

Driving The Future: Opportunities From The Electric Vehicles & New Transportation Technology Ecosystem



Brendan Ahern
KraneShares
Chief Investment Officer



Anthony Sassine, CFA
KraneShares
Senior Investment
Strategist



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 a signatory of the United Nations-supported Principles for Responsible Investing (UN PRI). The firm is majority owned by China International Capital Corporation (CICC).



Investment Strategies to Capture China's Growing Importance In Global Portfolios



China Thematic

China Internet

China Health Care

China Clean Technology

China 5G & Semiconductor

Hang Seng TECH

China Consumer

SSE STAR 50



China Core

MSCI China A

MSCI China ESG Leaders

MSCI All China



EM Thematic

MSCI Emerging Markets ex China

Emerging Markets Consumer
Technology

Emerging Markets Healthcare



China Fixed Income

RMB-Denominated China Bond
Inclusion

China High Yield USD Bond



Global Thematic

Inflation Protection

Global Carbon Credit

Electric Vehicles & Future Mobility

One Belt One Road

A little walk down memory lane...



berkshirehathaway.com/letters/2020ltr.pdf

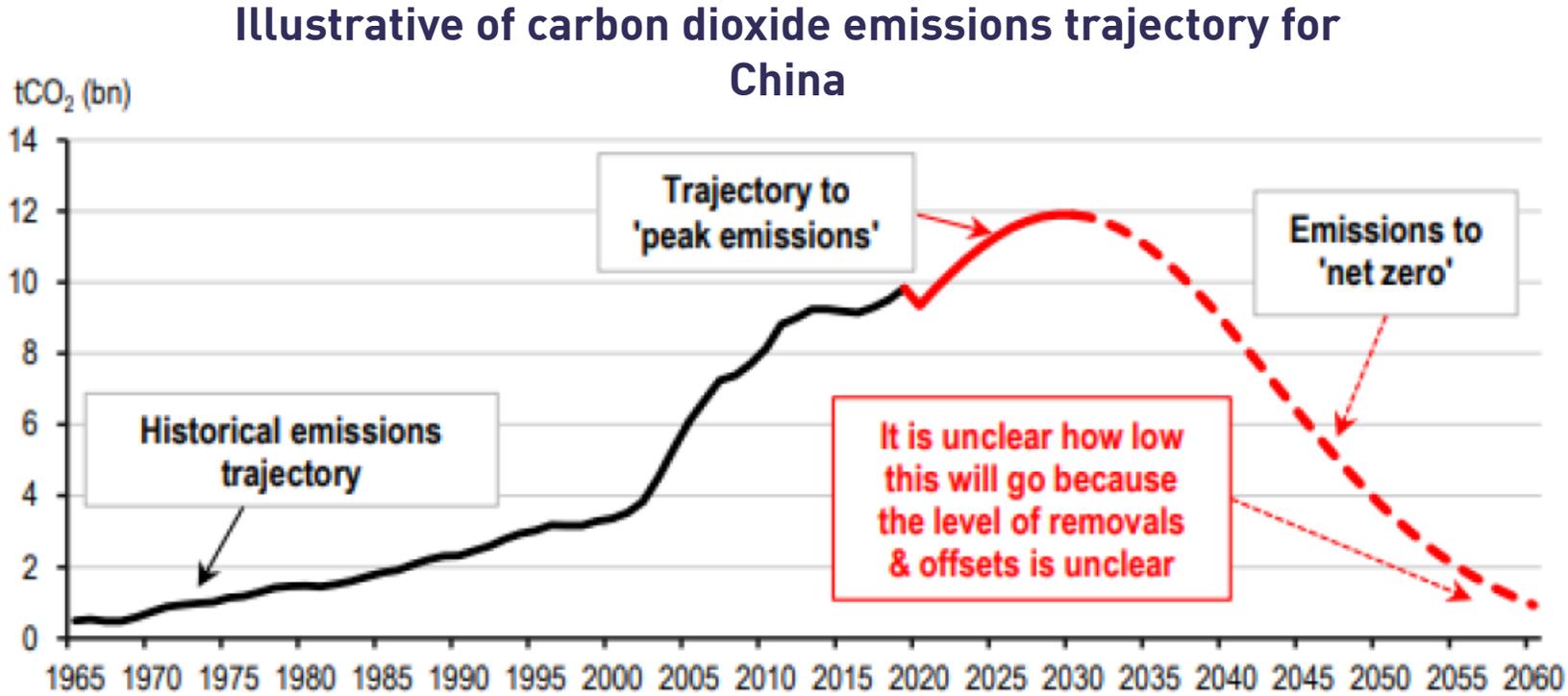
printmgr file 6 / 14 175%

\$11.3 billion.

<u>Shares*</u>	<u>Company</u>	<u>Percentage of Company Owned</u>	<u>12/31/20</u>	
			<u>Cost**</u>	<u>Market</u>
			<i>(in millions)</i>	
25,533,082	AbbVie Inc.	1.4	\$ 2,333	\$ 2,736
151,610,700	American Express Company	18.8	1,287	18,331
907,559,761	Apple Inc.	5.4	31,089	120,424
1,032,852,006	Bank of America Corp.	11.9	14,631	31,306
66,835,615	The Bank of New York Mellon Corp.	7.5	2,918	2,837
225,000,000	BYD Co. Ltd.	8.2	232	5,897
5,213,461	Charter Communications, Inc.	2.7	904	3,449
48,498,965	Chevron Corporation	2.5	4,024	4,096
400,000,000	The Coca-Cola Company	9.3	1,299	21,936
52,975,000	General Motors Company	3.7	1,616	2,206
81,304,200	Itochu Corporation	5.1	1,862	2,336
28,697,435	Merck & Co., Inc.	1.1	2,390	2,347
24,669,778	Moody's Corporation	13.2	248	7,160
148,176,166	U.S. Bancorp	9.8	5,638	6,904
146,716,496	Verizon Communications Inc.	3.5	8,691	8,620
	Others***		29,458	40,585
	Total Equity Investments Carried at Market		<u>\$ 108,620</u>	<u>\$ 281,170</u>

China's climate goal: Carbon neutrality by 2060

- China's 14th Five Year Plan reiterated the goal of carbon neutrality by 2060 and announced a slew of environmental initiatives to meet this goal¹
- China aims to reach peak carbon by 2030¹



Source: HSBC (based on BP Statistical Review 2020)

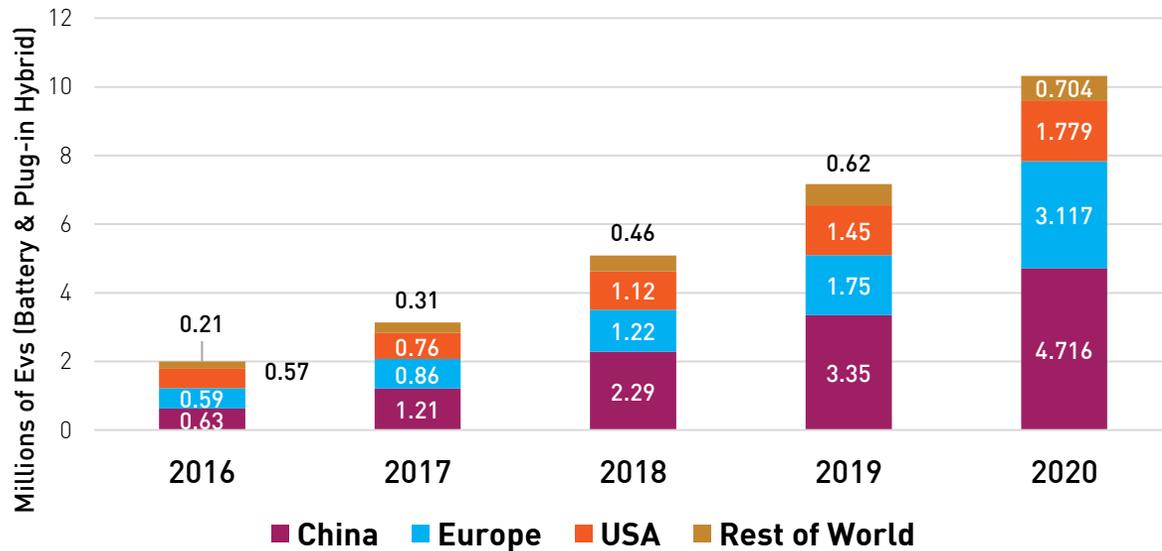
Sources: HSBC. Data as of December of 2020.

1. 14th Five Year Plan.

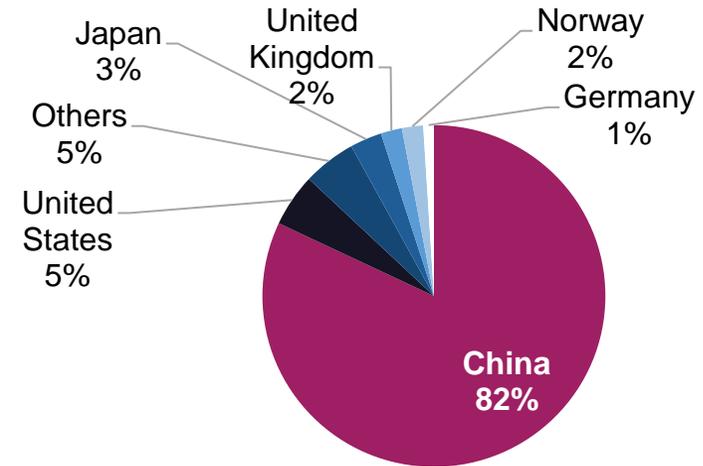
China leads global adoption of Electric Vehicles though Europe & the US are catching up.

- China is the world’s largest electric vehicle (EV) market and around 1.4 million EVs were sold in the country in 2020, accounting for over 40% of EVs sold worldwide.²
- As of the end of 2020, China had 807,000 charging stations³ compared to only 97,000 in the US⁴.
- China’s urban development provides an opportunity to build exterior infrastructure for autonomous vehicles from the ground up.
- The Chinese government has extended its subsidy program for new energy vehicles, one of the most generous and comprehensive in the world, through 2022.⁵

Number of Electric Vehicles Globally in Millions ⁶



Global Stock of Publicly Accessible Fast Chargers¹



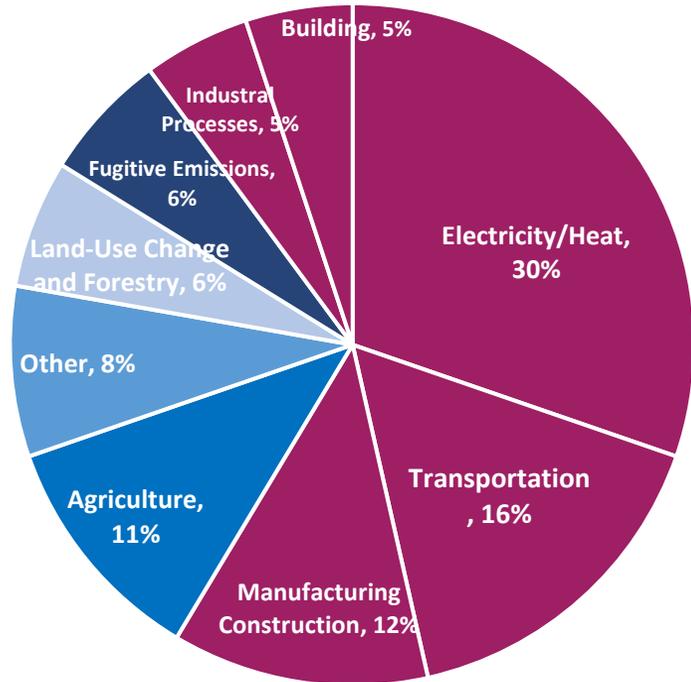
1. Data from International Energy Agency (IEA) as of 12/31/2020.
 2. Source: Evolumes.com, CLSA , Macquarie, IEA. Data as of 12/31/2020.
 3. Data from Statista as of 12/31/2020. Only includes public stations.
 4. Data from Statista as of 2/16/2021. Includes both public and private stations.
 5. "Policy Update: China announced 2020-2022 subsidies for new energy vehicles," International Council on Clean Transportation (ICCT). July, 2020. Retrieved 6/30/2021
 6. Data from Statista, Evolumes.com, CLSA, Macquarie, IEA as of 12/31/2020.

More than half of greenhouse gas emissions can be reduced/eliminated with electrification and renewables¹

Electricity, transportation and manufacturing account for more than 50% of greenhouse gas emissions

The climate challenge

Greenhouse gas emissions by sector¹
in billions of tones of CO2-equivalent



Solution for a sustainable climate



Electrification
(Transportation, buildings, Industrials)



Renewables
(solar, wind, biofuels, Hydrogen)



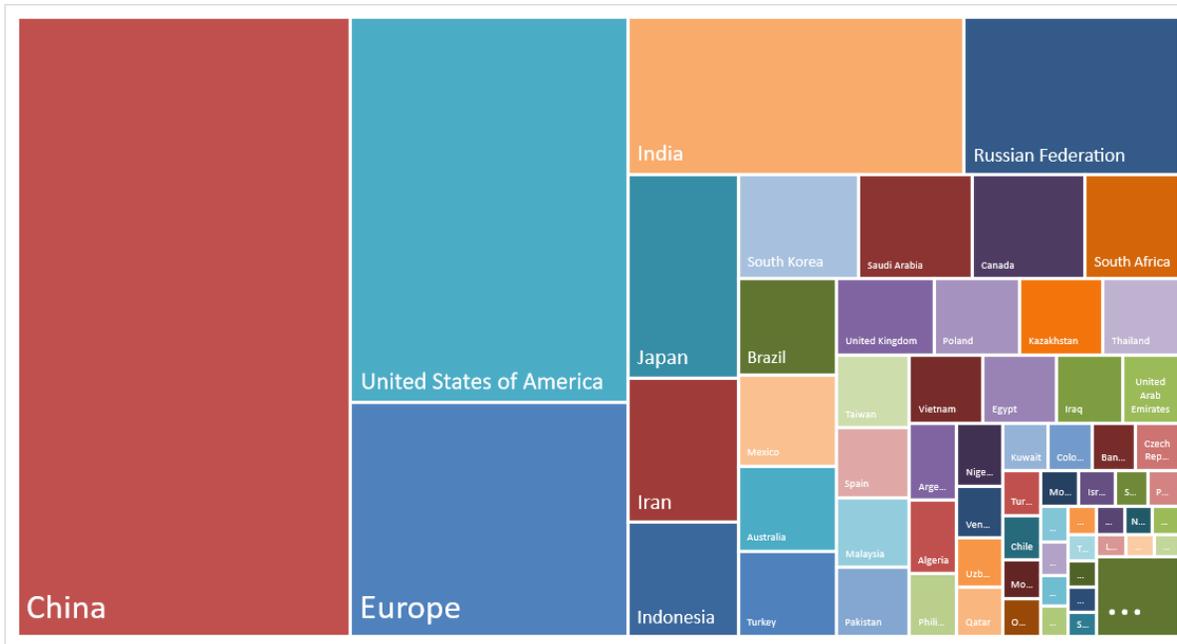
Efficiency
(Solar components, batteries etc.)

1. International Renewable Energy Agency (IRENA), CAIT Climate Data Explorer. Data as of 2019. Retrieved on July 19th, 2021 (latest).

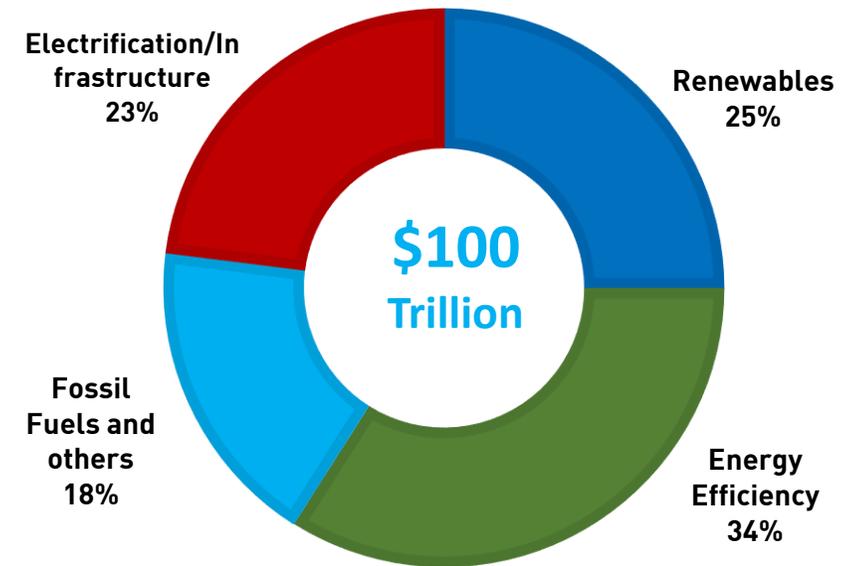
We believe high productivity comes with a burden!

A \$110 Trillion investment is needed to achieve an energy transformation

Carbon Emissions by Country



Investment needed for transformation (2020 – 2050)

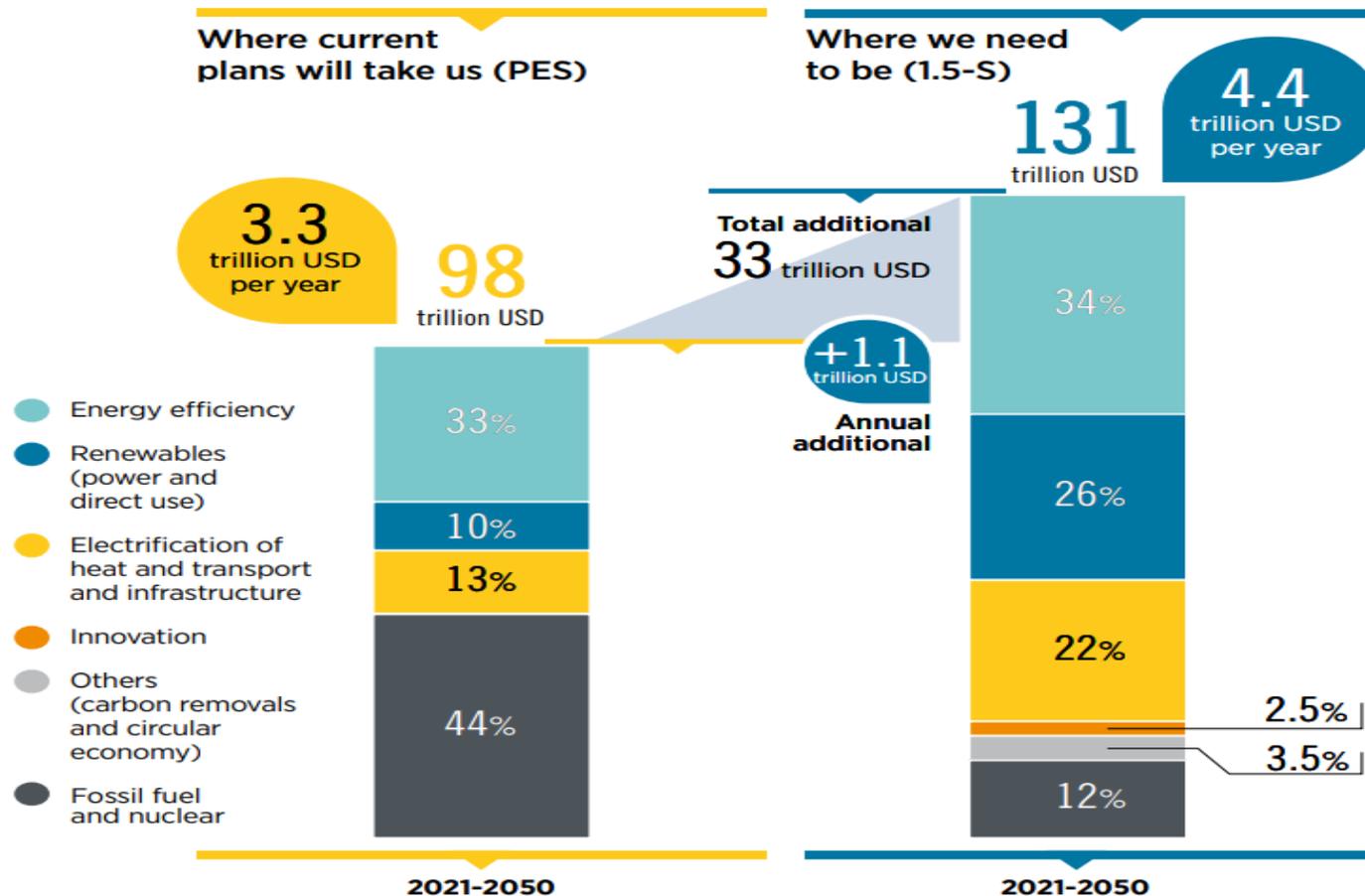


According to IRENA, investment projections will only get the world so far.

An additional \$1.1 trillion per year may be needed to meet climate goals by 2050

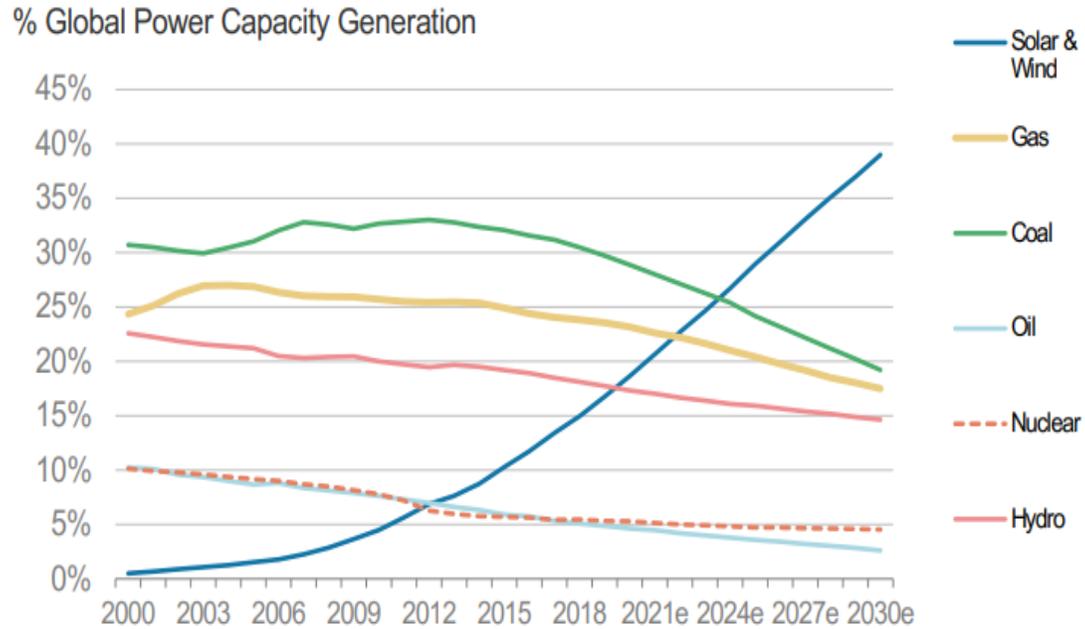
The **Planned Energy Scenario (PES)** is the primary reference case for this study, providing a perspective on energy system developments based on governments' current energy plans and other planned targets and policies, including Nationally Determined Contributions (NDCs) under the Paris Agreement.

The **1.5°C Scenario (1.5-S)** describes an energy transition pathway aligned with the 1.5°C climate ambition - that is, to limit global average temperature increase by the end of the present century to 1.5°C, relative to pre-industrial levels. It prioritises readily available technology solutions, which can be scaled up at the necessary pace for the 1.5°C goal.

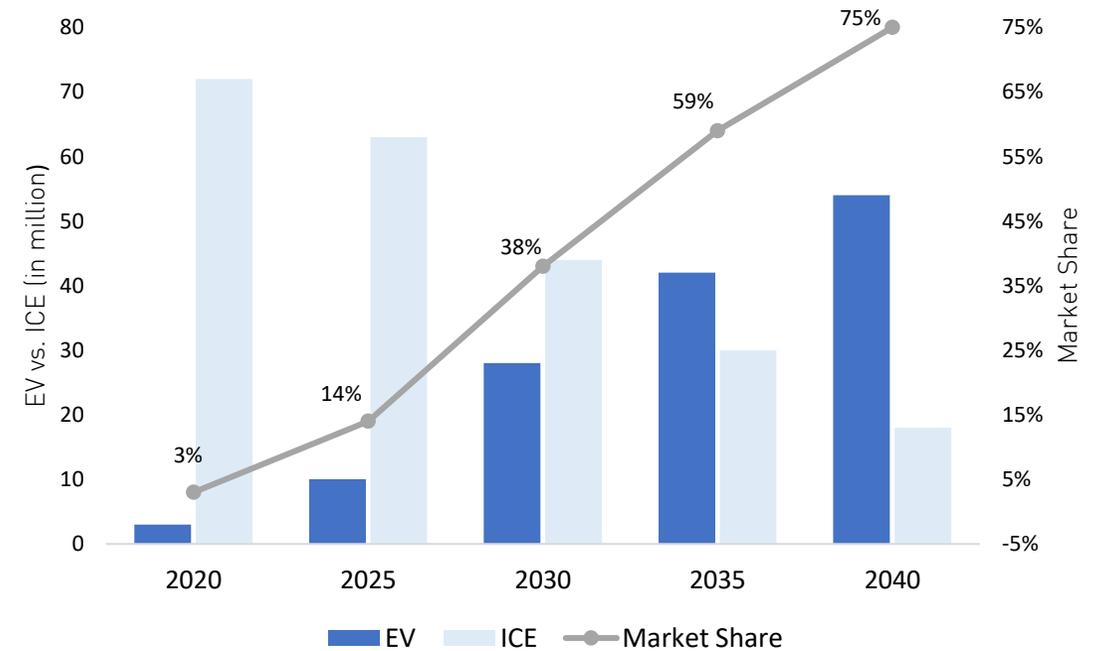


“Hockey stick” growth projections for leading renewable and electrification industries

% of Global power capacity generation



EV vs. ICE* Market Share Outlook

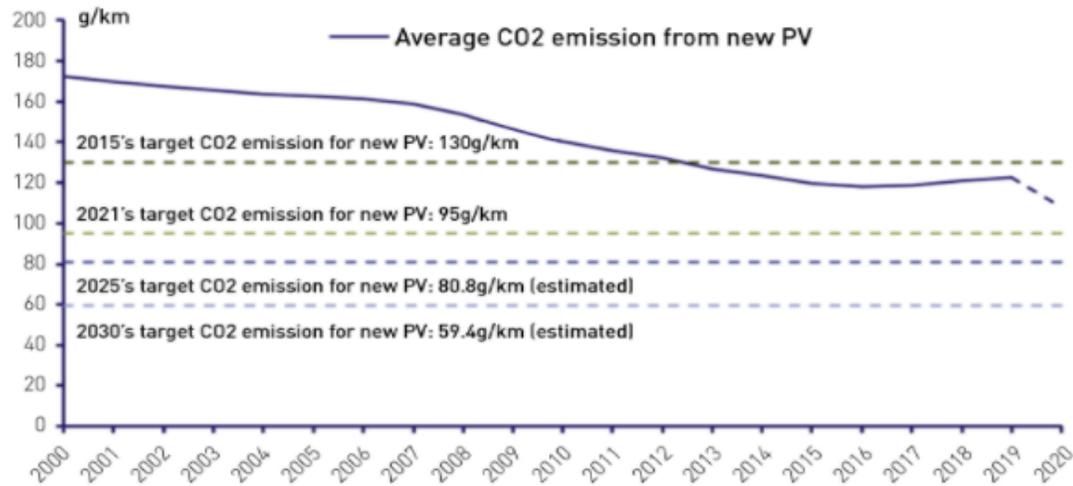


* EV is electric vehicles and ICE is Internal Combustion Engine

Government policies are helping industries fighting climate change expand

China, EU, UK, Japan and South Korea have set 2050/2060* as target dates to be carbon neutral

Europe's average CO2 emission from new petroleum vehicles (PV) and mandatory emission targets*



Note: Include the EU, UK, Norway, and Iceland. Source: CLSA, EEA, EU, Dataforce as of 12/31/2019.

* China's target date to be carbon neutral

Internal Combustion Engine (ICE) phase-out Plan

Country	Ban announced	ICE phase out date
Canada	2017	2040
China	2017	pending
France	2017	2040
Israel	2018	2030
Netherlands	2017	2030
Norway	2017	2025
Singapore	2020	2030
Sweden	2018	2030
United Kingdom	2020	2032 or 2035

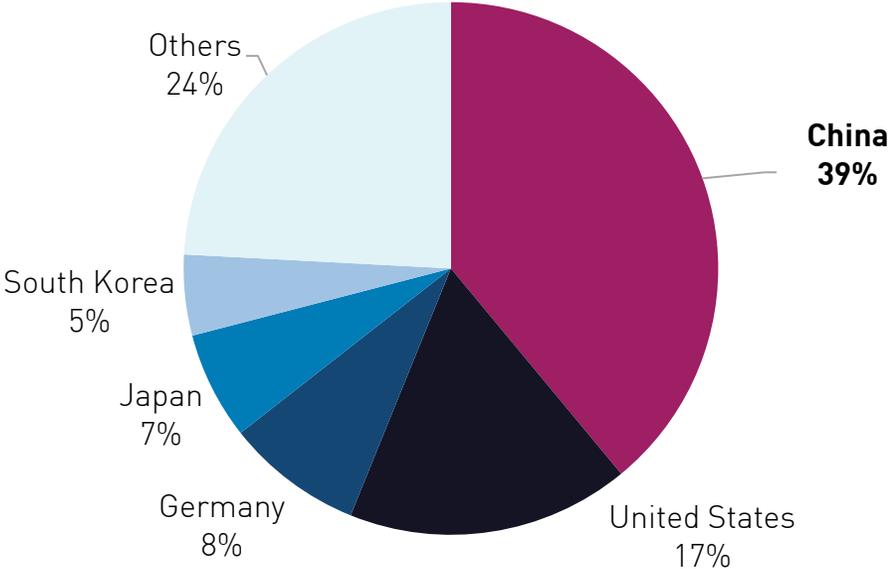
Bloomberg Electric Vehicles Index – We believe we are entering an electrified, connected, and autonomous future.

		Definition
	Entire Vehicle & EV Component Manufacturers	Electric vehicles (EV) are vehicles which use one or more electric motors for propulsion.
	Batteries & Hydrogen Fuel Cells	Adoption of electric vehicles and other new energy vehicles dramatically increases demand for lithium-ion batteries and hydrogen fuel cells.
	Vehicle Connectivity & Autonomous Capability	Vehicle connectivity has three main characteristics: the presence of sensors, vehicle connectivity to networks, and the ability to rapidly compute incoming data. Autonomous vehicles, also called driverless cars or self-driving cars, are vehicles that can sense the environment and navigating without human input.
	Charging	Electric vehicle adoption requires robust, widespread, and efficient charging stations and infrastructure.
	Raw Materials	Adoption of electric vehicles and other new energy vehicles may drive demand for raw materials such as lithium.

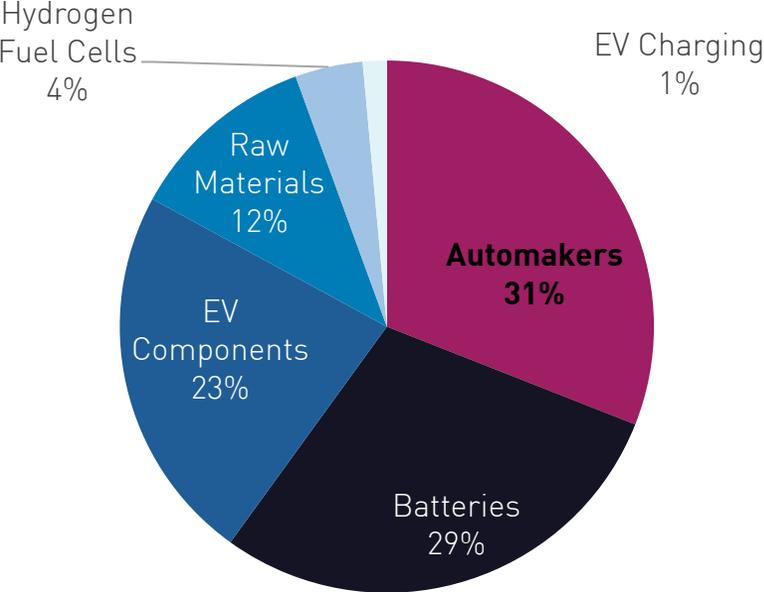
We believe the Bloomberg Electric Vehicles Index is the best representation of the EV ecosystem, supported by research from Bloomberg Intelligence & BloombergNEF*

- The index is diverse in geography and industry
 - Overweight to China, a bright spot for EV development
 - Only 31% of the index is comprised of automakers, reflecting the multi-faceted nature of EV development

Index Breakdown by Country



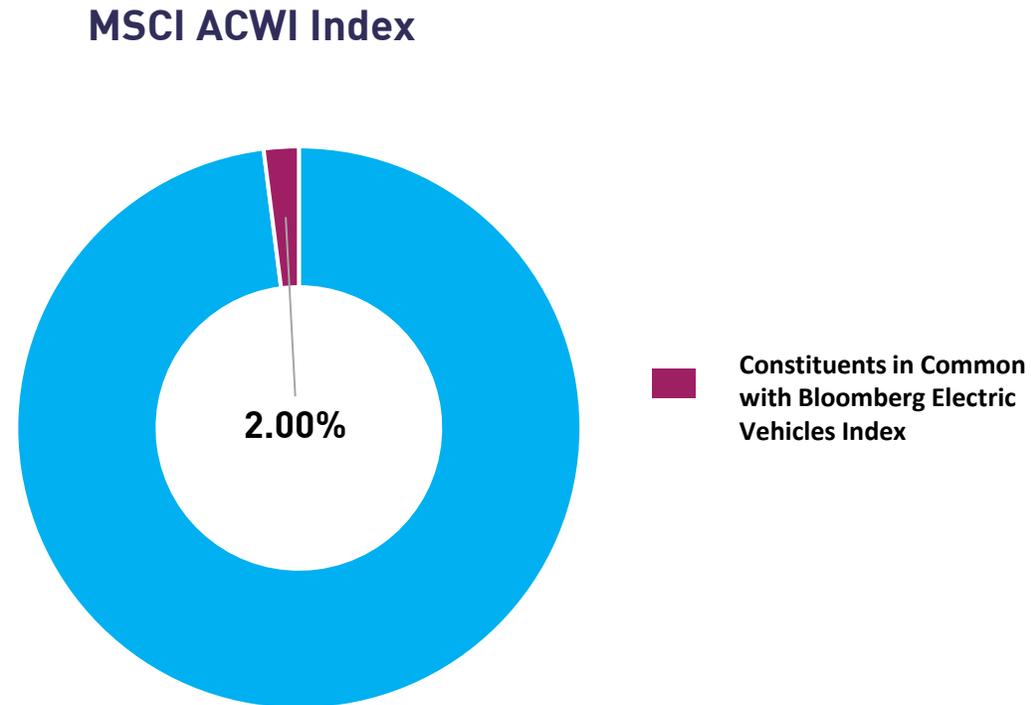
Index breakdown by Industry



*Bloomberg New Energy Finance

A differentiated potential source of alpha

The Bloomberg Electric Vehicles Index constitutes less than 2% of the MSCI All Country World Index (ACWI).



KARS

KraneShares Electric Vehicles & Future Mobility ETF

Investment Strategy:

KARS seeks to measure the performance of Bloomberg Electric Vehicles Index. The fund is designed to track the performance of companies engaged in the production of electric vehicles and/or their components or engaged in other initiatives that may change the future of mobility. The Index includes issuers engaged in the electric vehicle production, autonomous driving, lithium and/or copper production, lithium-ion/lead acid battery production, hydrogen fuel cell manufacturing and/or electric infrastructure businesses.

KARS Features:

- Access to global companies that operate in all areas of new transportation methods, passenger and freight, including electric vehicles, autonomous vehicles, and shared mobility.
- Exposure to companies that lead the development of vehicle connectivity like Internet of Vehicles (IoV) and Intelligent Mobility.
- Exposure to the growth brought on by increased demand for lithium-ion battery and non-ferrous metals like lithium due to electric vehicle adoption.
- Exposure to equities listed in Mainland China, currently the world's largest electric vehicle market.

Future Mobility Sector Highlights

- 57% of new car sales and over 30% of the global car fleet are projected to be electric by 2040.¹
- The global electric vehicle (EV) market was valued at \$162 billion in 2019 and is projected to reach \$803 billion by 2027.⁴
- The global electric vehicle (EV) market is projected to command \$2.7 trillion of total investment before 2040.²
- Autonomous vehicles and the resulting “passenger economy” are projected to generate a cumulative \$8 trillion in global service revenues by 2050.³

1. Data from Bloomberg New Energy Finance as of 05/15/2019, retrieved 12/31/2020.

2. Morgan Stanley Research. “The EV Infrastructure 55: A Diversified Way to Play a Critical Enabler in the EV Theme.” Morgan Stanley. 17 October 2017. Retrieved 6/30/2021.

3. Lanctot, Roger. “Accelerating The Future: The Economic Impact of the Emerging Passenger Economy.” Strategy Analytics. June 2017. Retrieved 6/30/2021.

4. International Energy Agency. “Global EV Outlook 2020.” June, 2020. Retrieved 6/30/2021.

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Fund Details	Data as of 6/30/2021
Primary Exchange	NYSE
CUSIP	500767827
ISIN	US5007678270
Total Annual Fund Operating Expense	0.72%
Inception Date	1/18/2018
Distribution Frequency	Annual
Index Name	Bloomberg Electric Vehicles Index
Net Assets	\$221,831,033
Number of Holdings	64

Top 10 Holdings as of 06/30/2021 Holdings are subject to change.	Ticker	%
NIO INC - ADR	NIO	6.67
CONTEMPORARY A-A	300750	5.99
TESLA INC	TSLA	5.06
APTIV PLC	APTV	4.82
ANALOG DEVICES INC	ADI	4.72
INFINEON TECHNOLOGIES AG	IFX	4.46
NXP SEMICONDUCTORS NV	NXPI	4.43
NIDEC CORP	6594	4.35
BYD CO LTD -A	002594	3.28
LI AUTO INC - ADR	LI	3.08

KARS Performance History as of 06/30/2021:

	Cumulative %			Average Annualized %			
	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	5 Yr	Since Inception
Fund NAV	10.53%	16.11%	93.16%	85.74%	29.63%	-	21.01%
Closing Price	9.91%	15.67%	92.66%	84.89%	29.40%	-	20.92%
Index	11.29%	16.35%	97.14%	87.20%	30.74%	-	21.75%

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.

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.

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 & 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 and the ability to obtain, if necessary, additional A Shares quota to achieve its stated objectives. Thus, the Funds are subject to loss due to adverse occurrences that affect one industry or group of industries or sector. The Fund is subject to political, social or economic instability within China, which may cause decline in value. Fluctuations in the currency of foreign countries may have an adverse effect to domestic currency values. Emerging markets involve heightened risk related to the same factors.

Narrowly focused investments typically exhibit higher volatility. The Funds' assets are expected to be concentrated in an industry or group of industries to the extent that the Underlying Index concentrates in a particular industry or group of industries. The securities of companies in an industry or group of industries RS is non-diversified. In addition to the normal risks associated with investing, investments in smaller companies typically exhibit higher volatility.

The ability of the fund to achieve its objective is dependent, in part, on the continuous availability of A Shares. If a Fund is unable to obtain sufficient exposure due to the limited availability of A Share quotas, 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. ETF shares are not redeemable with the issuing fund other than in large Creation Unit aggregations by certain authorized broker-dealers (Authorized Participants) in very large creation/redemption units. 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.

Beginning 12/23/2020, market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates the current NAV per share. Prior to that date, market price returns were based on the midpoint between the Bid and Ask price. The closing price returns shown do not represent the returns you would receive if you traded shares at other times.

Indices are unmanaged and do not include the effect of fees. One cannot invest directly in an index.

The KraneShares ETFs are distributed by SEI Investments Distribution Company (SIDCO), 1 Freedom Valley Drive, Oaks, PA 19456, which is not affiliated with Krane Funds Advisors, LLC, the Investment Adviser for the Fund.

Important Notes (continued)

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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)

Definitions:

Kilowatt Hour or Kw/H: A measure of electrical energy use equivalent to the consumption of 1,000 watts for 1 hour.

“Hockey Stick Growth”: a growth trend that goes from flat to upward sloping, resembling a hockey stick

MSCI ACWI: The MSCI All Country World Index (ACWI) captures large and mid cap representation across 23 Developed Markets (DM) and 27 Emerging Markets (EM) countries*. With 2,975 constituents, the index covers approximately 85% of the global investable equity opportunity set.

Thank you!

Questions?

info@kraneshares.com

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capital markets at www.chinalastnight.com*