

Opportunities From Emerging Healthcare Markets

KraneShares Emerging Market
Healthcare Index ETF
(Ticker: KMED)

Introduction to KraneShares

About KraneShares

Krane Funds Advisors, LLC is the investment manager for KraneShares ETFs. Our suite of China focused ETFs provides investors with solutions to capture China's importance as an essential element of a well-designed investment portfolio. We strive to provide innovative, first to market strategies that have been developed based on our strong partnerships and our deep knowledge of investing. We help investors stay current on global market trends and aim to provide meaningful diversification. Krane Funds Advisors, LLC is majority owned by China International Capital Corporation (CICC).



KMED

KraneShares
Emerging Market
Healthcare Index ETF

Investment Strategy:

KMED seeks to provide investment results that, before fees and expenses, track the performance of the Solactive Emerging Markets Healthcare Index. The index seeks to track the equity market performance of companies engaged in the health care sector in various emerging markets. The issuers include small-cap, mid-cap, and large-cap companies involved in hospital management, healthcare management, pharmaceutical manufacturing, and biotechnology, among other sub-industries.

Emerging Market Healthcare Sector Highlights:

- By 2040, emerging market countries on average are projected to increase healthcare spending as a percent of GDP by 24.4% compared to just 9.8% in developed markets over the same time period¹.
- In emerging markets, rapid urbanization and rising income are fueling growth in the demand for healthcare services and treatments.
- Cases of non-communicable diseases (NCDs) such as diabetes and cancer are rising steadily in emerging market countries, driving demand for healthcare services.
- Emerging markets governments are enacting policies such as India's "National Health Protection Mission" and China's "Healthy China 2030 Plan" to meet the growing demand for healthcare.

KMED Features:

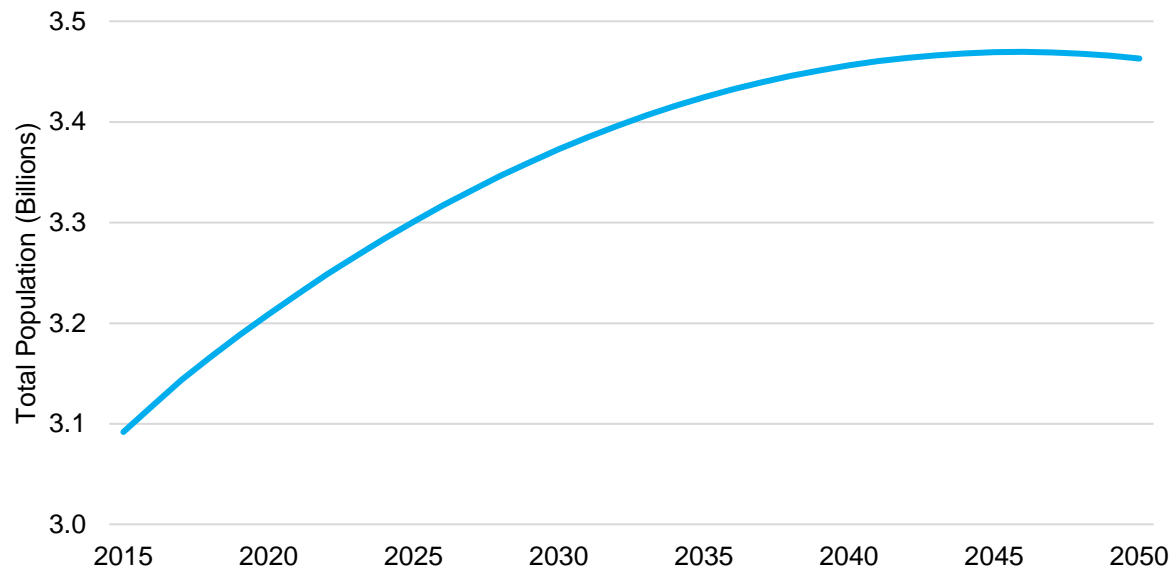
- Exposure to the Emerging Market (EM) healthcare industry with a low correlation to US healthcare equities. Specifically: pharmaceuticals, biotechnology, healthcare administration services, and medical equipment.
- Access to emerging market innovators in healthcare and pharmaceutical research.
- Exposure to companies that benefit from EM demographic shifts.

1. Dieleman, Joseph L et al., "Future and potential spending on health 2015–40: development assistance for health, and government, prepaid private, and out-of-pocket health spending in 184 countries", The Lancet , Volume 389 , Issue 10083 , 2005 – 2030. Retrieved 3/31/2020.

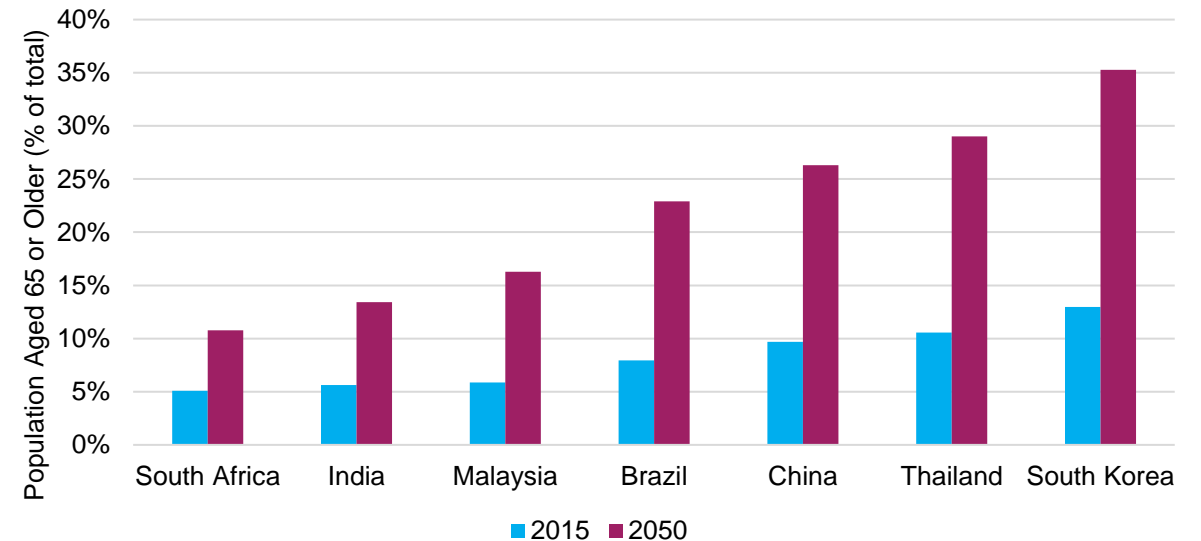
The populations of emerging market countries are growing and aging

- The UN predicts that, by 2050, world population will exceed 9.7 billion people¹ with emerging market countries accounting for over one third of total population and having over 588 million people aged 65 or more¹.
- By 2030, China will have 100 million people aged 65 or older, bigger than Germany's total population². This would cause an increasing demand for domestic healthcare services as life expectancy continues to rise.

**Projected Total Population Size for Emerging Market Countries
2015-2050²**



**Projected Change in 65+ Population in EM Countries from
2015-2050¹**



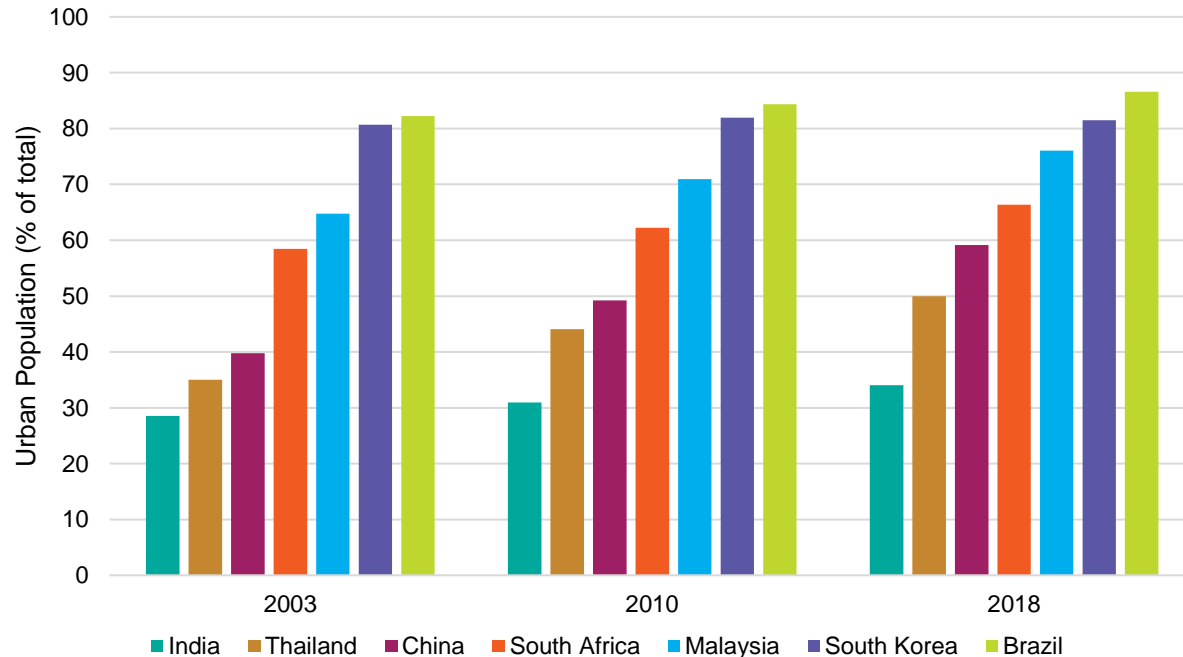
1. United Nations, "World Population Prospects: The 2017 revision". Retrieved 3/31/2020.

2. McKinsey, "Investors are plowing billions of dollars into China's rapidly growing healthcare market." April 2018. Retrieved 3/31/2020.

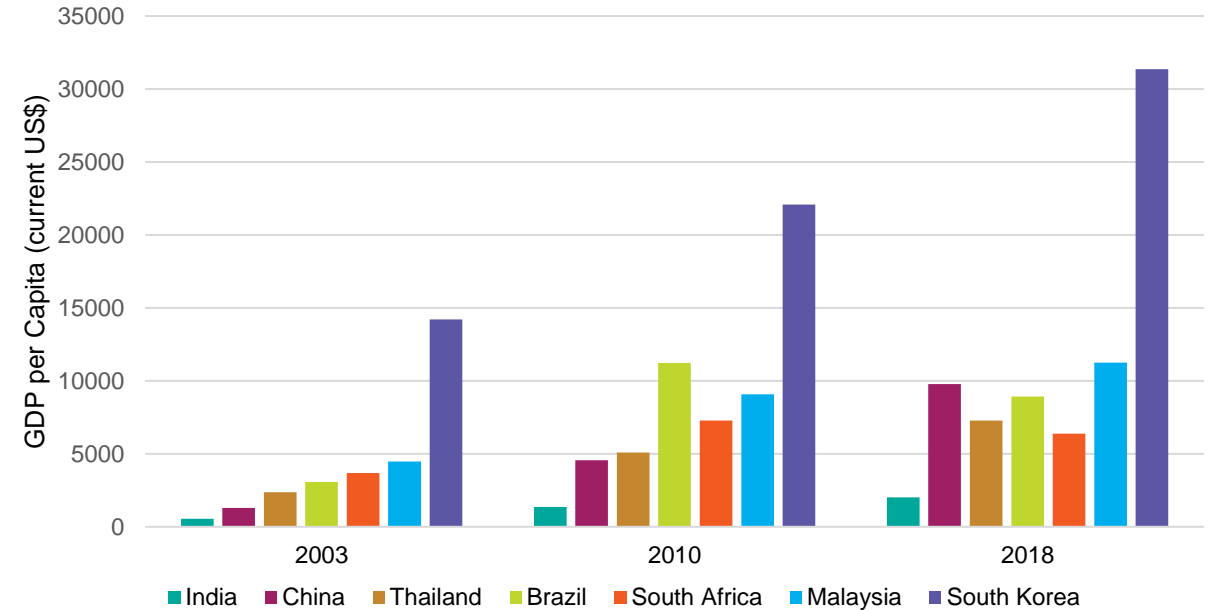
Rapid urbanization and rising income look to increase consumption in emerging markets

- In EM countries, the total population living in urban areas has increased by over 337 million people in just 10 years¹
- Asian countries like China, Thailand and Malaysia are experiencing particularly rapid urbanization rates¹
- Urbanization in emerging markets has been accompanied by a sharp rise in average GDP per capita which more than doubled from 2004 to 2017¹
- The McKinsey Global Institute estimates that 91% of global consumption will come from cities between 2015 and 2030, and the global distribution of consumption wealth is tilting towards emerging markets. Consumers living in emerging market cities are predicted to contribute 56% (or \$14.1 trillion) to global consumption growth, compared to 35% (or \$8.8 trillion) for consumers in developed market cities from 2015-2030².

**Urban Population in Emerging Market Countries
2003-2018¹**



**GDP per Capita in Emerging Market Countries
2003-2018¹**



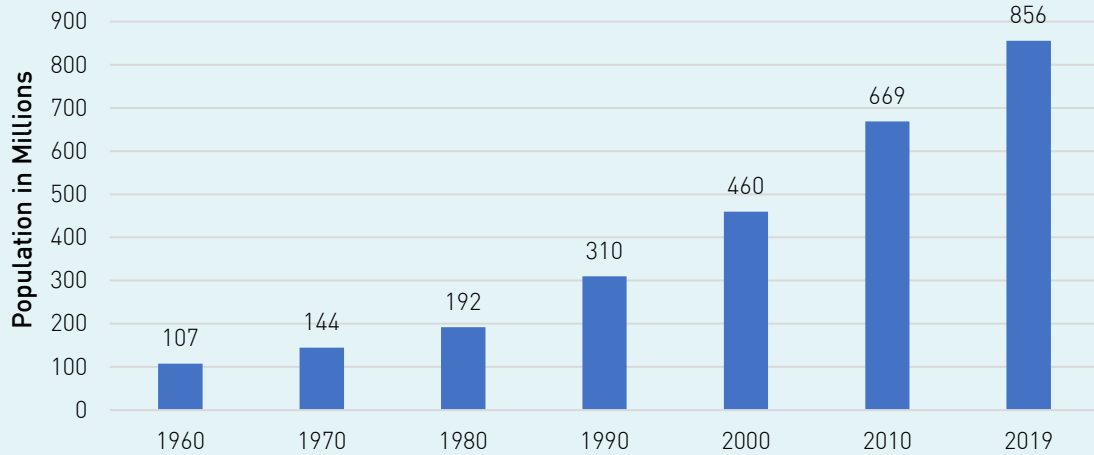
1. World Bank Data. Retrieved 3/31/2020.

2. McKinsey Global Institute, "Urban World: The Global Consumers to Watch," 2016. Retrieved 3/31/2020.

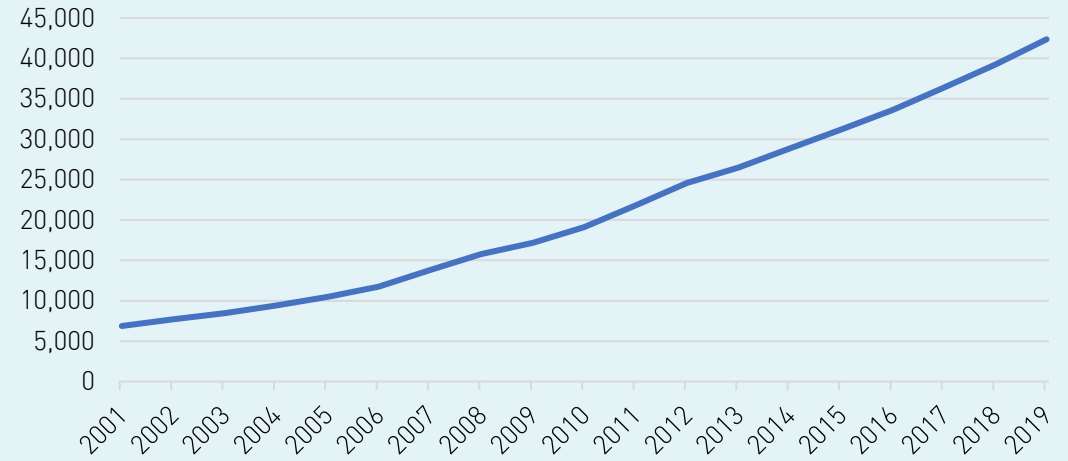
As China's population moves to cities and wages increase, healthcare is becoming a greater focus

- As average household income and urbanization rates have risen, Chinese citizens have greater access to healthcare knowledge and have a greater ability to pay for medical-related costs.
- However, rising incomes and urbanization have given rise to China's current obesity problem as more citizens adopt western eating habits.
- From 2004 to 2014, China's obesity rate tripled. Today, about 30% of Chinese adults, approximately 320 million people, are overweight, while about 14% of adults are obese¹.
- Additionally, instances of cancer in China are rising, with 4.3 million new cancer cases in 2018 alone².
- In 2016, the government responded to growing healthcare concerns by launching the "Healthy China 2030 Plan", which is a national initiative that promotes diet, exercise, and access to healthcare services.

China Urban Population³



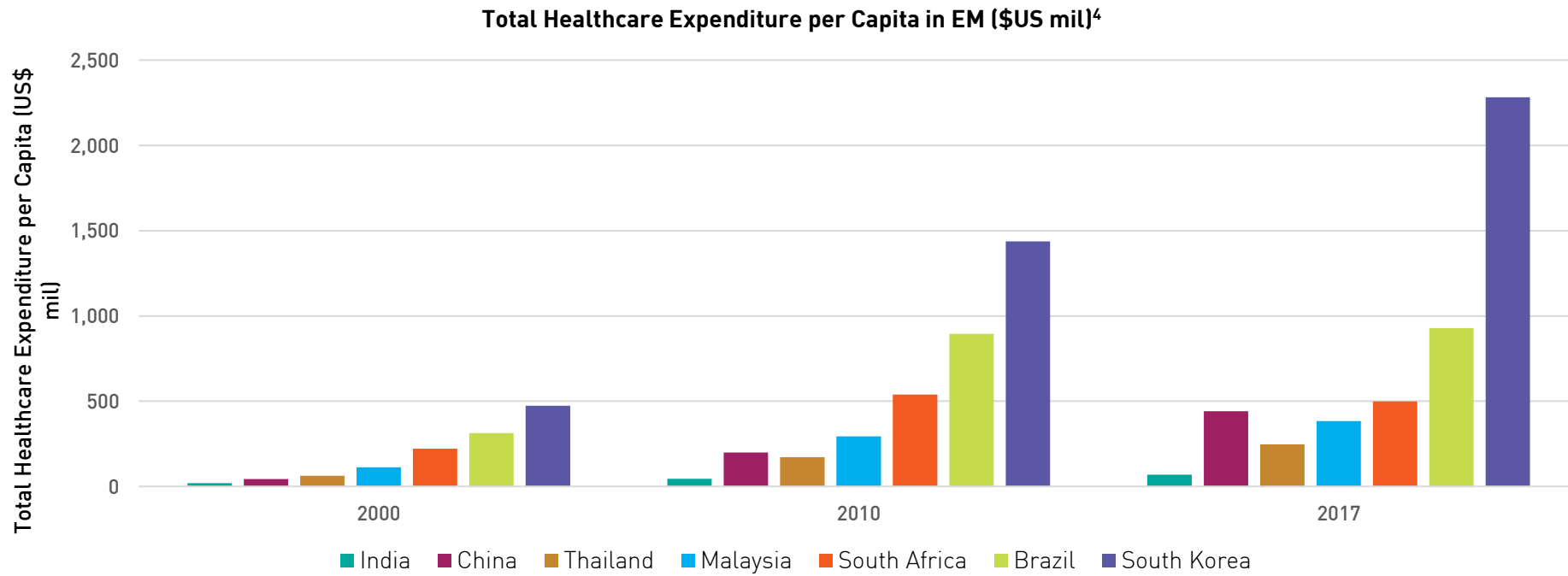
Per Capita Disposable Income of Urban Households in China³



1. Radu, Sintia. "China's Obesity Rate Triples in 10 Years," US News & World Report. October 28, 2019. Retrieved 3/31/2020.
 2. World Health Organization's Global Cancer Observatory, "China Population Fact Sheet". Last updated May 2019. Retrieved 3/31/2020.
 3. Data from Bloomberg as of 3/31/2020.

Health care spending is on the rise in other emerging market economies

- Urbanization is placing many in emerging market countries within reach of modern healthcare services, and aging populations are fueling growth in the demand for healthcare services and treatments¹.
- Moreover, due to urbanization and resulting lifestyle changes, diagnoses of non-communicable diseases (NCDs) such as diabetes and cancer are rising steadily in emerging market countries, presenting a growth opportunity for innovators in the healthcare space¹.
- Global health care spending is projected to increase at an annual rate of 5% from 2019-2023², up 2.7% from 2014-2018. Recent estimates suggest that global expenditures on healthcare could rise from US \$8 trillion in 2018 to over \$18 trillion in 2040⁴.



1. UBS, "Longer Term Investments: Emerging Market Healthcare" 3/28/2017.

2. Deloitte, "2020 Global Health Care Outlook: Laying a foundation for the future", Retrieved 3/31/2020.

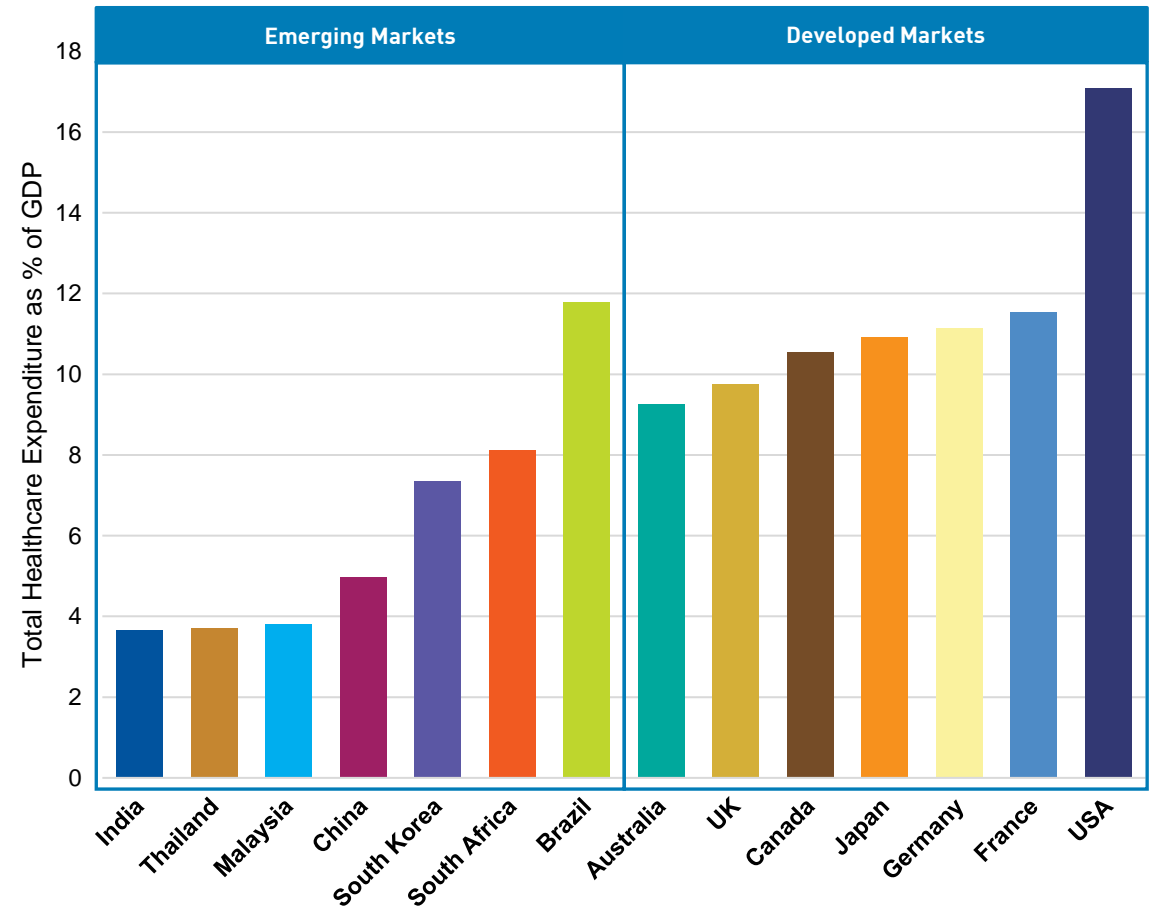
3. Dieleman, Joseph L et al., "Future and potential spending on health 2015-40: development assistance for health, and government, prepaid private, and out-of-pocket health spending in 184 countries", The Lancet, Volume 389, Issue 10083, 2005 - 2030

4. World Health Organization, Global Health Expenditure Database as of 12/31/2017, retrieved 3/31/2020

As healthcare spending in emerging markets has risen, EM governments are launching new policies to drive healthcare reform

- Historically, average EM healthcare spending per capita has been about 5% that of the United States¹
- In 2016, total healthcare spending in EM was 8% of GDP on average as opposed to higher rates in developed markets such as 11% in Germany or 17% in the United States²
- However, many emerging markets governments are enacting policies to promote both public and private financing to meet the growing demand for healthcare.
- The Chinese government recently expanded the National Reimbursement Drug List (NRDL) to provide reimbursement coverage for higher-priced treatments and aims to review and update its list of eligible treatments every two years.³
- In India, the “National Health Protection Mission,” a new government sponsored insurance plan for all Indian citizens, is estimated to add \$1.7 billion in public healthcare spending with the goal of reducing out of pocket costs⁴.

EM vs DM Total Healthcare Expenditure as % of GDP in 2017²



1. UBS, “Longer Term Investments: Emerging Market Healthcare” 3/28/17
2. World Health Organization, Global Health Expenditure Database as of 12/31/2017, last updated on 4/23/2019, retrieved on 3/31/2020
3. Goldman Sachs Equity Research “China Biotech Primer” 6/15/2018
4. BBC “Indian Healthcare: Will the World’s Largest Public Scheme Work?” 2/4/2018

Emerging market healthcare companies are adopting international standards

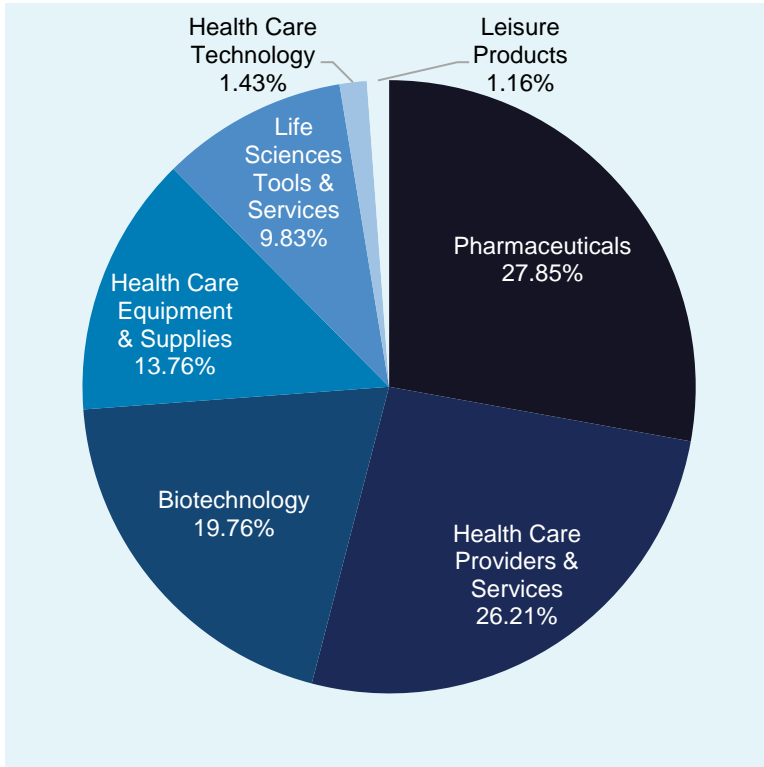
- In 2016 and 2017, China and South Korea joined the International Council for Pharmaceutical Harmonization (ICH), which was established by regulators from the US, EU, and Japan to facilitate international collaboration in drug approval processes, meaning that developed markets will become more open to products that originate in China and South Korea.
- Many emerging markets healthcare companies, such as Malaysian private hospital operator IHH Berhad, are openly committed to helping accomplish the UN sustainable development goals through their businesses, which is to “ensure health and well-being for all.”



United Nations

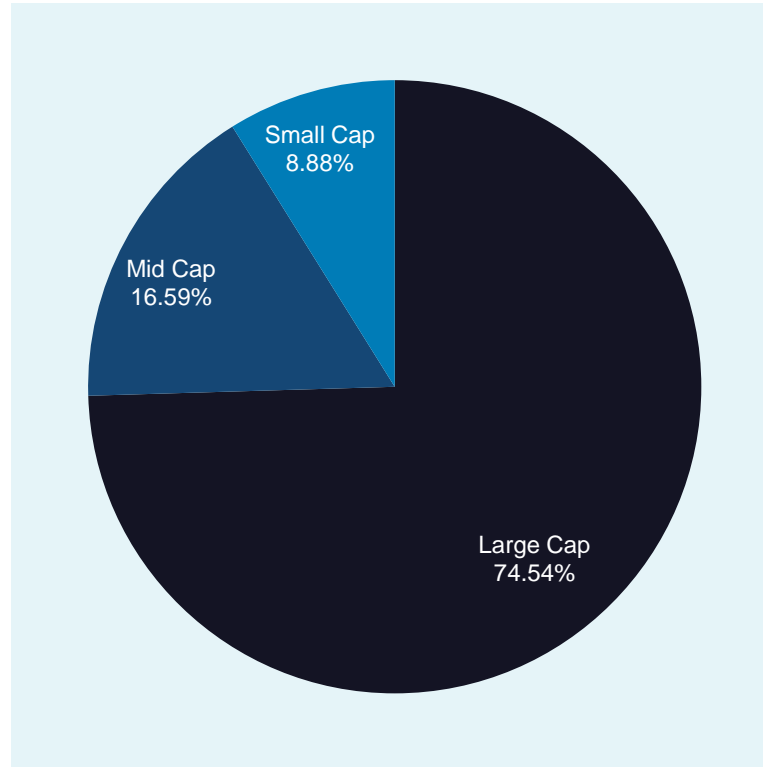
The KraneShares Emerging Market Healthcare Index ETF (Ticker: KMED) provides exposure to small, mid and large cap equities from a diverse array of subsectors and countries

Subsector Breakdown



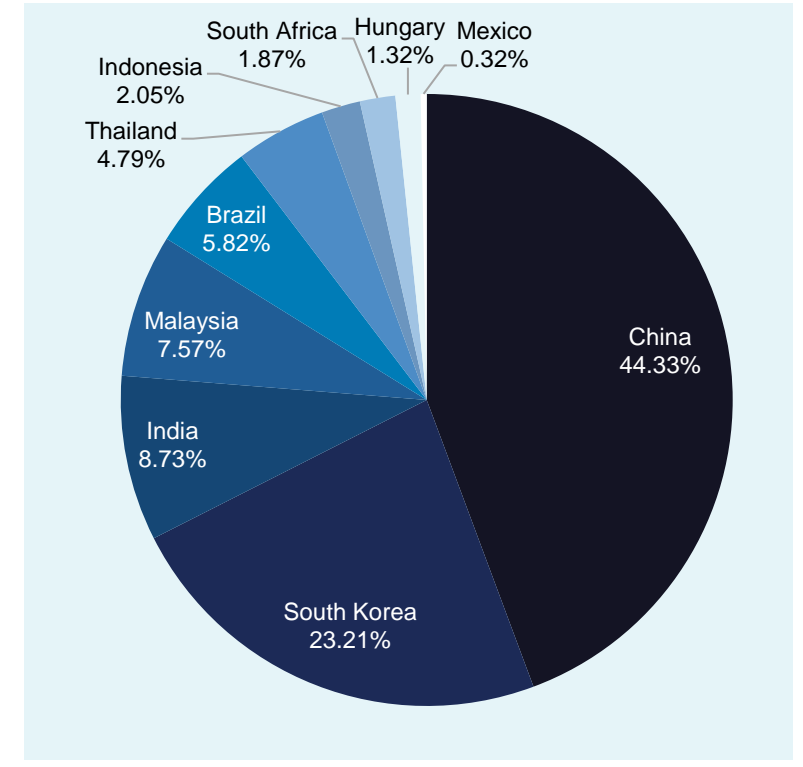
Data from Bloomberg as of 3/31/2020. Excluding cash.

Market Cap Breakdown








Data from Bloomberg as of 3/31/2020. Excluding cash.

Country Breakdown



Data from Bloomberg as of 3/31/2020. Excluding cash.

Country by Country Healthcare Market Subsector Snapshot

Healthcare Market Subsectors		KMED country-level breakdown (in order of country holding weight within KMED)							
		1. China	2. South Korea	3. India	4. Malaysia	5. Brazil	6. Thailand	7. Indonesia	8. Others*
	Pharmaceuticals Companies engaged in the research, development or production of over-the-counter and prescribed medicines or drugs.	33.01%	15.34%	66.28%	–	–	–	65.69%	72.08%
	Biotechnology Companies primarily engaged in the research, development, manufacturing and/or marketing of products based on genetic analysis and genetic engineering. Excludes companies manufacturing products using biotechnology but without a health care application.	31.09%	66.18%	18.46%	–	–	–	–	–
	Medical Equipment Companies that manufacture instruments that are used in the prevention, diagnosis or treatment of illness or disease or rehabilitation following disease or injury.	23.10%	–	–	46.50%	–	–	–	–
	Healthcare Administration Services Owners and operators of health care facilities, including hospitals, nursing homes, rehabilitation centers, medical examination clinics and providers of healthcare insurance plans and policies and healthcare distributors.	9.57%	18.48%	15.25%	53.50%	100.00%	100.00%	34.31%	27.92%
	Healthcare IT Companies that create and develop technologies used to store, share, and analyze health information.	3.23%	–	–	–	–	–	–	–
Total		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Others include South Africa, Hungary & Mexico. Data from Bloomberg as of 3/31/2020.

China

Healthcare IT

- Over the past few years, online healthcare platforms have helped vastly increase access to health services. The COVID-19 outbreak quickly introduced many new users to healthcare IT, accelerating the growth of the industry.
 - Online platform, PingAn Good Doctor, saw 1.1 billion new users during the height of the outbreak¹.

Contract Organizations

- China has become a leading destination for contract research and manufacturing, where both domestic and foreign pharmaceutical, biotech, and medical device companies outsource to contract organizations that then provide support ranging from drug development to clinical trial services to commercialization.
- We believe that contract organizations will be growth drivers within the China healthcare sector and are particularly apt to see more business from abroad in the coming years.

Pharmaceuticals

- R&D costs are significantly lower in China. The average cost to develop a new drug in the US amounts to \$3 to \$4 billion, while comparable drug developments can be done in China for about \$30 to \$40 million².
- China is the largest and sometimes only global supplier of the active ingredient found in a number of vital medications. At present, Chinese pharmaceutical manufacturers have captured 97% of the U.S. market for antibiotics and 90% of the market for vitamin C³.

1. SCMP, "Ping An Good Doctor, China's largest health care platform, reports jump in users amid coronavirus, smaller than expected annual loss" 2/12/2020.

2. Fortune, "Why China Is Having A Healthcare Boom", 1/18/2018.

3. Council on Foreign Relations, "The Coronavirus Outbreak Could Disrupt the U.S. Drug Supply", 3/5/2020.

Example Pharmaceuticals Holding



Jiangsu Hengrui develops, manufactures, and markets a variety of medicines and medicine packing materials.

Example Contract Organization Holding



Wuxi Biologics is a contract research organizations (CRO), which offers pharmaceutical and biotech R&D and manufacturing services for both domestic and foreign companies

China

Biotechnology

Government funding

- Biotech industry highlighted in three of the government's latest five-year plans.
- Estimated \$100 billion¹ already invested in the life-sciences sector by central, provincial, and local governments in an effort to reach the five-year-plan targets.

Venture Capital / Private Equity Funding

- ChinaBio reports that Chinese venture capital and private equity funds raised \$42.8 billion in 2018 for life-sciences investment¹.

Regulatory Changes

- China is moving toward global standardization.
- In June 2017, China joined the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH).

Returning Talent

- Foreign undergraduate and advanced degree recipients are increasingly returning to China to work.
- Over 2 million returnees in last 6 years, estimated 250,000 in life science¹.

1. "State of China Life Science - 2019" ChinaBio Today, 1/6/2019, retrieved 3/31/2020.
2. "China's biotech revolution" UBS Research, 8/2/2018, retrieved 3/31/2020.
3. "China biotech: Six things to watch in 2019" KNect365, 11/14/2018, retrieved 3/31/2020.
4. "Recent Articles in Deals & Financings" ChinaBIO Today. 7/2/2019.

FIVE YEARS

A snapshot of China's biotech industry

2015

- The 13th 5-Year Plan (2015-2020) mandated the biotech industry should exceed 4% of China's GDP by 2020².

2016

- A Chinese biotech start-up broke the country's record for first-round financing, raising \$150 million.

2017

- China's drug administration body agreed to align Chinese drug regulations with the rest of the world.

2018

- The Hong Kong Stock Exchange relaxed rules allowing public stock investment in pre-revenue (development-stage) biotech companies. In July, the first such company (Hangzhou-based Ascleptis Pharma) took advantage of this regulatory change and went public³.
- Total value of Chinese healthcare IPOs was \$7 billion in 2018, an increase of 41% from 2017¹

2019

- Shanghai-Fosun Pharma paid \$36 million to acquire a former GlaxoSmithKline drug-making facility in Suzhou.⁴
- Lepu Biotech, a subsidiary of Lepu Medical raised \$191 million in series-A funding for immunotherapies.⁴

South Korea

Biotechnology

- The Korean government is pushing to expand its share in the global biotechnology market by adding 120,000 new biotech jobs by 2025¹.
- According to the Ministry of Science, the 2018 budget increased its biotechnology funding by 10.5% from its previous year¹.

Pharmaceuticals

- As of 2017, Korea is the 8th largest pharmaceutical market in the world by revenue², just behind Canada, with a market value of \$19.5 billion and is expected to exceed \$23.2 billion by 2022³.
- The government has pushed its focus on generics as a solution to reduce high out of pocket healthcare expenditures.
- Many originator drugs are set to lose their patents by 2020, opening the market further to generics.
- Korean exports of pharmaceutical products grew by 15% from the previous year, reaching \$4.67 billion in 2018⁴.

Example Biotechnology Holding



Celltrion is a South Korean biopharmaceutical company that is involved in the research, development and manufacture of biopharmaceutical products.

Example Pharmaceuticals Holding



Hanmi Science Co. Ltd. manufactures and sells pharmaceutical products in Korea and internationally.

1. "EY Life Sciences Report: Asia", EY, 5/31/2018, retrieved on 3/31/2020.
2. "Share of pharmaceutical revenue worldwide in 2017, by country", 8/09/2019, retrieved 3/31/2020.
3. "South Korean market projected to be worth \$23.2 billion by 2022", The Pharma Letter, 7/8/2019, retrieved on 3/31/2020.
4. Statistics, "Value of pharmaceuticals exported from South Korea between 2012 to 2018", , 2/06/2020, retrieved on 3/31/2020.

India

Pharmaceuticals

- India's pharmaceutical industry supplies over 50% of the global demand for vaccines¹.
- The pharmaceutical sector was valued at \$33 billion in 2017 and is expected reach \$55 billion by 2020¹.

Biotechnology

- India's biotechnology industry represents 2% of the global biotech industry and is expected to grow from \$11 billion in 2016 to \$100 billion by 2025².

Healthcare Administration Services

- The hospital services market, is currently valued at \$80 billion and accounts for 71% of total industry revenues³.
- Currently, there is a shortage of healthcare infrastructure, especially in rural areas and Tier II and Tier III cities.
 - India has 1 doctor for every 921 people⁴.

1. "Indian Pharmaceutical Industry Analysis", IBEF, January 2020, retrieved on 3/31/2020.
2. "Indian Biotechnology Industry Analysis", IBEF, last updated Oct. 2019, retrieved on 3/31/2020.
3. "India - Healthcare", www.export.gov, 8/05/2019, retrieved on 3/31/2020.
4. "Global Health Observatory (GHO) data", The World Health Organization, as of December 2017, retrieved on 3/31/2020.

Example Pharmaceuticals Holding



Sun Pharmaceutical Industries Ltd. is a pharmaceuticals manufacturer and marketer for domestic and international distribution.

Example Biotechnology Holding



Biocon is a biopharmaceutical company that is involved in the discovery, development and production of biologics.

Example Healthcare Administration Holding



Fortis Healthcare is an integrated healthcare delivery service provider in India.

Malaysia

Hospital Administration Services

- In 2016, total healthcare expenditure reached \$13.3 billion, and is expected to more than double over the next ten years to \$30.4 billion by 2026¹.
- The Malaysian Government's Six Entry Point Projects (EPPs) highlights healthcare tourism as a critical factor to accelerate the healthcare sectors growth.
 - Malaysia today ranks eighth worldwide for medical tourism, possessing a market that is worth \$290 million and is predicted to grow to reach \$3.5 billion by 2024².
 - The Malaysian medical tourism is projected to experience 30% year-on-year growth².

Example Healthcare Administration Services Holding



IHH Healthcare is a Malaysian healthcare services provider across multiple countries. The company operates hospitals, medical centers, clinics and other healthcare services.

Thailand

Hospital Administration Services

- Thailand's total healthcare expenditure in 2016 amounted to \$25.3 billion in 2016 and is expected to increase to \$47.9 billion by 2026³.
- The Ministry of Public Health's "Thailand 4.0" policy outlines the roadmap to become the medical and wellness destination hub of ASEAN countries by 2025. The policy emphasizes medical tourism as a key factor for success.
- In 2017, Thai medical tourism brought in \$1.5 billion in income for private hospitals, representing a 3-4% growth from 2016⁴.

Example Healthcare Administration Services Holding



Bangkok Dusit Medical Services is a Thai-based hospital administration services company that operates hospitals and wellness clinics internationally.

1. "Market Review on Priority Sector Under Competition Act 2010– Pharmaceutical Sector" Malaysia Competition Commission, 12/27/2017, retrieved on 3/31/2020.
2. "Healthcare & Life sciences Review" Malaysia Healthcare Travel Council, December 2018, retrieved 3/31/2020.
3. "Life Sciences and Health in Thailand", Netherlands Embassy in Bangkok, April 2018, retrieved on 3/31/2020.
4. "Medical Tourism Industry Focus", KPMG in Thailand, 02/2018, retrieved 3/31/2020.

South Africa

Pharmaceuticals

- In 2016, the pharmaceutical market was valued at between \$3.1 and \$3.3 billion.
- In that same year, pharmaceutical imports accounted for 85% of the country's total pharmaceutical trade, despite depreciation of the South African Rand.²
 - The generic drug market represents 35.3% of the pharmaceutical market.
- South Africa relies heavily on imports for most pharmaceutical products because most of the local manufacturers focus on the manufacturing of antiretroviral and essential generic medicines.
- High disease burden that is specific to the South African region ensures increased demand for drugs, especially anti-retroviral.

Example Pharmaceuticals Holding



Aspen Pharmacare is a pharmaceutical company that manufactures and supplies over the counter, generic branded drugs. The company is headquartered in South Africa with operations expanding internationally.

1. "The Pharmaceutical Industry in South Africa 2017", Research and Markets, December 2017, retrieved on 3/31/2020.
2. "Pharmaceuticals and Medical Devices Sector" The Department of Trade and Industry of South Africa, 2017, retrieved on 3/31/2020.

Brazil

Insurance

- Brazil has implemented a universal and free public healthcare system, however 22.8%¹ of its total population utilizes private healthcare and employer-subsidized health insurance due to the lack of funding and quality of service in the public healthcare system.
 - Despite declines in recent years, Brazil still has one of the highest rates of healthcare expenditure per capita in emerging markets, and 9.1% of its total GDP was expended on healthcare².
 - Of approximately 6,500 hospitals in Brazil, 70% are private².

Pharmaceuticals

- Brazil ranks among the top six markets in size for drugs and pharmaceuticals with sales of \$28.4 billion in 2018².

Healthcare IT

- The Ministry of Health announced possible investments of more than \$450 million by 2019 to digitalize the public basic care units of the country's Unified Health System (SUS)².

Example Healthcare Administration Services Holdings



Qualicorp is a health insurance and benefits packages provider that operates throughout Brazil. The company also provides health plans and benefits consultations.













OdontoPrev is a dental benefits company that operates throughout Brazil.



Grupo Fleury is a diagnostic, treatment and clinical analysis medical services provider that is headquartered in Brazil.

1. BMJ Global Health, "The Brazilian health system at crossroads: progress, crisis and resilience", 7/3/2019.
2. "Brazil - Healthcare" export.gov, 9/05/2019, retrieved on 3/31/2020.

The top 10 holdings in the KraneShares Emerging Market Healthcare Index ETF (Ticker: KMED) have seen attractive revenue growth over the past five years

Top 10 Fund Holdings* (As of 3/31/2020)	Company Logo	Ticker	Fund Weight	1 Year Average Revenue Growth Rate	5 Year Average Revenue Growth Rate
SHENZHEN MINDRAY BIO-MEDIC-A		300760 CH	6.38%	15.32%	84.67%
CELLTRION INC		068270 KS	6.00%	-1.44%	188.12%
SAMSUNG BIOLOGICS CO LTD		207940 KS	5.66%	14.43%	14.43%
JIANGSU HENGRUI MEDICINE C-A		600276 CH	4.60%	10.37%	15.45%
CELLTRION HEALTHCARE CO LTD		091990 KS	4.29%	21.83%	14.61%
IHH HEALTHCARE BHD		IHH MK	4.05%	23.09%	20.21%
SUN PHARMACEUTICAL INDUS		SUNP IN	3.60%	32.69%	25.48%
AIER EYE HOSPITAL GROUP CO-A		300015 CH	2.62%	35.40%	35.40%
HANSOH PHARMACEUTICAL GROUP		3692 HK	2.61%	5.82%	8.40%
WUXI BIOLOGICS CAYMAN INC		2269 HK	2.49%	25.79%	32.84%
			42.30%	Average: 18.33%	Average: 43.96%

Data from Bloomberg as of 3/31/2020.

*Top Holdings excluding holdings with less than a 1-year performance history



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KMED Performance History as of 3/31/2020

	Cumulative %			Average Annualized %		
	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	Since Inception
Fund NAV	-7.54%	4.30%	-15.17%	-5.25%	-	-9.84%
Closing Price	-6.63%	4.30%	-15.17%	-5.08%	-	-9.84%
Index	-7.37%	4.83%	-14.33%	-4.02%	-	-9.28%

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

Shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Market price returns are based upon the midpoint of the bid/ask spread at the close of the exchange and does not represent the returns an investor would receive if shares were traded at other times. Brokerage commissions will reduce returns. NAVs are calculated using prices as of 4:00 PM Eastern Time.

The Index reflects the reinvestment of any cash distributions after deduction of any withholding tax using the maximum rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses (except for withholding taxes described above). Indexes are unmanaged and one cannot invest directly in an index.

Fund Details	As of 3/31/2020
Primary Exchange	NYSE
Cusip	500767819
Total Annual Fund Operating Expense	0.79%
Inception Date	8/29/18
Distribution Frequency	Annual
Index Name	Solactive Emerging Markets Healthcare Index
Index Ticker	SOLKMED
Number of Holdings (ex Cash)	74

Top Ten Fund Holdings as of 3/31/2020 excluding cash. Fund holdings are subject to change.	Ticker	%
SHENZHEN MINDRAY BIO-MEDIC-A	300760 CH	6.38
CELLTRION INC	068270 KS	6.00
SAMSUNG BIOLOGICS CO LTD	207940 KS	5.66
JIANGSU HENGRUI MEDICINE C-A	600276 CH	4.60
CELLTRION HEALTHCARE CO LTD	091990 KS	4.29
IHH HEALTHCARE BHD	IHH MK	4.05
SUN PHARMACEUTICAL INDUS	SUNP IN	3.60
AIER EYE HOSPITAL GROUP CO-A	300015 CH	2.62
HANSOH PHARMACEUTICAL GROUP	3692 HK	2.61
WUXI BIOLOGICS CAYMAN INC	2269 HK	2.49

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. Such changes may have an adverse impact on performance. The fund is non-diversified.

The ability of the KraneShares Emerging Market Healthcare Index ETF to achieve its investment objectives is dependent, in part, on the continuous availability of A Shares and the ability to obtain, if necessary, additional A Shares quota. If the Fund is unable to obtain sufficient exposure to limited availability of A Share quota, the Fund could seek exposure to the component securities of the Underlying Index by investment in other types of securities. The fund may invest in derivatives, which are often more volatile than other investments and may magnify the Funds' gains or losses.

The KraneShares Emerging Market Healthcare Index ETF invests primarily in the health care industry. The profitability of companies in the healthcare sector may be affected by government regulations and government healthcare programs, government reimbursement for medical expenses, increases or decreases in the cost of medical products and services, limited product lines, increased emphasis on the delivery of healthcare through outpatient services and product liability claims. Many healthcare companies are heavily dependent on patent protection, which may be time consuming and costly, and the expiration of a company's patent may adversely affect that company's profitability. Healthcare companies are subject to competitive forces that may result in pricing pressure, including price discounting, and may be thinly capitalized and susceptible to product obsolescence. Many new products in the healthcare sector require significant research and development and may be subject to regulatory approvals, which may be time consuming and costly and with no guarantee that the product will come to market.

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