

## KraneShares MSCI China Environment ETF

### Investment Strategy:

KGRN seeks to track the the MSCI China IMI Environment 10/40 Index. The Index is comprised of securities that derive at least 50% of their revenues from environmentally beneficial products and services. The Index is based on five key Clean Technology environmental themes: Alternative Energy, Sustainable Water, Green Building, Pollution Prevention and Energy Efficiency. The Index aims to serve as a benchmark for investors seeking exposure to Chinese companies that focus on contributing to a more environmentally sustainable economy by making efficient use of scarce natural resources or by mitigating the impact of environmental degradation. Constituent selection is based on data from MSCI Environment, Social, and Governance (ESG).

### China's Environmental Protection Highlights:

- China is the world leader in total renewable energy capacity, at 28% of total global capacity<sup>1</sup>.
- China's goal is to spend \$360 billion on renewable energy<sup>2</sup> and achieve 50% commercial green building certification by 2020<sup>3</sup>.
- Meeting these standards would create as much new renewable energy capacity as the entire US electricity system<sup>4</sup>, and China would represent half of the world's green building floor space<sup>3</sup>.
- China has a proven track record of achieving ambitious long term renewable energy goals set forth within The Five Year Plan.

### KGRN Features:

- Access to China's fast-growing environmental protection industry that has rapidly become the largest renewable energy market in the world<sup>1</sup>.
- Exposure to companies that stand to benefit from China's increased focus and spending on clean energy technologies.
- Benchmarked to an MSCI ESG Index: MSCI is the #1 index provider for Socially Responsible Investment (SRI), Corporate governance, and ESG indexes according to a 2015 and 2016 survey of 1,300 participants conducted by SRI Connect and Extel.

### KGRN Performance History as of 3/31/2018

	Cumulative %			Average Annualized %		
	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	Since Inception
Fund NAV	-6.69%	-	-4.56%	-	-	-4.56%
Closing Price	-5.20%	-	-3.04%	-	-	-3.04%
Index	-6.49%	-2.28%	-4.31%	-	-	-4.31%

\*Fee waivers are contractual and in effect until 7/31/18.

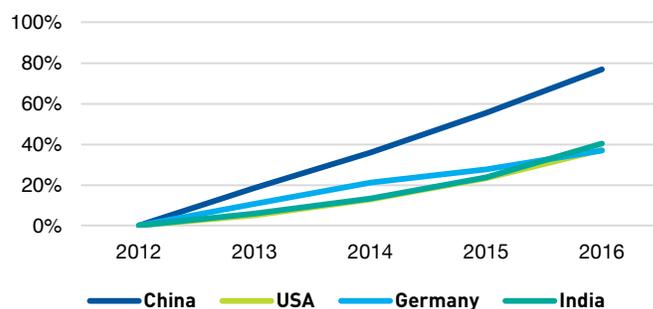
**The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current 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)**

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).

**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.**

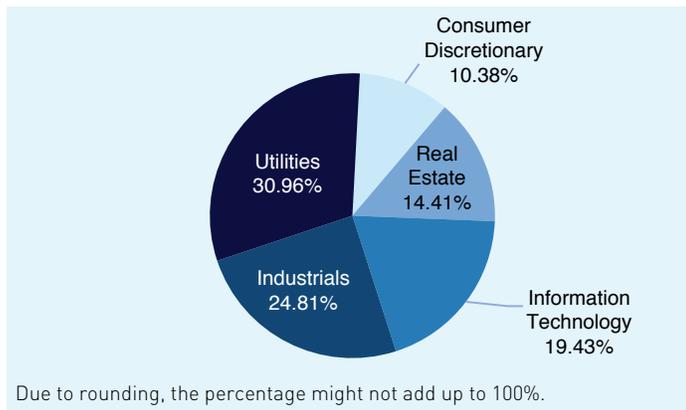
Fund Details	As of 3/31/2018	
Primary Exchange	NYSE	
Management Fee	Gross: 0.80%	Net: 0.79%*
Inception Date	10/12/2017	
Distribution Frequency	Semiannually	
Index Name	MSCI China IMI Environment 10/40 Index	
Index Ticker	Bloomberg: M1CXCIE	
Number of Holdings (ex Cash)	34	

Annual Growth of Electric Power Capacity From Renewable Technologies<sup>5</sup>



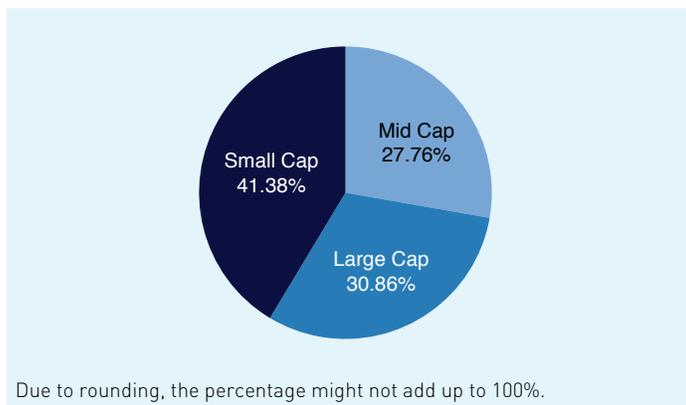
1. REN21's Renewables 2017 Global Status Report (GSR) pg 166
2. Michael Forsythe, "China Aims to Spend at Least \$360 Billion on Renewable Energy by 2020", The New York Times, 1/5/2017. Retrieved 7/21/2017.
3. UTC, Accelerating the World's Largest Green Building Market: China. Oct. 4, 2016.
4. Barbara Finamore, National Resource Defense Council, Paris Climate Agreement Explained, Dec. 12, 2015
5. Data from REN21 Renewables Global Status Report 2013-2017, Renewable Electric Power Global Capacity, Top Regions and Countries. Retrieved 3/31/2018.

### KGRN Sector Breakdown



Data from MSCI as of 3/31/2018

### KGRN Market Cap Breakdown



Data from MSCI as of 3/31/2018

<b>Top Ten Holdings</b> as of 3/31/2018 Excluding cash. The Fund's Holdings are Subject to Change.	<b>Ticker</b>	<b>%</b>
BEIJING ENTERPRISES WATER GR	371 HK	7.83
BEIJING URBAN CONSTRUCTION-H	1599 HK	1.03
CANVEST ENVIRONMENTAL PROTEC	1381 HK	2.13
CAPITAL ENVIRONMENT HOLDINGS	3989 HK	1.12
CHAOWEI POWER HOLDINGS LTD	951 HK	2.54
CHINA DATANG CORP RENEWABL-H	1798 HK	1.85
CHINA ENERGINE INTERNATIONAL	1185 HK	0.49
CHINA EVERBRIGHT INTL LTD	257 HK	8.70
CHINA EVERBRIGHT WATER LTD	CEWL SP	0.46
CHINA HIGH SPEED TRANSMISSIO	658 HK	3.15



#### MSCI Environmental, Social and Governance (ESG) Research

- MSCI ESG Research provides in-depth research, ratings, and analysis of the environmental, social, and governance-related business practices of thousands of companies worldwide. The Index uses company research provided by MSCI ESG Research.
- MSCI is the #1 index provider for Socially Responsible Investment (SRI), Corporate governance, and ESG indexes according to a 2015 and 2016 survey of 1,300 participants conducted by SRI Connect and Extel.
- According to MSCI as of September 2017 over \$85 billion in assets are benchmarked to MSCI ESG indexes

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

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. The fund is non-diversified.

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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