

The Emerging Market Consumer Internet & E-Commerce Opportunity

An Overview of the KraneShares
Emerging Markets Consumer Technology ETF
(Ticker: KEMQ)

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 up to date on global market trends and aim to provide meaningful diversification. Krane Funds Advisors, LLC is majority owned by China International Capital Corporation (CICC).



KEMQ

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. Upon rebalance, constituent weights are capped at 3% and country weights are capped at 40%.

Emerging Markets Consumer Technology Highlights:

- Internet adoption is expanding rapidly within emerging markets while domestic consumption and retail sales are steadily increasing and frequently taking 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 2015¹.
- 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, retrieved 6/30/2020.

Transformational growth in emerging markets is driven by the “Three P’s”



Population

The middle class consumer in Emerging Markets will drive global demand.



Penetration

Internet adoption is the catalyst for rapid innovation, and facilitates “leapfrogging”.



Performance

Technology firms across the emerging markets are taking global leadership positions.

This is why we buy EM:

- Demographics
- Urban Middle Class
- Consumption
- Adoption of Technology & Telecommunications
- Healthcare



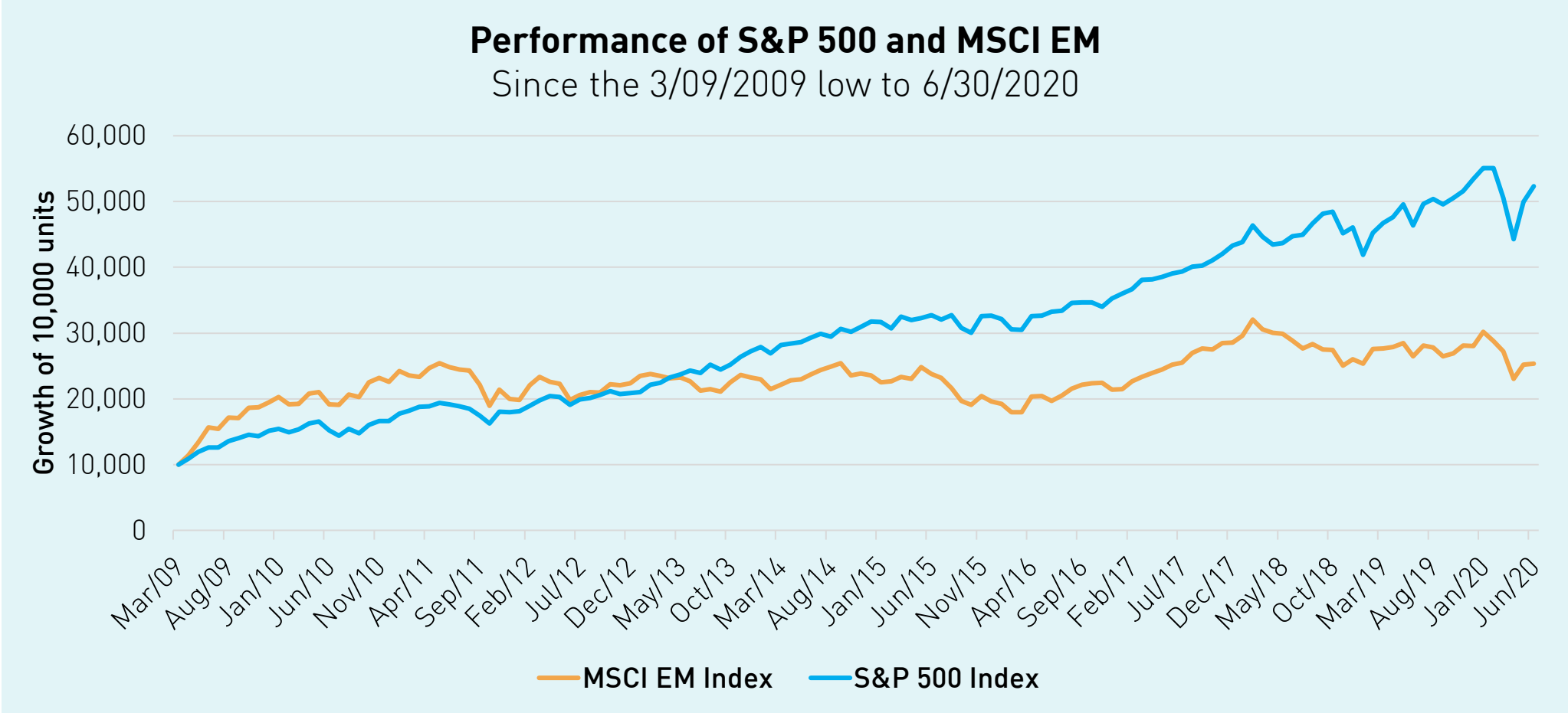
Apple store window with sign in Nanjing East Road with people who often line up to grab on one of the company's latest gadgets. Shanghai China

But this is what we get when we buy broad EM:

- Commodities
- “Old economy” companies
- Slow growth sectors



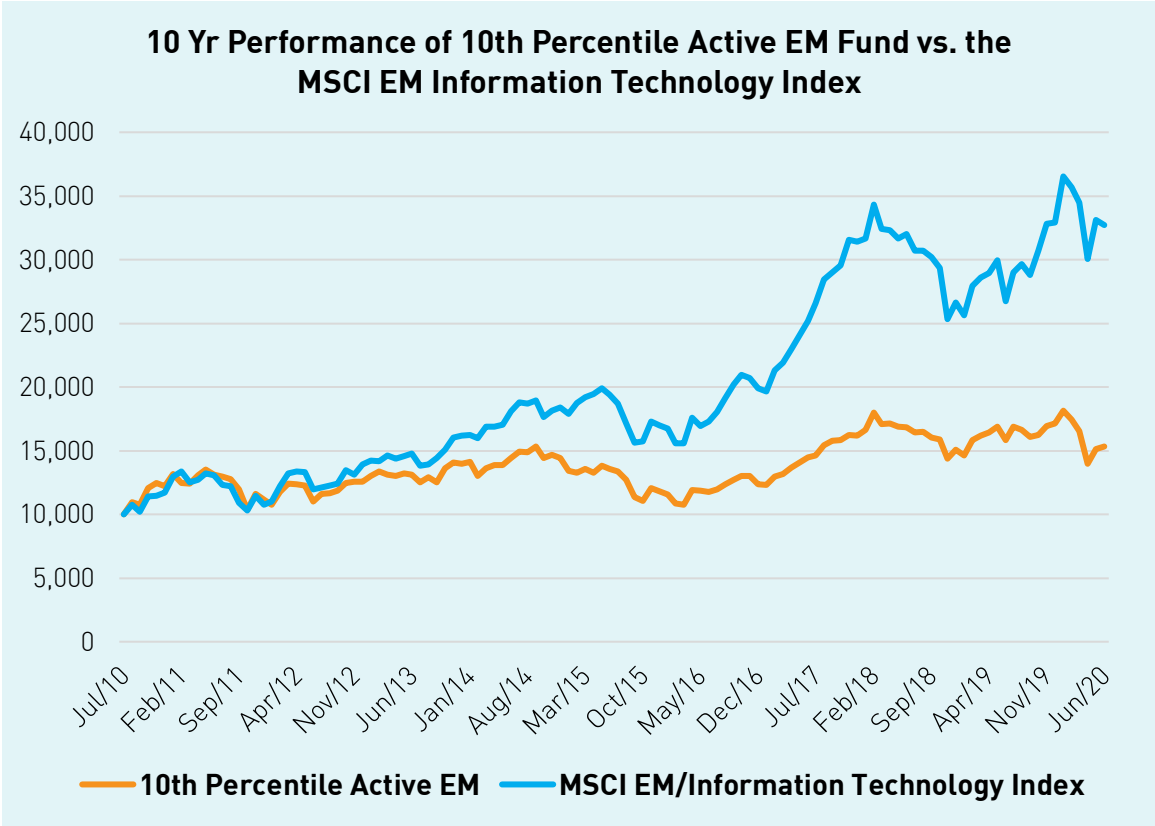
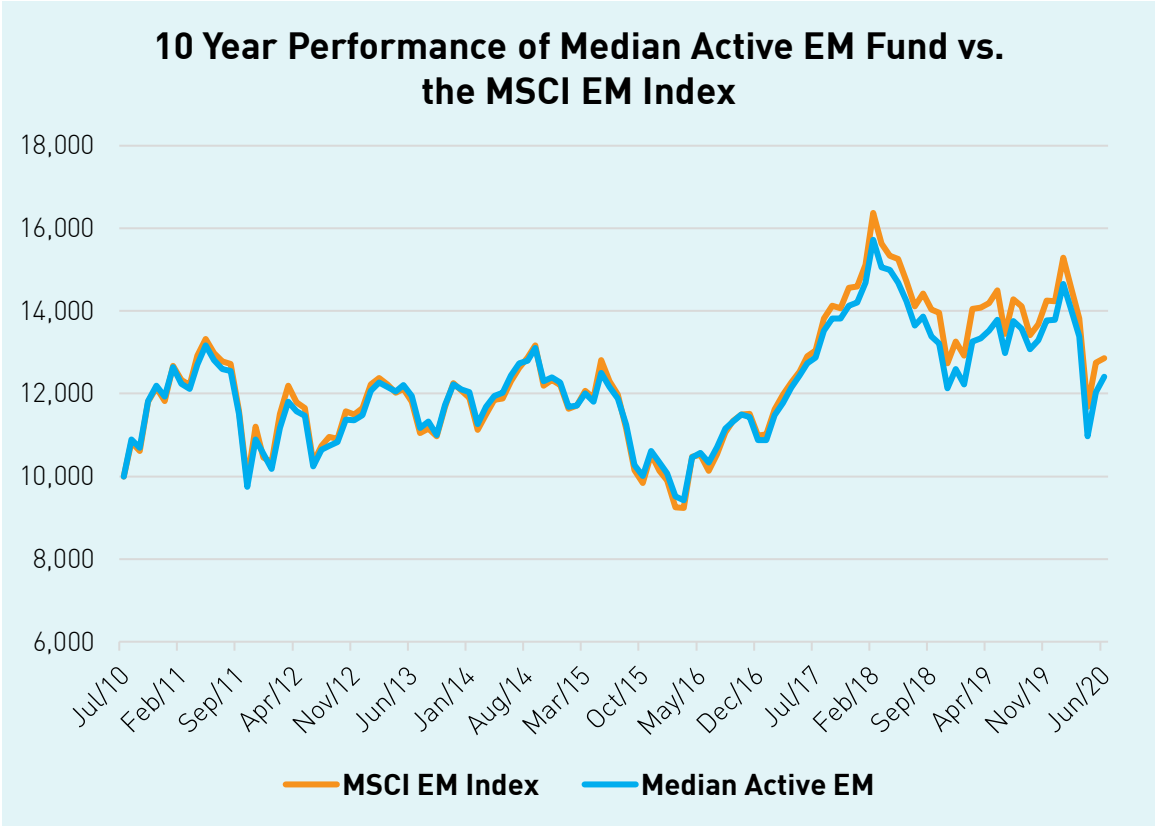
Broad Emerging Markets are “out of favor”...



Data from Bloomberg as of 6/30/2020. See slide 23 for index definitions. Index returns are for illustrative purposes only. Indexes are unmanaged and one cannot invest directly in an index. Index returns do not reflect fees or other costs associated with investing. Past performance does not guarantee future returns.

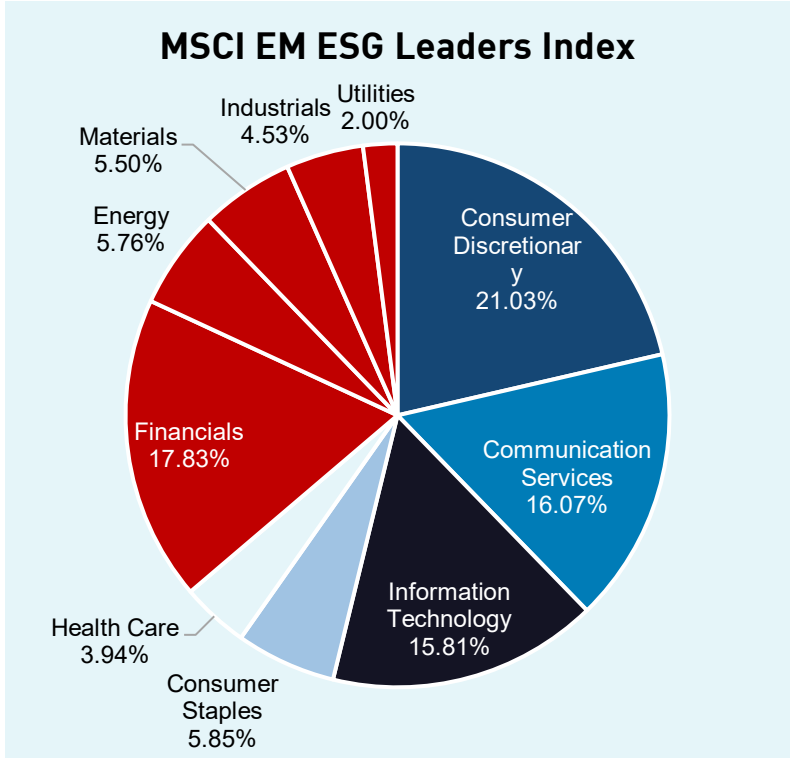
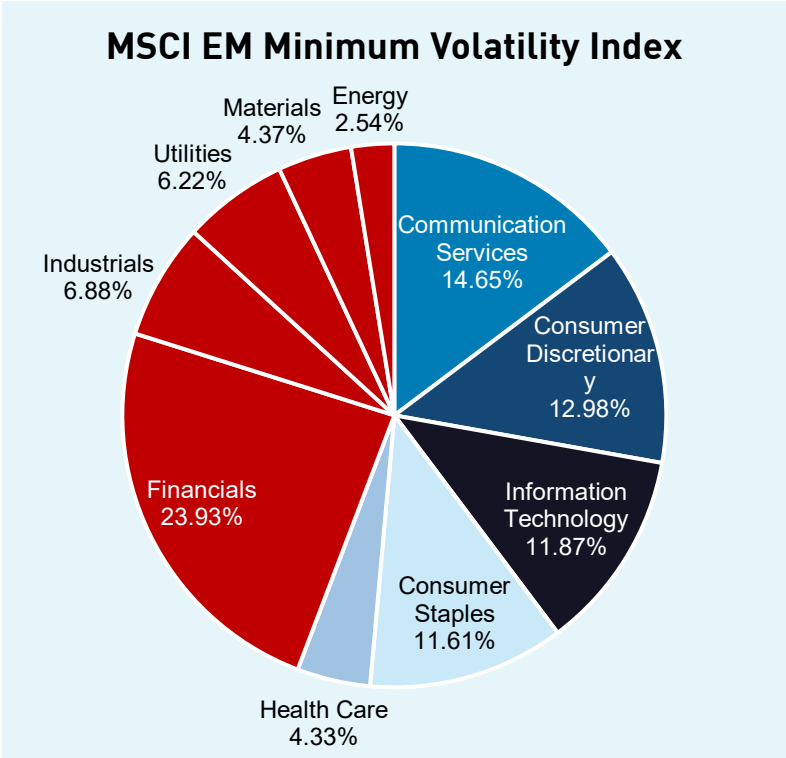
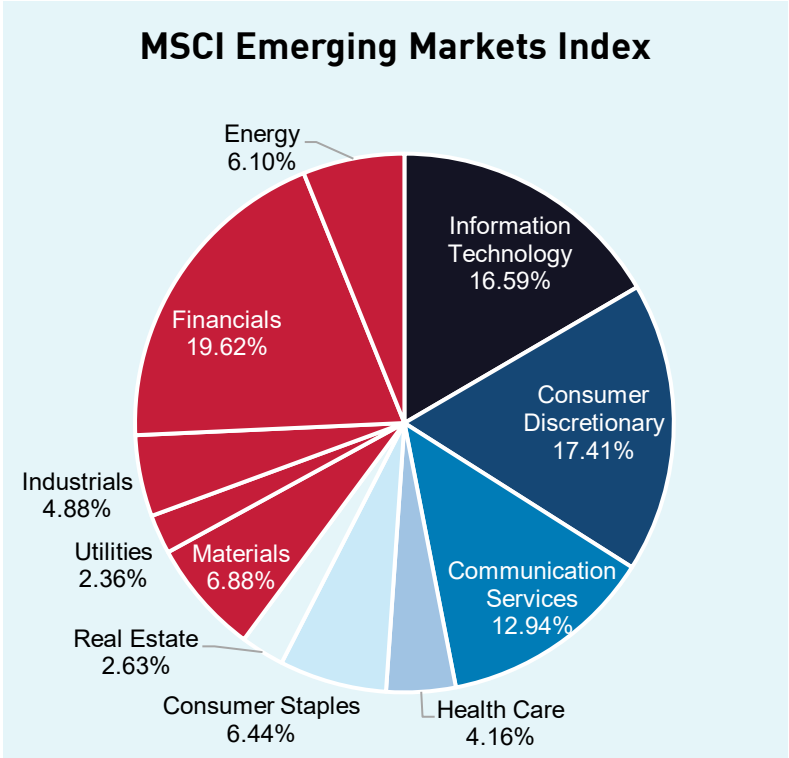
Are top decile EM active managers merely taking advantage of index “intricacies”?

The median active EM fund performs inline with the MSCI Emerging Market Index. While the top decile active fund underperforms the Emerging Market Information Technology Index by a wide margin.



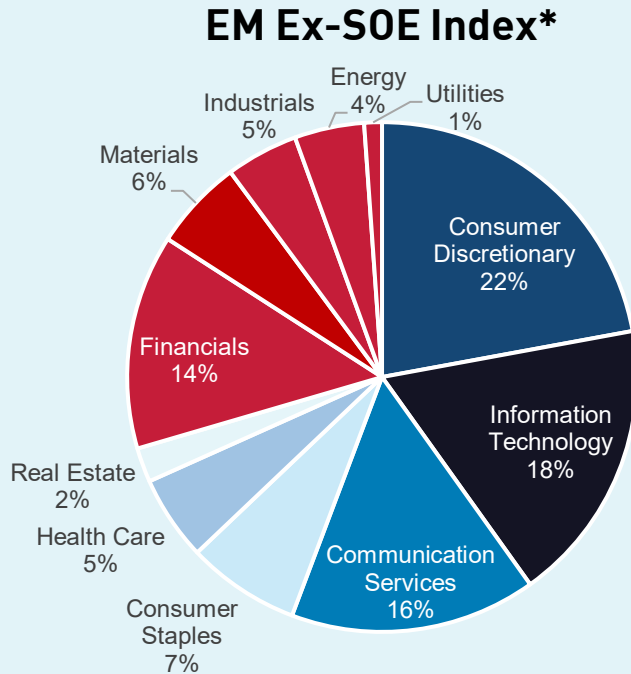
Data from Morningstar as of 6/30/2020. See slide 23 for index definitions. Index returns are for illustrative purposes only. Indexes are unmanaged and one cannot invest directly in an index. Index returns do not reflect fees or other costs associated with investing. Past performance does not guarantee future returns. Active EM median and 10th percentile ranking is determined by 10-year performance (net total return) of all funds within the Morningstar Active EM Category.

Alternative exposures include MSCI EM, EM Minimum Volatility, and EM ESG.

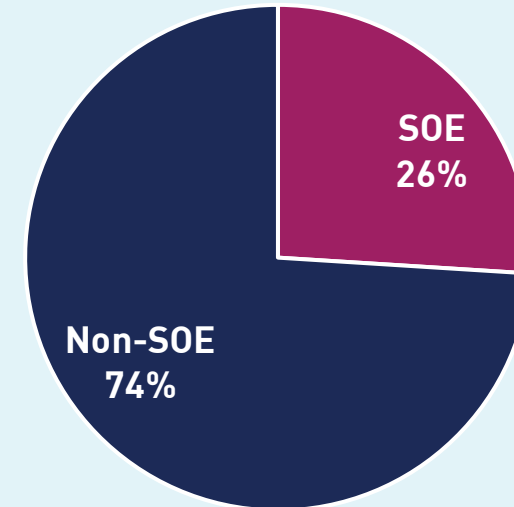


Value-Oriented Sectors

We believe state-owned enterprises (SOEs) are not the issue in MSCI Emerging Markets Index. It's the sectors!



MSCI Emerging Markets

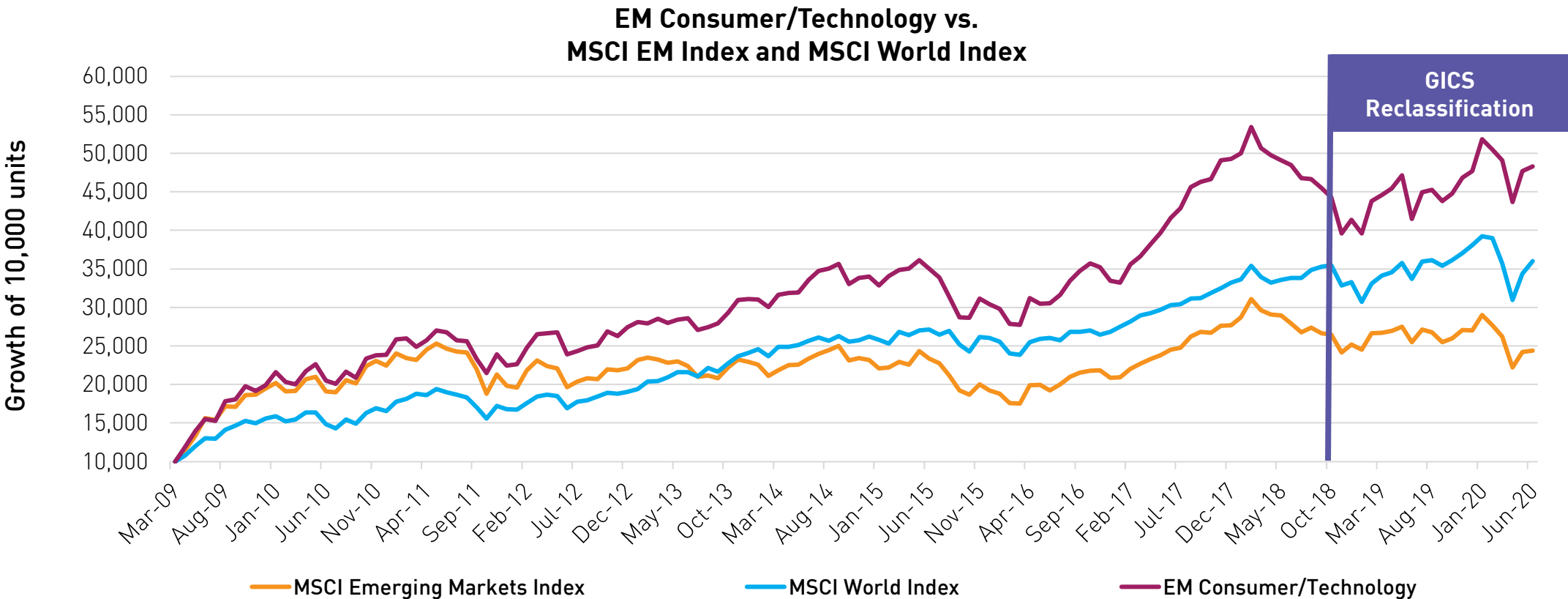


Data from Bloomberg and Callan as of 6/30/2020. See slide 23 for index definitions. State-Owned Enterprises as defined by MSCI are companies whose largest shareholder is a government entity or whose government ownership is over 20%.

* EM Ex-SOE Index is based on the WisdomTree Emerging Markets Ex-State-owned Enterprise Index.

EM consumer/technology outperformed developed and emerging markets.

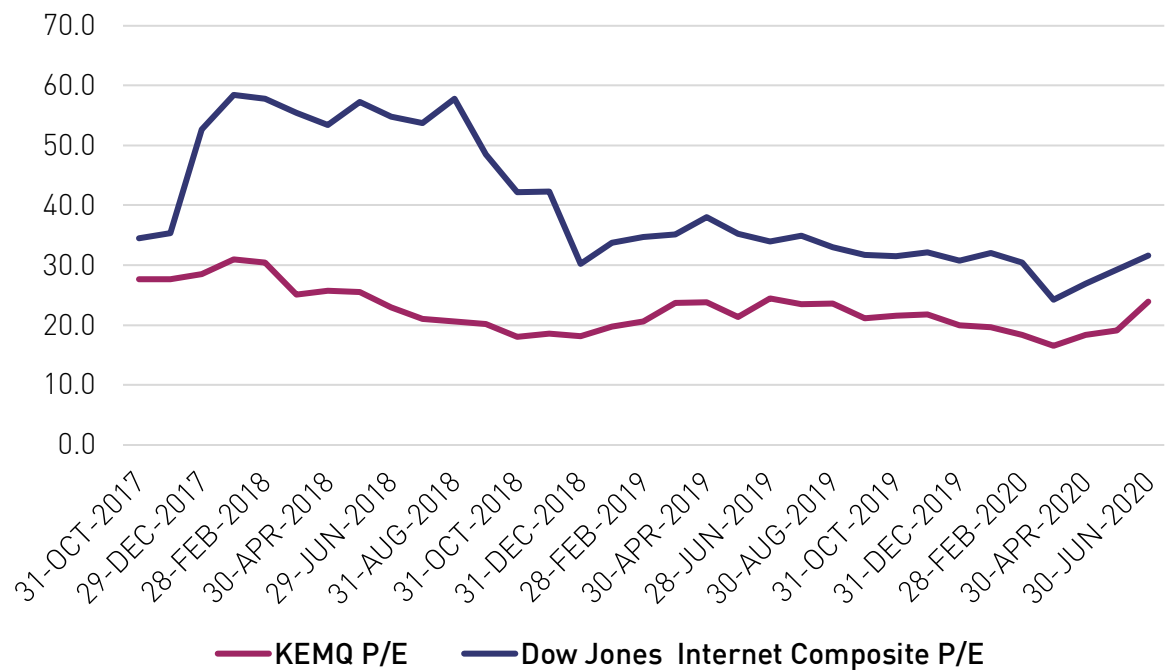
- In order to show the historical performance of the EM consumer/technology sectors within the MSCI EM Index, we combined the Index's information technology, consumer discretionary, and communication services sectors. We used the sectors' pre- and post-GICS reclassification weightings pictured in slide 12.
- We found that EM consumer/technology outperformed both broad emerging markets and developed markets since the end of the recession, returning 383% against a return of 260% for the MSCI World Index and 144% for the MSCI Emerging Markets Index.



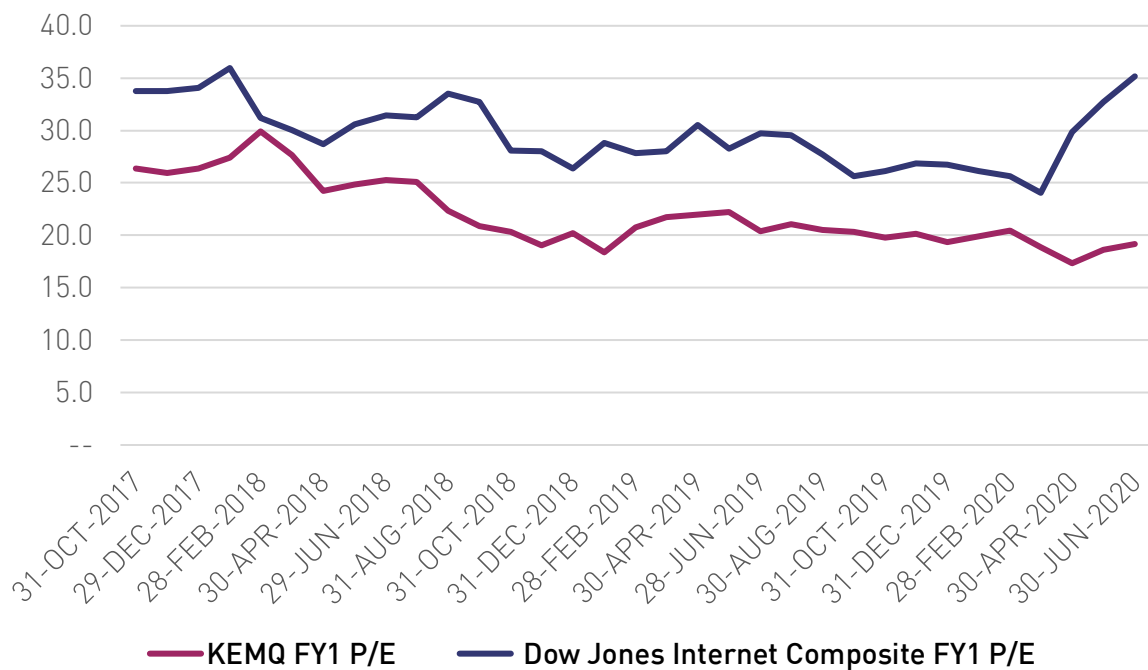
Data from Bloomberg as of 6/30/2020. See slide 23 for index definitions. Index returns are for illustrative purposes only. Indexes are unmanaged and one cannot invest directly in an index. Index returns do not reflect fees or other costs associated with investing. Past performance does not guarantee future returns.

Both KEMQ's P/E and forward P/E are lower than the US Internet sector.

KEMQ Price-to-Earnings Comparison
(Since inception 10/11/2017 to 6/30/2020)



KEMQ Forward Price-to-Earnings Comparison
(Since inception 10/11/2017 to 6/30/2020)



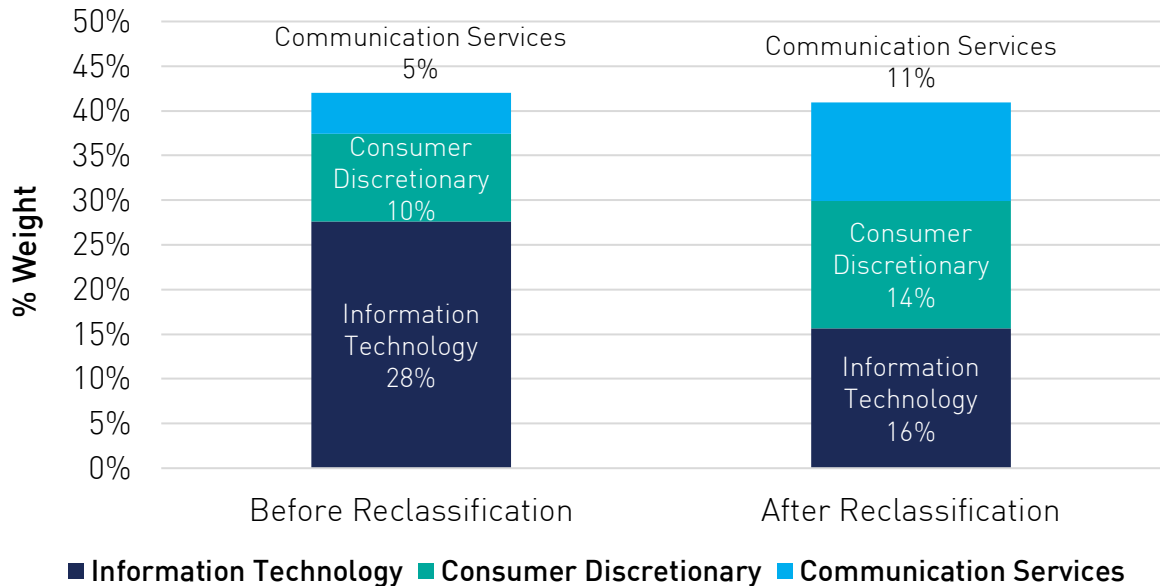
Data from FactSet as of 6/30/2020. See slide 23 for index definitions.

The price-earnings ratio (P/E Ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings.
The forward price-to-earnings ratio (FY1 P/E) divides the current share price of a company by the estimated future ("forward") earnings per share (EPS).

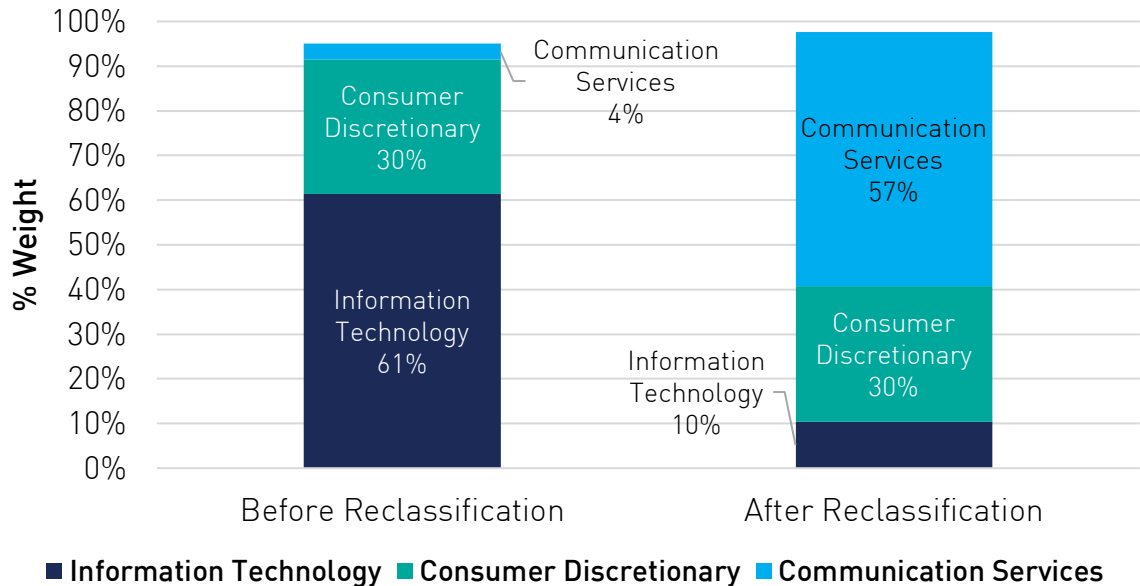
However, capturing the performance of the EM consumer/technology sector can be complicated.

- In the past, E-Commerce and internet platforms were classified by Global Industry Classification Standards (GICS) as information technology (IT) companies.
- However, as this sector evolved, it ended up grouping social media platforms, E-Commerce, gaming, and internet companies with chip-makers and hardware companies.
- In October 2018, GICS underwent a major reclassification to resolve this issue. Information technology was left with mostly hardware companies, while E-Commerce and internet platforms were split between two other sectors: consumer discretionary and communication services (formerly telecommunication services).
- For instance, Alibaba and Mercado Libre were shifted to the consumer discretionary sector, while internet platforms, such as Baidu and Naver, were classified as communication services companies.

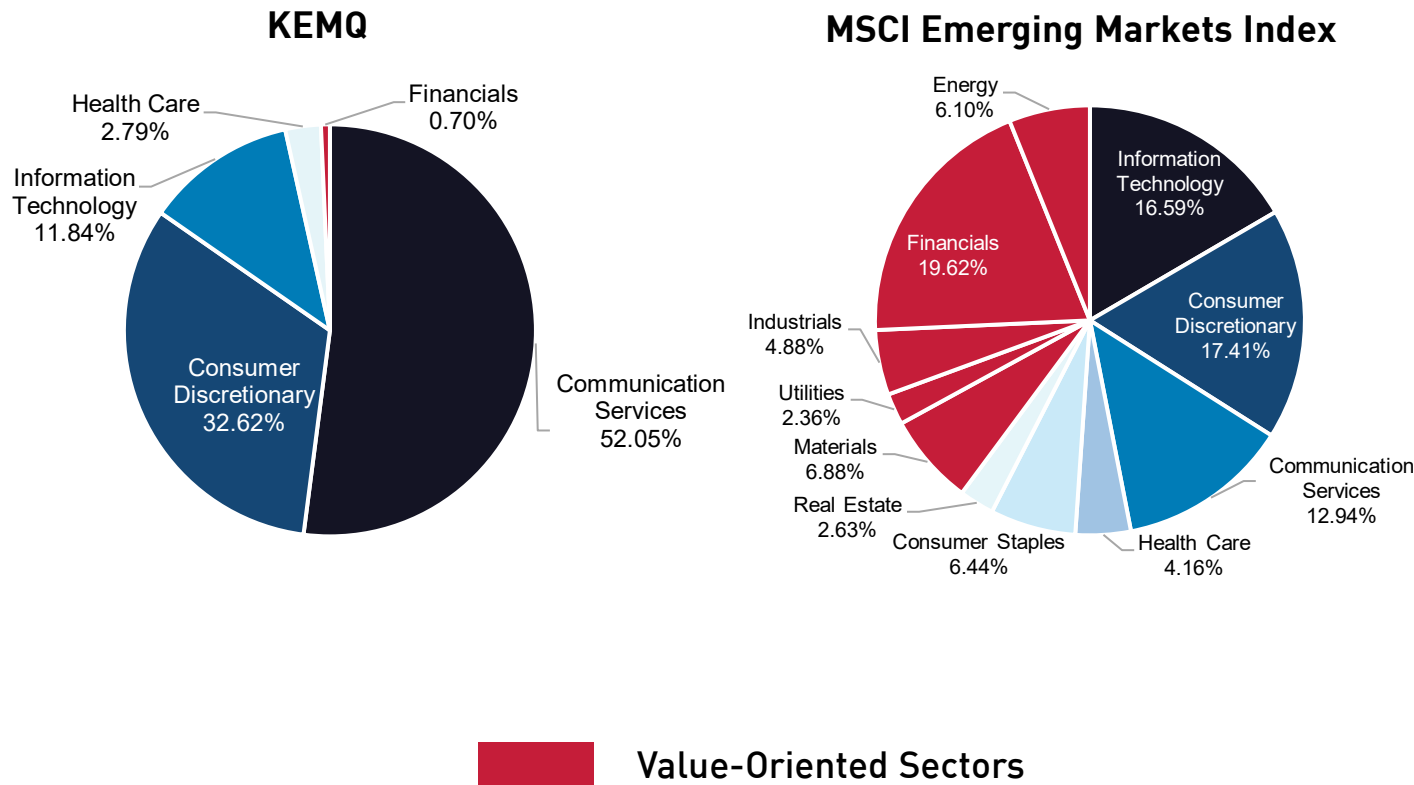
**Weight of Select Sectors within the MSCI EM Index
Before and After Reclassification**



**Weight of Select Sectors within KEMQ
Before and After Reclassification**



KEMQ offers greater exposure to growth-oriented sectors than the MSCI Emerging Markets Index.



Weight of Growth and Value-Oriented Sectors					
	100% MSCI EM	75% MSCI EM / 25% KEMQ	50% MSCI EM / 50% KEMQ	25% MSCI EM / 75% KEMQ	100% KEMQ
Growth-Oriented Sectors	61%	71%	80%	90%	99%
Value-Oriented Sectors	39%	29%	20%	10%	1%

Data from Bloomberg as of 6/30/2020. Excluding cash. Due to rounding, may not add up to 100%. See slide 23 for index definitions.

Sector allocation has accounted for most of KEMQ's outperformance versus both the MSCI Emerging Markets Index and the Emerging Markets Ex-SOE Index.

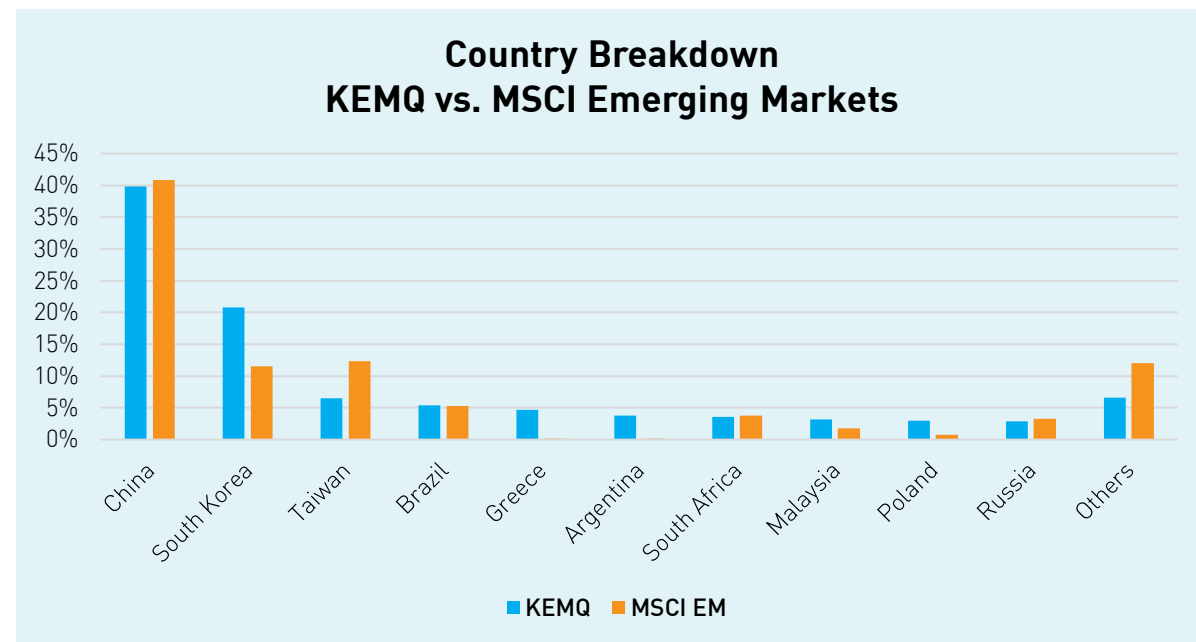
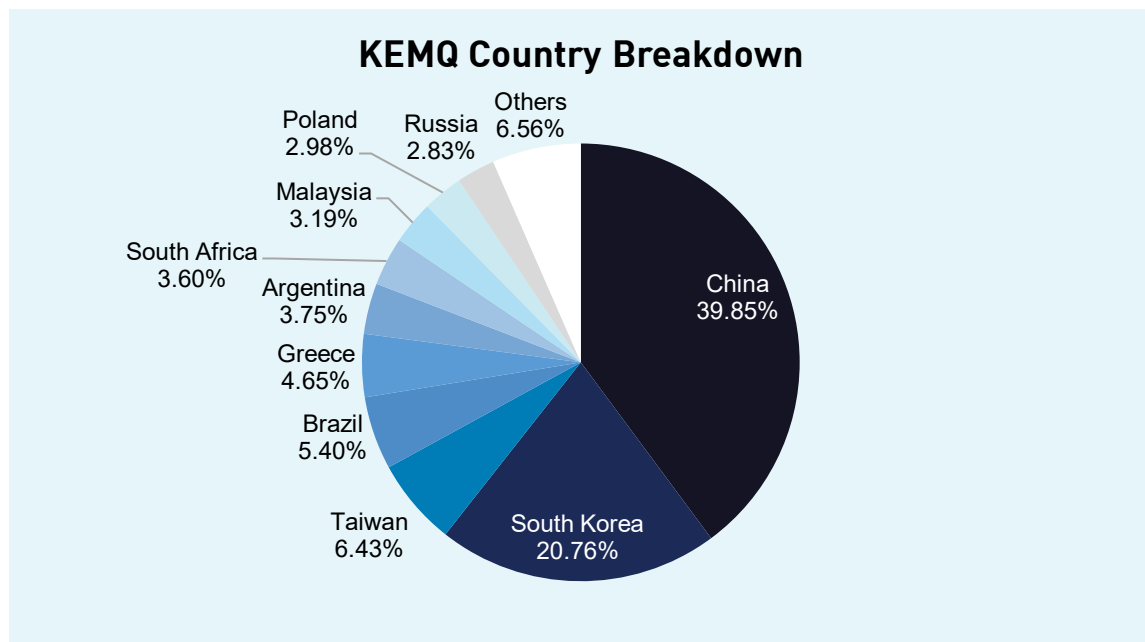
2-Factor Attribution: KEMQ vs. MSCI Emerging Markets Index

Period	Sector Allocation Effect	Stock Selection Effect	Total Outperformance
YTD	15.13%	2.33%	17.46%
2019	2.05%	7.65%	9.70%
Since KEMQ Inception (10/11/2017)	8.14%	2.63%	10.77%

2-Factor Attribution: KEMQ vs. Emerging Markets Ex-SOE Index

Period	Sector Allocation Effect	Stock Selection Effect	Total Outperformance
YTD	11.07%	-0.07%	10.99%
2019	0.26%	3.54%	3.80%
Since KEMQ Inception (10/11/2017)	3.94%	-1.75%	2.19%

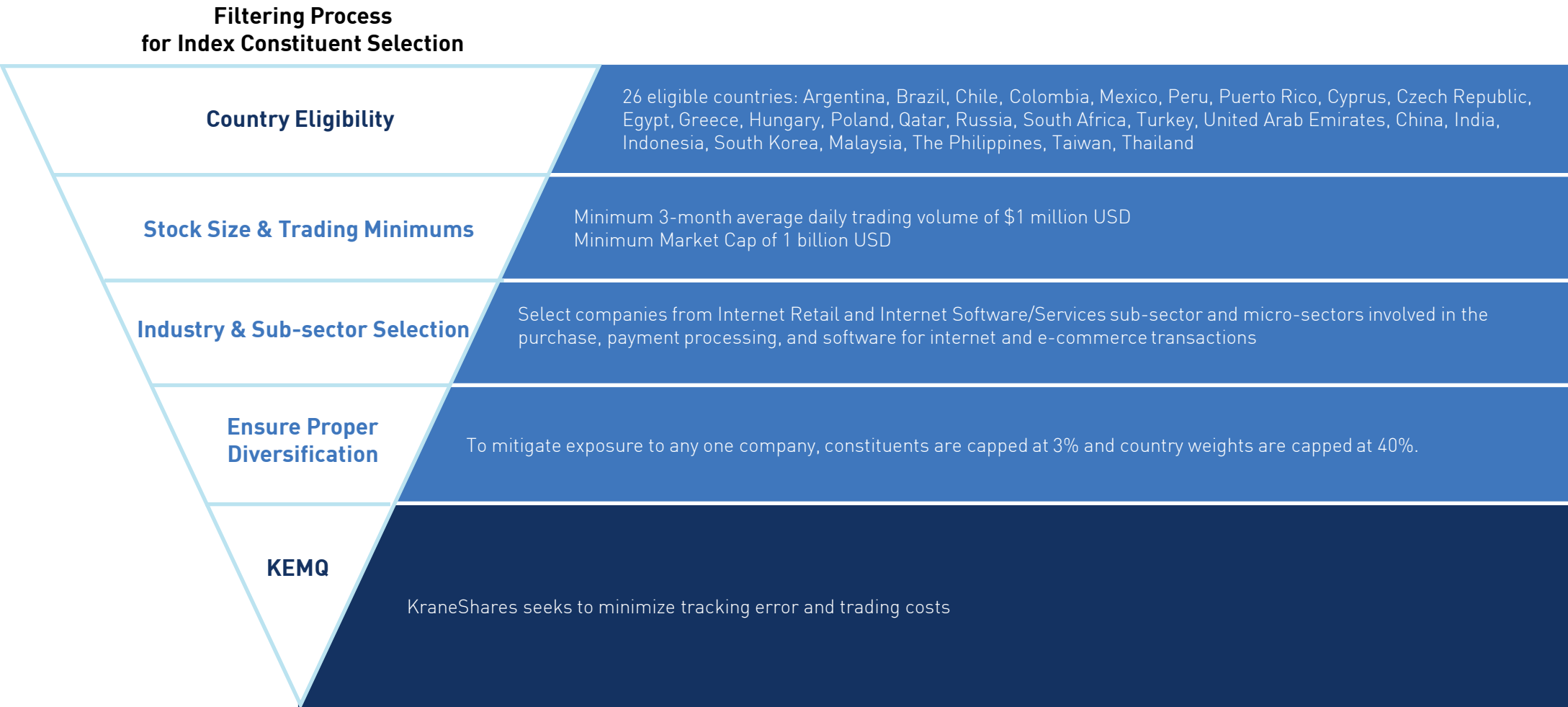
Our index filtering process also results in a very different country breakdown than traditional emerging markets.



Data from Bloomberg as of 6/30/2020. See page 23 for index definitions.
 *Others includes Thailand, Mexico, Cyprus, Puerto Rico, and India.

A maximum weight of 40% per Country of Domicile is applicable. If the 40% cap is breached, the following steps will be taken: Stocks from the respective Country of Domicile which have the smallest Market Capitalization values are removed until country weight is below or equal to 40%. To reach 50 companies in the index once again, companies from the eligible universe (excluding respective Country of Domicile) are selected based on highest Market Capitalization.

In order to deliver a precise representation of the emerging markets consumer technology opportunity, we worked with Solactive to develop the Solactive Emerging Markets Consumer Technology Index.



Diversification does not ensure a profit or guarantee against a loss.

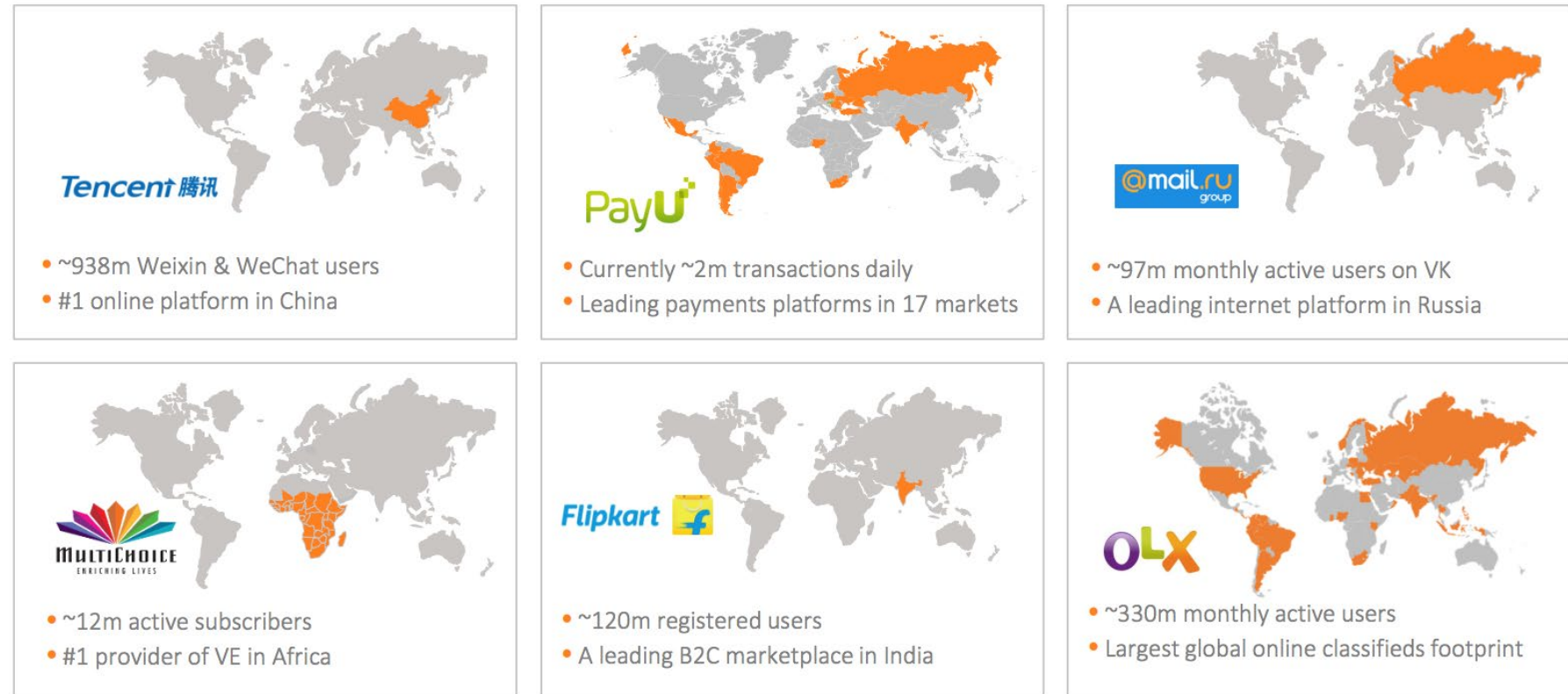
Emerging market internet companies around the world



Naspers is a global internet and entertainment group that has grown into one of the largest technology investors in the world. The company's investments span the globe and are organized into six business areas: Classifieds, Payments, B2C E-Commerce, Ventures, Video Entertainment, and Media¹.

Naspers has invested in technology companies across the developing world

- Naspers was founded in South Africa in 1915 as a publisher and printer of magazines.
- Naspers has become one of the world's leading technology investors.
- Naspers is Tencent's largest single shareholder, owning over 30% of the company's stock.²
- Naspers also has a stake in significant publicly traded companies like Mail.ru and private investments such as Indian E-Commerce company Flipkart.



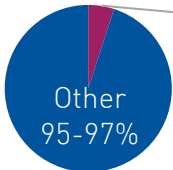
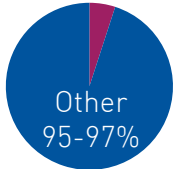
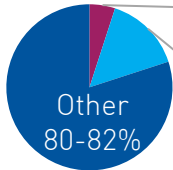
1. Naspers, "Financial results presentation for the year ended 31 March 2018", retrieved 6/30/2020.
 2. Data from Bloomberg as of 6/30/2020.

The KraneShares Emerging Markets Consumer Technology ETF (Ticker: KEMQ) tracks a variety of companies throughout key emerging market countries.

Top countries and weight within KEMQ		Top Holdings in country	Weight	Company Logo	Company description
China	39.85%	TENCENT HOLDINGS	4.00%		New Oriental Education & Technology Group, Inc. offers educational services. The Company offers foreign language training, test preparation courses for admissions and assessment tests in the United States, the PRC and Commonwealth countries, primary and secondary school education, development and distribution of educational content, software and other technology, and online classes.
South Korea	20.76%	NAVER CORP	3.85%		NAVER Corporation provides Internet site with web portal services, such as search engine, online game, and content development. The Company also offers online marketing service through banner advertisement and e-commerce services. The company owns the popular Line app, which is used primarily used in Japan and South Korea but also present in over 230 countries worldwide. Line offers services similar to WhatsApp and WeChat
Brazil	5.40%	B2W CIA DIGITAL	2.45%		B2W Companhia Digital is an e-commerce company. The Company offers technology, logistics, distribution, customer service, and consumer financing services.
Greece	4.65%	HELLENIC TELECOM	2.44%		Hellenic Telecommunications Organization S.A. provides telecommunication services. The company offers fixed-line, television and mobile telecommunications services including voice, broadband, data, and leased lines. The company serves the audio-visual, communications, industrial, and residential industries, as well as public customers.
Argentina	3.75%	MERCADOLIBRE INC	3.75%		MercadoLibre Inc. operates an online trading site for the Latin American markets. The Company's website allows businesses and individuals to list items and conduct sales and purchases online in either a fixed-price or auction format. MercadoLibre offers classified advertisements for motor vehicles, vessels, aircraft, real estate and services, and offers online payment services.
South Africa	3.60%	NASPERS LTD	3.60%		As a holding company, Naspers mainly grows through acquisitions and equity stakes in companies in emerging markets. It also plans to focus on investment in technology; the company has worked to upgrade and improve its subscriber and user platforms by investing in e-commerce transaction platforms and instant-messaging communication.
Malaysia	3.19%	TELEKOM MALAYSIA BHD	2.35%		Telekom Malaysia Berhad establishes, provides, and maintains telecommunication and related services. Through its subsidiaries, the Company provides payphone network, mobile telecommunication, public telephone, and leasing of optical fiber telecommunication system services. Telekom also manages and operates Kuala Lumpur Tower and provides intelligent security services
Poland	2.98%	CYFROWY POLSAT SA	2.29%		Cyfrowy Polsat, S.A. offers broadcast satellite subscription television services and mobile telephony in Eastern and Central Europe. The Company distributes signal decoders and offers a variety of television and radio channels.
Russia	2.83%	MAIL.RU GROUP	2.83%		Mail.Ru Group Ltd. offers Internet access services in Russia. The Company also operates social networking websites, instant messaging networks, an email service, and an online games company.

We believe using KEMQ to augment or replace an existing exposure to broad EM may provide performance benefits.

- We have found that investors tend to fall into one of three camps: no EM exposure, some exposure, or significant exposure.
- We have mapped out how KEMQ (EM Growth) may fit into each of these three investors' portfolios.

Investor Type		Hypothetical Portfolio
Hypothetical Investor 1: No EM Exposure		Hypothetical Portfolio 1 
Current Allocation:	0%	
Hypothetical Investor 2: Some EM Exposure		Hypothetical Portfolio 2 
Current Allocation:	3-5%	
Hypothetical Investor 3: Significant EM Exposure		Hypothetical Portfolio 3 
Current Allocation:	20%	

KraneShares Emerging Markets Consumer Technology ETF (NYSE: KEMQ)

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.

Fund Details	As of 6/30/2020
Primary Exchange	NYSE
Cusip	500767876
Total Annual Fund Operating Expense (Gross)	0.81%
Total Annual Fund Operating Expense (Net)	0.61%*
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

Top Ten Holdings as of 6/30/2020 The Fund's Holdings Are Subject to Change.	% of Fund
TENCENT HOLDINGS LTD	3.94
NAVER CORP	3.80
MERCADOLIBRE INC	3.68
CHUNGWA TELECOM CO LTD	3.62
BAIDU INC - SPON ADR	3.55
NASPERS LTD-N SHS	3.55
TAL EDUCATION GROUP- ADR	3.49
NETEASE INC-ADR	3.42
ALIBABA GROUP HOLDING LTD	3.34
JD.COM INC-ADR	3.29

KEMQ Performance History as of 6/30/2020

	Cumulative %			Average Annualized %		
	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	Since Inception
Fund NAV	32.94%	8.20%	5.78%	17.42%		2.09%
Closing Price	32.69%	8.64%	5.90%	18.25%		2.13%
Index	33.34%	8.54%	9.68%	18.23%		3.45%

*Fee waivers are contractually in effect until August 1, 2021

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.

Key Takeaways

- Our China experience has allowed us to identify and deliver extraordinary opportunities across emerging markets
- The three P's will shape buying behavior for decades to come
 - **Population:** The middle class consumer
 - **Penetration:** Rapid internet adoption
 - **Performance:** The growth of technology platforms
- Many of the themes and opportunities that we observe in China extend across the Emerging Markets and include the consumer, technology, healthcare, the environment and electric vehicles



Index & Term Definitions:

CSI Overseas China Internet Index: Represents the Chinese internet companies listed in overseas markets (New York and Hong Kong), in order to measure the performance of the Chinese internet companies listed outside mainland China.

MSCI China Index: The MSCI China Index captures large and mid cap representation across China H shares, B shares, Red chips and P chips.

The MSCI Emerging Markets Index: Captures large and mid cap representation across 23 Emerging Markets (EM) countries.

MSCI World Index: The MSCI World Index is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1969. The index includes developed world markets and does not include emerging markets.

The Solactive Emerging Markets Consumer Technology Index: The Solactive Emerging Markets Consumer Technology 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 transact.

The S&P 500 Index: The S&P 500 Index is an American stock market index based on the market capitalization of the 500 largest companies having common stock listed on the NYSE or NASDAQ.

Dow Jones Internet Composite Index: The index is designed to measure the performance of the 40 largest and most actively traded stocks of U.S. companies in the internet industry. To be eligible for the index, a company must derive at least 50% of cash flows from the internet.

WisdomTree Emerging Markets ex-State-Owned Enterprises Index: The Index measures the performance of emerging markets stocks that are not state-owned enterprises. State-owned enterprises are defined as government ownership of more than 20% of outstanding shares of companies. The index employs a modified float-adjusted market capitalization weighting process to target the weights of countries in the universe prior to the removal of state-owned enterprises while also limiting sector deviations to 3% of the starting universe.

MSCI Emerging Markets (EM) Minimum Volatility (USD) Index: The Index aims to reflect the performance characteristics of a minimum variance strategy applied to large and mid cap equities across 26 Emerging Markets countries*. The index is calculated by optimizing the MSCI Emerging Markets Index, its parent index, for the lowest absolute risk (within a given set of constraints).

Emerging Markets Consumer/Technology: Prior to the GICS reclassification in October 2018, this is defined as 28% MSCI Emerging Markets Information Technology Index, 10% the MSCI Emerging Markets Consumer Discretionary Index, and 5% the MSCI Emerging Markets Communication Services Index. After the reclassification, this is defined as 15% the MSCI Emerging Markets Information Technology Index, 14% the MSCI Emerging Markets Consumer Discretionary Index, and 11% the MSCI Emerging Markets Communication Services Index.

Morningstar Active EM Category (Morningstar Diversified Emerging Markets Universe): This is an index composed of funds and their constituents that have been identified by Morningstar as falling under the category of "Diversified emerging-markets portfolios." Diversified emerging-markets portfolios tend to divide their assets among 20 or more nations, although they tend to focus on the emerging markets of Asia and Latin America rather than on those of the Middle East, Africa, or Europe. These portfolios invest at least 70% of total assets in equities and invest at least 50% of stock assets in emerging markets.

MSCI Emerging Markets Extended ESG Focus Index: The Index is based on MSCI Emerging Markets Index, its parent index, which includes securities across Emerging Markets (EM) countries*. The Index is designed to maximize exposure to positive environmental, social and governance (ESG) factors while exhibiting risk and return characteristics similar to those of the MSCI Emerging Markets Index. The index is constructed by selecting constituents from MSCI Emerging Markets Index through an optimization process that aims to maximize exposure to ESG factors for a target tracking error budget set to 50bps under certain constraints. The index is sector-diversified and targets companies with high ESG ratings in each sector. Tobacco and Controversial Weapons companies and Producers of or ties with Civilian Firearms are not eligible for inclusion.

Purchasing Power Parity (PPP): is an economic theory that compares different countries' currencies through a market "basket of goods" approach. According to this concept, two currencies are in equilibrium or at par when a market basket of goods (taking into account the exchange rate) is priced the same in both countries.

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).

Narrowly focused investments typically exhibit higher volatility. The ability of the 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.

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. In addition to the normal risks associated with investing, investments in smaller companies typically exhibit higher volatility.

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.

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. [R_US_KS_SEI]