

# CHINA UPDATE FROM CICC, MSCI & KRANESHARES: A-SHARE INCLUSION & THE ECONOMY

- **China Macro Economy:**

After returning 38.7% in 2017<sup>1</sup>, the Chinese equity markets, as represented by the MSCI China All Shares Index, are down -26.6% YTD (10/31/18).<sup>2</sup> Kevin Liu, a Senior Strategist at China International Capital Corporation (CICC) will provide an economic update and outlook on China.

- **MSCI A-Share Inclusion:**

On September 3, 2018, MSCI completed the first inclusion phase of China A-Shares within the MSCI Emerging Markets Index. The full proposed inclusion weight is projected to reach 14.7% of the Emerging Markets Index.<sup>3</sup> We believe multiple inclusions could provide a sustained catalyst for the outperformance of the Mainland market.

- **China Implementation:**

China's size and representation in a portfolio can be significant, and there are many ways to assemble a China portfolio depending on goals and preferences. Some clients seek exposure with a single strategy that encompasses the full market or segment, while others combine high conviction sectors and themes. KraneShares has designed a suite of China-focused ETFs to help investors achieve their specific China-investment goals.

Topic	Speaker
China macro overview and outlook	<b>Kevin (Gang) Liu, CFA</b> CICC Research – Equity Strategist
Overview of the long term inclusion process and The MSCI China A Inclusion Index	<b>Paul Riccardella, CFA</b> MSCI – Executive Director, Wealth Advisory Team
China as an Asset Class – Core, Thematic, and Passive	<b>Brendan Ahern</b> KraneShares – Chief Investment Officer



金瑞基金 KraneShares™ CICC 中金公司 MSCI

KRANESHARES PRESENTS:  
**CHINA A-SHARE  
INCLUSION ROADSHOW  
TORONTO**

**TUESDAY, DECEMBER 4<sup>TH</sup>**  
**The Adelaide Hotel Toronto**  
325 Bay Street, Toronto, Canada

**8:00am – 8:30am**  
Breakfast buffet will be served

**8:30am – 9:30am**  
CICC, MSCI & KraneShares Presentations

## SPEAKER BIOGRAPHIES



### **Brendan Ahern**

KraneShares – Chief Investment Officer

Brendan Ahern is the Chief Investment Officer (CIO) at KraneShares where he is in charge of the firm's research, education and investor outreach efforts. He is a pioneer of the US ETF industry and was an early employee of iShares.

Brendan is considered a preeminent expert in global financial markets with a particular focus on China, and is often sought after by leading business and financial media outlets including CNBC, Bloomberg, The Wall Street Journal and Investor's Business Daily.

Brendan graduated from the College of the Holy Cross and has a Master of Science in Financial Analysis from the University of San Francisco.



### **Paul Riccardella, CFA**

MSCI – Executive Director, Wealth Advisory Team

Paul Riccardella is an Executive Director and Wealth Advisory Team member at MSCI Inc., a publicly traded company (NYSE: MSCI) and a leading global provider of investment decision support tools including indexes, portfolio risk and performance analytics.

In his capacity at MSCI, Paul works with ETF based Asset Managers and Wealth Advisors in the Eastern United States. Prior to joining MSCI in 2011, Paul worked at Putnam Investments for seven years, a Boston based asset manager, where he specialized in working with due diligence and research teams at the largest Wealth Advisory firms.

Paul is a member of the CFA Society Boston and holds an MBA from the Kellogg School of Management and a BA from Boston College.



### **Kevin (Gang) Liu, CFA**

CICC Research – Equity Strategist

Joined China International Capital Corporation (CICC) in 2011, Mr. Liu Gang (Kevin) now holds the title of Executive Director and works as an Equity Strategist in the research department.

From a top-down strategy approach by incorporating macro (growth and policy) and micro variables (corporate earnings and valuations etc.), his main responsibility is to provide investors with investment strategies, as well as cross-market/asset/sector allocation recommendations. His focuses include Chinese equities (i.e. A-shares, H-shares and US ADRs), as well as general global markets (such as US, EU and Japan, and major emerging markets).

Mr. Liu ranked the second in Portfolio Strategy of the 2017 Institutional Investor All-China and Mainland China Best Analysts Ranking.

Prior to CICC, He worked as a Quantitative Strategist with UBS Hong Kong. He obtained his master degrees from both Cornell University and Tsinghua University.

## 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).

## ABOUT CICC

China International Capital Corporation (CICC) is a leading, publicly traded, Chinese financial services company with expertise in research, asset management, investment banking, private equity and wealth management. CICC is majority owned by China Investment Corporation (CIC), the second largest sovereign wealth fund with over \$900 billion AUM<sup>4</sup>. In 2018, The CICC Research Team ranked #1 in Institutional Investor's All-China Research Category for the seventh year in a row<sup>5</sup>. CICC has over 200 branches across Mainland China, with offices in Hong Kong, Singapore, New York, San Francisco, and London.

1. Data from Bloomberg as of 12/31/2017. Retrieved on 11/12/2018.
2. Data from Bloomberg as of 10/31/2018. Retrieved on 11/12/2018.
3. MSCI, "Consultation on Further Weight Increase of China A Shares in the MSCI Indexes", September 2018. Retrieved on 11/12/2018.
4. Data from Sovereign Wealth Fund Institute as of August 2018.
5. Alexandra DeLuca, "The Firms Helping Investors Navigate a Trade War in China", Institutional Investor 11/1/2018.

### **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](http://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.

The ability of the KraneShares Boserá MSCI China A ETF to achieve its investment objective is dependent 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 due to the limited availability of A Share quota, the Fund could seek exposure to the component securities of the Underlying Index by investing 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.

Although the information provided in this document has been obtained from sources which Krane Funds Advisors, LLC believes to be reliable, it does not guarantee accuracy of such information and such information may be incomplete or condensed.

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