

The China Consumer E-Commerce Opportunity

An Overview of the KraneShares
CSI China Internet 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 up to date on global market trends and provide meaningful diversification. Krane Funds Advisors, LLC is majority owned by China International Capital Corporation (CICC).



KWEB

KraneShares CSI China Internet 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\$1.14 trillion¹ in 2017 (compared to US\$453.5 billion² in the United States).
- China's internet population reached 802 million people, a penetration of only 57.7%³. The U.S. internet population reached 287 million people, a penetration rate of 88.5%⁴.
- Total Chinese retail sales reached US\$5.8 trillion in 2017¹
- Online shopping accounted for 19.6% of retail purchases in China in 2017¹

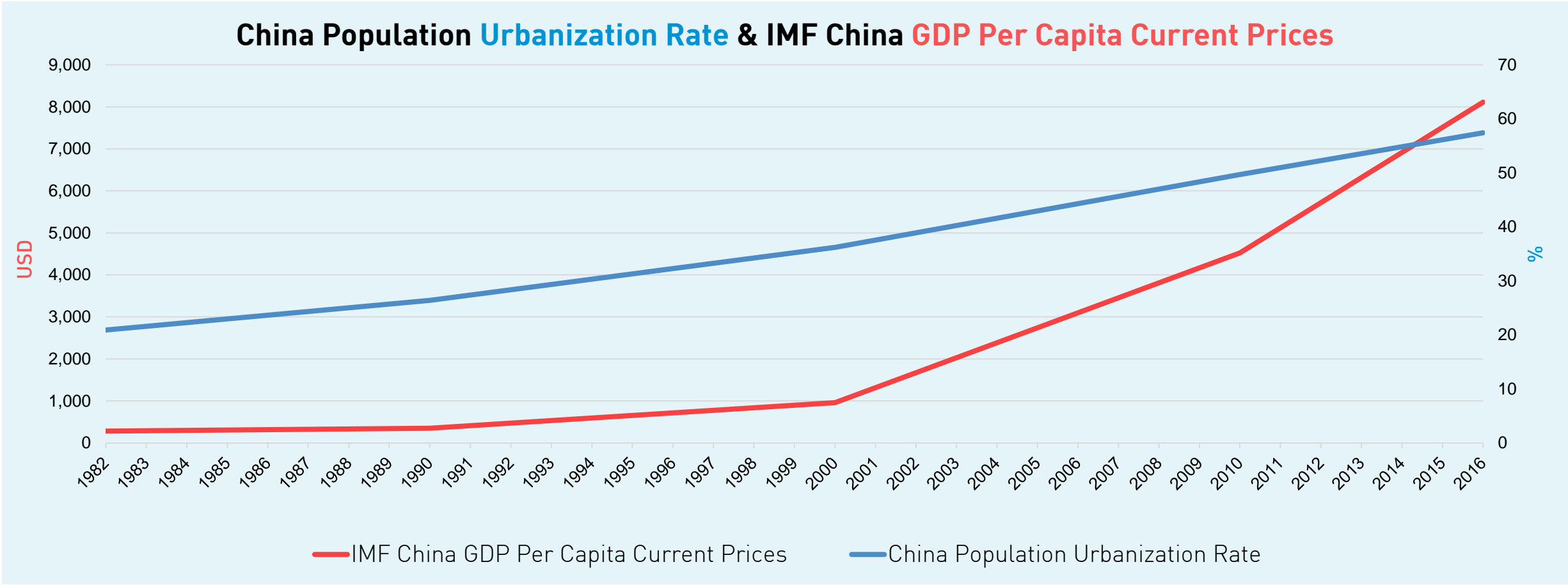
1. National Bureau of Statistics in China, "Total Retail Sales of Consumer Goods in December 2017". Retrieved on 12/31/2018. Note: Figures converted from Renminbi to USD

2. U.S. Department of Commerce, "Quarterly Retail E-commerce Sales 4th Quarter 2017". Retrieved on 12/31/2018.

3. CNNIC, The 42nd Statistical Report on the Development of China's Internet, Jun 30, 2018. Retrieved on 12/31/2018.

4. Data from internetlivestats.com as of 31 December 2016. Retrieved on 12/31/2018.

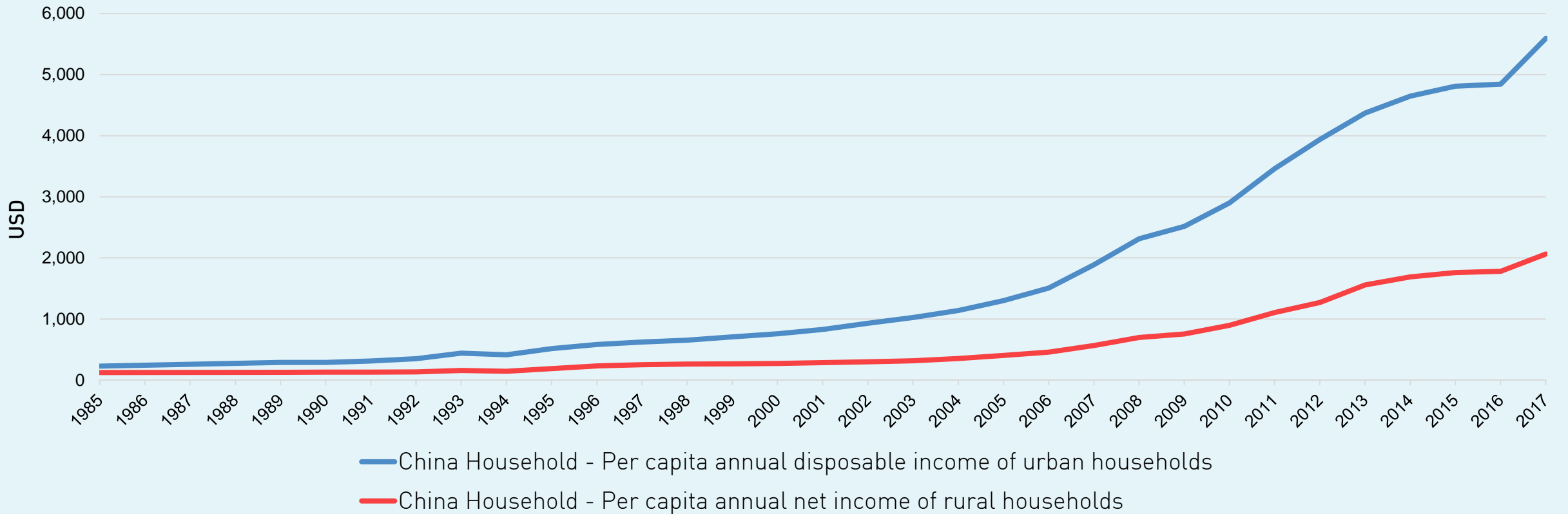
As China's population moves into cities, they gain access to better jobs and wages, which in turn has a positive impact on GDP per capita.



Source: Bloomberg, as of 12/31/2016. Retrieved on 12/31/2018.

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



Source: Bloomberg, as of 12/31/2017. Retrieved on 12/31/2018.

The China Internet Evolution

- China's E-Commerce market size surpassed the U.S. for the first time in 2014.
- In 2017, China's total retail sales surpassed total retail sales of the U.S. for the first time.
- 57.7% of China's population has internet access compared to 88.5% in the U.S.
- There is potential for substantial continued growth in the Chinese internet sector.

China / US Internet Statistics	China	US
Total internet population	802mm ¹	287mm ²
% of population with internet access	57.7% ¹	88.5% ²
Country's share of world internet users	21.1% ²	8.4% ²
E-Commerce market size 2017	\$1.14T ³	\$453.5B ⁴
Total retail sales 2017	\$5.8T ³	\$5.1T ⁴
% of online retail sales 2017	19.6% ³	8.9% ⁴
2016-2017 growth online sales	32.2% ³	16.0% ⁴
Total mobile payment sales 2017	\$15T ⁵	\$0.4T ⁵

1.CNNIC, The 42nd Statistical Report on the Development of China's Internet, Jun 30, 2018. Retrieved on 12/31/2018.

2.Data from internetlivestats.com as of 12/31/2016. Retrieved 12/31/2018.

3.National Bureau of Statistics in China, "Total Retail Sales of Consumer Goods in December 2017" Retrieved 12/31/2018. Note: Figures converted from Chinese Renminbi to USD

4.U.S. Department of Commerce, "Quarterly Retail E-commerce Sales 4th Quarter 2017" Retrieved 12/31/2018.

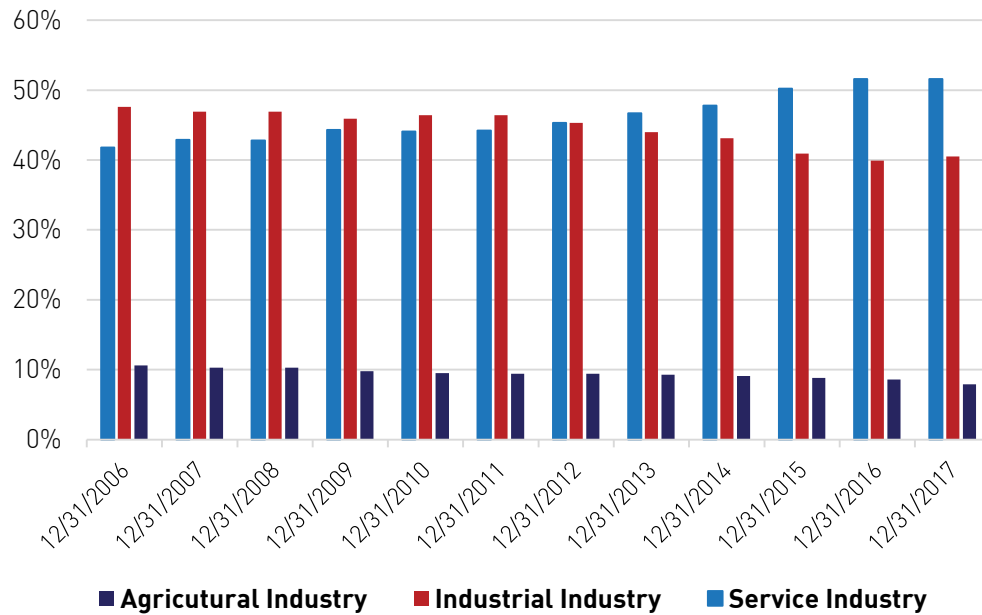
5.KKR. "China: A visit to the Epicenter", Volume 8.5, August 2018. Retrieved of 12/31/18.

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.

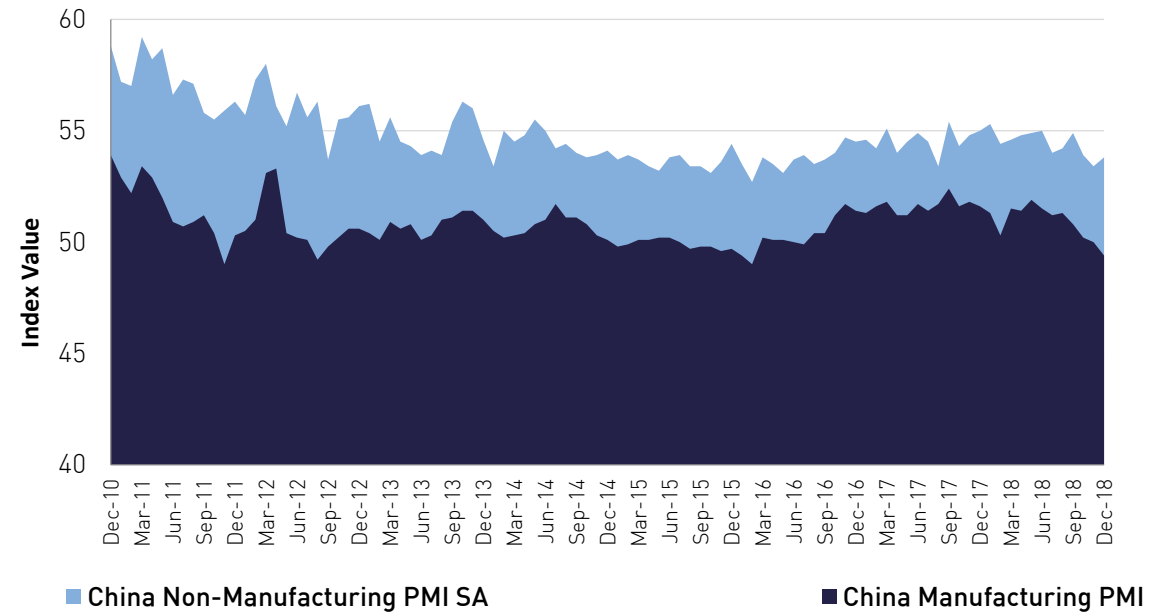
While traditional manufacturing is slowing the service sector Purchasing Managers' Index (PMI) indicates healthy growth in domestic consumption.

China GDP Breakdown
(2010 - 2017)



Data from Bloomberg as of 12/31/2017, retrieved 12/31/2018

China Manufacturing PMI vs. Non-manufacturing PMI*
(12/31/2010-12/31/2018)

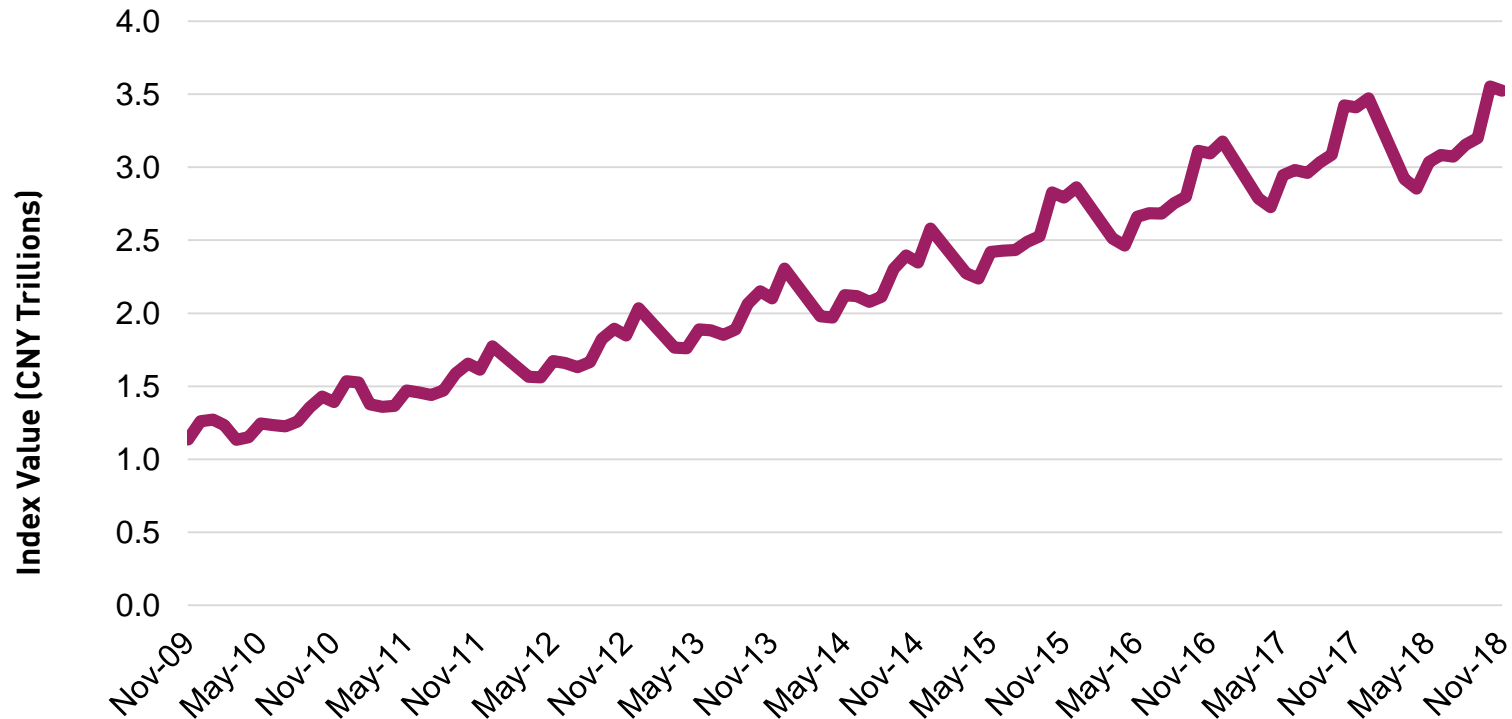


Data from Bloomberg as of 12/31/2018

*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
(11/30/2009 - 11/30/2018)



- Total Chinese retail sales reached **\$5.8 trillion** in 2017
- Chinese retail websites sold **\$1.14 trillion** worth of goods in 2017, a **32.2%** year-on-year increase.
- Online shopping accounted for **19.6%** of total retail sales in 2017.











Source: National Bureau of Statistics in China, "Total Retail Sales of Consumer Goods in December 2017". Retrieved on 12/31/2018. Note: Figures converted from Renminbi to USD.

Chart data from Bloomberg as of 11/30/2018, retrieved 12/31/2018.

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 12/31/2018

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	10%	38%	40%	Facebook	43%	50%
ALIBABA GROUP HOLDING-SP ADR 	E-Commerce	9%	58%	50%	Amazon	24%	19%
BAIDU INC - SPON ADR 	Search	8%	24%	29%	Google	24%	19%
MEITUAN DIANPING-CLASS B 	Online Delivery	7%	161%	192%	GrubHub	50%	56%
NETEASE INC-ADR 	Gaming	6%	20%	51%	Activision Blizzard	2%	11%
JD.COM INC-ADR 	E-Commerce	4%	32%	42%	Amazon	37%	26%
PINGDUODUO INC-ADR 	E-Commerce	4%	245%	245%	Groupon	-6%	2%
58.COM INC-ADR 	E-Commerce	4%	30%	80%	eBay	9%	-4%
CTRIP.COM INTERNATIONAL-ADR 	Online Travel Services	4%	15%	44%	Booking.com	17%	17%
TAL EDUCATION GROUP-ADR 	Online Education	4%	61%	54%	Chegg	22%	5%
		Total: 60%	Average: 69%	Average: 83%		Average: 22%	Average: 20%

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

Mobile-cellular telephone subscriptions

	2000	2017	Growth multiple
India	3,577,095	1,168,902,277	326x
Russia	3,263,200	227,341,873	69x
China	85,260,000	1,474,097,000	16x
Brazil	23,188,171	236,488,548	9x
Argentina	6,487,950	61,897,379	9x
Malaysia	5,121,748	42,338,500	7x
South Africa	8,339,000	91,878,275	10x
Poland	6,747,000	49,828,596	6x
South Korea	26,816,398	63,658,688	1x

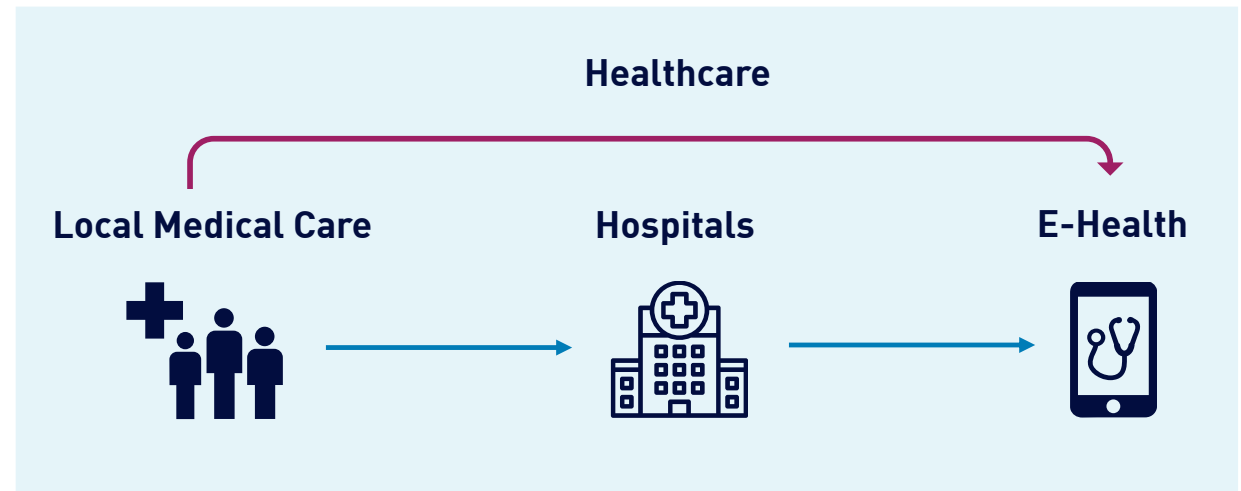
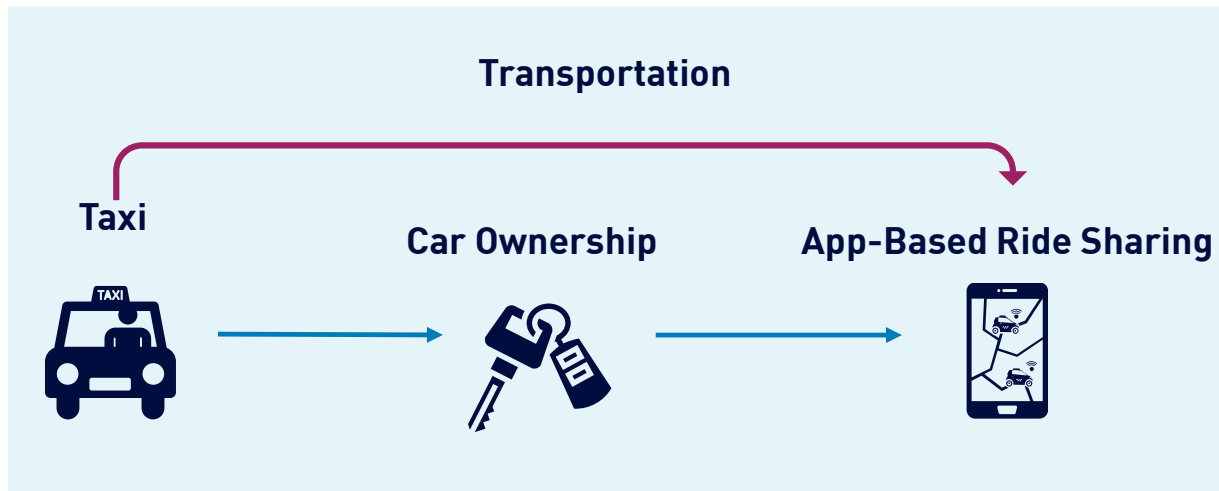
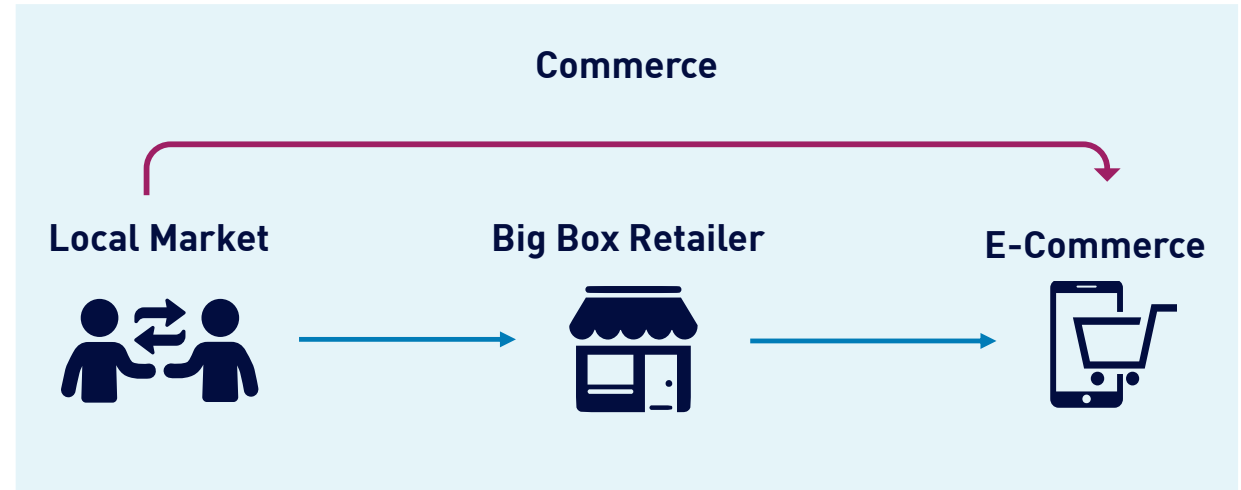
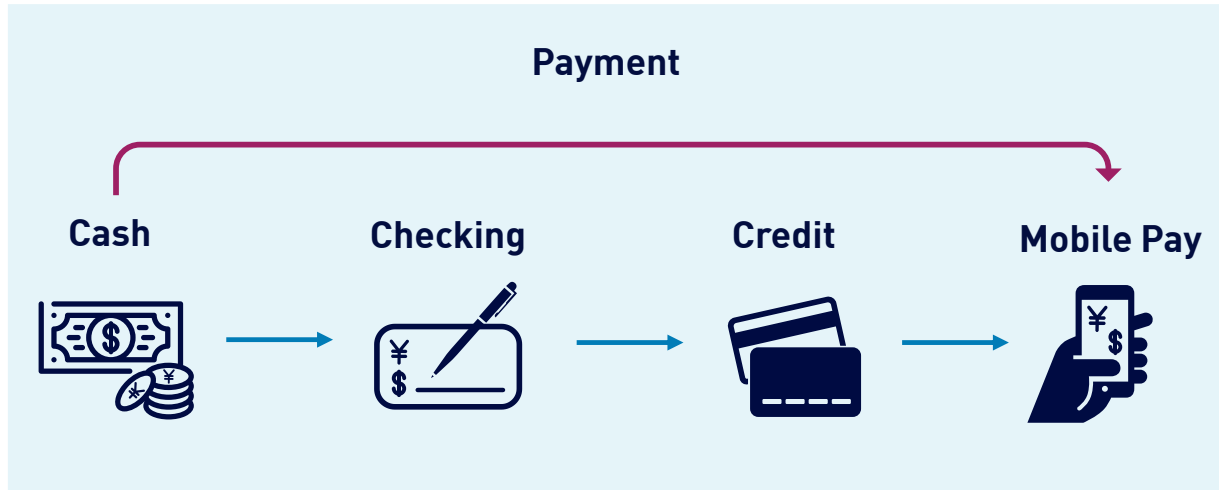
Source: International Telecommunications Union' statistics database as of 12/31/2017. Retrieved on 12/31/2018.

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.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



Alibaba Music



Alibaba Pictures



South China Morning Post

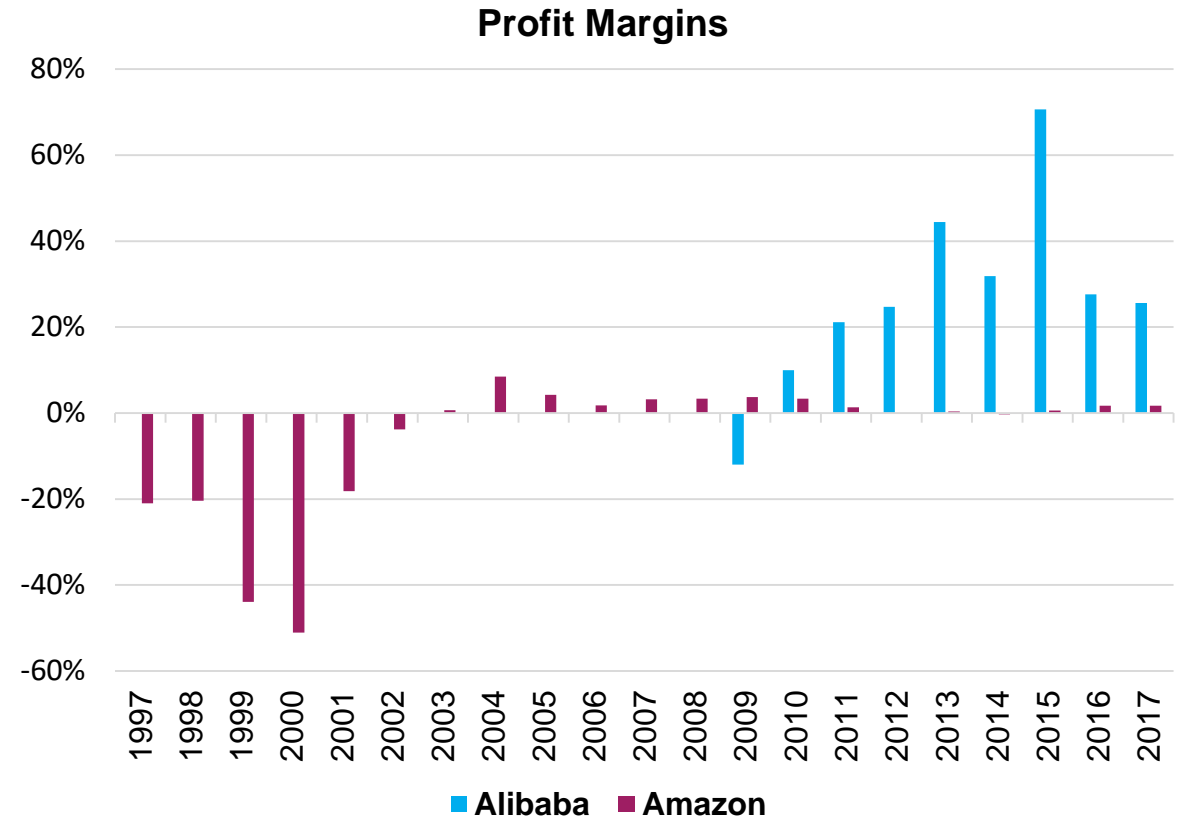
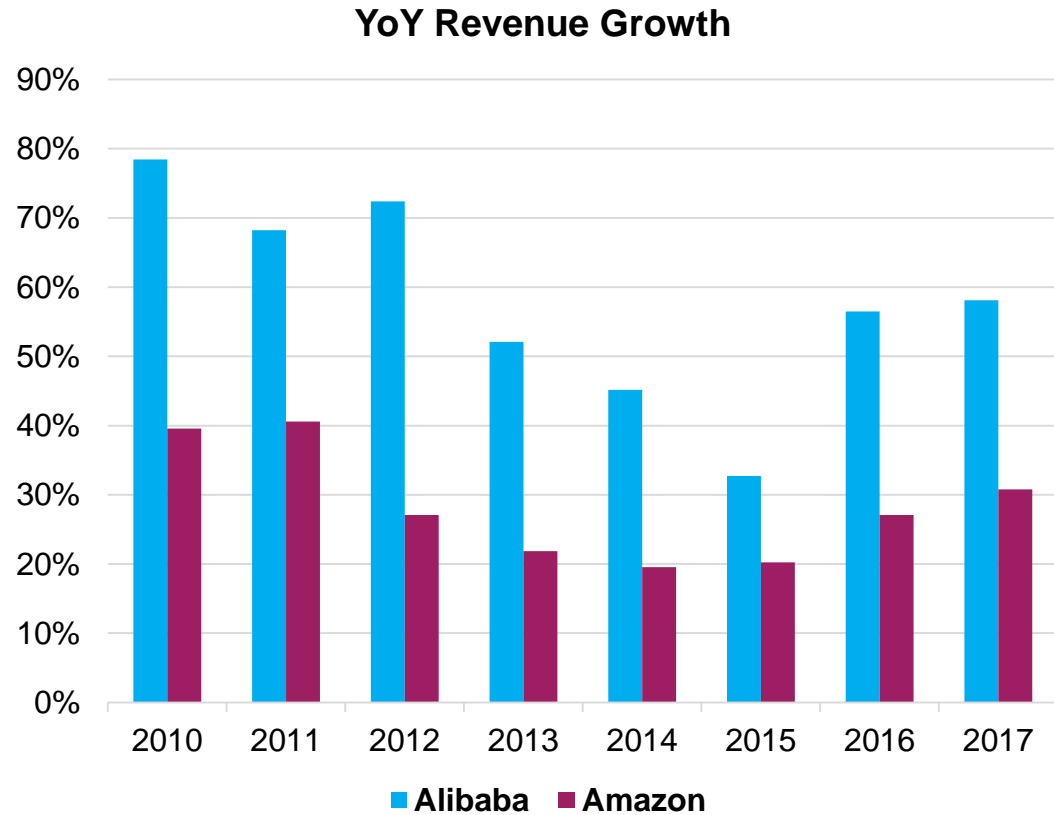


Alibaba Cloud
(Cloud Computing Services Provider to Online Businesses)



Jack Ma (Alibaba Founder)

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

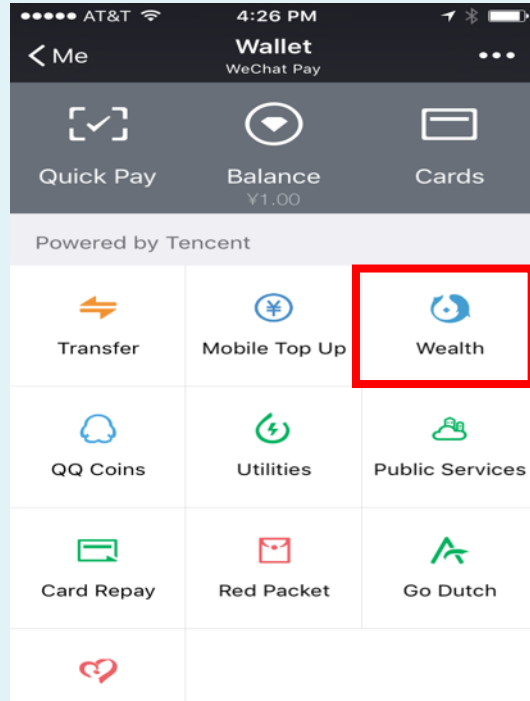


Data from Bloomberg as of 3/31/2018. Retrieved on 12/31/2018.

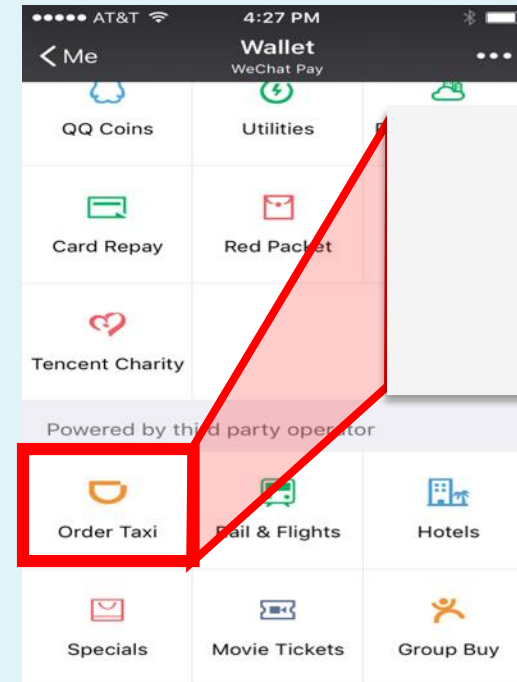
Past performance does not guarantee future results.

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 40 billion packages were delivered in China in 2017, an increase of 28% 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 firms see rapid growth in 2017", 1/13/2018

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

2018

Top 10 Global Internet Companies By Market Cap ²	
Amazon	\$796.8B
Alphabet	\$745.5B
Facebook	\$397.3B
Tencent	\$383.2B
Alibaba Group	\$370.9B
Netflix	\$137.5B
Salesforce	\$111.6B
PayPal	\$105.7B
Naspers Ltd	\$89.5B
Baidu	\$56.1B
Total	\$3.19T

Potential Future IPOs

Top 10 Private Internet Companies ^{3*}	
Toutiao (Bytedance)	\$75.0B
Uber	\$72.0B
Didi Chuxing	\$56.0B
Airbnb	\$29.3B
Lu.com	\$18.5B
Pinterest	\$12.3B
Lyft	\$11.5B
GrabTaxi	\$11.0B
Infor	\$10.0B
Coupang	\$9.0B
Total	\$304.6B

1. Data from Bloomberg as of 12/31/2013. Retrieved on 12/31/2018.
2. Data from Bloomberg as of 1/9/2019. Retrieved on 1/9/2019.
3. Data from CB Insights as of August 2018. Retrieved on 12/31/2018.

KraneShares CSI China Internet ETF (Nasdaq: KWEB)

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

Ticker	KWEB
Index Name	CSI Overseas China Internet Index
Primary Exchange	NYSE
Total Annual Fund Operating Expense	0.70%
Inception Date	7/31/2013
Distribution Frequency	Semiannually

Top Ten Holdings as of 12/31/2018 The Fund's Holdings Are Subject to Change.	% of Fund
TENCENT HOLDINGS LTD	10.15
ALIBABA GROUP HOLDING	8.91
BAIDU INC	7.71
MEITUAN DIANPING	6.98
NETEASE INC	5.97
JD.COM INC	4.12
PINGDUODUO INC	4.09
58.COM INC	4.02
CTRIP.COM INTERNATIONAL	3.85
TAL EDUCATION GROUP	3.80

KWEB Performance History as of 12/31/2018

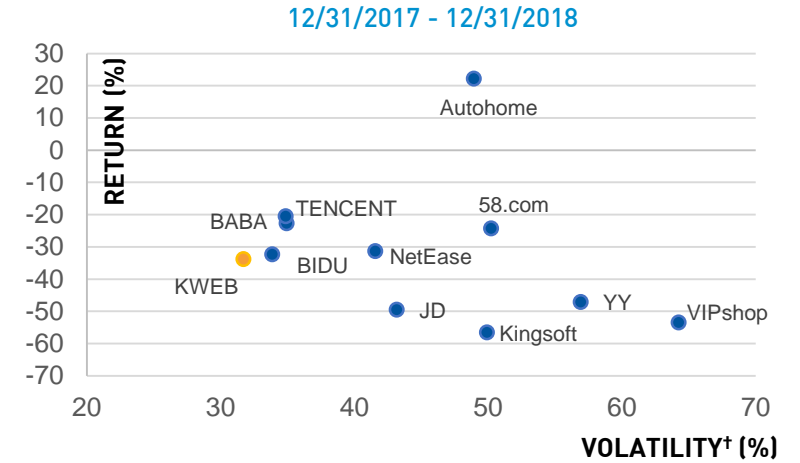
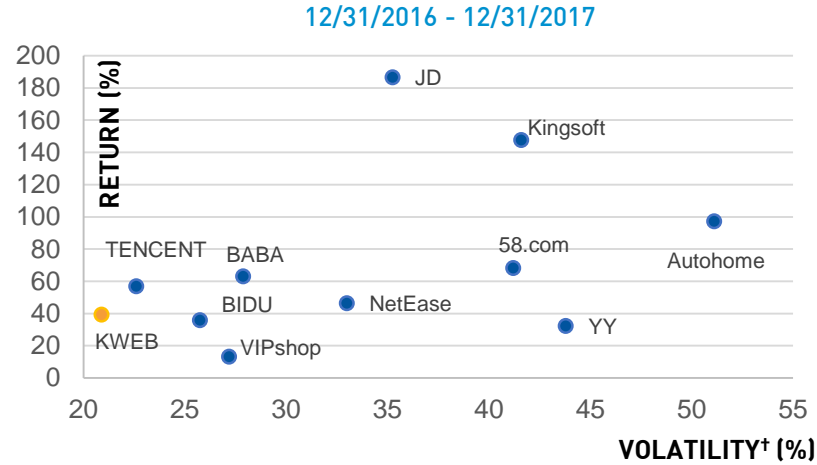
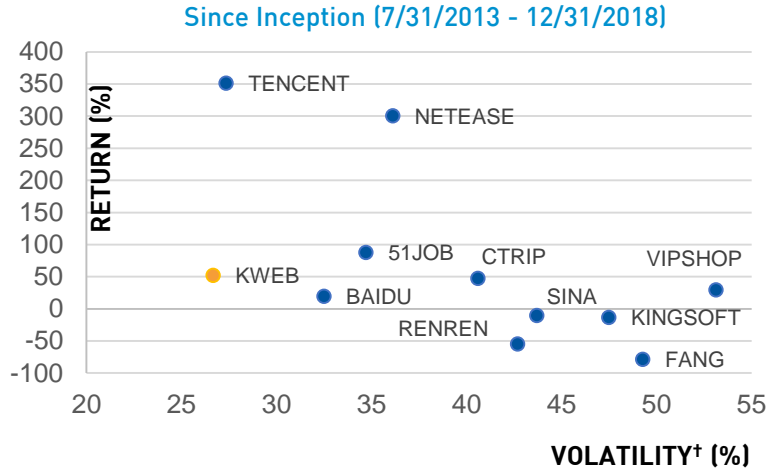
	Cumulative %			Average Annualized %			
	3 Mo	6 Mo	Since Inception 7/31/2013	1 Yr	3 Yr	5 Yr	Since Inception 7/31/2013
Fund NAV	-20.36%	-34.41%	60.55%	-33.51%	1.03%	3.83%	9.13%
Closing Price	-20.66%	-34.79%	59.81%	-33.90%	0.85%	3.57%	9.04%
Index	-20.04%	-34.12%	60.91%	-32.91%	1.02%	4.03%	9.18%

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

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.

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 (7/31/2013) & The Year 2017 and 2018



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 12/31/2016	Ticker	%
TENCENT HOLDINGS LTD	700 HK	10.91
ALIBABA GROUP HOLDING-SP	BABA	8.94
BAIDU INC - SPON ADR	BIDU	8.17
JD.COM INC-ADR	JD	7.09
CTRP.COM INTERNATIONAL-A	CTRP	6.26
TAL EDUCATION GROUP- ADR	TAL	4.19
KINGSOFT CORP LTD	3888 HK	4.15
NETEASE INC-ADR	NTES	4.14
VIPSHOP HOLDINGS LTD ADR	VIPS	3.97
SINA CORP	SINA	3.61

Top Ten Holdings as of 12/31/2017	Ticker	%
TENCENT HOLDINGS LTD	700 HK	9.96
ALIBABA GROUP HOLDING-SP ADR	BABA US	8.95
BAIDU INC - SPON ADR	BIDU US	7.42
NETEASE INC-ADR	NTES US	6.61
JD.COM INC-ADR	JD US	6.05
VIPSHOP HOLDINGS LTD - ADR	VIPS US	5.07
YY INC-ADR	YY US	4.11
AUTOHOME INC-ADR	ATHM US	3.94
58.COM INC-ADR	WUBA US	3.93
KINGSOFT CORP LTD	3888 HK	3.87

Data from Bloomberg as of 12/31/2018.

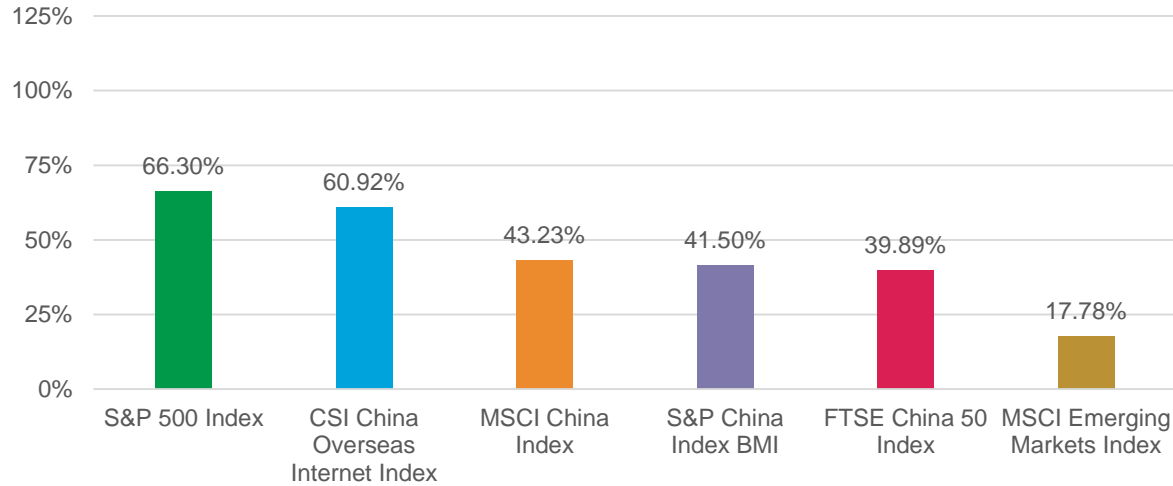
†Volatility: is the degree of variation of a trading price series over time as measured by the standard deviation of returns. Standard deviation: is a quantity calculated to indicate the extent of deviation for a group as a whole. A low standard deviation indicates that the data points tend to be close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

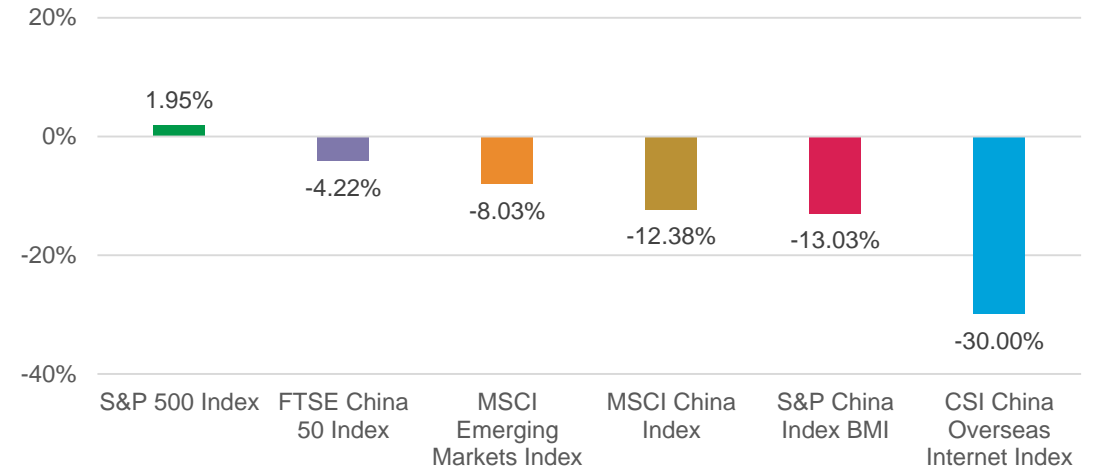
For performance data current to the most recent month end, please call +(1)855 8KRANE8 or visit our website at www.kraneshares.com/kweb/.

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

Since KWEB Inception (7/31/2013) as of 12/31/2018



Past Year as of 12/31/2018*



Total return gross dividend tax data from Bloomberg as of 12/31/2018. See page 12 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

See page 20 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.

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).

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.

The KraneShares ETFs are distributed by SEI Investments Distribution Company (SIDCO), which is not affiliated with Krane Funds Advisors, LLC, the Investment Adviser for the Fund.

Important Notes (continued)

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.

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Although Krane Funds Advisors LLC and its affiliates (“Krane”) shall obtain data from sources that Krane considers reliable, all data contained herein is provided “as is” and Krane makes no representation or warranty of any kind, either express or implied, with respect to such data, the timeliness thereof, the results to be obtained by the use thereof or any other matter. Krane expressly disclaims any and all implied warranties, including without limitation, warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose.

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.