

# 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 has been expanding rapidly within emerging markets at the same time that domestic consumption and retail sales have steadily increased and frequently take 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 2015<sup>1</sup>.
- 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.

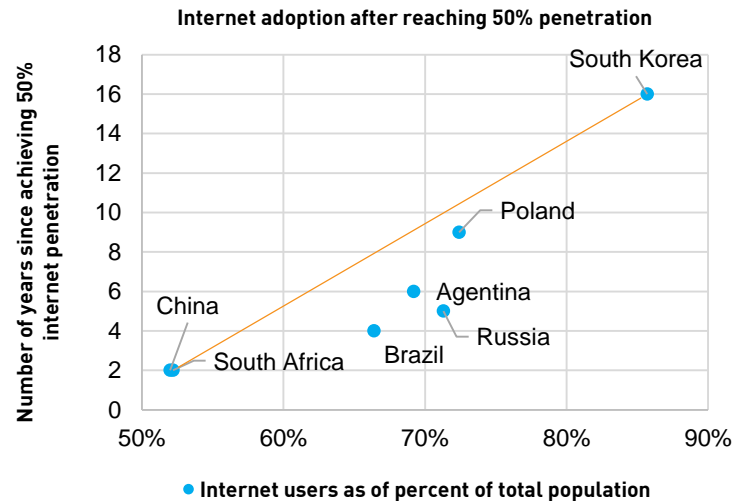
## KEMQ features:

- 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

Fund Details	As of 12/31/2018
Primary Exchange	NYSE
Inception date	10/12/2017
Cusip	500767876
Total Annual Fund Operating Expense	Net: 0.79%
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)	49

## Internet penetration rates vary across emerging markets creating distinct growth profiles for each country



Data from internet live stats as of 12/31/2016, retrieved on 12/31/2018

## KEMQ Performance History as of 12/31/2018

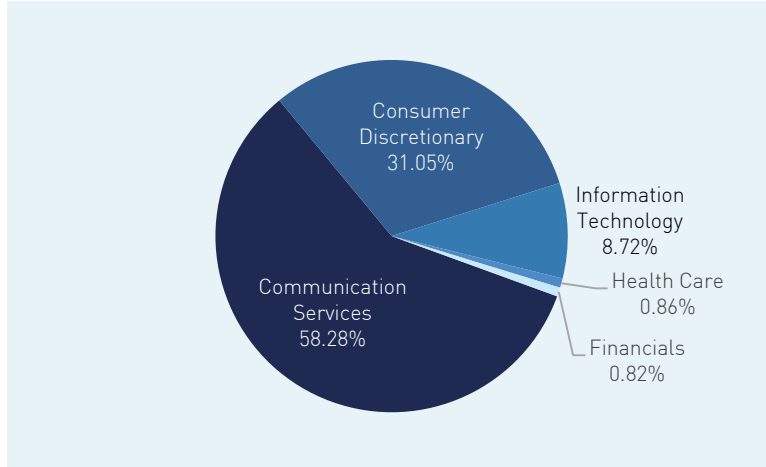
	Cumulative %			Average Annualized %		
	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	Since Inception
Fund NAV	-12.56%	-21.49%	-23.44%	-24.79%	-	-19.66%
Closing Price	-12.20%	-21.22%	-23.68%	-25.21%	-	-19.86%
Index	-12.59%	-21.01%	-21.73%	-23.71%	-	-18.17%

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.**

## KEMQ Sector Breakdown

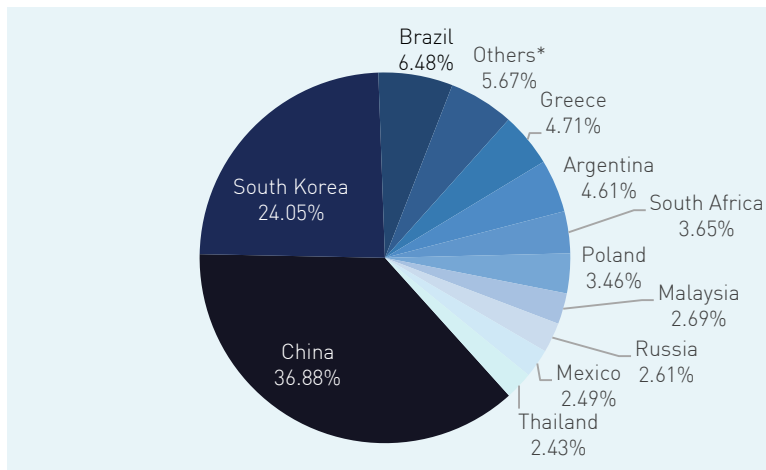


Data from Bloomberg as of 12/31/2018.  
 Due to rounding, the percentage might not add up to 100%.

Top Ten Holdings As of 12/31/2018 Excluding cash, The Fund's Holdings Are Subject to Change.	Ticker	%
NETEASE INC-ADR	NTES	4.74
MERCADOLIBRE INC	MELI	3.91
TENCENT HOLDINGS LTD	700 HK	3.66
NASPERS LTD-N SHS	NPN SJ	3.65
NAVER CORP	035420 KS	3.34
ALIBABA GROUP HOLDING-SP	BABA	3.26
NEW ORIENTAL EDU SP ADR	EDU	3.11
NCSOFT CORP	036570 KS	3.1
CTRP.COM INTERNATIONAL-A	CTRP	2.96
JD.COM INC-ADR	JD	2.87

Emerging markets consumer technology consists of a broad ecosystem of services:

## KEMQ Country Breakdown



Data from Bloomberg as of 12/31/2018. \*Others include Taiwan, India, Egypt, and Puerto Rico

Due to rounding, the percentage might not add up to 100%.

  
**Cybersecurity**

  
**Artificial Intelligence**

  
**Video Streaming**

  
**Online Advertising**

  
**Social Media**

  
**Electronic Payments**

  
**Cloud Computing**

**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. The ability of the KraneShares 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.

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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