

CHINA ETFs: WHAT'S IN YOUR PORTFOLIO?

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By removing state-owned enterprises (SOEs) from a market capitalization-weighted universe of Chinese equities, the WisdomTree China ex-State-Owned Enterprises Fund (CXSE) offers a unique balance of many of the key characteristics investors look for in a China allocation, with one of the lowest net expense ratios.

The range in performance and expense ratios among the 10 largest China equity ETFs by assets—the first data points investors look to—is dramatic¹:

- + Over the past 12 months the performance spread between the best-performing ETF (KraneShares CSI China Internet ETF) and worst-performing (Invesco China Technology ETF) was 17.65%.
- + The difference in expense ratio for the lowest-fee ETF (CXSE) and the highest-fee ETF (KraneShares Boserá MSCI China A Share ETF) was 46 basis points (bps).

Figure 1: Top 10 China Equity ETFs by Assets

| | | | | | | | Annualized Total Returns (NAV) | | |
|------------------------------|---|-------------|----------------|--------------|----------------------------|--------------------------|--------------------------------|----------------|---------------|
| Category | Fund Name | Ticker | Inception | AUM (\$mm) | Gross Expense Ratio | Net Expense Ratio | 1-Year | 3-Year | 5-Year |
| Broad-Market | iShares MSCI China ETF | MCHI | 3/29/11 | \$5,449 | 0.59% | 0.59% | -2.76% | -18.17% | -4.84% |
| Thematic- Internet | KraneShares CSI China Internet ETF | KWEB | 7/31/13 | \$5,416 | 0.69% | 0.69% | 3.52% | -24.60% | -7.34% |
| Broad-Market | iShares China Large-Cap ETF | FXI | 10/5/04 | \$4,531 | 0.74% | 0.74% | -1.43% | -15.60% | -7.37% |
| Thematic- A-Shares | Xtrackers Harvest CSI 300 China A-Shares ETF | ASHR | 11/5/13 | \$1,760 | 0.65% | 0.65% | -9.27% | -15.24% | -2.13% |
| Sector-Technology | Invesco China Technology ETF | CQQQ | 12/8/09 | \$642 | 0.65% | 0.65% | -14.13% | -26.00% | -5.39% |
| Broad-Market | SPDR S&P China ETF | GXC | 3/20/07 | \$467 | 0.59% | 0.59% | -3.69% | -17.59% | -4.46% |
| Thematic/Broad-Market | WisdomTree China ex-State-Owned Enterprises Fund | CXSE | 9/19/12 | \$353 | 0.32% | 0.32% | -11.28% | -25.48% | -5.17% |
| Thematic- A-Shares | iShares MSCI China A ETF | CNYA | 6/13/16 | \$266 | 0.60% | 0.60% | -9.58% | -14.81% | -0.29% |
| Sector-Consumer Disc. | Global X MSCI China Consumer Discretionary ETF | CHIQ | 11/30/09 | \$214 | 0.65% | 0.65% | -3.58% | -20.96% | 1.67% |
| Thematic- A-Shares | KraneShares Boserá MSCI China A Share ETF | KBA | 3/4/14 | \$178 | 0.78% | 0.55% | -3.21% | -14.29% | 0.03% |
| Summary Statistics | | | | | Gross Expense Ratio | Net Expense Ratio | 1-Year | 3-Year | 5-Year |
| Average | | | | | 0.63% | 0.60% | -5.54% | -19.27% | -3.53% |
| Range | | | | | 0.46% | 0.42% | 17.65% | 11.71% | 9.05% |
| Max | | | | | 0.78% | 0.74% | 3.52% | -14.29% | 1.67% |
| Min | | | | | 0.32% | 0.32% | -14.13% | -26.00% | -7.37% |

Sources: WisdomTree, Bloomberg, Lipper, as of 6/28/2024. Color coding sorts expense ratio columns in ascending order from green to red, and sorts returns columns in descending order from green to red. Performance data for the most recent month-end is available at wisdomtree.com/investments/etfs/equity/cxse for CXSE; ishares.com for MCHI, FXI and CNYA; kraneshares.com for KWEB; etf.dws.com for ASHR; invesco.com for CQQQ; ssga.com for GXC; globalxetfs.com for CHIQ; kraneshares.com for KBA.

¹ Source: Bloomberg, as of 6/28/2024. Figure reflects U.S.-listed ETFs and does not include short and leveraged products.

The four largest ETFs provide a good sample of the main categories:

- + **BROAD MARKET:** The iShares MSCI China ETF (MCHI) and the iShares China Large-Cap ETF (FXI) are the largest and most traded broad market, or “beta”, ETFs. FXI is the narrower of the two, holding 50 of the largest companies trading on the Hong Kong Stock Exchange.
- + **INDUSTRY SPECIFIC:** The KraneShares CSI China Internet ETF (KWEB) is purely focused on “companies whose primary business or businesses are in the Internet and Internet-related sectors”. Its aim is to target exposure to increasing consumption from a growing middle class.²
- + **SINGLE SHARE CLASS:** The Xtrackers Harvest CSI 300 China A-Shares ETF (ASHR) represents large- and mid-cap A-share companies.

CXSE taps into elements of each of these three categories: a broad-based, market cap-weighted basket of about 250 securities, relative overweights to tech and consumer-oriented sectors, and typically about a 33% exposure to China A-shares.

STATE-OWNED ENTERPRISES: THE PRINCIPAL-AGENT PROBLEM

Research shows government ownership can lead to corporate governance issues that cause operational inefficiencies and weaker levels of profitability.

SOEs typically consider a broad set of interests, such as maximizing employment, rather than focusing on maximizing shareholder value.

Consider this recent example: At the height of the COVID-19 pandemic and in the face of plunging oil prices, Chinese officials praised its state-owned oil giant, PetroChina, for creating extra jobs.³

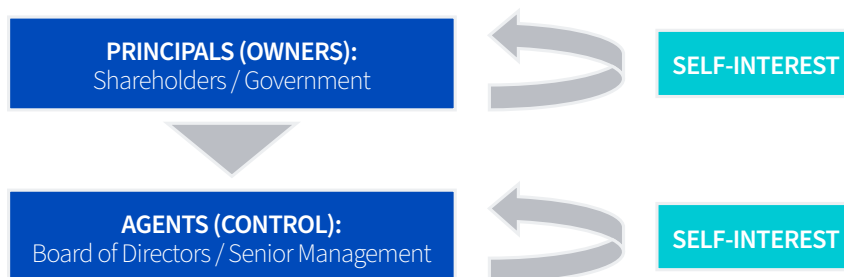
Having multiple owners—shareholders and the government—exacerbates what is referred to as the principal-agent problem, or the challenges of aligning the self-interests of shareholders with agents who are employed on behalf of the principals.

The varying self-interests in this multi-principal model makes it difficult for the agent to act in the interests of both principals when they have potentially competing goals and objectives.

²kraneshares.com/kweb.

³“The new state capitalism: Xi Jinping is trying to remake the Chinese economy,” *The Economist*, 8/15/2020.

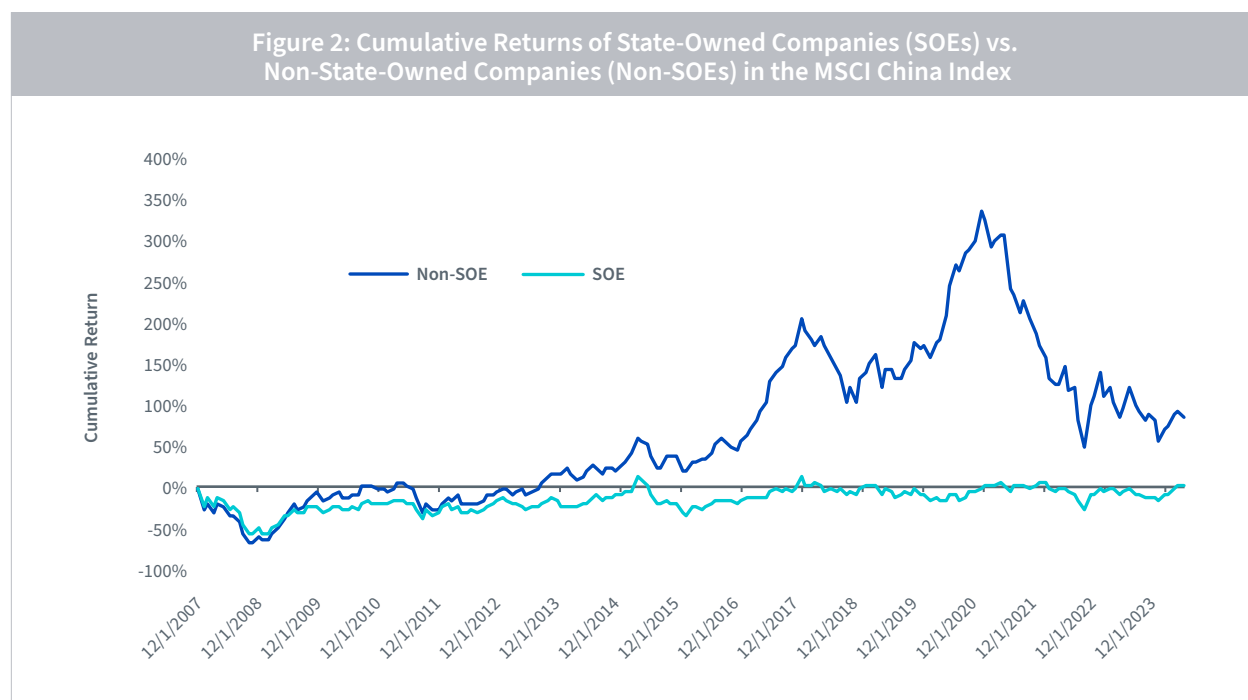
PRINCIPAL-AGENT PROBLEM



How has this affected returns?

WisdomTree built broad-based market cap-weighted portfolios of SOEs and non-SOEs for the constituents of the MSCI China Index. State ownership, as defined by WisdomTree, applies to firms that have more than 20% of their shares owned by government entities.

Figures 2 and 3 show that over this cumulative period there has been a consistently large performance gap in favor of non-SOEs.



Sources: FactSet, WisdomTree, 12/31/07–6/28/2024. SOEs are defined as firms that have more than 20% of their shares owned by government entities. Non-SOEs are defined as firms that have less than 20% of their shares owned by government entities. Universe of securities is the MSCI China Index. Returns are calculated in U.S. dollars. **Past performance is not indicative of future results. You cannot invest directly in an index.**

Figure 3: Average Annual Returns

| | 1 Year | 3 Year | 5 Year | 10 Year | Since 12/31/2007 |
|---------|--------|---------|--------|---------|------------------|
| Non-SOE | -4.61% | -22.80% | -5.11% | 4.58% | 3.86% |
| SOE | 8.23% | -0.59% | 0.76% | 2.18% | 0.14% |

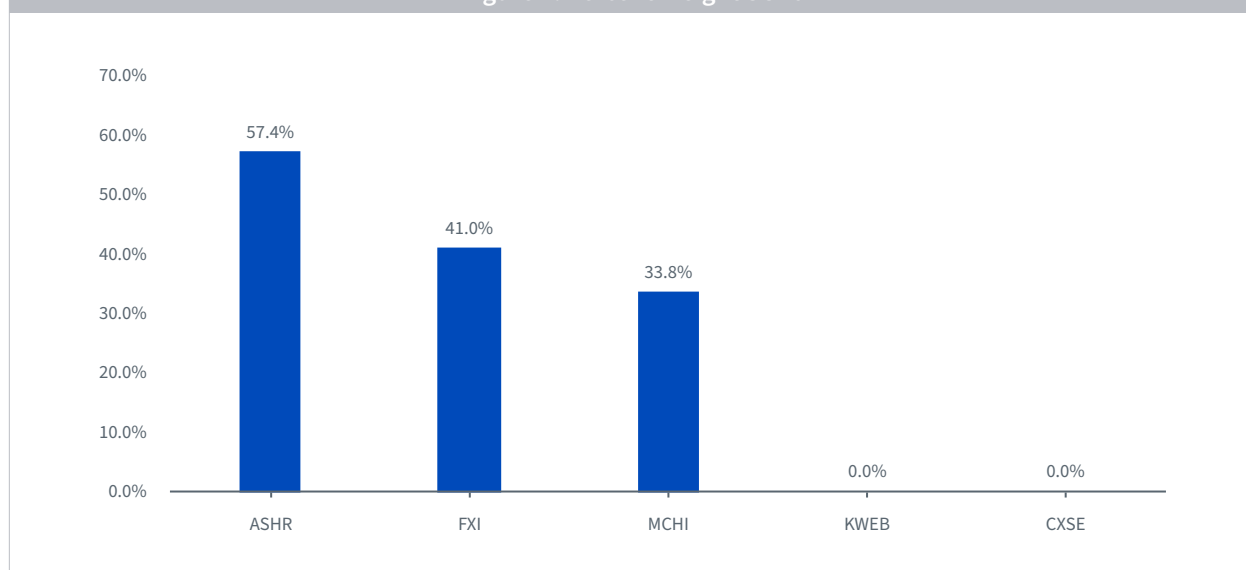
Source: WisdomTree, as of 6/28/2024. **Past performance is not indicative of future results. You cannot invest directly in an index. Universe of securities is the MSCI China Index.**

No strategy fully eliminates the risk of government influence in emerging markets. But explicitly removing SOEs aims to mitigate it.

Based on the weights of the two broad market ETFs, MCHI and FXI, SOEs make up 34% and 41% of the China market-cap, respectively—a significant difference for two beta funds.

By focusing on internet-related companies, KWEB has 0% exposure to SOEs, but has more concentrated sector exposures than broad market solutions.

Figure 4: Percent Weight SOEs



Sources: WisdomTree, FactSet, as of 6/28/2024. Weights subject to change.

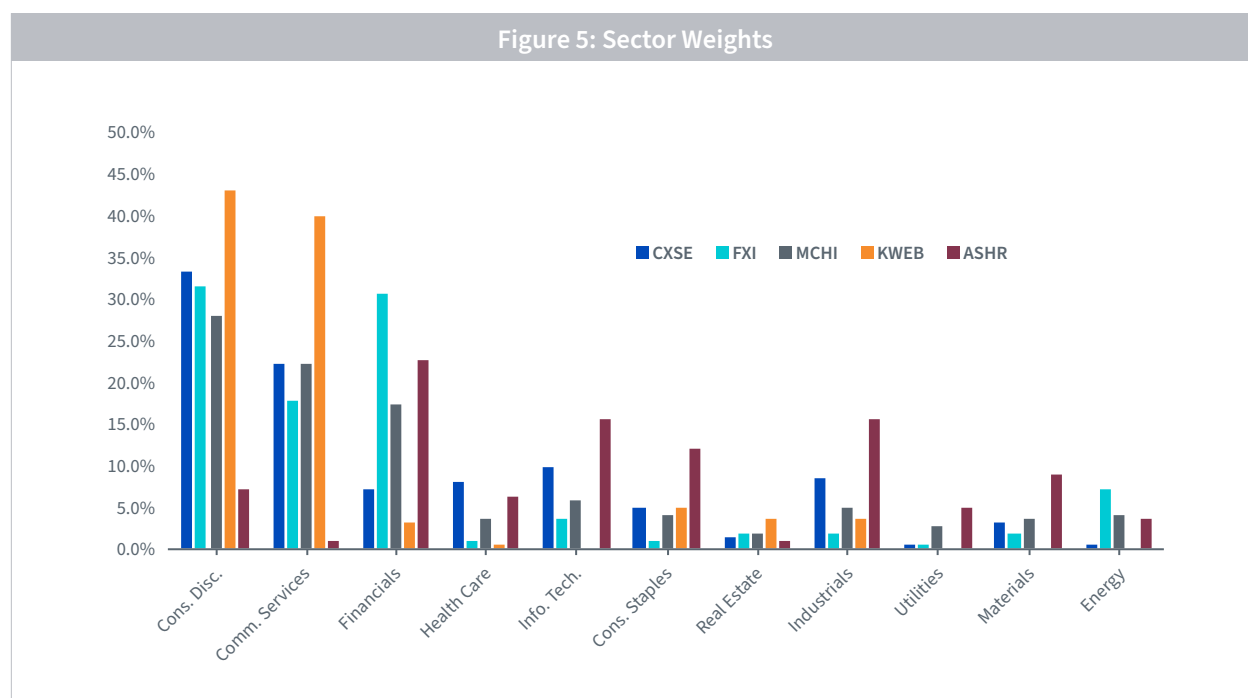
STATE-OWNED CHINA = OLD CHINA SECTOR EXPOSURES

Removing SOEs creates a shift away from “old China” sectors like Energy, Materials and Financials, and toward “new China” sectors like Tech, Communication Services and the consumer sectors.

Non-SOEs tend to be companies capitalizing on a fast-growing middle class driving consumption growth—and naturally tap into a faster-growth theme that investors often want from emerging markets.

The Index CXSE tracks caps sector weights at 30% at the annual rebalance. Relative to the two broad-market funds, CXSE has its biggest underweights to Communication Services and Financials, and overweights to the Industrials, Information Technology, and Health Care sectors.

FXI and KWEB have the greatest sector concentration. FXI has 32% of its weight in Consumer Discretionary, while KWEB has over 80% of its weight spread between Consumer Discretionary and Communication Services.



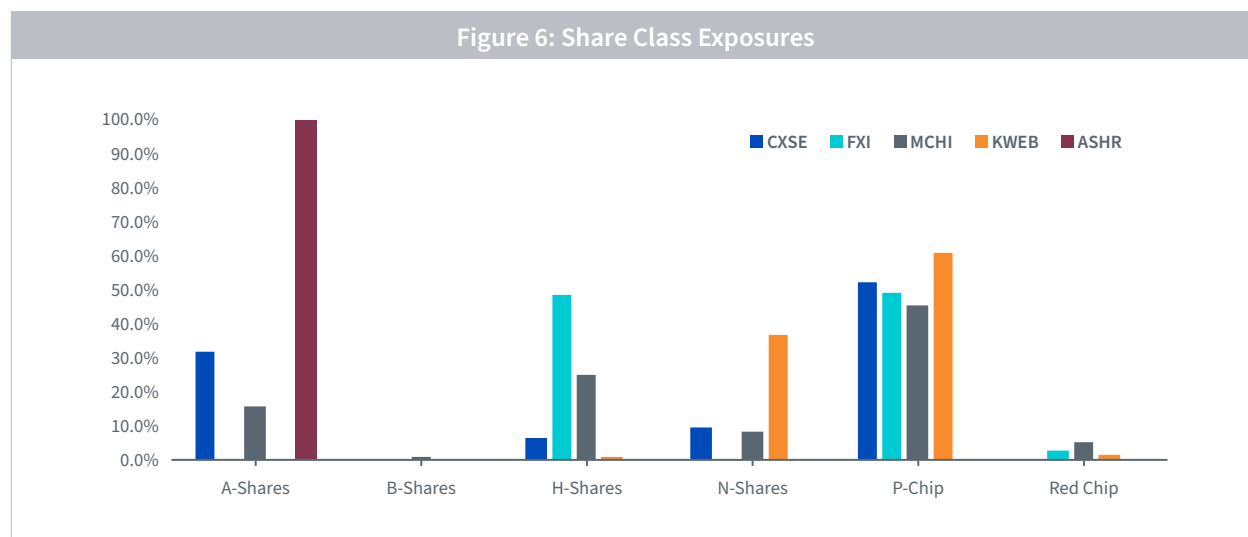
Sources: WisdomTree, FactSet, as of 6/28/2024. Weights subject to change.

FUND BREADTH: SHARE CLASSES AND TOP HOLDINGS

China's domestic equity market has become more accessible to foreign investors over the last decade. The nation's Stock Connect program, which opened stocks listed in mainland China (A-shares) to offshore investors, and MSCI's decision to include a greater proportion of A-shares in its emerging markets benchmark are key developments that have helped boost China's equity market to rank second-largest globally, behind the United States.⁴

ETFs offer different exposures across share classes, with some offering little or no exposure to Mainland China.

CXSE strikes about a 67%/33% balance between internationally listed share classes and domestically listed share classes. Neither KWEB nor FXI offer exposure to domestically listed shares, while ASHR is fully concentrated in A-shares.



Sources: WisdomTree, FactSet, as of 6/28/2024. Weights subject to change. A-shares are shares of companies incorporated on the mainland and traded in Shanghai or Shenzhen, quoted in RMB. B-shares are shares of companies incorporated on the mainland and traded in Shanghai, quoted in USD, or traded in Shenzhen and quoted in HKD. H-shares are shares of Chinese companies incorporated on the mainland and traded in Hong Kong. Red chips are shares of non-Chinese incorporated companies that are substantially state-owned and are traded on the Hong Kong Stock Exchange. P-chips are shares of non-Chinese incorporated companies established and originated in the mainland that are controlled by mainland Chinese companies or individuals, traded on the Hong Kong Stock Exchange. N-shares are shares of non-Chinese incorporated companies established and originated in the mainland that are controlled by mainland Chinese companies or individuals, listed on the NYSE or NASDAQ.

⁴Bloomberg, 10/30/20. Foreigners could access Mainland China equities through B-shares since 2001, but this market was much smaller and thinly traded than A-shares.

The Chinese market, like the U.S. market, is skewed toward the largest companies. As a result, four of the five funds have about 40% or more of their weight in top 10 holdings.

CXSE does not own a few notable SOEs from select sectors, like the telecommunication giant China Mobile, or the “big four” Chinese Financials widely viewed as instruments of state policy—China Construction Bank, Bank of China, Industrial and Commercial Bank of China and Agricultural Bank of China.

Figure 7: Top 10 Holdings

| CXSE | | FXI | |
|---------------------------|--------|-------------------------|--------|
| Company Name | Weight | Company Name | Weight |
| Tencent Holdings | 13.32% | Tencent Holdings | 8.92% |
| Alibaba Group Holding | 8.80% | Alibaba Group Holding | 8.85% |
| PDD Holdings | 6.35% | Meituan | 8.21% |
| Ping An Insurance Group | 4.74% | China Construction Bank | 7.45% |
| Meituan | 3.51% | ICBC | 5.05% |
| NetEase | 3.12% | Bank of China | 4.70% |
| BYD | 2.60% | NetEase | 4.07% |
| Contemporary Amperex Tech | 2.51% | JD com | 3.70% |
| Baidu | 2.39% | Xiaomi Corp | 3.68% |
| JD com | 1.99% | BYD | 3.56% |
| Total | 49.34% | Total | 58.19% |

| MCHI | | KWEB | |
|-------------------------|--------|-----------------------|--------|
| Company Name | Weight | Company Name | Weight |
| Tencent Holdings | 16.58% | Tencent Holdings | 10.48% |
| Alibaba Group Holding | 7.43% | Alibaba Group Holding | 9.08% |
| PDD Holdings | 4.19% | PDD Holdings | 8.01% |
| Meituan | 3.81% | Meituan | 7.37% |
| China Construction Bank | 3.78% | JD com | 5.70% |
| ICBC | 2.20% | NetEase | 4.44% |
| Bank of China | 2.14% | Tencent Music | 4.18% |
| NetEase | 1.94% | Trip com Group | 4.07% |
| BYD | 1.83% | KE Holdings | 3.89% |
| Ping An Insurance Group | 1.79% | Kuaishou Technology | 3.89% |
| Total | 45.69% | Total | 61.13% |

| ASHR | |
|---------------------------|--------|
| Company Name | Weight |
| Kweichow Moutai | 5.22% |
| Contemporary Amperex Tech | 2.69% |
| Ping An Insurance Group | 2.51% |
| China Merchants Bank | 2.41% |
| China Yangtze Power | 2.03% |
| Midea Group | 1.82% |
| Zijin Mining Group | 1.66% |
| Industrial Bank | 1.46% |
| Wuliangye Yibin | 1.42% |
| BYD | 1.29% |
| Total | 22.51% |

Sources: WisdomTree, FactSet, as of 6/28/2024. Subject to change.

BLENDING VALUATIONS AND GROWTH

Just as the performance across these funds varies wildly, the fundamentals also differ significantly. Sector weights provide some context to what we see from aggregate fundamentals.

Because KWEB is tilted to higher-growth Internet-related companies, it has a price-to-earnings ratio of 12.4x and price-to-sales of almost 2x. CXSE—which is under-weight the lower multiple “old China” sectors—also has a premium P/E and price-to-sales ratios.

FXI, which is significantly exposed to Financials, has depressed valuation multiples.

| Ticker | Constituents | Est. Price-to-Earnings | Price-to-Sales | ROE | ROA | PEG Ratio |
|-------------|--------------|------------------------|----------------|--------------|-------------|-------------|
| CXSE | 189 | 13.16 | 1.48 | 11.41 | 1.93 | 0.92 |
| FXI | 50 | 7.84 | 0.92 | 10.89 | 1.04 | 0.52 |
| MCHI | 623 | 9.95 | 1.05 | 10.50 | 1.21 | 0.71 |
| KWEB | 32 | 12.40 | 1.65 | 9.55 | 5.29 | 0.79 |
| ASHR | 286 | 11.98 | 1.12 | 10.27 | 1.17 | 0.86 |

Sources: WisdomTree, FactSet, as of 6/28/24. **Past performance is not indicative of future results.**

HISTORICAL PERFORMANCE

CXSE began tracking the WisdomTree China ex-State-Owned Enterprises Index on July 1, 2015. Over that period, it has bested the other four focus funds by over 400 bps annualized, with a higher Sharpe ratio.

This outperformance is associated with premium valuations, but also with the premium growth rates that investors often target from emerging markets allocations. Given the stronger corporate governance structures that are typically seen in private enterprises relative to SOEs, we think this premium growth is a trend that can continue.

For investors considering a China allocation—either for broad market access, exposure to fast-growing middle-class consumption, or tapping into China A-shares—CXSE can offer many attractive characteristics.

| | Return | Standard Deviation | Sharpe Ratio |
|---|--------------|--------------------|--------------|
| WisdomTree China ex-State-Owned Enterprises Fund | 0.85% | 26.30% | -0.01 |
| iShares China Large-Cap ETF | -3.89% | 24.43% | -0.21 |
| iShares MSCI China ETF | -1.45% | 24.54% | -0.11 |
| KraneShares CSI China Internet ETF | -8.43% | 65.95% | -0.15 |
| Xtrackers Harvest CSI 300 China A-Shares ETF | -3.45% | 23.11% | -0.20 |

Sources: WisdomTree, Zephyr StyleAdvisor, 6/30/15–6/28/2024. Returns based on NAV. Return, standard deviation and Sharpe ratio are annualized. Start date chosen to coincide with period when CXSE began tracking the WisdomTree China ex-State-Owned Enterprises Index. **Past performance is not indicative of future results.**

| Fund | Fund Information | | | | NAV Returns | | | | | Market Price Returns | | | | |
|---|------------------|------------------|-----------------------------|----------------|----------------|----------------|---------------|--------------|----------------------|----------------------|----------------|---------------|--------------|----------------------|
| | Ticker | Gross Exp. Ratio | Net Exp. Ratio ¹ | Inception Date | 1-Yr. | 3-Yr. | 5-Yr. | 10-Yr. | Since Fund Inception | 1-Yr. | 3-Yr. | 5-Yr. | 10-Yr. | Since Fund Inception |
| WisdomTree China ex-State-Owned Enterprises Fund | CXSE | 0.32% | 0.32% | 9/19/12 | -11.28% | -25.48% | -5.17% | 1.68% | 2.07% | -11.84% | -25.62% | -5.30% | 1.70% | 1.94% |
| iShares MSCI China A ETF | CNYA | 0.60% | 0.60% | 6/13/16 | -9.58% | -14.81% | -0.29% | N/A | 2.73% | -9.31% | -14.76% | -0.29% | N/A | 2.30% |
| Global X MSCI China Consumer Discretionary ETF | CHIQ | 0.65% | 0.65% | 11/30/09 | -3.58% | -20.96% | 1.67% | 3.22% | 1.88% | -4.86% | -21.28% | 1.40% | 3.13% | 1.50% |
| KraneShares Boser MSCI China A 50 Connect Idx ETF | KBA | 0.78% | 0.55% | 3/4/14 | -3.21% | -14.29% | 0.03% | 3.95% | 3.71% | -3.67% | -14.21% | -0.05% | 3.87% | 3.69% |
| iShares MSCI China ETF | MCHI | 0.59% | 0.59% | 3/29/11 | -2.76% | -18.17% | -4.84% | 0.83% | 0.69% | -2.93% | -18.22% | -4.95% | 0.82% | 0.43% |
| Invesco Golden Dragon China ETF | KWEB | 0.69% | 0.69% | 7/31/13 | 3.52% | -24.60% | -7.34% | -1.56% | 2.27% | 2.09% | -24.88% | -7.55% | -1.69% | 1.71% |
| iShares China Large-Cap ETF | FXI | 0.74% | 0.74% | 10/5/04 | -1.43% | -15.60% | -7.37% | -1.19% | 4.13% | -1.56% | -15.69% | -7.45% | -1.18% | 4.11% |
| Xtrackers Hvst CSI 300 China A-Shs ETF | ASHR | 0.65% | 0.65% | 11/5/13 | -9.27% | -15.24% | -2.13% | 4.22% | 3.00% | -9.67% | -15.27% | -2.26% | 4.11% | 2.89% |
| Invesco China Technology ETF | CQQQ | 0.65% | 0.65% | 12/8/09 | -14.13% | -26.00% | -5.39% | 0.03% | 3.05% | -14.96% | -26.27% | -5.64% | -0.05% | 2.98% |
| SPDR S&P China ETF | GXC | 0.59% | 0.59% | 3/20/07 | -3.69% | -17.59% | -4.46% | 1.15% | 3.72% | -4.00% | -17.64% | -4.51% | 1.12% | 3.70% |

¹ Pursuant to the terms of an expense limitation agreement, Krane Funds Advisors, LLC (“Krane”), KBA’s investment manager, has contractually agreed to reduce its management fee to 0.56% of the fund’s average daily net assets until August 1, 2023. The expense limitation agreement may only be terminated prior to August 1, 2022 by the board.

Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Performance data for the most recent month-end is available at wisdomtree.com/investments/etfs/equity/cxse for CXSE; ishares.com for MCHI, FXI and CNYA; kranshares.com for KWEB; etf.dws.com for ASHR; invesco.com for CQQQ; ssga.com for GXC; globalxetfs.com for CHIQ; kranshares.com for KBA.

WisdomTree shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. To obtain a prospectus containing this and other important information for WisdomTree Funds, please call 866.909.WISE (9473) or visit [WisdomTree.com/investments](https://www.wisdomtree.com/investments). To obtain a prospectus for iShares funds, please visit www.ishares.com. To obtain a prospectus for KraneShares funds, please visit www.kraneshares.com. To obtain a prospectus for Xtrackers funds, please visit www.dws.com. Please read the prospectus carefully before you invest. To obtain a prospectus for SPRD funds, please visit [SPRD.com](https://www.sprd.com). To obtain a prospectus for Invesco funds, please visit [invesco.com](https://www.invesco.com). To obtain a prospectus for Global X funds, please visit [globalxetfs.com](https://www.globalxetfs.com). Read the prospectus carefully before you invest.

References to specific securities and their issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities.

There are risks associated with investing, including the possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. The Fund focuses its investments in China, including A-shares, which include the risk of the Stock Connect program, thereby increasing the impact of events and developments associated with the region which can adversely affect performance. Investments in emerging or offshore markets are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation and intervention or political developments. The Fund's exposure to certain sectors may increase its vulnerability to any single economic or regulatory development related to such sector. As this Fund can have a high concentration in some issuers, the Fund can be adversely impacted by changes affecting those issuers. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

The purpose of this material is to provide financial professionals with a means to evaluate the investment methodology of CXSEs as compared to various other funds that seek investments in China. It is the opinion of WisdomTree, the Fund's investment adviser, that all funds are managed differently and do not react the same to economic or market events. The investment objectives, strategies, policies or restrictions of other funds may differ and more information can be found in their respective prospectuses. Therefore, we generally do not believe it is possible to make direct fund to fund comparisons in an effort to highlight the benefits of a fund versus another similarly managed fund. The information included in this material is based upon data obtained from a source which is believed to be accurate. This material is not considered as an offer to sell or a solicitation to buy shares of any other funds mentioned herein.

Important Information about CXSE: The fund seeks to track the price and yield performance, before fees and expenses, of the WisdomTree China ex-State-Owned Enterprises Index. Under normal circumstances, at least 80% of the Fund's total assets (exclusive of collateral held from securities lending) will be invested in component securities of the Index and investments that have economic characteristics that are substantially identical to the economic characteristics of such component securities. During the most recent fiscal year, ended March 31, 2024, the Fund's portfolio turnover rate was 33% of the average value of its portfolio. Individual shares of the Fund are listed on the NASDAQ. The Fund will only issue or redeem shares that have been aggregated into blocks of 25,000 shares or multiples thereof ("Creation Units") to Authorized Participants who have entered into agreements with the Fund's distributor. The Fund's investment strategy will require it to redeem shares for cash or to otherwise include cash as part of its redemption proceeds. The Fund may be required to sell or unwind portfolio investments in order to obtain the cash needed to distribute redemption proceeds.

Important Competitor Fund Information

iShares MSCI China ETF – MCHI: The fund seeks to track the investment results of the MSCI China Index (the "Index"), which is a free float-adjusted market capitalization weighted index designed to measure the performance of equity securities in the top 85% in market capitalization of the Chinese equity securities markets. The index is rebalanced in May and November. The Fund generally will invest at least 90% of its assets in the component securities of the Underlying Index and in investments that have economic characteristics that are substantially identical to the component securities of the Underlying Index. The Fund is classified as "non-diversified." The Fund may lend securities representing up to one-third of the value of the Fund's total assets (including the value of any collateral received). During the most recent fiscal year, ended August 31, 2023, the Fund's portfolio turnover rate was 13% of the average value of its portfolio. Individual shares of the Fund are listed on the NASDAQ. The Fund will only issue or redeem shares that have been aggregated into blocks of 200,000 shares or multiples thereof ("Creation Units") to Authorized Participants who have entered into agreements with the Fund's distributor.

iShares China Large-Cap ETF – FXI: The fund seeks to track the investment results of the FTSE China 50 Index, which is composed of large-capitalization Chinese equities that trade on the Hong Kong Stock Exchange. The index is weighted based on the total market value of shares. Individual constituents are capped such that no individual company represents more than 9% of the Underlying Index and all companies that individually have a weight greater than 4.5% in aggregate represent no more than 38% of the Underlying Index. The index is reviewed on a quarterly basis. The Fund generally invests at least 90% of its assets in securities of the Underlying Index and in depositary receipts representing securities of the Underlying Index. The Fund is classified as "non-diversified." The Fund may lend securities representing up to one-third of the value of the Fund's total assets (including the value of any collateral received). During the most recent fiscal year, ended July 31, 2023, the Fund's portfolio turnover rate was 23% of the average value of its portfolio. Individual shares of the Fund are listed on the NYSE Arca. The Fund will only issue or redeem shares that have been aggregated into blocks of 150,000 shares or multiples thereof ("Creation Units") to Authorized Participants who have entered into agreements with the Fund's distributor. iShares Funds are distributed by BlackRock Investments, LLC.

iShares MSCI China A ETF – CNYA: The Fund seeks to track the investment results of the MSCI China A Inclusion Index, which is composed of domestic Chinese equities (A-Shares) that trade on the Shanghai or Shenzhen Stock Exchange. Index is weighted by each issuer's free float-adjusted market capitalization available to foreign investors and includes only large cap companies. Excluded from the index are A-shares suspended for trading for more than 50 days in the past 12 months and A-shares that are not accessible through Stock Connect. The index is rebalanced in May and November. The Fund intends to invest in A-shares included in the Underlying Index primarily through Stock Connect. Under Stock Connect, the Fund's trading of eligible A-shares listed on the SSE or the SZSE, as applicable, would be effectuated through its Hong Kong brokers. The Fund generally will invest at least 90% of its assets in the component securities of the Underlying Index and in investments that have economic characteristics that are substantially identical to the component securities of the Underlying Index. During the most recent fiscal year, ended July 31, 2023, the Fund's portfolio turnover rate was 26% of the average value of its portfolio. Individual shares of the Fund are listed on the Cboe BZD. The Fund will only issue or redeem shares that have been aggregated into blocks of 50,000 shares or multiples thereof ("Creation Units") to Authorized Participants who have entered into agreements with the Fund's distributor. The Fund expects to affect all of its creations and redemptions for cash, rather than in-kind securities, which may cause the Fund to sell a security and recognize a capital gain or loss that might not have been incurred if it had made redemption in-kind. The use of cash creations and redemptions may also cause the Fund's shares to trade in the market at wider bid-ask spreads or greater premiums or discounts to the Fund's NAV. The A-shares market can have a higher propensity for trading suspensions than many other global equity markets. Trading suspensions in certain stocks could lead to greater market execution risk, valuation risks, liquidity risks and costs for the Fund, and the creation and redemption of Creation Units (as defined below) may also be disrupted. Investing in A-Shares also bears additional tax risk, changes to PRC taxation policies could result in greater tax liabilities which would adversely affect the Fund's NAV. iShares Funds are distributed by BlackRock Investments, LLC.

KraneShares Bosera MSCI China A 50 Connect Index ETF (formerly KraneShares Bosera MSCI China A Share ETF) - KBA: The fund seeks to provide investment results that, before fees and expenses, correspond to the price and yield performance of the MSCI China A Index (USD). Index is weighted by each issuer's free float-adjusted market capitalization available to foreign investors and includes only large cap companies. Excluded from the index are A-shares suspended for trading for more than 50 days in the past 12 months and A-shares that are not accessible through Stock Connect. The index is rebalanced in May and November. Under normal circumstances, the Fund will invest at least 80% of its total assets in securities of the Underlying Index and depositary receipts representing such securities. In addition to A-Shares, the following China related securities can make up 20% of the fund's holdings. China B Shares, China H Shares, China N Shares, P-Chips, Red Chips, S Chips. The Fund may engage in securities lending. During the most recent fiscal year, ended March 31, 2024, the Fund's portfolio turnover rate was 38% of the average value of its portfolio. Individual Shares are listed on the NYSE exchange. Individual shares of the Fund are listed on the Cboe BZD. The Fund will only issue or redeem shares that have been aggregated into blocks of 50,000 shares or multiples thereof ("Creation Units") to Authorized Participants who have entered into agreements with the Fund's distributor. The Fund expects to affect all of its creations and redemptions for cash, rather than in-kind securities, which may cause the Fund to sell a security and recognize a capital gain or loss that might not have been incurred if it had made redemption in-kind. The use of cash creations and redemptions may also cause the Fund's shares to trade in the market at wider bid-ask spreads or greater premiums or discounts to the Fund's NAV. The A-shares market can have a higher propensity for trading suspensions than many other global equity markets. Trading suspensions in certain stocks could lead to greater market execution risk, valuation risks, liquidity risks and costs for the Fund, and the creation and redemption of Creation Units (as defined below) may also be disrupted. Investing in A-Shares also bears additional tax risk, changes to PRC taxation policies could result in greater tax liabilities which would adversely affect the Fund's NAV.

KraneShares CSI China Internet ETF – KWEB: The Fund seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance CSI Overseas China Internet Index. The Index is designed to measure the equity market performance of the investable universe of publicly traded China-based companies whose primary business or businesses are in the Internet and Internet-related sectors, and are listed outside of Mainland China, as determined by the index provider, China Securities Index Co., Ltd. ("Index Provider"). The Index Provider treats China-based companies as including companies that: (i) are incorporated in mainland China; (ii) have their headquarters in mainland China; or (iii) derive at least 50% of its revenue from goods produced or sold, or services performed, in mainland China. The Index Provider then removes securities that during the past year had a daily average trading value of less than \$1 million or a daily average market cap of less than \$1 billion. China Internet Companies include, but are not limited to, companies that develop and market Internet software and/or provide Internet services; manufacture home entertainment software and educational software for home use; provide retail or commercial services primarily through the Internet; and develop and market mobile Internet software and/or provide mobile Internet services. Constituents of the Underlying Index are ranked by free-float market capitalization in U.S. Dollars and then weighted so that no constituent weighting exceeds 10% at each rebalance. The Underlying Index is rebalanced and reconstituted semi-annually. Under normal circumstances, the Fund invests at least 80% of its total assets in equity securities of the Underlying Index and in depositary receipts representing such securities. The Fund may engage in securities lending. The Fund is classified as "non-diversified." During the most recent fiscal year, ended March 31, 2024, the Fund's portfolio turnover rate was 60% of the average value of its portfolio. The fund is listed on the NYSE exchange. Individual shares of the Fund are listed on the Cboe BZD. The Fund will only issue or redeem shares that have been aggregated into blocks of 50,000 shares or multiples thereof ("Creation Units") to Authorized Participants who have entered

into agreements with the Fund's distributor. The Fund expects to affect all of its creations and redemptions for cash, rather than in-kind securities, which may cause the Fund to sell a security and recognize a capital gain or loss that might not have been incurred if it had made redemption in-kind. The use of cash creations and redemptions may also cause the Fund's shares to trade in the market at wider bid-ask spreads or greater premiums or discounts to the Fund's NAV. Investments in Internet companies may be volatile. Internet companies are subject to intense competition, the risk of product obsolescence, changes in consumer preferences and legal, regulatory and political changes. The KraneShares ETFs are distributed by SEI Investments Distribution Company.

Invesco China Technology ETF – CQQQ: The Fund seeks to track the investment results (before fees and expenses) of the FTSE China Incl A 25% Technology Capped Index. The Fund generally will invest at least 90% of its total assets in the securities that comprise the Underlying Index. FTSE International Limited compiles, maintains, and calculates the Underlying Index. The Underlying Index is composed of securities of companies that the Index Provider has classified as being in the technology industry and that are constituents of the FTSE China Index and FTSE China A Stock Connect CNH Index. The Underlying Index may include China A-shares, B-shares, H-shares, N-shares, Red Chip shares, P-chip shares and S-chip shares. Underlying Index constituents are modified market capitalization weighted, further, each China A-Share constituent's investability weighting is reduced by 75% prior to calculating the security's weight. The Underlying Index is rebalanced quarterly after market close on the third Friday of March, June, September, and December. The Fund employs a "full replication" methodology in seeking to track the Underlying Index. The Fund is classified as "non-diversified". During the most recent fiscal year, ending October 31, 2023, the Fund's portfolio turnover rate was 58% of the average value of its portfolio. Individual Shares are listed for trading on the NYSE. The Fund issues and redeems Shares at NAV only with APs and only in creations units of 50,000 Shares or multiples thereof, generally in exchange for the deposit or delivery of a basket of securities. However, the Fund also reserves the right to permit or require Creation Units to be issued in exchange for cash. Companies in the technology sector may be adversely affected by the failure to obtain, or delays in obtaining, financing or regulatory approval, intense competition, both domestically and internationally, product compatibility, consumer preferences, corporate capital expenditure, rapid obsolescence and competition for the services of qualified personnel.

SPDR S&P China ETF – GXC: The Fund seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the S&P China BMI Index. The Index is a market capitalization weighted index designed to define and measure the investable universe of publicly traded companies domiciled in China available to foreign investors and also may include China A Shares. The Index component securities are a subset, based on region, of component securities included in the S&P Global BMI (Broad Market Index). The S&P Global BMI is a rules based index that measures global stock market performance. A country will be eligible for inclusion in the S&P Global BMI if it is classified as either a developed or emerging market by the S&P Global Equity Index Committee. Country classification is reviewed annually and determined based on quantitative criteria and feedback from market participants via a publicly available market consultation. All publicly listed companies with float-adjusted market capitalizations of at least \$100 million and sufficient liquidity based on 12-month median value traded ratio and 6-month median daily value traded are included for each country. Once included, all current constituents with float-adjusted market capitalizations of at least \$75 million and sufficient liquidity will remain in the S&P Global BMI for each country. The index is rebalanced quarterly and reconstituted annually in September. Under normal market conditions, the Fund generally invests substantially all, but at least 80%, of its total assets in the securities comprising the Index. Individual Shares are listed for trading on the NYSE. The Fund issues and redeems Shares at NAV only with APs and only in creations units of 50,000 Shares or multiples thereof. During the most recent fiscal year, ended September 30, 2023, the Fund's portfolio turnover rate was 15% of the average value of its portfolio. The fund is distributed by State Street Global Advisors Funds Distributors, LLC.

Xtrackers Harvest CSI 300 China A-Shares ETF – ASHR: The Fund seeks investment results that correspond generally to the performance, before fees and expenses, of the CSI 300 Index, which is designed to reflect the price fluctuation and performance of the China A-Share market and is composed of the 300 largest and most liquid stocks in the China A-Share market. The Underlying Index includes small-cap, mid-cap, and large-cap stocks. Harvest Global Investments Limited (the "Subadvisor" or "HGI") is a licensed RQFII and has been granted RQFII quota for the fund's investments. There is no guarantee that an application for additional quota will be granted or a filling for additional quota will not be revoked. . The fund may also invest in A-Shares listed and traded on the Shanghai Stock Exchange and Shenzhen Stock Exchange through Stock Connect. The fund will normally invest at least 80% of its total assets in securities of issuers that comprise the Underlying Index. The Subadvisor expects to use a full replication indexing strategy to seek to track the Underlying Index. The fund may become "non-diversified," as defined under the Investment Company Act of 1940. Individual Shares are listed on the NYSE. The fund will only issue or redeem shares that have been aggregated into blocks of 50,000 shares or multiples thereof ("Creation Units") to APs who have entered into agreements with ALPS Distributors, Inc. The Fund expects to affect all of its creations and redemptions for cash, rather than in-kind securities, which may cause the Fund to sell a security and recognize a capital gain or loss that might not have been incurred if it had made redemption in-kind. The use of cash creations and redemptions may also cause the Fund's shares to trade in the market at wider bid-ask spreads or greater premiums or discounts to the Fund's NAV. During the most recent fiscal year, ended May 31, 2023, the fund's portfolio turnover rate was 69% of the average value of its portfolio. The A-shares market can have a higher propensity for trading suspensions than many other global equity markets. Trading suspensions in certain stocks could lead to greater market execution risk, valuation risks, liquidity risks and costs for the Fund, and the creation and redemption of Creation Units (as defined below) may also be disrupted. Investing in A-Shares also bears additional tax risk, changes to PRC taxation policies could result in greater tax liabilities which would adversely affect the Fund's NAV. The fund is distributed by ALPS Distributors, Inc.

Global X MSCI China Consumer Discretionary ETF – CHIQ: The Fund seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI China Consumer Discretionary 10/50 Index, which tracks performance of companies in the MSCI China Index that are classified in the consumer discretionary sector, as defined by MSCI. The securities eligible for inclusion in the Underlying Index include H-Shares, B-Shares, Red Chips, P-Chips, A-Shares that are accessible through the Shanghai-Hong Kong and Shenzhen Hong Kong Stock Connect programs, and foreign listings such as ADRs. The Index is weighted according to each component's free-float adjusted market capitalization of the parent index, but is modified so that, as of the rebalance date, rebalance date, no group entity (defined by the Index Provider as companies with a controlling stake owned by one entity) constitutes more than 10% of the Underlying Index and so that, in the aggregate, the individual group entities that would represent more than 5% of the Underlying Index represent no more than 50% of the Underlying Index ("10/50 Cap"). The Underlying Index is reconstituted and re-weighted quarterly. The Underlying Index may include large- and mid-capitalization companies. The Fund invests at least 80% of its total assets in the securities of the Underlying Index. The Fund is classified as "non-diversified." During the most recent fiscal year, ended October 31, 2023, the Fund's portfolio turnover rate was 15.93% of the average value of its portfolio. Individual Shares are listed on the NYSE. The fund will only issue or redeem shares that have been aggregated into blocks of 50,000 shares or multiples thereof ("Creation Units") to APs who have entered into agreements with the Fund's distributor. The fund is distributed by SEI Investments Distribution Co.

Glossary

Basis point (bp): 1/100th of 1 percent. **Beta:** A measure of the volatility of a security or a portfolio in comparison to a benchmark. In general, a beta less than 1 indicates that the investment is less volatile than the benchmark, while a beta more than 1 indicates that the investment is more volatile than the benchmark. **Constituent:** Refers to a company or stock that belongs to a bigger index. **Emerging market (EM):** Characterized by greater market access and less potential for operational risks when compared to frontier markets, which leads to a larger base of potentially eligible investors. **Estimated Price-to-earnings (P/E):** Share price divided by estimated 12-month earnings per share. Lower numbers indicate an ability to access greater amounts of estimated 12-month earnings per dollar invested. **Fundamentals:** Attributes related to a company's actual operations and production as opposed to changes in share price. **Global Standards Screening (GSS):** Assesses companies' impact on stakeholders and the extent to which a company causes, contributes or is linked to violations of international norms and standards. **Market Capitalization:** Market cap = share prices x number of shares outstanding. Firms with the highest values receive the highest weights in approaches designed to weight firms by market cap. **MSCI China Index:** A free float-adjusted, market capitalization-weighted equity index designed to measure the performance of the Chinese equity market. **PEG ratio:** A stock's price-to-earnings ratio divided by the growth rate of its earning. **Price-to-sales ratio:** Share price divided by per share revenue. **Return on assets (ROA):** Firm profits (after accounting for all expenses) divided by the firm's total assets. Higher numbers indicate greater profits relative to the level of assets utilized to generate them. **Return on equity (ROE):** Measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Sharpe ratio:** Measure of risk-adjusted return. Higher values indicate greater return per unit of risk, specifically standard deviation, which is viewed as being desirable. **Size capitalization:** A measure by which a company's size is classified. Large caps are usually classified as companies that have a market cap over \$10 billion. Mid-caps range from \$2 billion to \$10 billion. Small caps are typically new or relatively young companies and have a market cap between \$200 million and \$2 billion. **Standard deviation:** A measure of how widely an investment or investment strategy's returns move relative to its average returns for an observed period. A higher value implies more "risk", in that there is more of a chance the actual return observed is farther away from the average return. **State-owned enterprises (SOEs):** SOEs are defined as firms that have more than 20% of their shares owned by government entities. Non-SOEs are defined as firms that have less than 20% of their shares owned by government entities. **United Nations Global Compact Principle:** A non-binding United Nations pact to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. **WisdomTree China ex-State-Owned Enterprises Index:** The WisdomTree China ex-State-Owned Enterprises Index measures the performance of Chinese 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 which means that the share amounts used in calculating the Index reflect only shares available to investors. The Index was established with a base value of 200 on March 31, 2015 and is calculated in US dollars and is updated to reflect market prices and exchange rates. Closing or last-sale prices are used when non-U.S. markets are closed.

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