



KraneShares™



E FUND
易方達

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KCNY

Data as of 3/31/2017

KraneShares E Fund China Commercial Paper ETF (ticker: KCNY)

Investment Strategy

KCNY (the Fund) seeks to track the CSI Diversified High Grade Commercial Paper Index (the Index). The Fund seeks to deliver a diversified basket of investment-grade¹ commercial paper denominated in on-shore renminbi (RMB) issued by sovereign, quasi-sovereign, and corporate issuers in the People's Republic of China and traded in the inter-bank bond market. Commercial paper in the Fund is investment-grade¹ and has a remaining term to final maturity of no more than one year and no less than one month.

China's Onshore Bond Market Quick Facts

- China's Interbank Bond Market is one of the largest in the world with a total market size of 9.2 trillion USD.²
- KCNY provides investors outside of mainland China access to the historically closed off Interbank bond market. Foreign investors represents less than 1.5% of the total market.³
- Short term sovereign bonds in the United States, Europe and Japan yield less than 0.9%, while equivalent bonds in China's interbank market offer a compelling 2.8% yield.⁴

A Key Decision from the International Monetary Fund (IMF)

- On October 1, 2016, the RMB was included within the IMF's Special Drawing Rights (SDR) for the first time, an elite basket of reserve currencies.
- SDR currencies are commonly regarded as the most stable and prevalently used currencies in the world.
- On 3/31/2017 the IMF added a line item for RMB to their official report on the Currency Composition of Official Foreign Exchange Reserves (COFER)
- The 3/31/2017 COFER report showed the RMB accounts for 1.03% of total allocated reserves, or \$84.5 billion dollars as of 12/31/2016⁵.
- We believe the RMB's weight within COFER will increase in coming years.

Fund Details	As of 3/31/2017	
Primary Exchange	NYSE	
Total Annual Fund Operating Expense	Gross: 0.69%	Net: 0.57%*
Inception Date	12/02/2014	
Distribution Frequency	Monthly	
Index Name	CSI Diversified High Grade Commercial Paper Index	
Index Ticker	Bloomberg : H0396	
Number of Holdings (ex Cash)	22	
Credit quality of underlying securities ¹	Investment Grade	
Effective Maturity	0.33 years	
30-day SEC Yield	2.90%	
30-day SEC Unsubsidized Yield	2.78%	

1. For purposes of the Index, investment grade commercial paper is commercial paper that is issued by an issuer whose long-term bonds are rated AAA or equivalent by one or more Chinese credit rating agencies; or commercial paper that is issued by an issuer whose long-term bonds are rated AA+ or equivalent by one or more Chinese credit rating agencies and commercial paper is rated A-1 or equivalent by one or more Chinese credit rating agencies
2. Data from the Bank for International Settlements as of 9/30/2016 as reported on 3/31/2017 retrieved 4/04/2016
3. "China Opens Currency Derivatives to Lure Overseas Bond Investors," Bloomberg News, 2/27/2017
4. Data from Bloomberg as of 12/31/2016
5. Data from the International Monetary Fund as of 12/31/2016, as reported on 3/31/2017, retrieved 4/05/2017

KCNY Performance History as of 3/31/2017

	Cumulative**			Annualized Calendar QTR 3/31/2017	
	3 Mo	6 Mo	Since Inception 12/02/2014	Preceding 12mos.	Since Inception 12/02/2014
Fund NAV	1.83%	-2.06%	-4.88%	-3.95%	-2.13%
Closing Price	2.16%	-2.10%	-5.43%	-4.33%	-2.37%
Index	1.80%	-1.73%	-2.75%	-3.41%	-1.19%

* KraneShares has contractually agreed to reduce its management fee from exceeding 0.56% of the Fund's average daily net assets until July 31, 2017. In the absence of current fee waivers, performance would be reduced.

**Cumulative return is the aggregate amount that an investment has gained or lost over time. Annualized Calendar QTR Return is the average return gained or lost by an investment each year over a given time period.

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

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 when buying and receive less than net asset value (NAV) 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).

An active secondary market for the Fund's shares may not exist. Although the Fund's shares will be listed on an exchange, subject to notice of issuance, it is possible that an active trading market may not develop or be maintained. There is no guarantee that distributions will be paid.

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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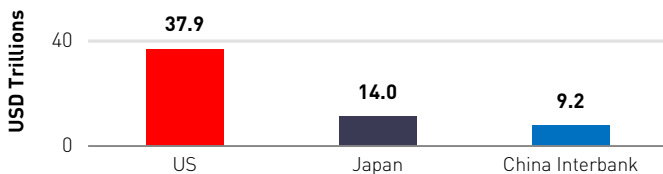
KCNY

Data as of 3/31/2017

China Interbank Bond Market Opportunity

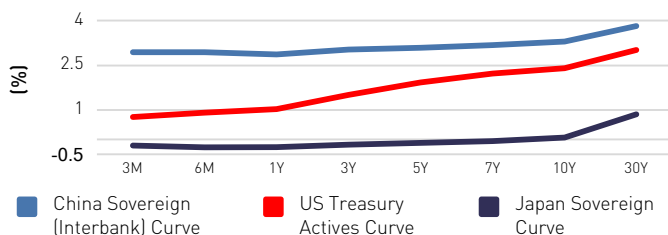
China's Interbank Bond Market is the 3rd largest globally

Top Three Bond Markets¹



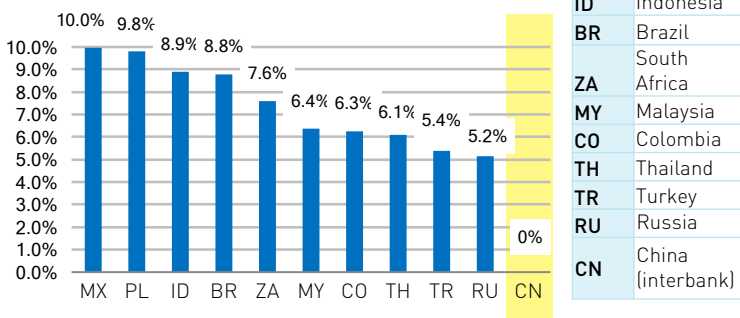
China Interbank Bond Market yields are significantly higher than in the US & Japan²

Top 3 Bond Market Yield Curves (as of 3/31/2017)²



Surprisingly, international investors have little exposure to China's Interbank Bond Market

Top 10 country Weight in the J.P. Morgan Government Bond Index (Emerging Market Global Core)³



MX	Mexico
PL	Poland
ID	Indonesia
BR	Brazil
ZA	South Africa
MY	Malaysia
CO	Colombia
TH	Thailand
TR	Turkey
RU	Russia
CN	China (interbank)

Top Ten Holdings as of 3/31/2017. (Excluding cash) The Fund's holdings are Subject to Change.

	%
HAIDIAN STATE-OWNED CP	10.25
GD POWER DEVELOPMENT CO	7.35
COFCO CORP	7.35
BEIJING CAPITAL AIRPORT	7.32
E FUND MONEY MARKET FUND	4.90
FORTUNE SGAM MONEY MKT	4.90
QINGHAI STATE ASSET INV	4.42
XIAMEN IPORT GROUP	4.42
GD POWER DEVELOPMENT CO	4.42
STATE POWER INVESTMENT	4.42

About E Fund:*

- E Fund is the sub advisor for KCNY. The firm is one of the largest asset managers, and the largest fixed income manager in China with more than \$153b in AUM.
- The firm is headquartered in Guangzhou, with offices in Beijing, Shanghai and Hong Kong.
- Established in 2001, E Fund was among the 1st Chinese asset management companies approved to do business in Mainland China

*E Fund data from efund.com as of 12/31/2016, retrieved 4/3/2017



Guangdong (Jeffrey) Qi – Portfolio Manager

Mr. Guangdong Qi is a co-manager for the Fund. Mr. Qi is currently a fund manager and responsible officer (RO) of E Fund. He holds a master's degree in Financial Engineering from Shanghai University of Finance and Economics and a B.S. in Physics from Shanghai Fudan University.

- Data from the Bank for International Settlements as of 9/30/2016 as reported on 3/31/2017 retrieved 4/04/2016
- Data from Bloomberg as of 3/31/2017. A yield curve is a line that plots a set point in time of bonds having equal credit quality but differing maturity dates. For this example sovereign and treasury yield curves were chosen because they represent the highest credit quality yield curve for each respective nation.
- Based on the J.P. Morgan Government Bond Index (Emerging Market Global Core) – This index is designed to track a basket of bonds issued in local currencies by emerging market governments. Data as of 3/31/2017

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.

Investing involves risk, including possible loss of principal. There can be no assurance that a Fund will achieve its stated objectives. The Funds focus their investments primarily with Chinese issuers and issuers with economic ties to China. The Funds are subject to political, social or economic instability within China which may cause a decline in value. Fluctuations in currency of foreign countries may have an adverse effect on domestic currency values. Emerging markets involve heightened risk related to the same factors as well as increased volatility and lower trading volume. Current and future holdings are subject to risk.

The KraneShares E Fund China Commercial Paper ETF is subject to interest rate risk, which is the chance that bonds will decline in value as interest rates rise. It is also subject to income risk, call risk, credit risk, and Chinese credit rating risks. The components of the securities held by the Fund will be rated by Chinese credit rating agencies, which may use different criteria and methodology than U.S. entities or international credit rating agencies. The Fund may invest in high yield and unrated securities, whose prices are generally more sensitive to adverse economic changes. As such, their prices may be more volatile. The Fund is subject to industry concentration risk and is nondiversified. The KraneShares E Fund China Commercial Paper ETF invests in sovereign and quasi-sovereign debt. Investments in sovereign and quasi-sovereign debt securities involve special risks, including the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, and the government debtor's policy towards the International Monetary Fund and the political constraints to which a government debtor may be subject. In order to qualify for the favorable tax treatment generally available to regulated investment companies, the Fund must satisfy certain income and asset diversification requirements each year. If the Fund were to fail to qualify as a regulated investment company, it would be taxed in the same manner as an ordinary corporation, and distributions to its shareholders would not be deductible by the Fund in computing its taxable income. 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.

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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