

**KRANESHARES TRUST**

**KraneShares CSI New China ETF**

**Supplement dated June 1, 2016 to the currently effective Statutory Prospectus and Summary Prospectus for the KraneShares CSI New China ETF, as supplemented**

**This supplement provides new and additional information beyond that contained in the currently effective Statutory Prospectus and Summary Prospectus (each, a “Prospectus” and together, the “Prospectuses”) listed above and should be read in conjunction with the Prospectuses.**

**IMPORTANT NOTICE REGARDING CHANGE IN INVESTMENT POLICY**

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As of June 1, 2016, the benchmark of the KraneShares CSI New China ETF (the “Fund”) changed from the CSI Overseas China Five-Year Plan Index to the Zacks New China Index. The Fund’s name also changed from the KraneShares CSI New China ETF to the KraneShares Zacks New China ETF. For additional information on these changes, please refer to the supplement to the Fund’s Prospectuses filed with the U.S. Securities and Exchange Commission via EDGAR Accession No. 0001144204-16-089573 on March 22, 2016.

**PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE.**

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# KRANESHARES TRUST

## KraneShares CSI New China ETF

### Supplement dated March 22, 2016 to the currently effective Statutory Prospectus and Summary Prospectus for the KraneShares CSI New China ETF, as supplemented

**This supplement provides new and additional information beyond that contained in the currently effective Statutory Prospectus and Summary Prospectus (each, a “Prospectus” and together, the “Prospectuses”) listed above and should be read in conjunction with the Prospectuses.**

#### IMPORTANT NOTICE REGARDING CHANGE IN INVESTMENT POLICY

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Effective on or about May 23, 2016, the KraneShares CSI New China ETF’s (“Fund”) current benchmark will change from the CSI Overseas China Five-Year Plan Index to the Zacks New China Index. In addition, the Fund’s name will change from the KraneShares CSI New China ETF to the KraneShares Zacks New China ETF. Accordingly, the following changes will apply to the Prospectuses as of or about May 23, 2016:

- All references in the Prospectuses to the “KraneShares CSI New China ETF” are hereby changed to the “KraneShares Zacks New China ETF.”
- In the Fund Summary section of the Prospectuses, the disclosure included under the “Investment Objective” heading is deleted in its entirety and replaced with the following:

The KraneShares Zacks New China ETF (the “Fund”) seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of a specific foreign equity securities benchmark. The Fund’s current benchmark is the Zacks New China Index (the “Underlying Index”).

- In the Fund Summary section of the Prospectuses, the disclosure included under the “Principal Investment Strategies of the Fund” heading is deleted in its entirety and replaced with the following:

Under normal circumstances, the Fund will invest at least 80% of its total assets in securities of the Underlying Index or in depositary receipts representing securities of the Underlying Index. The Underlying Index takes a smart-beta approach to provide exposure to companies listed in Mainland China, Hong Kong and the United States whose primary business or businesses the index sponsor, Zacks Index Services (“Zacks”), has determined are important in the current Five-Year Plan (“Plan”) of the central Chinese government. Zacks evaluates the sectors it expects to benefit from the Plan and then ranks the stocks within each sector based on various investment factors, including price, cash flow, free cash flow, momentum and volatility. Based on the foregoing, the top 40 stocks will be included in the Underlying Index. As of each rebalance date, the top 10 largest capitalization stocks included in the Underlying Index typically will represent approximately 3.75% of the Underlying Index each, the middle 20 capitalization stocks will represent approximately 2.5% of the Underlying Index each, and the smallest 10 capitalization stocks will represent approximately 1.25% of the Underlying Index each. In addition, as of the rebalance date, no sector will represent more than 40% of the Underlying Index. The Underlying Index will be rebalanced annually.

The Fund principally expects to obtain exposure to China A-Share components of the Underlying Index by investing through the Shanghai-Hong Kong Stock Connect program or a similar program, such as the Shenzhen-Hong Kong Stock Connect program.

The Plan is a series of development initiatives that have been released by the Chinese government every five years since 1953. The Plan outlines the government’s goals for, among other things, social and economic growth and industrial planning in key sectors and regions. For example, the central Chinese government is expected to release the Thirteenth Five Year Plan (2016-2020) in March 2016. The Thirteenth Five Year Plan

is expected to emphasize improving the livelihood of Chinese citizens, health care, technology, the environment, more competitive markets, agriculture, the military and education.

In creating the Underlying Index, Zacks seeks to identify component securities of Chinese companies that it believes will benefit from the areas of focus in the Plan based on a smart-beta approach. The definition of Chinese companies includes companies incorporated in China, companies with a majority of their business in China, companies headquartered in China, companies directly or indirectly controlled by an entity owned by a Chinese central, provincial or municipal government and companies listed for trading in Hong Kong with significant operations in China. As of March 17, 2016, there were 587 securities in the Underlying Index universe that are eligible for inclusion in the Underlying Index. As of March 17, 2016, the Underlying Index included 40 securities of companies with a market capitalization range of \$424 million to \$182 billion and a weighted average market capitalization of \$45 billion.

The Fund employs a “passive management” investment strategy in seeking to achieve its investment objective. The Fund generally will use a replication methodology, meaning it will invest in all of the securities comprising the Underlying Index in proportion to the weightings in the Underlying Index. However, the Fund may utilize a representative sampling methodology under various circumstances.

The Fund will concentrate its investments (*i.e.*, hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the Underlying Index is so concentrated. The Fund is non-diversified.

Zacks is independent of the Fund, the Fund’s investment adviser, Krane Funds Advisors LLC (the “Adviser”). Zacks determines the components and the relative weightings of the securities in the Underlying Index.

- The following disclosures are added to the Fund Summary section of the Prospectuses under the “Principal Risks” heading:

**A-Shares Risk.** Investments in A-Shares are heavily regulated and the recoupment and repatriation of assets invested in A-Shares is subject to restrictions by the Chinese government. A-Shares may be subject to frequent and widespread trading halts and may become illiquid. This could cause volatility in the Fund’s share price and subject the Fund to a greater risk of trading halts.

*Custody Risks.* A-Shares may not be as well protected as they would be if it were possible for them to be registered and held solely in the name of the Fund. There is a risk that creditors of the entity holding the A-Shares may pursue the Fund’s A-Shares and that regulatory actions may affect the Fund.

*Tax Risk.* Per a circular (Caishui [2014] 79), the Fund is expected to be temporarily exempt from the Chinese withholding tax (“WHT”) on capital gains on trading in A-Shares as of November 17, 2014. There is no indication as to how long the temporary exemption will remain in effect. Accordingly, the Fund may be subject to such taxes in the future. If Krane expects such WHT on trading in A-Shares to be imposed, Krane reserves the right to establish a reserve for such tax. If the Fund establishes such a reserve but is not ultimately subject to the tax, shareholders who redeemed or sold their shares while the reserve was in place will effectively bear the tax and may not benefit from the later release, if any, of the reserve. Conversely, if the Fund does not establish such a reserve but ultimately is subject to the tax, shareholders who redeemed or sold their shares prior to the tax being withheld, reserved or paid will have effectively avoided the tax, even if they benefited from the trading that precipitated the Fund’s payment of it.

The WHT on dividends and interest, if any, is normally withheld by the Fund’s custodian bank. To the extent such WHT was not withheld by the Fund’s custodian bank, however, Krane has made or would generally need to make relevant provision for the tax on dividends from A-Shares and any relevant interest.

**Focused Portfolio Risk.** Changes in the value of a small number of issuers are likely to have a larger impact on a Fund's net asset value than if the Fund held a greater number of issuers.

**Shanghai-Hong Kong Stock Connect Program Risk.** The Shanghai-Hong Kong Stock Connect program is subject to daily and aggregate quota limitations, and an investor cannot purchase and sell the same security on the same trading day, which may restrict the Fund's ability to invest in A-Shares through the program and to enter into or exit trades on a timely basis. The Shanghai market may be open at a time when the Shanghai-Hong Kong Stock Connect program is not active, with the result that prices of A-Shares may fluctuate at times when the Fund is unable to add to or exit its positions. Because the Shanghai-Hong Kong Stock Connect program is new, the actual effect on the market for trading A-Shares with the introduction of large numbers of foreign investors is unknown. Further, regulations or restrictions, such as limitations on redemptions or suspension of trading, may adversely impact the program. There is no guarantee that the Shanghai and Hong Kong Stock Exchanges will continue to support the Shanghai-Hong Kong Stock Connect program in the future.

Any future stock connect program, such as the Shenzhen-Hong Kong Stock Connect program, would be subject to similar risks.

**Small and Medium Capitalization Company Risk.** Investing in securities of small and medium capitalization companies involves greater risk than customarily is associated with investing in larger, more established companies. These companies' securities may be more volatile and less liquid than those of more established companies, and they may be more sensitive to market conditions.

- In the Statutory Prospectus, the second and third paragraphs under the “Additional Information About the Fund - Additional Investment Objective, Principal Investment Strategies, Underlying Index, and Principal Risks Information - Principal Investment Strategies” heading are deleted in their entirety and replaced with the following:

Under normal circumstances, the Fund will invest at least 80% of its total assets in securities of its Underlying Index or in depositary receipts representing securities of the Underlying Index. The Fund may change its 80% investment policies and Underlying Index without shareholder approval, but will provide shareholders 60 days' prior notice of such change.

The Fund employs a “passive management” investment strategy in seeking to achieve its investment objective. The Fund generally will use a replication methodology, meaning it will invest in all of the securities comprising the Underlying Index in proportion to the weightings in the Underlying Index. However, the Fund may utilize a representative sampling methodology under various circumstances, including when it may not be possible or practicable to purchase all of the securities in the Underlying Index. Representative sampling is an indexing strategy that generally involves investing in a representative sample of securities that has an investment profile similar to the Underlying Index. The Fund does not engage in temporary defensive investing, keeping the Fund's assets fully invested in all market environments. As a result, the Fund may be more vulnerable to adverse market movements than a fund that engages in temporary defensive investing strategies.

- In the Statutory Prospectus, the disclosure included under the “Additional Information About the Fund - Additional Information Regarding the Underlying Index” heading is deleted in its entirety and replaced with the following:

Additional information regarding the Fund's Underlying Index is provided below. The Adviser may sell securities that are represented in the Underlying Index or purchase securities not yet represented in the Underlying Index in anticipation of their removal from or addition to the Underlying Index. There also may be instances in which the Adviser may choose to overweight securities in the Underlying Index or purchase or sell securities not included in the Underlying Index which the Adviser believes are appropriate to substitute for certain securities in the Underlying Index or utilize various combinations of other available investment techniques in seeking to track the Underlying Index.

### The Zacks New China Index

The Underlying Index takes a smart-beta approach to provide focused exposure to companies listed in Mainland China, Hong Kong and the United States whose primary business or businesses the index sponsor, Zacks Index Services (“Zacks”), has determined are important in the current Five-Year Plan (“Plan”) of the central Chinese government. The Plan is a series of development initiatives that have been released by the Chinese government every five years since 1953. The Plan outlines the government’s goals for, among other things, social and economic growth and industrial planning in key sectors and regions. For example, the central Chinese government is expected to release the Thirteenth Five Year Plan (2016-2020) in March 2016. The Twelfth Five Year Plan (2011-2015) focused on several areas including, increasing domestic consumption, modernizing agriculture through mechanization and improvement of agricultural service businesses, encouraging stable urbanization, promoting energy saving and environmental protection and encouraging domestic technological innovation. The Thirteenth Five Year Plan is expected to emphasize improving the livelihood of Chinese citizens, health care, technology, the environment, more competitive markets, agriculture, the military and education.

Zacks evaluates the sectors it expects to benefit from the Plan and then ranks the stocks within each sector based on various investment factors, including price, cash flow, free cash flow, momentum and volatility. Momentum will be measured based on total returns over the three months prior to the rebalancing of the Underlying Index and volatility will be measured by analyzing the standard deviation of total returns for each month during the six months prior to the rebalancing of the Underlying Index. Based on the foregoing analyses, the top 40 stocks will be included in the Underlying Index. As of each rebalance date, the top 10 largest capitalization stocks included in the Underlying Index typically will represent approximately 3.75% of the Underlying Index each, the middle 20 capitalization stocks will represent approximately 2.5% of the Underlying Index each, and the smallest 10 capitalization stocks will represent approximately 1.25% of the Underlying Index each. In addition, as of the rebalance date, no sector will represent more than 40% of the Underlying Index. The Underlying Index will be rebalanced annually.

The Fund principally expects to obtain exposure to China A-Share components of the Underlying Index by investing through the Shanghai-Hong Kong Stock Connect program or a similar program, such as the Shenzhen-Hong Kong Stock Connect program.

In creating the Underlying Index, Zacks seeks to identify component securities of Chinese companies that it believes will benefit from the areas of focus in the Plan based on a smart-beta approach. The definition of Chinese companies includes companies incorporated in China, companies with a majority of their business in China, companies headquartered in China, companies directly or indirectly controlled by an entity owned by a Chinese central, provincial or municipal government and companies listed for trading in Hong Kong with significant operations in China. As of March 17, 2016, there were 587 securities in the Underlying Index universe that are eligible for inclusion in the Underlying Index. As of March 17, 2016, the Underlying Index included 40 securities of companies with a market capitalization range of \$424 million to \$182 billion and a weighted average market capitalization of \$45 billion.

The Underlying Index was created and is maintained by Zacks. Zacks is independent of the Fund and the Adviser. Zacks determines the components and the relative weightings of the component securities in the Underlying Index.

- In the Statutory Prospectus, the third paragraph under the “Additional Investment Strategies” heading is moved to under the “Additional Information About the Fund - Principal Investment Strategies” heading and the following is added after the paragraph titled “A-Shares”:

The trading volatility of A-Shares could cause volatility in the Fund’s share price and subject the Fund to a greater risk of trading halts.

*Custody Risks.* A-Shares may not be as well protected as they would be if it were possible for them to be registered and held solely in the name of the Fund. There is a risk that creditors of the entity holding the A-Shares may pursue the Fund's A-Shares and that regulatory actions may affect the Fund.

*Tax Risk.* Per a circular (Caishui [2014] 79), the Fund is expected to be temporarily exempt from the Chinese withholding tax ("WHT") on capital gains on trading in A-Shares as of November 17, 2014. There is no indication as to how long the temporary exemption will remain in effect. Accordingly, the Fund may be subject to such taxes in the future. If Krane expects such WHT on trading in A-Shares to be imposed, Krane reserves the right to establish a reserve for such tax. If the Fund establishes such a reserve but is not ultimately subject to the tax, shareholders who redeemed or sold their shares while the reserve was in place will effectively bear the tax and may not benefit from the later release, if any, of the reserve. Conversely, if the Fund does not establish such a reserve but ultimately is subject to the tax, shareholders who redeemed or sold their shares prior to the tax being withheld, reserved or paid will have effectively avoided the tax, even if they benefited from the trading that precipitated the Fund's payment of it.

The WHT on dividends and interest, if any, is normally withheld by the Fund's custodian bank. To the extent such WHT was not withheld by the Fund's custodian bank, however, Krane has made or would generally need to make relevant provision for the tax on dividends from A-Shares and any relevant interest.

- In the Statutory Prospectus, the first, third, and fourth paragraphs under the "Additional Risks" heading are moved to under the "Additional Information About the Fund - Principal Risks of Investing in the Fund" heading.
- The following disclosure is added to the Statutory Prospectus under the "Additional Information About the Fund - Principal Risks of Investing in the Fund" heading:

**Focused Portfolio Risk.** Changes in the value of a small number of issuers are likely to have a larger impact on a Fund's net asset value than if the Fund held a greater number of issuers.

**Small and Medium Capitalization Company Risk.** Investing in securities of small and medium capitalization companies involves greater risk than customarily is associated with investing in larger, more established companies. These companies' securities may be more volatile and less liquid than those of more established companies. These securities may have returns that vary, sometimes significantly, from the overall securities market. Small and medium capitalization companies are sometimes more dependent on key personnel or limited product lines than larger, more diversified companies. Often, small and medium capitalization companies and the industries in which they focus are still evolving and, as a result, they may be more sensitive to changing market conditions.

- In the Statutory Prospectus, the disclosure included under the "Index Provider Information" heading is deleted in its entirety and replaced with the following:

Zacks Index Services is the index provider for the Fund. Zacks Index Services, a division of Zacks Investment Management ("ZIM"), creates and maintains proprietary, quantitative portfolio strategies that are licensed to product sponsors and serve as the basis of investment products such as exchange-traded funds, unit investment trusts and closed-end funds. ZIM, a wealth management boutique, is a leading expert on earnings and using earnings estimates in the investment process. ZIM is a wholly owned subsidiary of Zacks Investment Research, one of the largest providers of independent research in the U.S. The Index Provider is not affiliated with the Trust, the Adviser or the Distributor.

Zacks Index Services has entered into a license agreement with the Adviser (the "License Agreement") to provide for the use by the Adviser of the names of the Index Provider and Underlying Index and certain related intellectual property in connection with the Underlying Index. The Adviser is sub-licensing rights to the Underlying Index to the Fund at no charge (the "Sublicense Agreement"). Pursuant to the Sublicense

Agreement, the use of the Underlying Index by the Adviser is subject to the terms of the License Agreement, which impose certain limitations and conditions on the Adviser's ability to use the Underlying Index.

The Fund does not pay a separate licensing fee to use the Underlying Index.

The Fund is neither sponsored nor promoted, distributed or in any other manner supported by Zacks. The Underlying Index is compiled and calculated by Zacks. Zacks will apply all necessary means to ensure the accuracy of the Underlying Index. However, Zacks shall not be liable (whether in negligence or otherwise) to any person for any error in the Underlying Index and Zacks is not under any obligation to advise any person of any error therein. All copyrights in the Underlying Index values and constituent lists vest in Zacks. Neither the publication of the Underlying Index by Zacks nor the granting of a license of rights relating to the Underlying Index or to the Index Trademark for the utilization in connection with the Fund, represents a recommendation by Zacks for a capital investment or contains in any manner a warranty or opinion by Zacks with respect to the attractiveness of an investment in the Fund.

The Adviser and the Fund make no representation or warranty, express or implied, to the owners of shares of the Fund or any members of the public regarding the advisability of investing in securities generally or in the Fund particularly.

Effective immediately:

- All references in the Statutory Prospectus to "1350 Avenue of the Americas, 2nd Floor, New York, New York 10019" are hereby replaced with "1270 Avenue of the Americas, 22nd Floor, New York, New York 10020."

**PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE.**

KRS-SK-015-0100

## KRANESHARES TRUST

**KraneShares Dow Jones China Select Dividend ETF**  
**KraneShares CSI New China ETF**  
**KraneShares CSI China Internet ETF**  
**KraneShares CSI China Consumer Discretionary ETF**  
**KraneShares CSI China Consumer Staples ETF**  
**KraneShares CSI China Urbanization ETF**  
**KraneShares FTSE Emerging Markets Plus ETF**  
(collectively, the “Funds”)

**Supplement dated December 10, 2015 to the  
Summary Prospectus and Statutory Prospectus (each, a “Prospectus”  
and together, the “Prospectuses”) for each Fund**

**This supplement provides new and additional information beyond that contained in the currently effective Prospectuses listed above and should be read in conjunction with the Prospectuses.**

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On December 1, 2015, the sub-advisory agreement between Krane Funds Advisors, LLC (“Krane”), the adviser to each Fund, and Index Management Solutions, LLC (“IMS”), the sub-adviser to each Fund, terminated. Accordingly, IMS ceased providing, and Krane commenced providing, day-to-day portfolio management services to the Funds. Therefore, the following changes apply to the Prospectuses.

1. All references to Index Management Solutions, LLC and the Sub-Adviser in the Prospectuses are deleted in their entirety.
2. In the “Fund Summary” section of the Prospectuses, the “Portfolio Managers” sub-section is deleted in its entirety and replaced with the following:

**Portfolio Manager**

Mark Schlarbaum, Managing Partner of the Adviser, has had primary responsibility for trading the Fund’s portfolio securities since December 2015.

3. In the “Management” section of the Statutory Prospectuses, the “Portfolio Managers” sub-section is deleted in its entirety and replaced with the following:

**Portfolio Manager**

Mark Schlarbaum, Managing Partner of Krane, has had primary responsibility for trading the Fund’s portfolio securities since December 2015. He joined Krane in April 2015 and has over 23 years of experience in the investment management industry. Previously, he was vice president of equity trading at T. Rowe Price (1997-2003); co-founder of Schlarbaum Capital Management (2002-2006); head equity trader at Global Capital Management (2007-2009); managing director of Palliser Bay (2009-2014); and principal business developer at Trident



Distribution Partners (2014-2015). Mr. Schlarbaum graduated with a bachelor's degree in psychology and economics from Purdue University.

Additional information about the Portfolio Manager's compensation, other accounts managed by the Portfolio Manager, and the Portfolio Manager's ownership of Fund shares is available in the SAI.

4. In the "Additional Information" section of the Statutory Prospectuses, the third paragraph is deleted in its entirety and replaced with the following:

***No one has been authorized to give any information or to make any representations not contained in this Prospectus or in the Fund's SAI in connection with the offering of Fund shares. Do not rely on any such information or representations as having been authorized by the Fund or the Adviser. This Prospectus does not constitute an offering by the Fund in any jurisdiction where such an offering is not lawful.***

***The Trust enters into contractual arrangements with various parties, including among others, the Fund's investment adviser, sub-adviser(s) (if applicable), distributor, custodian, and transfer agent who provide services to the Fund. Shareholders are not parties to any such contractual arrangements or intended beneficiaries of those contractual arrangements, and those contractual arrangements are not intended to create in any shareholder any right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the Trust.***

***This prospectus provides information concerning the Fund that you should consider in determining whether to purchase Fund shares. Neither this prospectus nor the SAI is intended, or should be read, to be or give rise to an agreement or contract between the Trust or the Fund and any investor, or to give rise to any rights in any shareholder or other person other than any rights under federal or state law that may not be waived.***



## KRANESHARES TRUST

### **KraneShares CSI New China ETF** (formerly, KraneShares CSI China Five Year Plan ETF)

Summary Prospectus | August 1, 2015

Principal Listing Exchange for the Fund: NYSE Arca, Inc. | Ticker Symbol: KFYP

**Before you invest, you may want to review the Fund's Prospectus, which contains more information about the Fund and its risks. You can find the Fund's Prospectus and other information about the Fund online at [www.kraneshares.com](http://www.kraneshares.com). You can also get this information at no cost by calling 1-855-857-2638, by sending an e-mail request to [KraneFunds@seic.com](mailto:KraneFunds@seic.com) or by asking any financial intermediary that offers shares of the Fund. The Fund's Prospectus and Statement of Additional Information, each dated August 1, 2015, and as each may be amended or supplemented from time to time, are incorporated by reference into this Summary Prospectus and may be obtained, free of charge, at the website, phone number or email address noted above.**

## KraneShares CSI New China ETF (formerly, KraneShares CSI China Five Year Plan ETF)

### Investment Objective

The KraneShares CSI New China ETF (the “Fund”) seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of a specific foreign equity securities benchmark. The Fund’s current benchmark is the CSI Overseas China Five-Year Plan Index (the “Underlying Index”).

### Fees and Expenses of the Fund

The following table describes the fees and expenses you may pay if you buy and hold shares of the Fund. The table below does not include the brokerage commissions that you may pay when purchasing or selling shares of the Fund.

<b>Shareholder Fees</b> (fees paid directly from your investment) . . . . .	None
<b>Annual Fund Operating Expenses</b> (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees . . . . .	0.68%
Distribution and/or Service (12b-1) Fees* . . . . .	0.00%
Other Expenses . . . . .	0.03%
<b>Total Annual Fund Operating Expenses</b> . . . . .	<b>0.71%</b>

\* Pursuant to a Distribution Plan, the Fund may bear a Rule 12b-1 fee not to exceed 0.25% per year of the Fund’s average daily net assets. However, no such fee is currently paid by the Fund, and the Board of Trustees has not currently approved the commencement of any payments under the Distribution Plan.

### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same. This Example does not reflect any brokerage commissions that you may pay on purchases and sales of Fund shares. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$73	\$227	\$395	\$883

### Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in Annual Fund Operating Expenses or in the Example, affect the Fund’s performance. For the fiscal year ended March 31, 2015, the Fund’s portfolio turnover rate was 36% of the average value of its portfolio. This rate excludes the value of portfolio securities received or delivered as a result of in-kind creations or redemptions of the Fund’s shares.

### Principal Investment Strategies

Under normal circumstances, the Fund will invest at least 80% of its total assets in securities of the Underlying Index or in depositary receipts representing securities of the Underlying Index. The Underlying Index is designed to measure the performance of the investable universe of publicly traded China-based companies whose primary business or businesses the index sponsor, China Securities Index Co., Ltd (“CSI”), has determined will be important in the Five-Year Plan (as defined below) of the Chinese government (“China Five Year Plan Companies”). A China-based company is a company that meets at least one of the following criteria: (i) is incorporated in mainland China; (ii) has its headquarters in mainland China or (iii) derives at least 50% of its revenue from goods produced or sold, or services performed, in mainland China. The Five-Year Plan is a series of development initiatives that have been released by the Chinese government every five years since 1953. The Five Year Plan outlines the government’s goals for, among other things, social and economic growth and industrial planning in key sectors and regions. For example, the most recently released Five Year Plan, the

## KraneShares CSI New China ETF (formerly, KraneShares CSI China Five Year Plan ETF)

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Twelfth Five Year Plan (2011 – 2015), has proposed a focus on several areas including, but not limited to, increasing domestic consumption; modernizing agriculture through mechanization and improvement of agricultural service businesses; encouraging stable urbanization; promoting energy saving and environmental protection; and encouraging domestic technological innovation. In creating the Underlying Index, CSI seeks to identify component securities of companies that it believes will benefit from the areas of focus in the Plan. There are over 900 securities in the Underlying Index universe that are eligible for inclusion in the Underlying Index. Underlying Index components include securities of companies in various sectors including, but not limited to healthcare, IT/Internet, autos, industrial, machinery, materials, agriculture thematic, low carbon thematic (including alternative energy), high-end equipment manufacturing, transportation, consumption and technology, media and telecommunications industries. Under normal circumstances, the Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in securities of China Five Year Plan Companies.

The Fund employs a “passive management” investment strategy in seeking to achieve its investment objective. The Fund generally will use a replication methodology, meaning it will invest in all of the securities comprising the Underlying Index in proportion to the weightings in the Underlying Index. However, the Fund may utilize a representative sampling methodology under various circumstances where it may not be possible or practicable to purchase all of the securities in the Underlying Index. Representative sampling is an indexing strategy that generally involves investing in a representative sample of securities that has an investment profile similar to the Underlying Index.

The Fund will concentrate its investments (*i.e.*, hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the Underlying Index is so concentrated. The Fund is non-diversified.

CSI is independent of the Fund, the Fund’s investment adviser, Krane Funds Advisors LLC (the “Adviser”), and the Fund’s sub-adviser, Index Management Solutions, LLC (the “Sub-Adviser”). CSI determines the components and the relative weightings of the securities in the Underlying Index.

### Principal Risks

As with all exchange traded funds (“ETFs”), a shareholder of the Fund is subject to the risk that his or her investment could lose money. The Fund may not achieve its investment objective and an investment in the Fund is not by itself a complete or balanced investment program. An investment in the Fund is not a deposit with a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. In addition to this risk, the Fund is subject to a number of additional risks that may affect the value of its shares, including:

**Authorized Participants Concentration Risk.** The Fund has a limited number of financial institutions that may act as Authorized Participants. To the extent they cannot or are otherwise unwilling to engage in creation and redemption transactions with the Fund and no other Authorized Participant steps in, shares of the Fund may trade like closed-end fund shares at a significant discount to net asset value and may face delisting from the Exchange.

**Concentration Risk.** To the extent the Fund’s assets are concentrated in a particular industry or group of industries (because the Underlying Index is concentrated in that industry or group of industries), the Fund will be susceptible to loss due to adverse occurrences affecting that industry or group of industries to a greater extent than if the Fund’s assets were invested in a wider variety of industries.

*Technology Sector Risk.* The value of stocks of technology companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, government regulation and competition, both domestically and internationally, including competition from competitors with lower production costs. Technology companies and companies that rely heavily on technology, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market.

**Currency Risk.** The Fund’s NAV is determined on the basis of the U.S. dollar, therefore, the Fund may lose value if the local currency of a foreign market depreciates against the U.S. dollar, even if the local currency value of the Fund’s holdings goes up.

**Depositary Receipt Risk.** The Fund may hold the securities of Chinese and other non-U.S. companies in the form of depositary receipts, including ADRs. The underlying securities of the depositary receipts in the Fund’s

## KraneShares CSI New China ETF (formerly, KraneShares CSI China Five Year Plan ETF)

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portfolio are subject to fluctuations in foreign currency exchange rates that may affect the value of the Fund's portfolio. In addition, the value of the securities underlying the depositary receipts may change materially when the U.S. markets are not open for trading, which will affect the value of the depositary receipts. Like direct investments in foreign securities, investments in depositary receipts involve political and economic risks distinct from those associated with investing in the securities of U.S. issuers.

**Emerging Markets Risk.** The Fund's investments in emerging markets are subject to greater risk of loss than investments in developed markets. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, greater risk of market shutdown and more governmental limitations on foreign investments than typically found in developed markets.

**Equity Securities Risk.** An investment in the Fund involves risks similar to those of investing in any fund holding equity securities, such as market fluctuations, changes in interest rates and perceived trends in stock prices. Equity securities are subject to volatile changes in value and their values may be more volatile than other asset classes.

**Foreign Securities Risk.** Investments in securities of non-U.S. issuers involve certain risks that may not be present with investments in securities of U.S. issuers, such as risk of loss due to foreign currency fluctuations or to political or economic instability. There may be less information publicly available about non-U.S. issuers. Non-U.S. issuers may also be subject to different accounting, auditing, financial reporting and investor protection standards than U.S. issuers. Specifically, issuers in China are subject to less stringent requirements regarding accounting, auditing, financial reporting and record keeping than are issuers in more developed markets, and therefore, all material information may not be available or reliable. Investments in foreign securities may be less liquid than investments in U.S. securities.

Additionally, the securities markets in China have a limited operating history and are not as developed as those in the U.S. A small number of issuers may represent a large portion of the China market as a whole, and prices for securities of these issuers may be very sensitive to adverse political, economic, or regulatory developments in China and other Asian countries, and may experience significant losses in such conditions. The value of Chinese currencies may also vary significantly relative to the U.S. dollar, affecting the Fund's investments.

Income from securities of non-U.S. issuers, including, in the case of Chinese issuers, gains on the sale of such securities, may be subject to foreign taxes. Even if the Fund qualifies to pass these taxes through to shareholders, your ability to claim a credit for such taxes may be limited, particularly in the case of taxes on capital gains.

**Geographic Focus Risk.** The Fund's investments are focused in China and Hong Kong, and therefore the Fund will be susceptible to adverse market, political, regulatory, and geographic events affecting those regions.

*China.* The Chinese economy is generally considered an emerging market and can be significantly affected by economic and political conditions and policy in China and surrounding Asian countries. In addition, the Chinese economy is export-driven and highly reliant on trade. A downturn in the economies of China's primary trading partners could slow or eliminate the growth of the Chinese economy and adversely impact the Fund's investments. The Chinese government strictly regulates the payment of foreign currency denominated obligations and sets monetary policy, and may introduce new laws and regulations that have an adverse effect on the Fund. Although China has begun the process of privatizing certain sectors of its economy, privatized entities may lose money and/or be re-nationalized. Accordingly, an investment in the Fund involves a risk of total loss. In the Chinese securities markets, a small number of issuers may represent a large portion of the entire market. The Chinese securities markets are characterized by relatively frequent trading halts and low trading volume, resulting in substantially less liquidity and greater price volatility.

*Hong Kong.* The economy of Hong Kong has few natural resources and any fluctuation or shortage in the commodity markets could have a significant adverse effect on the Hong Kong economy. Hong Kong is also heavily dependent on international trade and finance. Additionally, the continuation of current political, economic, legal and social policies of Hong Kong is dependent on and subject to the control of the Chinese government.

**International Closed Market Trading Risk.** Because the Fund's underlying securities trade on markets that may be closed when the Exchange is open, there are likely to be deviations between current pricing of an

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underlying security and stale pricing resulting in the Fund trading at a discount or premium to net asset value that may be greater than those incurred by other exchange-traded funds.

**Large-Capitalization Risk.** Returns on investments in securities of large companies could trail the returns on investments in securities of smaller and mid-sized companies.

**Management Risk.** Because the Fund may not fully replicate the Underlying Index and may hold less than the total number of securities in the Underlying Index, the Fund is subject to management risk. This is the risk that the Sub-Adviser's security selection process, which is subject to a number of constraints, may not produce the intended results.

**Market Risk.** The values of securities in the Underlying Index could decline generally or could underperform other investments. In addition, there is a risk that policy changes by the U.S. Government, Federal Reserve and/or other government actors, such as increasing interest rates, could cause increased volatility in global financial markets and higher levels of Fund redemptions, which could have a negative impact on the Fund.

**Non-Diversified Fund Risk.** Because the Fund is non-diversified and can invest a greater portion of its assets in securities of individual issuers than a diversified fund, changes in the market value of a single issuer could cause greater fluctuations in the Fund's share price than would occur in a diversified fund. This may increase the Fund's volatility and cause the performance of a relatively small number of issuers to have a greater impact on the Fund's performance.

**Passive Investment Risk.** The Fund is not actively managed and therefore may not sell an equity security due to current or projected underperformance of a security, industry or sector. To the extent the Fund uses a representative sampling approach, it may result in it holding a smaller number of securities than are in the Underlying Index. As a result, an adverse development to an issuer of securities that the Fund holds could result in a greater decline in NAV than would be the case if the Fund held more of the securities in the Underlying Index.

**Privatization Risk.** China has begun a process of privatizing certain entities and industries. Privatized entities may lose money or be re-nationalized.

**Reliance on Trading Partners Risk.** The Fund invests in an economy that is heavily dependent upon trading with key partners, such as the United States, Japan and countries in the European Union. Any reduction in this trading may cause an adverse impact on the economy in which the Fund invests.

**Secondary Market Trading Risk.** Investors buying or selling shares in the secondary market will normally pay brokerage commissions, which are often a fixed amount and may be a significant proportional cost for investors buying or selling relatively small amounts of shares. Secondary market trading in Fund shares may be halted by the Exchange because of market conditions or other reasons. If a trading halt occurs, a shareholder may temporarily be unable to purchase or sell shares of the Fund. In addition, although the Fund's shares are listed on the Exchange, there can be no assurance that an active trading market for shares will develop or be maintained.

**Shares of the Fund May Trade at Prices Other Than NAV.** Although it is expected that the market price of the shares of the Fund will approximate the Fund's NAV, there may be times when the market price of the shares is more than the NAV intra-day (premium) or less than the NAV intra-day (discount). This risk is heightened in times of market volatility or periods of steep market declines.

**Small- and Mid-Capitalization Risk.** The small- and mid-capitalization companies in which the Fund may invest may be more vulnerable to adverse business or economic events than larger, more established companies, and may underperform other segments of the market or the equity market as a whole.

**Tax Risk.** In order to qualify for the favorable tax treatment generally available to regulated investment companies and avoid Fund-level taxes, the Fund must satisfy certain distribution requirements. Capital controls and currency controls may affect the Fund's ability to meet the applicable distribution requirements. If the Fund fails to satisfy the distribution requirement necessary to qualify for treatment as a regulated investment company for any taxable year, the Fund would be treated as a corporation subject to U.S. federal income tax, thereby subjecting any income earned by the Fund to tax at the corporate level. If the Fund fails to satisfy a separate distribution requirement, it will be subject to a Fund-level excise tax. These Fund-level taxes will apply in addition to taxes payable at the shareholder level on distributions.

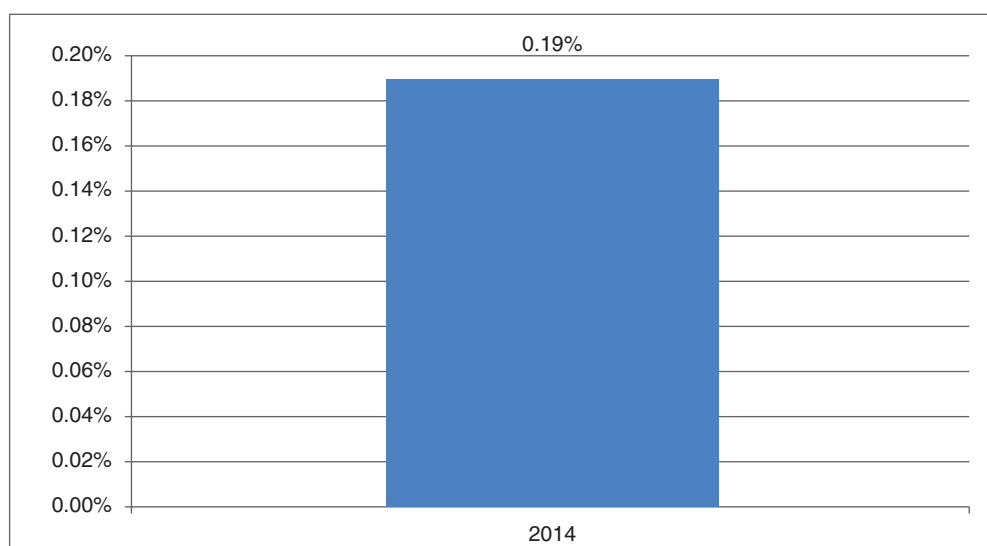
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**Tracking Error Risk.** The Fund's return may not match or achieve a high degree of correlation with the return of the Underlying Index. To the extent the Fund utilizes a representative sampling approach, and/or invests in securities that are not contained in the Underlying Index, it may experience tracking error to a greater extent than if the Fund sought to replicate the Underlying Index.

### Performance Information

The following bar chart and table indicate the risks of investing in the Fund by showing how the Fund's average annual total returns compare with those of a broad measure of market performance. All returns include the reinvestment of dividends and distributions. As always, please note that the Fund's past performance (before and after taxes) cannot predict how it will perform in the future. Updated performance information is available at no cost by visiting [www.kraneshares.com](http://www.kraneshares.com).

**Total Annual Returns For Calendar Year Ended December 31**



As of June 30, 2015, the Fund's year-to-date total return was 9.81%.

### Best and Worst Quarter Returns (for the period reflected in the bar chart above)

	Return	Quarter/Year
Highest Return . . . . .	4.72%	06/30/2014
Lowest Return . . . . .	-3.38%	03/31/2014

### Average Annual Total Returns for the period ending December 31, 2014

KraneShares CSI New China ETF	1 year	Since Inception (7-22-2013)
Return Before Taxes . . . . .	0.19%	20.20%
Return After Taxes on Distributions . . . . .	-0.13%	19.92%
Return After Taxes on Distributions and Sale of Fund Shares . . . . .	0.20%	15.45%
CSI Overseas China Five-Year Plan Index (Reflects no deduction for fees, expenses or taxes) . . . . .	-0.34%	19.93%
S&P 500 Index . . . . .	13.69%	16.80%

Average annual total returns are shown on a before- and after-tax basis for the Fund. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold shares through tax-deferred arrangements, such as 401(k) plans or individual retirement plans.

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### **Management**

#### **Investment Adviser and Sub-Adviser**

Krane Funds Advisors, LLC serves as the investment adviser to the Fund. Index Management Solutions, LLC serves as the investment sub-adviser to the Fund.

#### **Portfolio Managers**

Justin V. Lowry and Sean P. Reichert, Portfolio Managers of the Sub-Adviser, have had primary responsibility for trading the Fund's portfolio securities since November 12, 2014.

#### **Purchase and Sale of Fund Shares**

Shares may be purchased and redeemed from the Fund only in "Creation Units" of 50,000 shares, or multiples thereof. As a practical matter, only institutions and large investors, such as market makers or other large broker-dealers, purchase or redeem Creation Units. Most investors will buy and sell shares of the Fund on the Exchange. Individual shares can be bought and sold throughout the trading day like other publicly traded securities through a broker-dealer on the Exchange. These transactions do not involve the Fund. The price of an individual Fund share is based on market prices, which may be different from its NAV. As a result, the Fund's shares may trade at a price greater than the NAV (at a premium) or less than the NAV (at a discount). Most investors will incur customary brokerage commissions and charges when buying or selling shares of the Fund through a broker-dealer.

#### **Tax Information**

The Fund's distributions are generally taxable as ordinary income, qualified dividend income or capital gains (or a combination).

#### **Payments to Broker-Dealers and Other Financial Intermediaries**

If you purchase the Fund's shares through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of the Fund's shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your sales person to recommend the Fund over another investment. Ask your sales person or visit your financial intermediary's website for more information.