

Diversification Opportunities From Capturing China as an Asset Class

An Overview of the
KraneShares MSCI All China
Index ETF (Ticker: KALL)

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Diversification may not protect against market risk



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).



KALL

KraneShares MSCI All China Index ETF

Investment Strategy:

KALL seeks to provide investment results that, before fees and expenses, track the price performance of the MSCI China All Shares Index. The index seeks to track the equity market performance of companies based in China and listed in Hong Kong, the United States, and the Mainland. Companies available for inclusion must be headquartered in China and meet the market capitalization minimums required by the MSCI Global Investable Market Indexes Methodology.

China Broad Equity Market Features:

- The increased availability of Chinese equities to foreign investors over the past few years has brought about the rise of China as an asset class.
- China has the world's second largest economy and equity market, with a capitalization of over \$8.6 trillion.¹
- 2018 was the first year that Chinese companies listed in Hong Kong, the United States, and the Mainland were reflected in the MSCI Emerging Markets Index, which is tracked by over \$1.8 trillion in assets.²
- Only 3% of Mainland China's stock market is owned by foreigners.³

KALL Features:

- Diversification through strategic ownership of China as an asset class
- Exposure to shares of Chinese companies listed in Hong Kong, the United States, and Mainland China
- Broad exposure to China's equity market that can be used for strategic asset allocation

1. Data from MSCI as of December 31, 2019. In order to capture the entire China opportunity, we added together the full market caps of the Shenzhen and Shanghai Stock Exchanges and then added the MSCI China Index market capitalization to arrive at the market cap for each year.

2. As of June 30, 2018, as reported on September 30, 2018 by eVestment, Morningstar and Bloomberg.

3. BNP Paribas. "China A-Shares: Tap into broader investment opportunities as Chinese markets open up". 12/31/2019.

Defining an Asset Class – The “MAP” Framework

	 <p>Market Size</p>	 <p>Availability</p>	 <p>Portfolio Impact</p>
Asset Class Characteristic	<ul style="list-style-type: none"> Asset classes need to be sizable, since most allocators prefer strategic allocations that are greater than 5%. Market size is perhaps the simplest metric and indicates the significance of the opportunity. 	<ul style="list-style-type: none"> A large investment category is not sufficient, since not every market is accessible or investable. Availability ensures global investors can participate in a market and that there is sufficient capacity and volume. 	<ul style="list-style-type: none"> Even if the market size is large and availability is high, the investment has to be differentiated compared to everything else in the portfolio. Otherwise, portfolios may be overexposed to a set of characteristics that are already owned somewhere else.
Analysis Summary	<p>We define China’s equity market as the sum of all public shares of Chinese companies regardless of where they are listed. The adjusted market capitalization of the Chinese equity market represents 7% of the global equity market.</p>	<p>China’s equity market has historically been difficult for investors outside of China to access. Nonetheless, thanks to ambitious inclusion efforts, starting in 2002, Chinese equities have become available to foreign investors.</p>	<p>The unique performance characteristics of China’s equity market, which diverge from emerging markets outside of China, warrant its designation as a distinct asset class in diversified portfolios.</p>

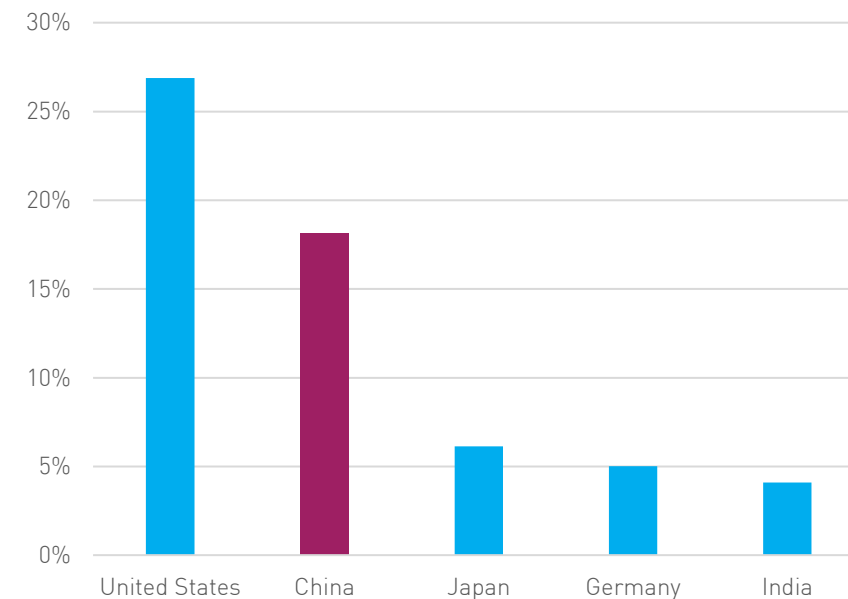


The size of China's equity market is large enough to be considered its own asset class.

China has the world's second largest economy and stock market.

Equity Asset Class		2019 Full MARKET CAPITALIZATION (\$bb)		Adjusted MARKET CAPITALIZATION*				
				(Percentage of World)				
		2019	2019	2018	2010	2000	1990	1980
Developed Market Equities	United States	29,726	43%	53%	41%	48%	34%	50%
	Europe	11,812	17%	19%	24%	32%	27%	23%
	Japan	4,910	7%	7%	8%	10%	31%	17%
	Pacific ex-Japan	2,420	3%	4%	5%	3%	3%	5%
	Other (Israel and Canada)	1,810	3%	3%	5%	2%	3%	5%
	TOTAL DEVELOPED	50,678	73%	85%	84%	95%	98%	100%
Rest of the World	Emerging Markets ex-China	9,728	14%	8%	11%	5%	2%	
	China**	8,661	12%	7%	4%	0.3%		
	Frontier	671	1%	0.3%	0.5%			
	TOTAL EM and FM	19,060	27%	15%	16%	5%	2%	0%
	TOTAL	69,738	100%	100%	100%	100%	100%	100%

Top 5 Country Weights in the MSCI All Country World Index (GDP Weighted)¹



1. Data from MSCI as of 9/30/2020. See pages 16 and 17 for index definitions.

Data from MSCI as of 12/31/2019, retrieved 9/30/2020. Due to rounding numbers may not add up to 100%.

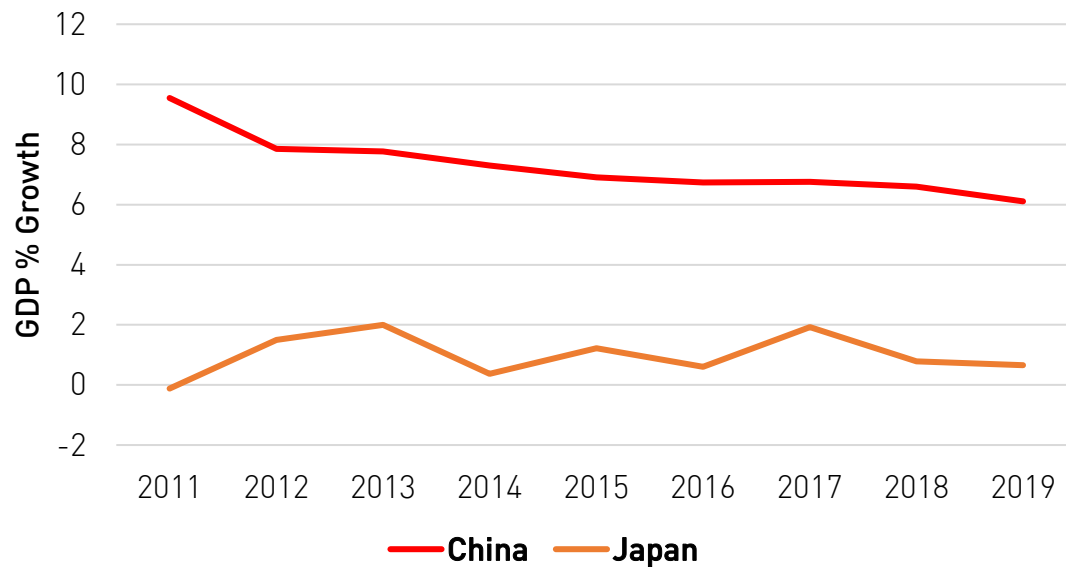
*Full market capitalization based on MSCI Investable Market Indexes (IMI). Historic adjusted market Capitalizations based on MSCI Standard Indexes. Adjusted market caps reflect free-float or shares that are freely traded in the open market. The free-float adjustment reduces the overall market by about 1/3.

**China includes Hong Kong, ADR and Mainland listed Chinese companies. Market capitalization formula: MSCI China A International IMI + Hong Kong & ADR constituents within the MSCI Emerging Market Index.

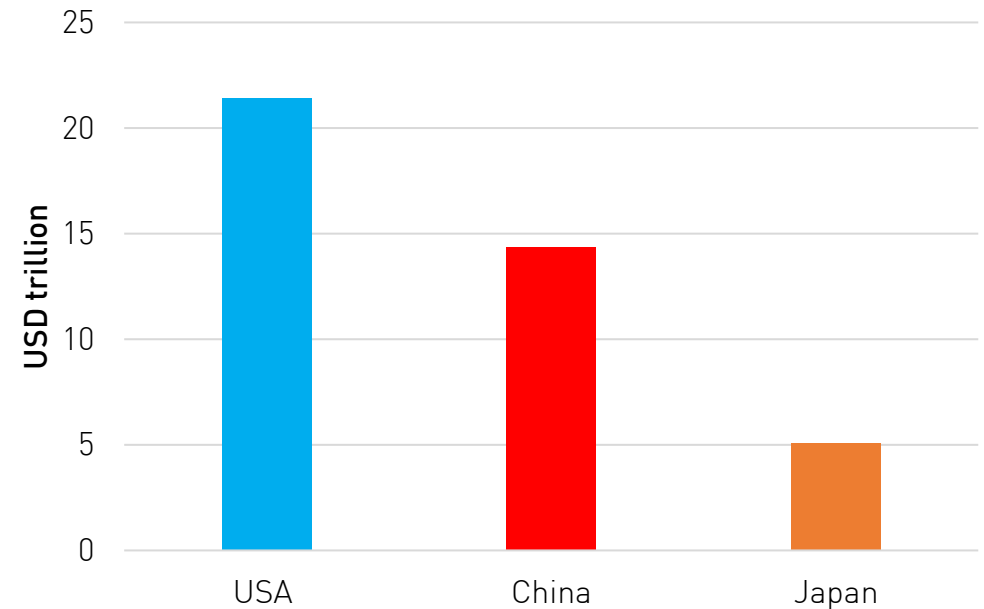
China's equity market is large enough to be considered its own asset class and has a better track record of growth in recent years than other comparable economies.

- China's full equity market capitalization is over \$8 trillion¹, while Japan's is \$6 trillion², nonetheless Japan is still widely considered an asset class on its own; MSCI has maintained a dedicated index for Japan since 1986.¹
- China's adjusted capitalization of the global equity market, at 7%, is the same as Japan, which has been considered a distinct market from Asia-Pacific for decades.¹
- From 2011 to 2018, China's average annual GDP growth rate was 8.1%, compared to Japan's at 0.73%.³

China GDP Growth Has Consistently Outpaced Japan³



GDP (current US \$) in 2019³



1. Data from MSCI as of 12/31/2019, retrieved 9/30/2020.
 2. Data from stockmarketclock.com as of 12/31/2019.
 3. Data from The World Bank as of 12/31/2019, retrieved on 9/30/2020.



Inclusion efforts spanning the past 19 years have made China's equity market available to outside investors.

- In 2002, the Chinese government launched the Qualified Foreign Institutional Investor (QFII) Quota Program, which allowed institutional investors who could demonstrate a limited capacity to repatriate earnings to purchase stocks listed on Mainland exchanges.¹
- From 2014 to 2016 the Stock Connect program was launched which allowed foreign investors to purchase Mainland listed stocks through accounts in Hong Kong without obtaining approval from the Chinese government.¹
- On September 3, 2018, MSCI completed the first of including Mainland listed A-shares in their Global Standard Indexes¹, and the inclusion factor reached 20% in November 2019².
- 81.7% of Chinese stocks are listed in Hong Kong, Shenzhen (Mainland), or Shanghai (Mainland) exchanges, while 18.3% are listed in New York using American Depositary Receipts (ADRs).¹

1. Data from MSCI as of 12/31/2019, retrieved 9/30/2020.
 2. Data from MSCI "MSCI Equity Indexes November 2019 Index Review", as of 11/07/2019, retrieved 9/30/2020.
 3. RMB = Chinese Renminbi; HKD = Hong Kong Dollar

Share Type	Weight in Overall China Equity Market	Description
A	40.5%	Listed on the Shanghai and Shenzhen Exchanges in RMB ³
B	0.1%	Listed on the Shanghai and Shenzhen Exchanges in USD and HKD ³
Listed on Mainland Exchanges	40.6%	
P Chip	17.6%	Listed on the Hong Kong Stock Exchange (HKSE) and incorporated in Cayman, Bermuda, British Virgin Islands; privately managed
H	16.7%	Listed on the Hong Kong Stock Exchange
Red Chip	6.8%	Listed on the HKSE, incorporated outside of Mainland China; controlled by the People's Republic of China (PRC)
Listed on Hong Kong Exchange	41.1%	
ADR	17.7%	Listed on overseas exchanges including the United States and Singapore
Non-ADR	0.6%	Listed on overseas exchanges but not considered an ADR
Listed on Overseas Exchanges	18.3%	

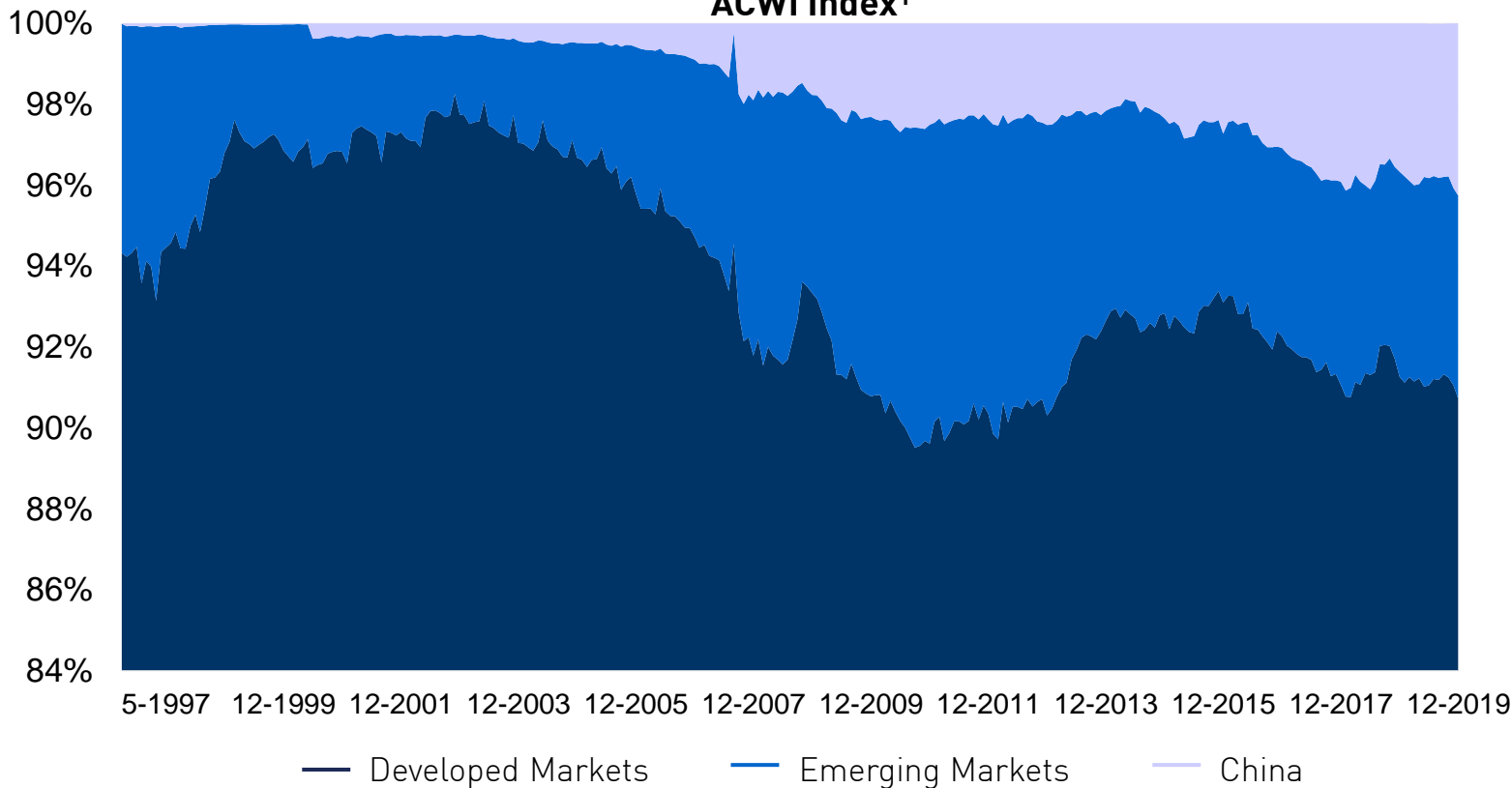
Data from MSCI as of 12/31/2019, retrieved 9/30/2020.



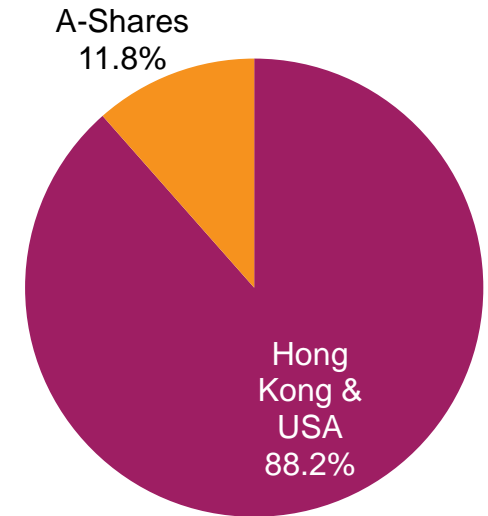
Emerging Market Evolution

- China's weighting in the MSCI All Country World Index (ACWI) has grown since 2000.
- Until May of 2018, the definition of China below did not include A-shares and was limited to offshore listings in Hong Kong and New York.

Historical Developed and Emerging Market Allocations within the MSCI ACWI Index¹



MSCI China Index as of 9/30/2020²



1. Data from Morningstar as of 12/31/2019. See pages 16 and 17 for index definition.
 2. Data from MSCI as of 6/30/2020. Retrieved 9/30/2020.

The unique characteristics of China's equity market performance demonstrate its capacity to have a distinct portfolio impact and provide diversification benefits.

- Over the past 19 years, China was the best performer in 5 years and the worst performer in 5.
- By contrast, the U.S. was the best performer in 4 years and the worst in 4 years.

Ranked Annual Performance of Equity Asset Classes

RANK	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019 Rank
1st	-1.39	-5.82	60.33	28.46	35.19	99.20	98.89	-29.21	81.47	28.65	1.36	24.57	31.79	24.09	9.57	14.29	41.18	-5.04	30.88	United States
2nd	-9.88	-6.42	53.31	27.49	25.52	33.72	34.84	-37.57	76.42	21.86	-11.06	20.87	27.16	12.69	0.69	10.89	31.24	-10.30	27.63	China
3rd	-12.39	-10.28	45.77	20.88	13.81	32.02	30.73	-46.42	72.81	16.91	-12.79	19.94	25.23	7.20	-2.84	7.85	26.79	-12.42	23.77	Europe
4th	-19.90	-14.65	38.54	15.86	11.14	27.36	13.86	-50.50	35.83	15.44	-14.33	19.12	5.49	-0.47	-3.05	5.00	25.88	-12.88	19.61	Japan
5th	-22.23	-18.38	35.91	10.14	9.42	14.67	5.44	-53.93	26.25	14.77	-17.55	16.96	4.28	-4.02	-8.47	2.38	25.51	-14.60	18.36	Pacific ex-Japan
6th	-29.40	-23.09	28.41	-3.29	5.14	6.24	-4.23	-54.49	25.61	3.88	-18.55	15.33	2.98	-5.00	-17.33	-0.40	23.99	-14.86	16.21	Emerging Markets ex-China
7th								-55.72	6.25	2.61	-19.04	8.18	-4.32	-6.18	-18.30	-7.87	21.19	-23.27	14.10	Frontier



Index returns are for illustrative purposes only and do not represent actual Fund performance. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

China's historical pattern of returns exhibits low correlations to other regions.

- Average correlations between China's equity market and other major equity markets, including other emerging markets, have remained low over the past 19 years, maintaining correlation coefficients generally lower than 0.7.
- Correlations remain low in bull market and bear market environments.

Return, Risk, and Correlation (2001-2019)

Asset Class	Annualized Return	Annualized Volatility*	China	United States	Europe	Japan	Pacific ex-Japan	EM ex-China
China	9.7%	24.2%	1.00					
United States	6.3%	14.4%	0.58	1.00				
Europe	4.2%	18.1%	0.62	0.87	1.00			
Japan	3.2%	15.4%	0.50	0.61	0.65	1.00		
Pacific ex-Japan	8.4%	19.2%	0.72	0.79	0.85	0.64	1.00	
Emerging Markets ex-China	8.4%	21.4%	0.70	0.77	0.83	0.63	0.91	1.00

Return, Risk, and Correlation (2009-2019)

Asset Class	Annualized Return	Annualized Volatility*	China	United States	Europe	Japan	Pacific ex-Japan	EM ex-China
China	9.7%	21.6%	1.00					
United States	14.0%	13.6%	0.60	1.00				
Europe	7.6%	17.7%	0.60	0.86	1.00			
Japan	6.6%	13.9%	0.49	0.70	0.71	1.00		
Pacific ex-Japan	10.6%	18.7%	0.71	0.79	0.84	0.64	1.00	
Emerging Markets ex-China	8.4%	19.1%	0.70	0.75	0.82	0.62	0.90	1.00
Frontier Markets	6.0%	14.7%	0.59	0.66	0.77	0.58	0.80	0.84

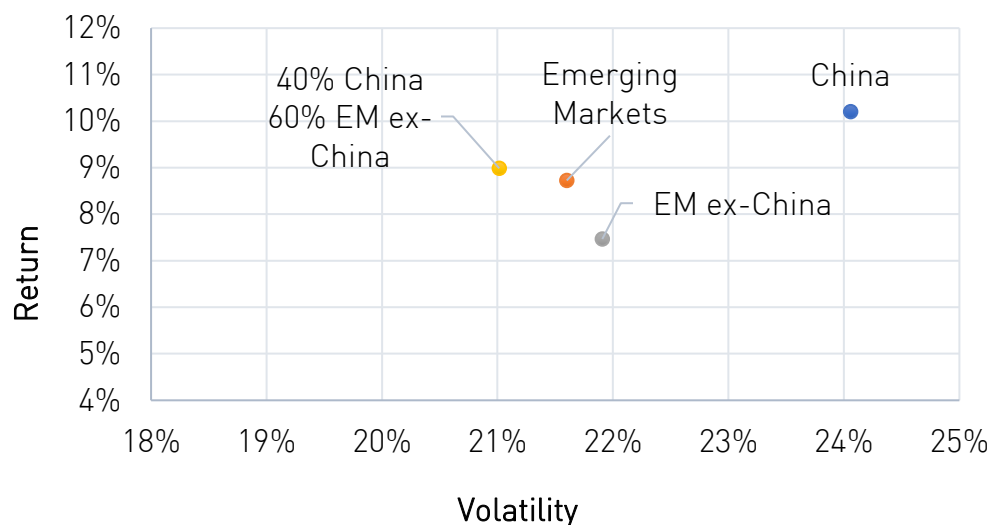
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Data from MSCI as of 12/31/2019, retrieved 9/30/2020. See page 17 for definitions. Volatility: is the degree of variation of a trading price series over time as measured by the standard deviation of returns. *Standard deviation is a quantity calculated to measure the extent of deviation for a group as a whole. A low standard deviation indicates that the data points tend to be closer 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.

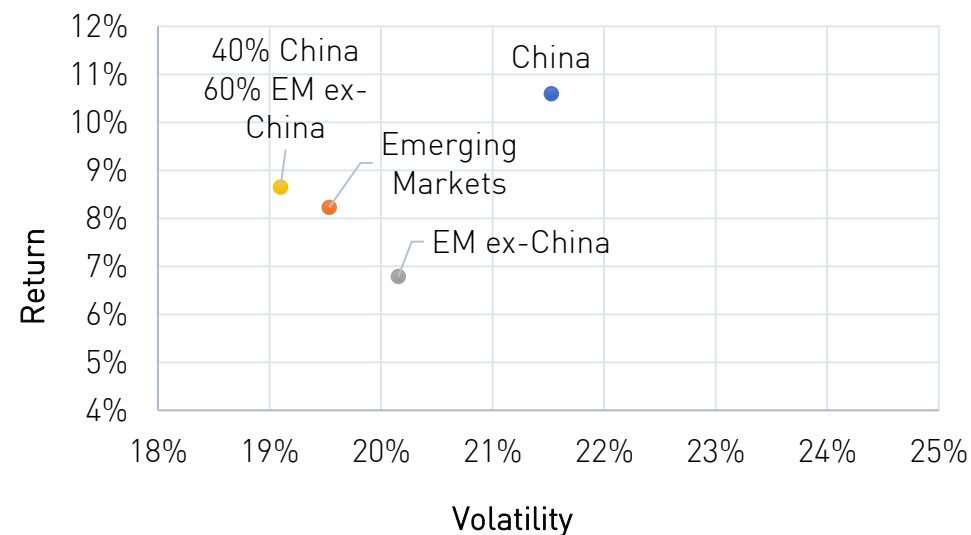
There are distinct benefits of treating China as its own asset class from a return and risk standpoint.

- China’s equity market is more volatile than Emerging Markets broadly, but has provided superior annualized returns over the past 19 years.
- We solved for a China weighting in an emerging markets portfolio that maximizes return per unit of risk and arrived at an allocation of 40% for the full 19-year period. This hypothetical portfolio would have seen less volatility (risk) and superior returns compared to an allocation of 100% emerging markets.
- China can be beneficial to strategic asset allocation in bull market and bear market environments.

Return and Volatility from 2001 – Q3 2020



Return and Volatility from 2009 – Q3 2020

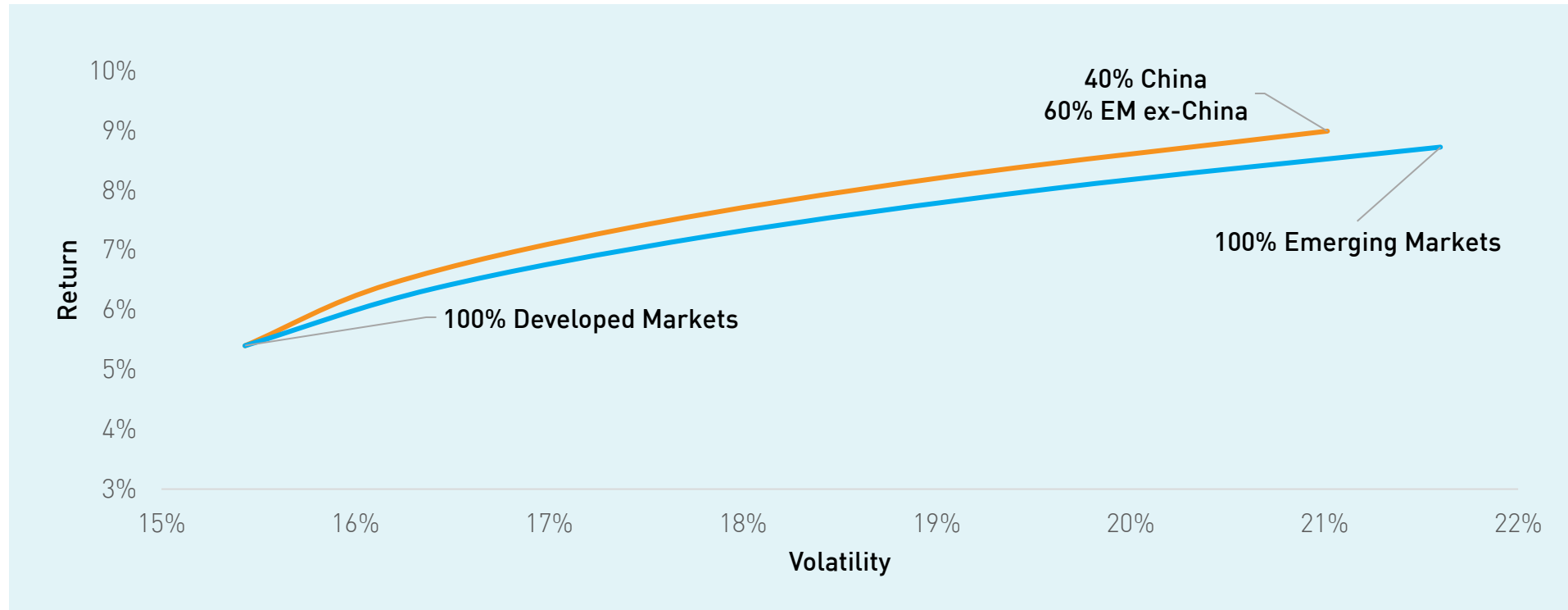


Information is hypothetical, and is provided for illustrative purposes only and not indicative of any particular investment. Index returns are for illustrative purposes only and do not represent actual Fund performance. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

By treating China as its own asset class, we believe that more efficient portfolios can be developed.

Strategic allocation to China provides portfolios with less risk and comparable returns for every combination of developed and emerging markets exposure.

**Blended Developed/Emerging Market Portfolios
Return and Volatility from 2001 – Q3 2020**



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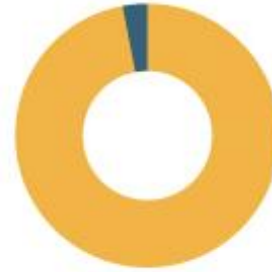
Data from MSCI as of 9/30/2020, retrieved 9/30/2020. See page 17 for definitions.

The Index Matters.

MSCI is a trusted index provider for the largest global investment managers



>\$14.8 trillion
in equity assets are
estimated to be
benchmarked to
MSCI indexes¹



99 of top 100
global investment
managers are
MSCI clients²



1040+
ETFs are based on
MSCI indexes, more than
any other index provider³



94%
of US pension fund
assets invested in
global equities are
benchmarked to MSCI⁴

¹ As of June 30, 2018, as reported on September 30, 2018 by eVestment, Morningstar and Bloomberg, retrieved 9/30/2020.

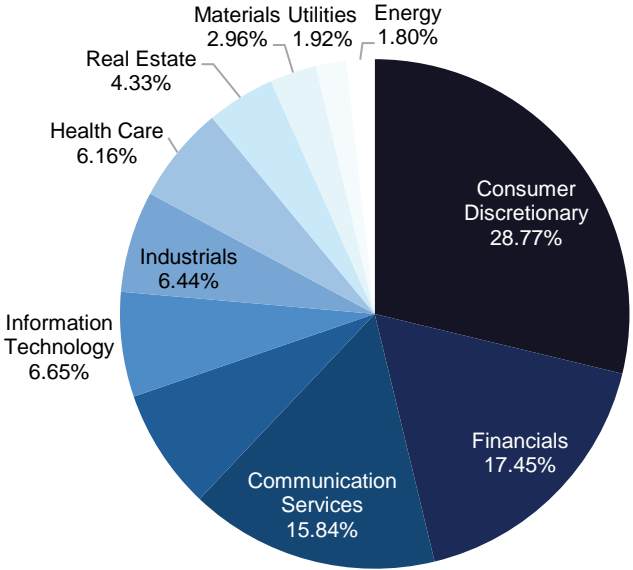
² Based on latest P&I AUM data and MSCI clients as of March 2018, retrieved 9/30/2020.

³ As of September 2018, retrieved 9/30/2020; defined as each share class of an exchange traded fund, as identified by a separate Bloomberg ticker. Only primary listings, and not cross-listings, are counted.

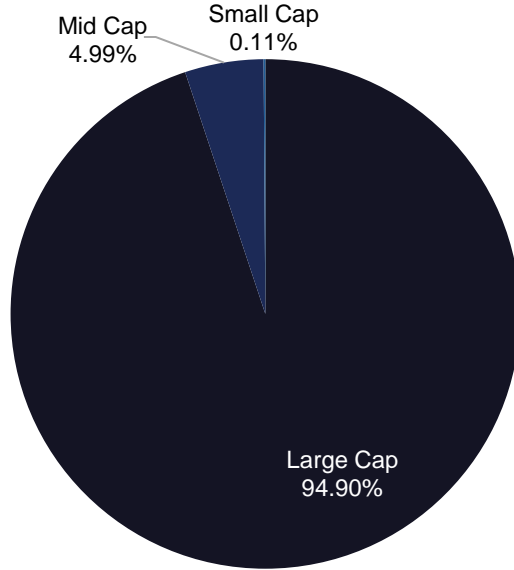
⁴ As of Dec 2016, according to Intersec LLC, retrieved 9/30/2020.

The holdings in the KraneShares MSCI All China Index ETF (ticker: KALL) are diverse in sector and listing location and are mostly large cap companies.

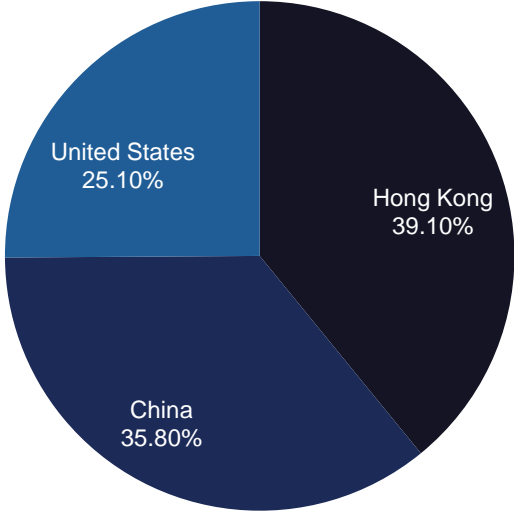
Sector Breakdown



Market Cap Breakdown



Breakdown by Listing Location



Data from Bloomberg as of 9/30/2020. Fund holdings are subject to change.

KraneShares MSCI All China Index ETF

Investment Strategy:

KALL seeks to provide investment results that, before fees and expenses, track the price performance of the MSCI China All Shares Index. The index seeks to track the equity market performance of companies based in China and listed in mainland China, Hong Kong, and the United States. Companies available for inclusion must be headquartered in China and meet the market capitalization minimums required by the MSCI Global Investable Market Indexes Methodology.

Fund Details	Data as of 9/30/2020
Primary Exchange	NYSE
CUSIP	500767801
ISIN	US5007678015
Total Annual Fund Operating Expense (Gross)	0.69%
Total Annual Fund Operating Expense (Net)*	0.49%
Inception Date	02/12/2015
Distribution Frequency	Annual
Index Name	MSCI China All Shares Index (USD, Net)
Number of Holdings	290

Top 10 Holdings as of 9/30/2020 Holdings are subject to change.	Ticker	%
ALIBABA GRP-ADR	BABA	12.36
TENCENT HOLDINGS LTD	700 HK	10.65
JD.COM INC-ADR	JD	2.66
KWEICHOW MOUTAI CO LTD-A	600519 C1	2.41
MEITUAN DIANPING-CLASS B	3690 HK	2.20
NIO INC - ADR	NIO	1.90
CHINA CONSTRUCTION BANK-H	939 HK	1.81
PING AN	2318 HK	1.68
NETEASE INC-ADR	NTES	1.29
CHINA MOBILE LTD	941 HK	1.15

KALL Performance History as of 9/30/2020:

	Cumulative %			Average Annualized %			
	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	5 Yr	Since Inception
Fund NAV	13.02%	29.83%	39.25%	32.30%	7.57%	10.28%	6.06%
Closing Price	14.12%	30.33%	39.50%	32.57%	7.26%	10.14%	6.09%
Index	13.11%	30.57%	45.35%	33.06%	8.04%	11.20%	6.86%

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 investors 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.

Hybrid index performance (noted as "Index" above) reflects the performance of the FTSE Emerging incl China Overseas non-R/QFII GDP Weighted Index through July 31, 2018 and the MSCI China All Shares Index thereafter. 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.

*Fee waivers are contractual and in effect until August 1, 2021

Definitions:

MSCI ACWI (USD Net) Index: captures large and mid cap representation across 23 Developed Markets (DM) and 23 Emerging Markets (EM) countries.

MSCI ACWI GDP Weighted (USD Gross) Index: This index is based on the flagship MSCI ACWI Index, its parent index, and includes large and mid cap stocks across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries*. The index uses a different weighting scheme than its cap weighted parent index, however. The weight of each country in the index is derived from its economic size (using GDP data) rather than the size of its equity market. Over time, GDP data tends to have more stability than equity market prices.

MSCI China (USD Net) Index: The index captures large and mid-cap representation across offshore listings of Chinese companies in the form of H shares, B shares, Red chips, P chips, and foreign listings such as ADRs. With 447 constituents, the index covers about 85% of this China equity universe. Currently, the index also includes Large Cap A shares, represented at 2.5% of their free float adjusted market capitalization.

FTSE Emerging incl China Overseas non-R/QFII GDP Weighted Index: is a gross domestic product ("GDP") weighted index that includes China A Shares and China N Shares. Country allocations are based on five year purchase power parity GDP forecasts by the International Monetary Fund.

China's Equity (Stock) Market: For the purposes of this presentation, this refers to the superset of investments including the Mainland, Hong Kong, and overseas listed securities found in the MSCI China All Shares Index. Note that others may use a different definition and, as such, the data provided by other sources may not match ours as it may exclude shares listed in certain places.

COUNTRY, REGION, & MARKET	INDEX	INDEX DEFINITION
Developed Markets	MSCI WORLD (USD NET) INDEX	MSCI World Index: The MSCI World Index captures large and mid cap representation across 23 Developed Markets (DM) countries. With 1,644 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
	Inception Date: Mar 31, 1986	
Emerging Markets	MSCI EMERGING MARKETS (USD NET) INDEX	MSCI Emerging Markets Index: 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.
	Inception Date: Jan 01, 2001	
China	MSCI CHINA ALL SHARES (USD NET) INDEX	<p>MSCI China All Shares Index: MSCI China All Shares Index captures large and mid-cap representation across China A shares, B shares, H shares, Red chips, P chips and foreign listings (e.g. ADRs). The index aims to reflect the opportunity set of China share classes listed in Hong Kong, Shanghai, Shenzhen and outside of China. It is based on the concept of the integrated MSCI China equity universe with China A-shares included.</p> <p>MSCI China A Onshore Index: The MSCI China A Onshore Index captures large and mid cap representation across China securities listed on the Shanghai and Shenzhen exchanges. Inception date: May 10, 2005.</p> <p>MSCI China Index: The MSCI China Index captures large and mid cap representation across China H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 153 constituents, the index covers about 85% of this China equity universe. Inception date: Oct 31, 1995.</p> <p>Shanghai Composite Index: is a stock market index of all stocks that are traded at the Shanghai Stock Exchange.</p>
	Inception Date: Jun 26, 2014	
	From June 25, 2014 through October 31, 2008, MSCI CHINA A ONSHORE + MSCI CHINA was used to calculate return.	
	From November 1, 2008 through May 10, 2005, 31.15% MSCI CHINA A ONSHORE Index + 68.03% MSCI CHINA Index was used to calculate return. From May 9, 2005 through January 1st, 2001, 31.15% Shanghai Composite Index + 68.03% MSCI CHINA Index was used to calculate return.	
United States	MSCI USA (USD NET) INDEX	MSCI USA Index: The MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With 622 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.
	Inception Date: Mar 31, 1986.	
Europe	MSCI EUROPE (USD GROSS) INDEX	MSCI Europe Index: The MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. With 443 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.
	Inception Date: Mar 31, 1986.	
Japan	MSCI JAPAN (USD NET) INDEX	MSCI Japan Index: the MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 321 constituents, the index covers approximately 85% of the free float- adjusted market capitalization in Japan.
	Inception Date: Mar 31, 1986.	
Pacific ex- Japan	MSCI Pacific EX JAPAN (USD NET) INDEX	MSCI Pacific ex Japan Index: The MSCI Pacific ex Japan Index captures large and mid cap representation across 4 of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 148 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
	Inception Date: Aug 31, 1987	
Emerging Markets Excluding China	MSCI EMERGING MARKETS (USD NET) INDEX	MSCI Emerging Markets ex China Index: The MSCI Emerging Markets ex China Index captures large and mid cap representation across 23 of the 24 Emerging Markets (EM) countries* excluding China. With 692 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
	Inception Date Mar 09, 2017. Prior to start date, MSCI EMERGING MARKETS INDEX minus the returns of securities from MSCI CHINA was used to calculate return. MSCI CHINA reflects the percent of China within the MSCI EMERGING MARKETS INDEX.	
Frontier	MSCI FRONTIER MARKETS (USD GROSS) INDEX	MSCI Frontier Markets Index: The MSCI Frontier Markets Index captures large and mid cap representation across 29 Frontier Markets (FM) countries. The index includes 109 constituents, covering about 85% of the free float- adjusted market capitalization in each country.
	Inception Date: Dec 18, 2007	

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.

Risk Disclosures:

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.

Diversification does not ensure profit or guarantee against a loss.

The ability of the KraneShares MSCI All China Index ETF to achieve its respective 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 Fund's gains or losses.

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).

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