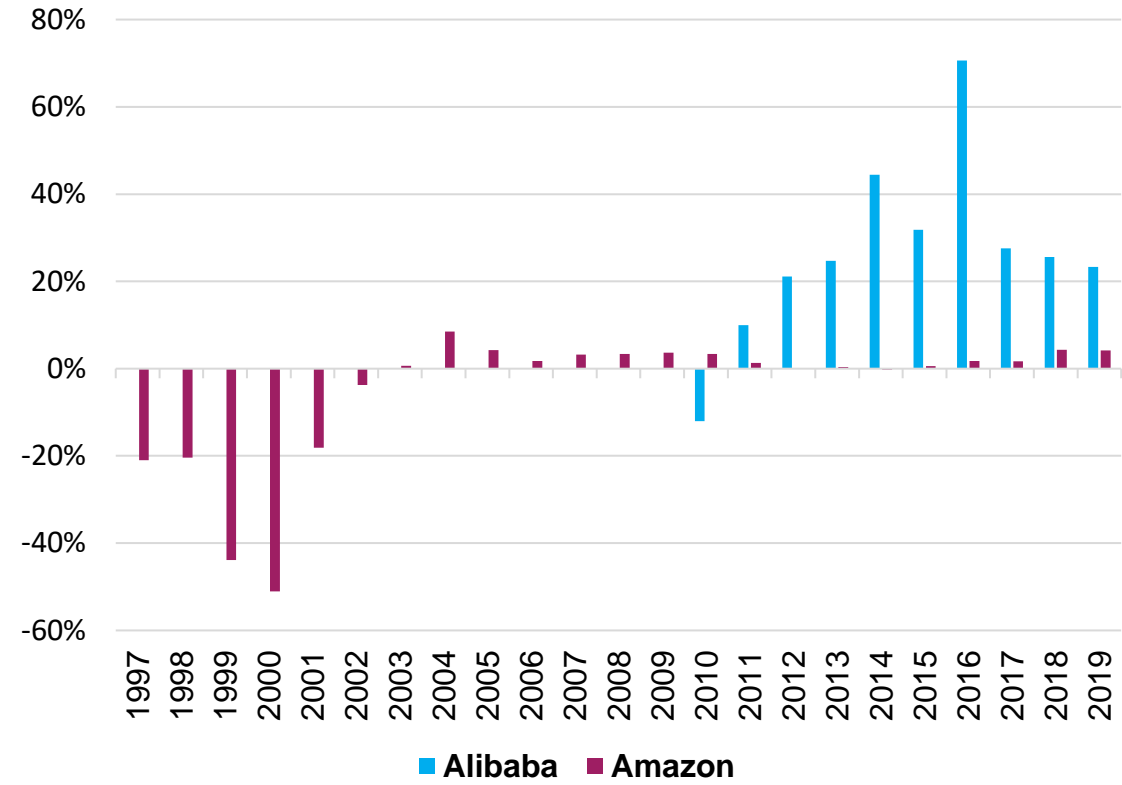
**Jack Ma** (Alibaba Founder)

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

YoY Revenue Growth



Profit Margins

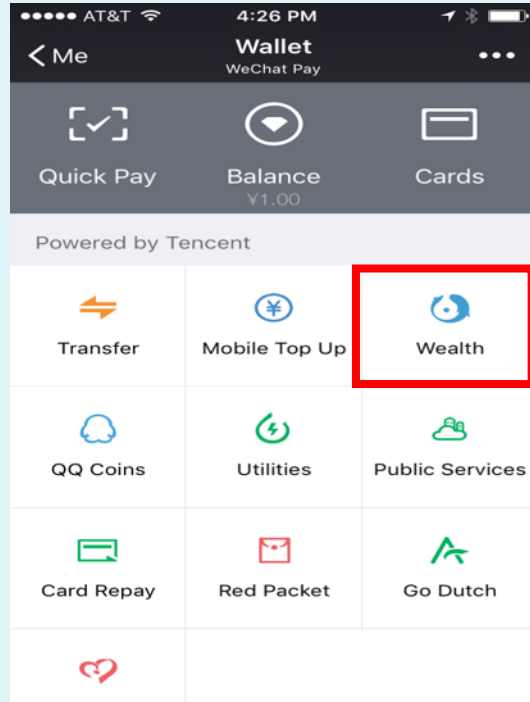


Data from Bloomberg as of 31/Dec/2019. Retrieved on 30/Jun/2020.  
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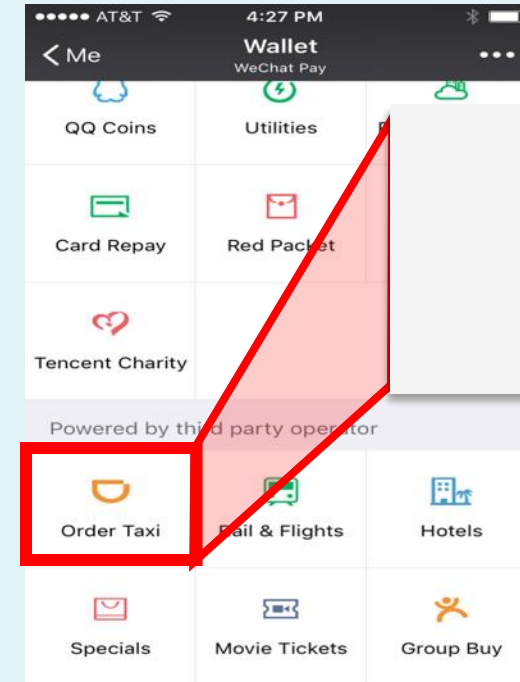


Apps like Tencent's WeChat integrate an ecosystem of services including messaging, social media, mobile payments, wealth management, & taxi hailing.

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 year<sup>1</sup>.

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



<sup>1</sup>www.xinhua.net, "China's express delivery sector handles over 60 bln parcels in 2019", 12/16/2019. Retrieved 30/Jun/2020.

## China is Rapidly Becoming A Global Internet Services Leader.

### 2013

Top 10 Global Internet Companies By Market Cap <sup>1</sup>	
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
<b>Total</b>	<b>\$1.10T</b>

### 2020

Top 10 Global Internet Companies By Market Cap <sup>2</sup>	
Amazon	\$1.38T
Alphabet	\$953B
Facebook	\$629.1B
Tencent	\$614.6B
Alibaba	\$576.8B
Paypal	\$204.4B
Netflix	\$196.7B
Shopify	\$110.7B
Naspers	\$79.6B
Netease	\$59.3B
<b>Total</b>	<b>\$4.8T</b>

### Potential Future IPOs

Top 10 Private Companies <sup>3</sup>	
Toutiao (Bytedance)	\$75.0B
Didi Chuxing	\$56.0B
Stripe	\$36.0B
SpaceX	\$33.3B
Airbnb	\$18.0B
Kuaishou	\$18.0B
One97 Communications	\$16.0B
DoorDash	\$16.0B
Epic Games	\$15.0B
DJI Innovations	\$15.0B
<b>Total</b>	<b>\$298.3B</b>

1. Data from Bloomberg as of 31/Dec/2013. Retrieved on 31/Mar/2020.

2. Data from Bloomberg as of 30/Jun/2020. Retrieved on 2/Jul/2020.

3. Data from CB Insights as of June 2020. Retrieved on 30/Jun/2020.

## KraneShares CSI China Internet UCITS ETF (LSE: KWEB)

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:

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

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	\$162.2M

<b>Top Ten Holdings</b> as of 30/Jun/2020 The Fund's Holdings Are Subject to Change.	<b>%</b>	<b>Ticker</b>
TENCENT HOLDINGS LTD	9.21	700 HK
ALIBABA GROUP HOLDING-SP ADR	8.91	BABA US
MEITUAN DIANPING-CLASS B	7.56	3690 HK
PINDUODUO INC-ADR	6.83	PDD US
JD.COM INC-ADR	6.67	JD US
BILIBILI INC-SPONSORED ADR	4.51	BILI US
ALIBABA HEALTH INFORMATION T	4.12	241 HK
TAL EDUCATION GROUP- ADR	3.93	TAL US
NETEASE INC-ADR	3.79	NTES US
VIPSHOP HOLDINGS LTD - ADR	3.64	VIPS US

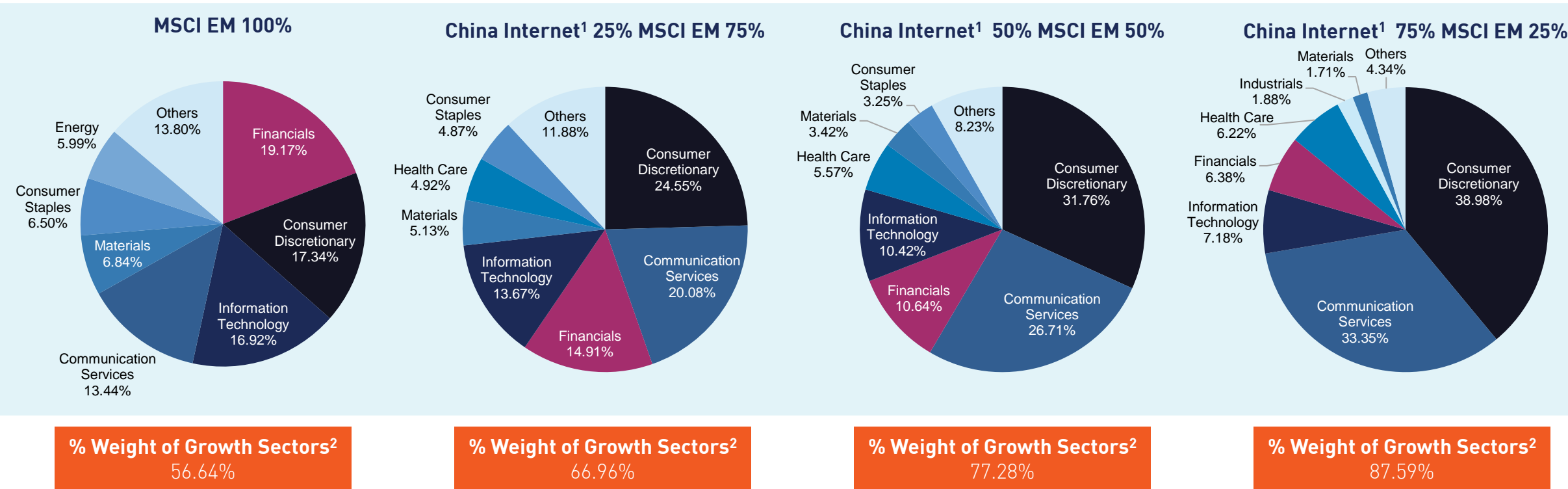
### KWEB Performance History as of 30/Jun/2020

	Cumulative %			Average Annualized %		
	3 Mo	6 Mo	Since KWEB LN Inception 20/Nov/2018	1 Yr	3 Yr	Since KWEB LN Inception 20/Nov/2018
Fund NAV	37.57%	27.59%	54.08%	40.84%	–	30.78%
Index	37.44%	27.76%	56.34%	41.84%	–	31.97%

**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.**

# 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.<sup>2</sup>
- 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.



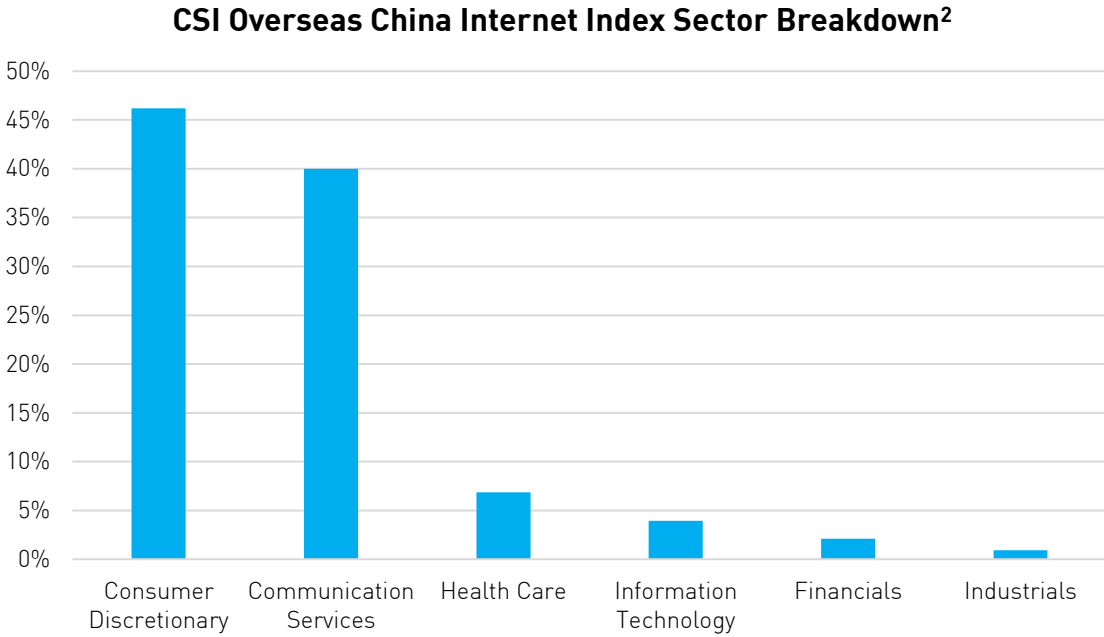
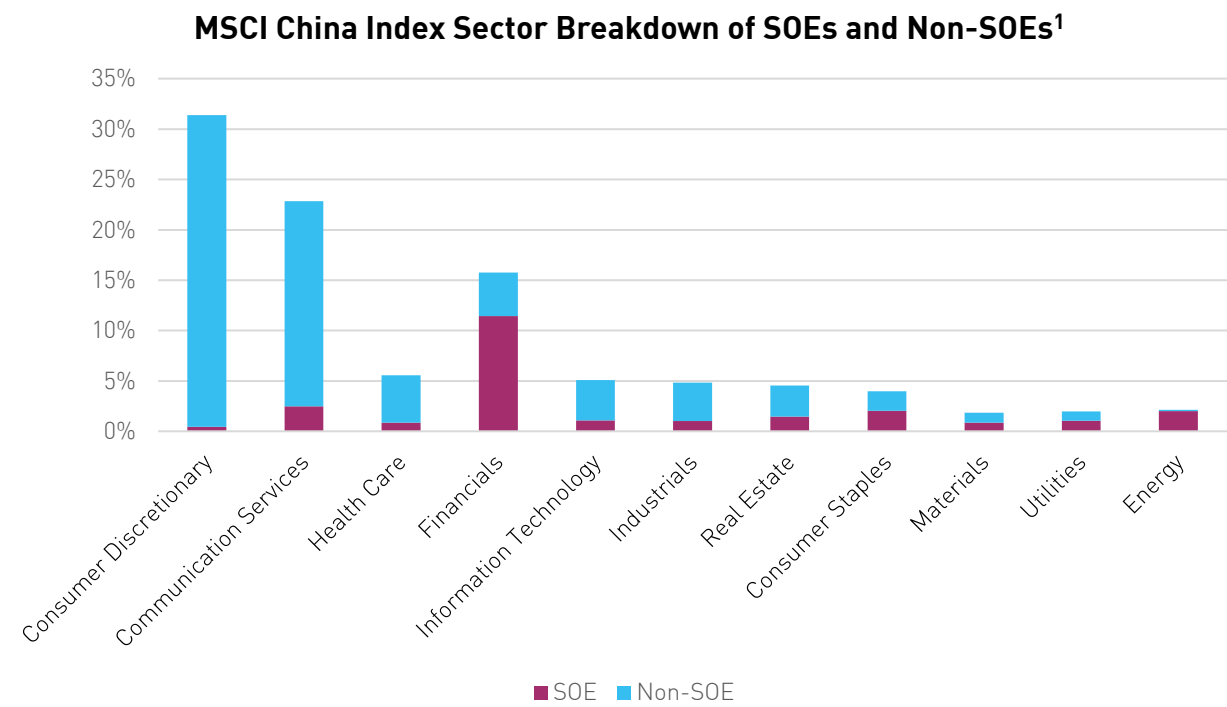
Information is hypothetical, and is provided for illustrative purposes only and not indicative of any particular investment.  
 Data from Bloomberg as of 30/Jun/2020.

1. China Internet – CSI Overseas China Internet Index. See page 25 for index definitions.  
 2. Growth sectors defined as the top 5 sectors by weight of the MSCI ACWI Growth Index as of 30/Jun/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%.<sup>1</sup>
- The MSCI China Index has higher exposure to SOEs, which constitute 25% of the weight of the Index.<sup>1</sup>
- 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.

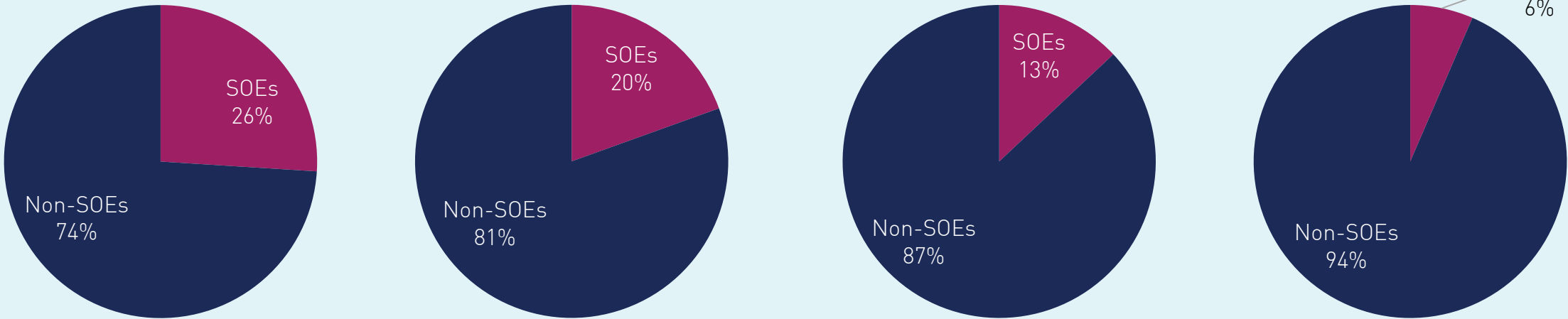


1.Data from MSCI and Bloomberg as of 30/Jun/2020. See page 25 for index definitions.

2.Data from CSI as of 30/Jun/2020.

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

100% MSCI EM      75% MSCI EM / 25% China Internet<sup>1</sup>      50% MSCI EM / 50% China Internet<sup>1</sup>      25% MSCI EM / 75% China Internet<sup>1</sup>

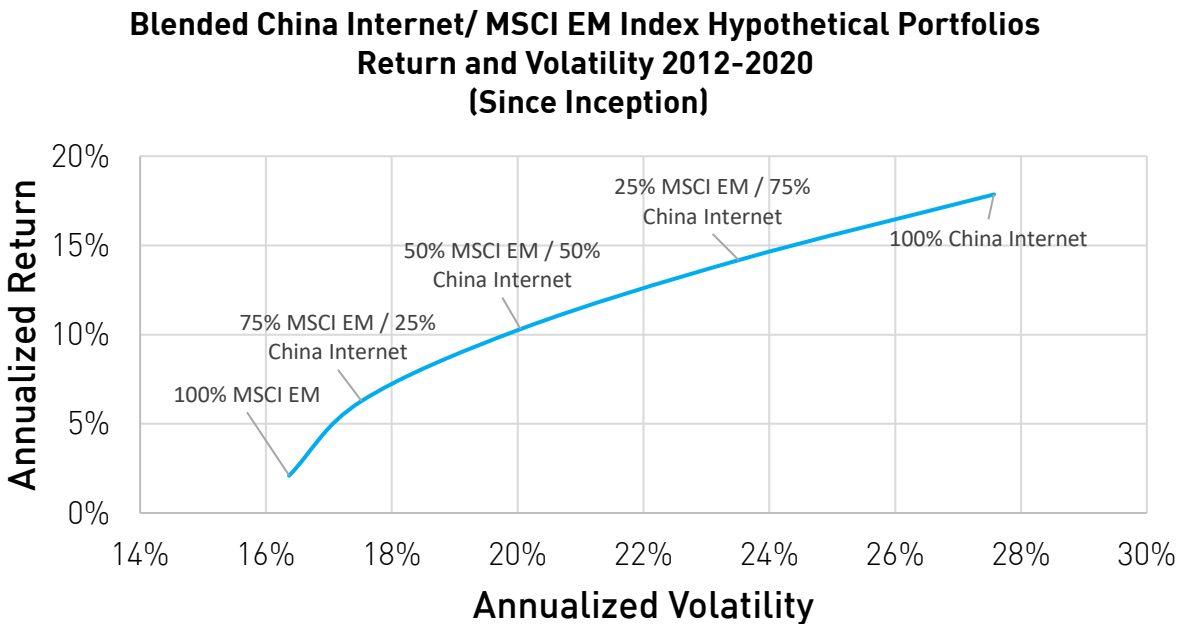


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1.Data from CSI as of 30/Jun/2020. State-Owned Enterprises as defined by MSCI are companies whose largest shareholder is a government entity or whose government ownership is over 20%. China Internet – CSI Overseas China Internet Index. See page 25 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.



Return and Volatility 2012-2020 (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	2.09%	6.27%	10.31%	14.18%	17.86%
Annualized Volatility	16.4%	17.5%	20.0%	23.5%	27.6%
Sharpe Ratio	0.08	0.32	0.48	0.57	0.62

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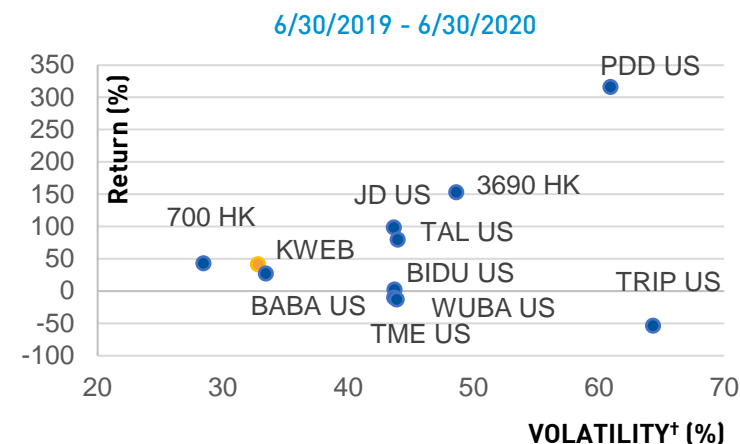
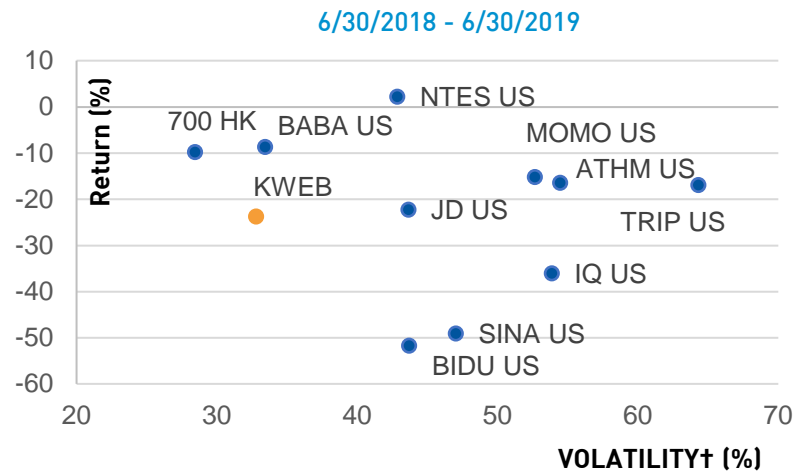
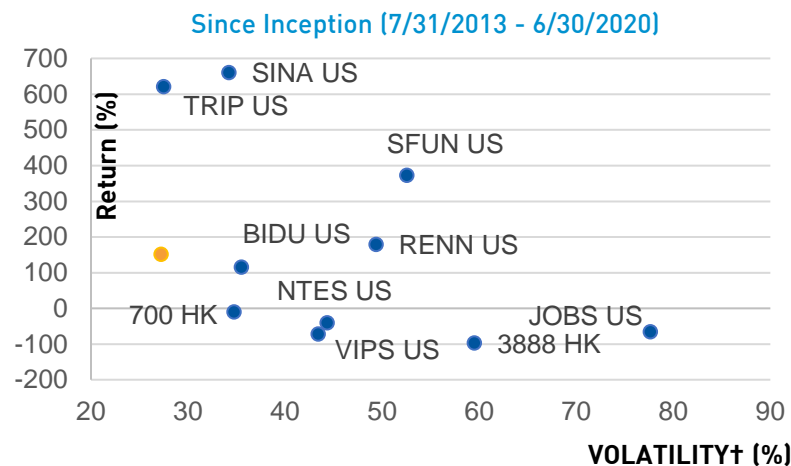
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Data from Bloomberg as of 30/Jun/2020. See page 25 for index definitions.

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 (31/July/2013) & The Past 2 Years



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 6/30/2018	Ticker	%
TENCENT HOLDINGS LTD	700 HK	9.89
ALIBABA GROUP HOLDING-SP	BABA US	8.95
NETEASE INC-ADR	NTES US	8.05
BAIDU INC - SPON ADR	BIDU US	8.00
JD.COM INC-ADR	JD US	6.61
IQIYI INC-ADR	IQ US	4.61
CTRP.COM INTERNATIONAL-A	CTRP US	4.49
AUTOHOME INC-ADR	ATHM US	4.08
SINA CORP	SINA US	3.93
MOMO INC-SPON ADR	MOMO US	3.74

Top Ten Holdings as of 6/30/2019	Ticker	%
TENCENT HOLDINGS LTD	700 HK	10.15
ALIBABA GROUP HOLDING-SP ADR	BABA US	9.05
BAIDU INC - SPON ADR	BIDU US	7.86
MEITUAN DIANPING-CLASS B	3690 HK	7.49
JD.COM INC-ADR	JD US	6.29
CTRP.COM INTERNATIONAL-ADR	CTRP US	4.12
TAL EDUCATION GROUP- ADR	TAL US	3.99
TENCENT MUSIC ENTERTAINM-ADR	TME US	3.97
PINDUODUO INC-ADR	PDD US	3.96
58.COM INC-ADR	WUBA US	3.65

Data from Bloomberg as of 30/Jun/2020.

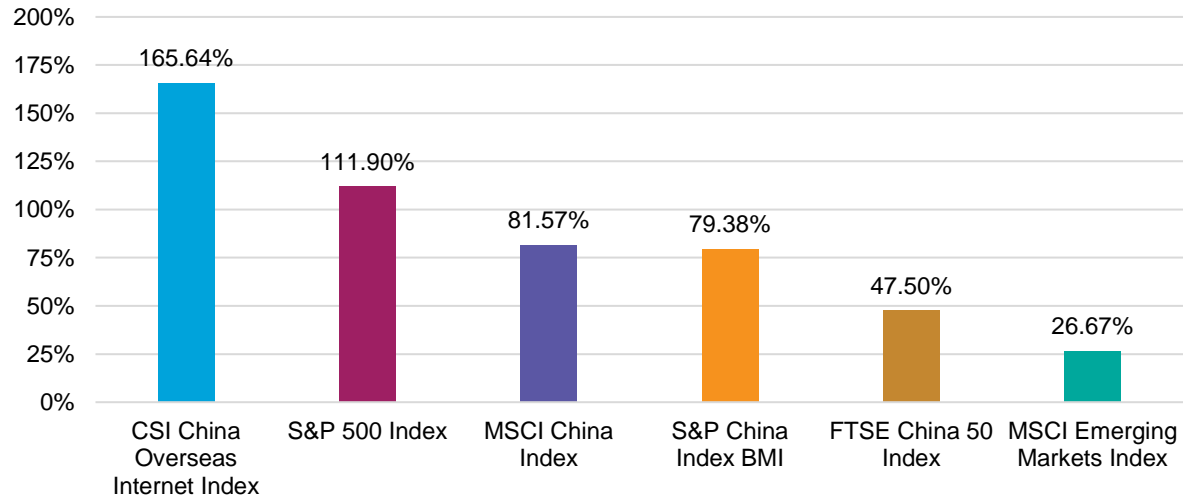
†Volatility: is the degree of variation of a trading price series over time as measured by the standard deviation of returns. Standard deviation: is a quantity calculated to indicate the extent of deviation for a group as a whole. A low standard deviation indicates that the data points tend to be close 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.

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.

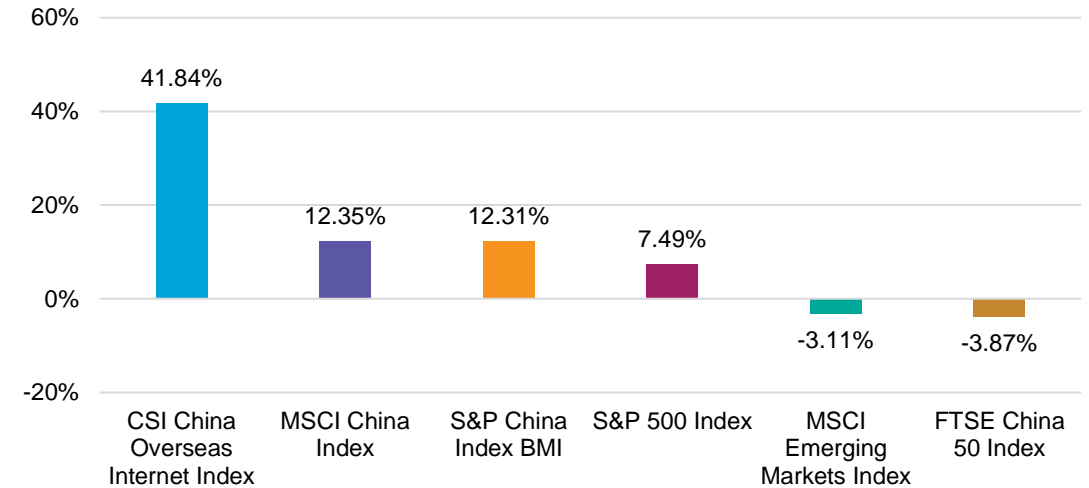
For performance data current to the most recent month end, please call +(1)855 8KRANE8 or visit our website at [www.kraneshares.com/kweb/](http://www.kraneshares.com/kweb/).

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

Since KWEB Inception (7/31/2013) as of 6/30/2020



Past Year as of 6/30/2020\*



Total return gross dividend tax data from Bloomberg as of 30/Jun/2020. See page 17 for standard performance.

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

**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](http://www.kraneshares.com)**

See page 25 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.



**Definitions:**

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

**The 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. **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). **MSCI China Index:** The MSCI China Index captures large and mid cap representation across China H shares, B shares, Red chips and P chips. With 157 constituents, the index covers about 84% of this China equity universe. **S&P China BMI Index:** is a comprehensive benchmark that defines and measures the investable universe of publicly traded companies domiciled in China, but are legally available to foreign investors.

[R-DMS-KS]

## 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.kraneshareseu.com](http://www.kraneshareseu.com). Read the prospectus carefully before investing.**

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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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@oligofunds.ch](mailto:info@oligofunds.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](http://www.DMSGovernance.com)