

KWEB

KraneShares CSI China Internet ETF

Analyst Report

KraneShares CSI China Internet ETF (KWEB) is the only ETF on the market that offers pureplay exposure to Chinese software and information technology stocks that are China's answer to U.S. firms like Amazon and Facebook.

KraneShares specializes in Chinese markets, and is majority owned by a leading Chinese investment bank. Their lineup includes other thematic funds targeting narrow slices of the Chinese economy.

KWEB's portfolio is dominated by well-known large-cap stocks like Alibaba and Tencent, but also owns a sizable chunk of mid- and small-cap firms that many U.S. investors might not recognize. KWEB is the only ETF of its type, which allows it to command a higher fee of 76 basis points, which isn't an unreasonable premium to pay for targeted exposure to Chinese internet firms.

One foible to keep in mind is that KWEB only invests in overseas-listed shares of Chinese firms, primarily share classes listed in the U.S. and Hong Kong, which means it misses out on a slice of the mainland China market. For the past few years, index giant MSCI Inc. has been slowly and steadily adding slices of mainland China A-shares to its global benchmarks, which has given U.S. investors easier access to companies listed in Shanghai and Shenzhen.

For broader exposure to Chinese stocks, investors might consider KraneShares MSCI All China Index ETF (KALL), Deutsche Bank's Ztrackers Harvest CSI 300 China A-Shares ETF (ASHR) or iShares MSCI China ETF (MCHI). he KraneShares Boser MSCI China A Share ETF (KBA) was reconfigured in December 2017 to invest in an index of mainland Chinese stocks added to MSCI's popular emerging markets indices.

ESG Themes and Scores

6.41/10

ESG Rate

44.21%

Global Percentile

47.11%

Peer Percentile

Performance Data

	KWEB	ETF Database Category Average	Factset Segment Average
1 Month	-5.73%	-0.84%	-3.98%
3 Month	-8.99%	4.58%	-4.80%
YTD Return	-20.32%	2.00%	-14.05%
1 Year Return	-15.18%	24.00%	-6.96%
3 Year Return	3.93%	10.03%	7.12%
5 Year Return	-14.20%	-3.19%	-7.10%

Top 5 Holdings

Symbol	Holding	% Assets
700	Tencent Holdings Ltd	9.84%
9988	Alibaba Group Holding Limited	9.60%
PDD	PDD Holdings Inc. Sponsored ADR Class A	7.52%
3690	Meituan Class B	7.21%
9999	Netease Inc	6.84%

Vitals

Issuer	CICC
Brand	KraneShares
Structure	ETF
Expense Ratio	0.70%
Inception	Jul 31, 2013
Index Tracked	CSI Overseas China Internet

ETF Database Themes

Category	China Equities
Asset Class	Equity
Asset Class Size	Multi-Cap
Asset Class Style	Blend
Region (General)	Emerging Asia Pacific
Region (Specific)	China

FactSet Classifications

Segment	Equity: China Internet
Category	Sector
Focus	Theme
Niche	Internet
Strategy	Vanilla
Weighting Scheme	Market Cap

