



KraneShares™

Annual Financials and Other Information

KraneShares 2x Long BABA Daily ETF

KraneShares 2x Long PDD Daily ETF

March 31, 2025

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Financial Statements (Form N-CSR Item 7)

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Fund shares may only be purchased or redeemed from a Fund in Creation Unit aggregations. Investors who cannot transact in Creation Units of a Fund's shares must buy or sell Fund shares in the secondary market at their market price, which may be at a premium or discount to a Fund's net asset value, with the assistance of a broker. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying Fund shares and receive less than net asset value when selling Fund shares.

Schedule of Investments March 31, 2025

KraneShares 2x Long BABA Daily ETF

A list of the open OTC Swap agreement held by the Fund at March 31, 2025, is as follows:

Total Return Swaps										
Counterparty	Reference Entity/Obligation	Fund Pays	Fund Receives	Payment Frequency	Termination Date	Currency	Notional Amount	Value	Upright Payments/Receipts	Net Unrealized Appreciation (Depreciation)
Marex Securities Products Inc.	Alibaba Group Holding Ltd.	OBRF+250 bps	Total Return	At Termination	04/12/2026	USD	5,069,628	\$4,453,179	\$-	\$(616,449)

The following summarizes the market value of the Fund's other financial instruments used as of March 31, 2025, based on the inputs used to value them:

Other Financial Instruments	Level 1	Level 2	Level 3	Total
OTC Swap				
Total Return Swap*				
Unrealized Depreciation . . .	\$	—	\$ (616,449)	\$
				—
				\$ (616,449)

*Swap contracts are valued at the unrealized appreciation (depreciation) on the instrument

See "Glossary" for abbreviations.

The accompanying notes are an integral part of the financial statements.

Schedule of Investments March 31, 2025

KraneShares 2x Long PDD Daily ETF

A list of the open OTC Swap agreement held by the Fund at March 31, 2025, is as follows:

Total Return Swaps										
Counterparty	Reference Entity/Obligation	Fund Pays	Fund Receives	Payment Frequency	Termination Date	Currency	Notional Amount	Value	Upright Payments/Receipts	Net Unrealized Appreciation (Depreciation)
Marex Securities Products Inc.	PDD Holdings Inc.	OBRF+250 bps	Total Return	At Termination	04/12/2026	USD	5,701,986	\$4,929,650	\$-	\$(772,336)

The following summarizes the market value of the Fund's other financial instruments used as of March 31, 2025, based on the inputs used to value them:

Other Financial Instruments	Level 1	Level 2	Level 3	Total
OTC Swap				
Total Return Swap*				
Unrealized Depreciation . . .	\$ -	\$ (772,336)	\$ -	\$ (772,336)

*Swap contracts are valued at the unrealized appreciation (depreciation) on the instrument

See "Glossary" for abbreviations.

The accompanying notes are an integral part of the financial statements.

Glossary (abbreviations which may be used in preceding Schedules of Investments):

Portfolio Abbreviations

OBFR — Overnight Bank Funding Rate

OTC — Over The Counter

USD — United States Dollar

Statements of Assets and Liabilities

March 31, 2025

	KraneShares 2x Long BABA Daily ETF	KraneShares 2x Long PDD Daily ETF
Assets:		
Cash Collateral on Swap Contracts	2,649,302	3,058,915
Cash and Cash Equivalents	228,807	210,958
Total Assets	<u>2,878,109</u>	<u>3,269,873</u>
Liabilities:		
OTC Swap Contracts at Value	616,449	772,336
Variation Margin Payable on Swap Contracts	27,098	24,072
Payable for Management Fees	1,237	1,785
Payable for Trustees' Fees	24	24
Total Liabilities	<u>644,808</u>	<u>798,217</u>
Net Assets	<u>\$ 2,233,301</u>	<u>\$ 2,471,656</u>
Net Assets Consist of:		
Paid-in Capital	\$ 2,233,301	\$ 2,471,656
Total Distributable Earnings	—	—
Net Assets	<u>\$ 2,233,301</u>	<u>\$ 2,471,656</u>
Outstanding Shares of Beneficial Interest (unlimited authorization - no par value)	<u>100,002</u>	<u>100,002</u>
Net Asset Value, Offering and Redemption Price Per Share	<u>\$ 22.33</u>	<u>\$ 24.72</u>
OTC swap contracts, Premiums Received	—	—

Amounts designated as “—” are \$0 or have been rounded to \$0.

The accompanying notes are an integral part of the financial statements.

Statements of Operations

For the Period Ended March 31, 2025

	KraneShares 2x Long BABA Daily ETF ⁽¹⁾	KraneShares 2x Long PDD Daily ETF ⁽¹⁾
Investment Income:		
Expenses:		
Management Fees†	1,578	1,785
Trustees' Fees	24	25
Total Expenses	<u>1,602</u>	<u>1,810</u>
Management Fee Waiver†	(341)	—
Net Expenses	<u>1,261</u>	<u>1,810</u>
Net Investment Loss	<u>(1,261)</u>	<u>(1,810)</u>
Net Realized Gain (Loss) on:		
Swap Contracts	350,960	745,752
Net Realized Gain	<u>350,960</u>	<u>745,752</u>
Net Change in Unrealized Appreciation (Depreciation) on:		
Swap Contracts	(616,449)	(772,336)
Net Change in Unrealized Appreciation (Depreciation)	<u>(616,449)</u>	<u>(772,336)</u>
Net Realized and Unrealized Loss	<u>(265,489)</u>	<u>(26,584)</u>
Net Decrease in Net Assets Resulting from Operations	<u>\$ (266,750)</u>	<u>\$ (28,394)</u>

† See Note 4 in Notes to Financial Statements.

(1) The Fund's inception date was on March 11, 2025.

Amounts designated as “—” are \$0 or have been rounded to \$0.

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

	KraneShares 2x Long BABA Daily ETF
	<u>Period Ended</u>
	<u>March 31, 2025⁽¹⁾</u>
Operations:	
Net Investment Loss	\$ (1,261)
Net Realized Gain	350,960
Net Change in Unrealized Appreciation (Depreciation)	<u>(616,449)</u>
Net Decrease in Net Assets Resulting from Operations	<u>(266,750)</u>
Capital Share Transactions:	
Issued	2,500,051
Increase in Net Assets from Capital Share Transactions	<u>2,500,051</u>
Total Increase in Net Assets	<u>2,233,301</u>
Net Assets:	
Beginning of Period	—
End of Period	<u>\$ 2,233,301</u>
Share Transactions:	
Issued	100,002
Net Increase in Shares Outstanding from Share Transactions	<u>100,002</u>

(1) The Fund's inception date was on March 11, 2025.

Amounts designated as “—” are \$0 or have been rounded to \$0.

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets (continued)

	KraneShares 2x Long PDD Daily ETF
	<u>Period Ended</u>
	<u>March 31, 2025⁽¹⁾</u>
Operations:	
Net Investment Loss	\$ (1,810)
Net Realized Gain	745,752
Net Change in Unrealized Appreciation (Depreciation)	<u>(772,336)</u>
Net Decrease in Net Assets Resulting from Operations	<u>(28,394)</u>
Capital Share Transactions:	
Issued	2,500,050
Increase in Net Assets from Capital Share Transactions	<u>2,500,050</u>
Total Increase in Net Assets	<u>2,471,656</u>
Net Assets:	
Beginning of Period	—
End of Period	<u>\$ 2,471,656</u>
Share Transactions:	
Issued	100,002
Net Increase in Shares Outstanding from Share Transactions	<u>100,002</u>

(1) The Fund's inception date was on March 11, 2025.

Amounts designated as “—” are \$0 or have been rounded to \$0.

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Selected Per Share Data & Ratios
For the Period Ended March 31, 2025
For a Share Outstanding Throughout the Period

	Net Asset Value, Beginning of Period (\$)	Net Investment Loss (\$)*	Net Realized and Unrealized Loss on Investments (\$)	Total from Operations (\$)	Return of Capital (\$)
KraneShares 2x Long BABA Daily ETF					
2025 ⁽¹⁾	25.00	(0.01)	(2.66)	(2.67)	—
KraneShares 2x Long PDD Daily ETF					
2025 ⁽¹⁾	25.00	(0.02)	(0.26)	(0.28)	—

* Per share data calculated using average shares method.

** Total return is based on the change in net asset value of a share during the year or period and assumes reinvestment of dividends and distributions at net asset value. Total return is for the period indicated and periods of less than one year have not been annualized. The return shown does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Excludes effects of standard creation and redemption transaction fees associated with creation units.

† Annualized.

†† Portfolio turnover rate is for the period indicated and periods of less than one year have not been annualized. Excludes effect of in-kind transfers.

~ During the periods, certain fees were waived. (See Note 4 in the Notes to Financial Statements).

(1) The Fund's inception date was on March 11, 2025.

Amounts designated as "—" are \$0 or have been rounded to \$0.

The accompanying notes are an integral part of the financial statements.

Net Asset Value, End of Period (\$)	Total Return (%)**	Net Assets, End of Period (\$)(000)	Ratio of Expenses to Average Net Assets (%) [†]	Ratio of Expenses to Average Net Assets (Excluding Waivers, as applicable) (%) [†]	Ratio of Net Investment Loss to Average Net Assets (%)	Portfolio Turnover Rate (%)
22.33	(10.68)	2,233	1.00 [†]	1.27 [†]	(1.00) [†]	— ^{††}
24.72	(1.12)	2,472	1.27 [†]	1.27 [†]	(1.27) [†]	— ^{††}

The accompanying notes are an integral part of the financial statements.

1. ORGANIZATION

KraneShares Trust (the “Trust”) is a Delaware Statutory Trust formed on February 3, 2012. The Trust is registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), as an open-end management investment company. As of March 31, 2025, the Trust had 32 operational series. The financial statements herein and the related notes pertain to the following two series: KraneShares 2X Long BABA Daily ETF and KraneShares 2X Long PDD Daily ETF (each, a “Fund” and collectively, the “Funds”). The Funds are non-diversified Funds, as defined under Section 5(b)(1) of the Investment Company Act. Krane Funds Advisors, LLC (“Krane” or the “Adviser”), a Delaware limited liability company, serves as the investment adviser for the Funds and is subject to the supervision of the Board of Trustees (the “Board”). The Adviser is responsible for managing the investment activities of the Funds, the Funds’ business affairs and other administrative matters. The Adviser may use sub-advisers (each, a “Sub-Adviser” or collectively, the “Sub-Advisers”) to perform the day-to-day management of the Funds.

China International Capital Corporation (USA) Holdings Inc., a wholly-owned, indirect subsidiary of China International Capital Corporation Limited owns a majority stake in Krane. As of March 31, 2025, Central Huijin Investment Limited, a mainland Chinese-domiciled entity, and HKSCC Nominees Limited, held approximately 40.1% and 39.4%, respectively, of the shares of China International Capital Corporation Limited. Central Huijin Investment Limited is a wholly-owned subsidiary of China Investment Corporation, which is a mainland Chinese sovereign wealth fund. KFA One Holdings, LLC, located at 280 Park Avenue 32nd Floor, New York, New York, 10017, holds the remaining equity interests in Krane and Jonathan Krane, through his equity interests in KFA One Holdings, LLC, beneficially owns more than 10% of the equity interests in Krane.

Shares of the Funds are listed and traded on the NASDAQ Stock Market LLC (the “Exchange” or the “NASDAQ”). Market prices for Fund shares (“Shares”) may be different from their net asset value (“NAV”). The Funds issue and redeem Shares on a continuous basis at NAV only in large blocks of Shares each called a “Creation Unit”. This does not mean, however, that individual investors will be able to redeem and purchase Shares directly with the series of the Trust. Only Authorized Participants can redeem and purchase Creation Units of Shares directly. Each Fund will issue and redeem Shares for a basket of securities and/or a balancing cash amount. Individual shares trade in the secondary market at market prices that change throughout the day.

At March 31, 2025, all shares issued by the Funds were in Creation Unit aggregations to Authorized Participants through primary market transactions (e.g., transactions directly with the Funds). However, the individual shares that make up those Creation Units are traded on the Exchange (e.g., secondary market transactions). Some of those individual shares have been bought and sold by persons that are not Authorized Participants. Each Authorized Participant has entered into an agreement with the Funds’ Distributor.

The Funds seek daily leveraged investment results and are intended to be used as short-term trading vehicles. Each Fund attempts to provide daily investment results that correspond to the respective long leveraged multiple of the performance of an underlying stock (each a “Leveraged Long Fund”).

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Funds. The Funds are investment companies that apply the accounting and reporting guidance issued in Topic 946 by the U.S. Financial Accounting Standards Board (“FASB”).

USE OF ESTIMATES – The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates, and could have a material impact to the Funds.

SECURITY VALUATION – The NAV per share of each Fund is computed by dividing the value of the net assets of a Fund (i.e., the value of its total assets less total liabilities and withholdings) by the total number of shares of a Fund outstanding, rounded to the nearest cent. Expenses and fees, including without limitation, the management, administration and distribution fees, are accrued daily and taken into account for purposes of determining NAV; as of March 31, 2025, there are no distribution fees paid by the Fund, and the Board of Trustees has not currently approved the commencement of any payments under the Distribution Plan. The NAV per share for each Fund normally is calculated by the Administrator (as defined below) and determined as of the regularly scheduled close of normal trading on each day that the NYSE is scheduled to be open for business (normally 4:00 p.m., Eastern Time). Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources.

Securities listed on a securities exchange (i.e., exchange-traded equity securities), market or automated quotation system for which quotations are readily available (except for securities traded on NASDAQ), including securities traded over the counter, are valued by independent pricing agents at the last reported sale price on the primary exchange or market (foreign or domestic) on which they are traded (or at the time as of which the Fund’s NAV is calculated if a security’s exchange is normally open at that time). If there is no such reported sale, such securities are valued at the most recently reported bid price. For securities traded on NASDAQ, the NASDAQ Official Closing Price will be used. If a security price cannot be obtained from an independent, third-party pricing agent, the Fund seeks to obtain bid and ask prices from two broker-dealers who make a market in the portfolio instrument and determines the average of the two.

If available, debt securities are priced based upon valuations provided by independent, third-party pricing agents. Such values generally reflect the last reported sales price if the security is actively traded. The third-party pricing agents may also value debt securities at an evaluated bid price by employing methodologies that utilize actual market transactions, broker-supplied valuations, or other methodologies designed to identify the market value for such securities. Debt obligations with remaining maturities of sixty days or less may be valued at their amortized cost, which approximates market value.

The prices for foreign securities are reported in local currency and converted to U.S. dollars using currency exchange rates. The exchange rates used for valuation are captured as of the close of the London Stock Exchange each day normally at 4:00 p.m. Greenwich Mean Time.

The value of a swap contract is equal to the obligation (or rights) under the swap contract, which will generally be equal to the net amounts to be paid or received under the contract based upon the relative values of the positions held by each party to the contract as determined by the applicable independent, third party pricing agent.

Notes to Financial Statements (continued)

Swaps cleared through a central clearing house (“centrally cleared swaps”) are valued at the settlement price established each day by the board of the exchange on which they are listed. The daily settlement prices for centrally cleared swaps are provided by an Independent Pricing Agent. Swaps which are not centrally cleared are priced based on valuations provided by an Independent Pricing Agent.

In a typical equity swap, one party agrees to pay another party the return on a stock, stock index, or basket of stocks (the “equity leg” of the swap) in return for interest payment(s) calculated based on the notional amount of the swap (the “financing leg” of the swap). Each leg of the swap is valued separately, and the net amount of the two legs is included in the Fund’s net asset value. The value of the equity leg of the swap is provided by an Independent Pricing Agent based on the value of the financial instrument underlying the swap. The value of the financing leg of the swap is systematically calculated by the Fund’s accounting agent based on the details of the swap.

Exchange-traded options, except as discussed below for FLEX options, are valued at the mean of their most recent bid and asked price, if available, and otherwise, long positions will be valued at the most-recent bid price, and short positions will be valued at the most-recent ask price. Over-the-counter (“OTC”) options are valued based upon prices determined by the applicable independent, third party pricing agent. FLEX (short for flexible) options are normally valued using a model-based price provided by a third-party pricing vendor. On days when a trade in a FLEX option occurs, the trade price will be used to value such FLEX options in lieu of the model price.

Futures are valued at the settlement price established by the board of trade on which they are traded. Foreign currency forward contracts are valued at the current day’s interpolated foreign exchange rate, as calculated using the current day’s spot rate and the 30-, 60-, 90- and 180-day forward rates provided by an independent pricing agent.

On certain days, the settlement price for futures may not be available at the time the Fund calculates its NAV. On such days, the best available price (which is typically the last trade price) may be used to value futures.

As of and during the period ended March 31, 2025, the Funds held swaps contracts. As of and during the period ended March 31, 2025, the Funds did not hold foreign currency forward, futures, and option contracts.

Securities issued by a wholly owned subsidiary of a Fund will be valued at the subsidiary’s net asset value, which will be determined using the same pricing policies and procedures applicable to the Fund.

Investments in open-end investment companies that do not trade on an exchange are valued at the end of day NAV per share. Investments in open-end investment companies that trade on an exchange are valued in the same manner as other exchange-traded equity securities (described above).

Investments for which market prices are not “readily available,” or are not deemed to reflect current market values, or are debt securities where no evaluated price is available from third-party pricing agents pursuant to established methodologies, are fair valued in accordance with the Adviser’s valuation policies and procedures approved by the Board. Some of the more common reasons that may necessitate that a security be valued using “fair value” pricing may include, but are not limited to: the security’s trading has been halted or suspended; the security’s primary trading market is temporarily closed; or the security has not been traded for an extended period of time.

In addition, a Fund may fair value its securities if an event that may materially affect the value of a Fund's securities that trade outside of the United States (a "Significant Event") has occurred between the time of the security's last close and the time that a Fund calculates its NAV. A Significant Event may relate to a single issuer or to an entire market sector, country or region. Events that may be Significant Events may include: government actions, natural disasters, armed conflict, acts of terrorism and significant market fluctuations. If Krane becomes aware of a Significant Event that has occurred with respect to a portfolio instrument or group of portfolio instruments after the closing of the exchange or market on which the portfolio instrument or portfolio instruments principally trade, but before the time at which a Fund calculates its NAV, it will notify the Administrator and may request that an ad hoc meeting of the Fair Value Pricing Committee be called.

With respect to trade-halted securities, the Adviser typically will fair value a trade-halted security by adjusting the security's last market close price by the security's sector performance, as measured by a predetermined index, unless Krane's Fair Value Pricing Committee determines to make additional adjustments. Certain foreign securities exchanges have mechanisms in place that confine one day's price movement in an individual security to a pre-determined price range based on that day's opening price ("Collared Securities"). Fair value determinations for Collared Securities will generally be capped based on any applicable pre-determined "limit down" or "limit up" prices established by the relevant foreign securities exchange. As an example, China A-Shares can only be plus or minus ten percent in one day of trading in the relevant mainland China equity market. As a result, the fair value price determination on a given day will generally be capped plus or minus ten percent.

Fair value pricing involves subjective judgments and it is possible that a fair value determination for a security is materially different than the value that could actually be realized upon the sale of the security or that another fund that uses market quotations or its own fair value procedures to price the same securities. In addition, fair value pricing could result in a difference between the prices used to calculate a Fund's NAV and the prices used by the Underlying Index, if applicable. This may adversely affect a Fund's ability to track its Underlying Index, if applicable.

Trading in securities on many foreign exchanges is normally completed before the close of business on each Business Day (a "Business Day", as used herein, is any day on which the Exchange is open for business). In addition, securities trading in a particular country or countries may not take place on each Business Day or may take place on days that are not Business Days. Changes in valuations on certain securities may occur at times or on days on which a Fund's NAV is not calculated and on which Fund shares do not trade and sales and redemptions of shares do not occur. As a result, the value of a Fund's portfolio securities and the net asset value of its shares may change on days when share purchases or sales cannot occur.

Fund shares are purchased or sold on a national securities exchange at market prices, which may be higher or lower than NAV. Transactions in Fund shares will be priced at NAV only if shares are purchased or redeemed directly from a Fund in Creation Units. No secondary sales will be made to brokers or dealers at concession by the Distributor or by a Fund. Purchases and sales of shares in the secondary market, which will not involve a Fund, will be subject to customary brokerage commissions and charges.

With respect to the securities of private companies, the Administrator will obtain the price of private company securities from the Valuation Designee, who will determine their fair value using various inputs, including observable data such as cost basis, primary financing rounds, tender offers, and secondary market activity. The Valuation Designee will also consider pricing from independent

pricing experts¹, comparables of public and private companies, and relevant market news. While primary financing rounds, tender offers, and cost basis are expected to be the main drivers of fair value, all factors will be considered. A daily dashboard will be stored to record data being considered. In addition to conducting a pricing and trend analysis on the data received from the independent pricing experts, the Valuation Designee will take business cycle, market depth, transaction size and other relevant factors into consideration when reviewing observable data and will periodically assess the pricing methodology used by the independent pricing experts.

¹ It is currently expected that the Valuation Designee will get pricing from two independent pricing agents.

In accordance with the authoritative guidance on fair value measurements and disclosure under U.S. GAAP, the Funds disclose the fair value of their investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Funds have the ability to access at the measurement date.

Level 2 – Other significant observable inputs (including quoted prices in non-active markets, quoted prices for similar investments, fair value of investments for which the Funds have the ability to fully redeem tranches at net asset value as of the measurement date or within the near term, and short-term investments valued at amortized cost).

Level 3 – Significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments, broker quotes, fair value of investments for which the Funds do not have the ability to fully redeem tranches at net asset value as of the measurement date or within the near term).

Investments are classified within the level of the lowest significant input considered in determining fair value. Investments classified within Level 3 whose fair value measurement considers several inputs may include Level 1 or Level 2 inputs as components of the overall fair value measurement. For details of the investment classification, refer to each Fund's Schedule of Investments.

FEDERAL INCOME TAXES – It is each Fund's intention to qualify or continue to qualify as a regulated investment company for federal income tax purposes by complying with the appropriate provisions of Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), and to distribute annually all or substantially all of its taxable income and gains to shareholders. Accordingly, no provisions for federal income taxes have been made in the financial statements.

The Funds evaluate tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether it is "more-likely-than-not" (i.e., greater than 50 percent) that each tax position will be sustained upon examination by a taxing authority based on the technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. The Funds did not record any tax provisions in the current period. However, management's conclusions regarding tax positions

may be subject to review and adjustment at a later date based on factors including, but not limited to, examination by tax authorities (i.e., the last three tax year ends, as applicable), on-going analysis of and changes to tax laws, regulations and interpretations thereof.

As of March 31, 2025, management of the Funds has reviewed all open tax years since inception and concluded that there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken in future tax returns. The Funds are also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next 12 months.

SECURITY TRANSACTIONS AND INVESTMENT INCOME – Security transactions are accounted for on the trade date for financial reporting purposes. Costs used in determining realized gains and losses on the sale of investment securities are based on specific identification. Dividend income is recorded, net of any applicable withholding tax, on the ex-dividend date, or for certain foreign securities, when the information becomes available to the Funds. Interest income is recognized on the accrual basis from the settlement date and includes the amortization of premiums and the accretion of discount calculated using the effective interest method.

Dividend income received from affiliated funds is recognized on the ex-dividend date and is recorded as income distributions in the Statement of Operations. Capital gain distributions received from affiliated funds are recognized on ex-dividend date and are recorded on the Statement of Operations as such. Costs used in determining realized gains and losses on the sales of affiliated funds are on the basis of specific identification. See details on the Statements of Operations.

SWAPS – Each of KraneShares 2X Long BABA Daily ETF and KraneShares 2X Long PDD Daily ETF invests at least 80% of its net assets (plus any borrowings for investment purposes) in its Underlying Stock and financial instruments, such as swap agreements and options, that, in combination, provide investment exposure to 2 times (200%) the performance of the Underlying Stock.

Generally, each Fund will invest in its Underlying Stock and enter into swap agreements on the Underlying Stock as it attempts to replicate 2 times (200%) the daily percentage change of the Underlying Stock. Each Fund aims to generate 2 times the daily performance of its Underlying Stock for a single day. A “single day” is defined as being calculated “from the close of regular trading on one trading day to the close on the next trading day.”

Each Fund will enter into one or more swap agreements with major financial institutions for a specified period ranging from a day to more than one year whereby each Fund and the financial institution will agree to exchange the return (or differentials in rates of return) earned or realized on the Underlying Stock. The gross return to be exchanged or “swapped” between the parties is calculated with respect to a “notional amount,” e.g., the return on or change in value of a particular dollar amount representing the Underlying Stock.

The Funds are required to disclose the impact of offsetting assets and liabilities represented in the Statements of Assets and Liabilities to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. These recognized assets and liabilities are financial instruments and derivative instruments that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of setoff criteria: the amounts owed by the Fund to another party are determinable, the Fund has the right to set off the amounts owed with the amounts owed by the other party, the Fund intends to set off, and the Fund’s right of setoff is enforceable at law.

Notes to Financial Statements (continued)

The International Swaps and Derivatives Association, Inc. (“ISDA”) Master Agreements maintain provisions for general obligations, representations, agreements, collateral, and events of default or termination. The occurrence of a specified event of termination may give a counterparty the right to terminate all of its contracts and effect settlement of all outstanding transactions under the applicable ISDA Master Agreement.

To reduce counterparty risk with respect to Over-the-Counter (“OTC”) transactions, the Funds have entered into master netting arrangements, established within the Funds’ ISDA Master Agreements, which allow the Fund to make (or to have an entitlement to receive) a single net payment in the event of default (close-out netting) for outstanding payables and receivables with respect to certain OTC positions in swaps for each individual counterparty. In addition, the Funds may require that certain counterparties post cash and/or securities in collateral accounts to cover their net payment obligations for those derivative contracts subject to ISDA Master Agreements. If the counterparty fails to perform under these contracts and agreements, the cash and/or securities will be made available to the Funds.

For financial reporting purposes, the Funds do not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statements of Assets and Liabilities. Bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events.

Collateral terms are contract specific for OTC derivatives. For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting marked-to-market amount of each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Funds or the counterparty.

For financial reporting purposes, cash collateral that has been pledged to cover obligations of the Funds, if any, is reported separately on the Statements of Assets and Liabilities as cash pledged as collateral. Non-cash collateral pledged by the Funds, if any, is noted in the Schedules of Investments. Generally, the amount of collateral due from or to a party must exceed a minimum transfer amount threshold before a transfer has to be made. To the extent amounts due to the Funds from its respective counterparties are not fully collateralized, contractually or otherwise, the Funds bear the risk of loss from counterparty nonperformance.

The following is a summary by counterparty of the market value of swap agreements and collateral (received)/pledged for the KraneShares 2x Long BABA Daily ETF as of March 31, 2025:

Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statements of Assets and Liabilities	Net Amounts Presented in the Statements of Assets and Liabilities	Gross Amounts not offset in the Statements of Assets and Liabilities						
			Financial Instruments for Offset	Cash Collateral (Received) Pledged ⁽¹⁾	Net Amount ⁽²⁾				
\$	—	\$	—	\$	—	\$	—	\$	—

Notes to Financial Statements (continued)

Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statements of Assets and Liabilities	Net Amounts Presented in the Statements of Assets and Liabilities	Gross Amounts not offset in the Statements of Assets and Liabilities			
			Financial Instruments for Offset	Cash Collateral (Received) Pledged ⁽¹⁾	Net Amount ⁽²⁾	
\$ 616,449	\$ —	\$ 616,449	\$ (616,449)	\$ —	\$ —	

(1) Excess collateral pledged is not shown for financial reporting purposes.

(2) Net Exposures represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same legal entity.

The following is a summary by counterparty of the market value of swap agreements and collateral (received)/pledged for the KraneShares 2x Long PDD Daily ETF as of March 31, 2025:

Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statements of Assets and Liabilities	Net Amounts Presented in the Statements of Assets and Liabilities	Gross Amounts not offset in the Statements of Assets and Liabilities			
			Financial Instruments for Offset	Cash Collateral (Received) Pledged ⁽¹⁾	Net Amount ⁽²⁾	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	

Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statements of Assets and Liabilities	Net Amounts Presented in the Statements of Assets and Liabilities	Gross Amounts not offset in the Statements of Assets and Liabilities			
			Financial Instruments for Offset	Cash Collateral (Received) Pledged ⁽¹⁾	Net Amount ⁽²⁾	
\$ 772,336	\$ —	\$ 772,336	\$ (772,336)	\$ —	\$ —	

(1) Excess collateral pledged is not shown for financial reporting purposes.

(2) Net Exposures represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same legal entity.

As of March 31, 2025, KraneShares 2X Long BABA Daily ETF and KraneShares 2X Long PDD Daily ETF had open total return swap contracts. Refer to the Schedule of Investments for details regarding open swap contracts as of March 31, 2025. All total return swap contracts held during the period were total return contracts.

For the period ended March 31, 2025, the average monthly cost for total return swap contracts held during the period by the KraneShares 2X Long BABA Daily ETF and KraneShares 2X Long PDD Daily ETF were \$5,069,628 and \$5,701,986, respectively.

FOREIGN CURRENCY — The books and records of the Funds are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars on the date of valuation. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the relevant rates of exchange prevailing on the respective dates of such transactions. The Funds do not isolate that portion of realized or unrealized gains and losses resulting from changes in the foreign exchange rate from fluctuations arising from changes in the market prices of the securities. The Funds report certain foreign-currency-related transactions as components of realized gains for financial reporting purposes, whereas such components are treated as ordinary income for Federal income tax purposes.

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS — Each Fund intends to pay out to their shareholders net investment income, if any, at least annually. Any net realized capital gains are distributed annually. All distributions are recorded on the ex-dividend date.

CASH OVERDRAFT CHARGES — Per the terms of an agreement with Brown Brothers Harriman & Co. (“BBH”), the Funds’ Custodian, if a Fund has a cash overdraft on a given day, it will be assessed an overdraft charge of the BBH Overdraft Base Rate plus 2.00%. Cash overdraft charges are included in “Interest Expense” on the Statements of Operations.

SECURITIES LENDING — The Funds may lend securities from their portfolios to brokers, dealers and other financial institutions. In connection with such loans, a Fund remains the beneficial owner of the loaned securities and continues to receive payments in amounts approximately equal to the interest, dividends or other distributions payable on the loaned securities. A Fund also has the right to terminate a loan at any time. A Fund does not have the right to vote on securities while they are on loan. Loans of portfolio securities will not exceed 33 1/3% of the value of a Fund’s total assets (including the value of all assets received as collateral for the loan). A Fund will receive collateral in an amount equal to at least 100% of the current market value of the loaned securities. If the collateral consists of cash, a Fund will reinvest the cash and pay the borrower a pre-negotiated fee or “rebate” from any return earned on the investment. Should the borrower of the securities fail financially, a Fund may experience delays in recovering the loaned securities or exercising its rights in the collateral. In a loan transaction, a Fund will also bear the risk of any decline in value of securities acquired with cash collateral. Krane and a sub-adviser are subject to potential conflicts of interest because the compensation paid to them increases in connection with any net income received by a Fund from a securities lending program. Each Fund pays Krane 10% of any net monthly income received from the investment of cash collateral and loan fees received from borrowers in respect of each securities loan (net of any amounts paid to the custodian and/or securities lending agent or rebated to borrowers) (see Note 4).

CREATION UNITS — The Funds issue and redeem Shares at NAV and only in large blocks of Shares (each block of Shares for a Fund is a Creation Unit of 25,000 Shares or multiples thereof). In its discretion, the Trust reserves the right to increase or decrease the number of each Fund’s shares that constitute a Creation Unit.

Except when aggregated in Creation Units, Shares are not redeemable securities of a Fund. Shares of a Fund may only be purchased or redeemed by certain Authorized Participants. An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process

Notes to Financial Statements (continued)

through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a Depository Trust Company participant and, in each case, must have executed a Participant Agreement with the Distributor. Most retail investors will not qualify as Authorized Participants or have the resources to buy and sell whole Creation Units. Therefore, they will be unable to purchase or redeem the Shares directly from a Fund. Rather, most retail investors will purchase Shares in the secondary market with the assistance of a broker and will be subject to customary brokerage commissions or fees when buying or selling Shares. If a Creation Unit is purchased or redeemed for cash, a higher transaction fee may be charged.

The Adviser may adjust the transaction fees from time to time based on actual experience.

CASH AND CASH EQUIVALENTS – Idle cash and currency balances may be swept into various overnight sweep accounts and are classified as cash equivalents on the Statement of Assets and Liabilities. These amounts, at times, may exceed United States federally insured limits. Amounts swept are available on the next business day.

3. DERIVATIVES TRANSACTIONS

The following tables show the derivatives categorized by underlying risk exposure.

The fair value of derivative instruments located on the Statements of Assets and Liabilities as of March 31, 2025 was as follows:

	Asset Derivatives		Liability Derivatives	
	Statements of Assets and Liabilities	Fair Value	Statements of Assets and Liabilities	Fair Value
KraneShares 2x Long BABA Daily ETF				
Equity contracts	Unrealized appreciation on swap contracts	\$ -†	Unrealized depreciation on swap contracts	\$ (616,449)†
Total Derivatives not accounted for as hedging instruments		\$ -		\$ (616,449)

	Asset Derivatives		Liability Derivatives	
	Statements of Assets and Liabilities	Fair Value	Statements of Assets and Liabilities	Fair Value
KraneShares 2x Long PDD Daily ETF				
Equity contracts	Unrealized appreciation on swap contracts	\$ -†	Unrealized depreciation on swap contracts	\$ (772,336)†
Total Derivatives not accounted for as hedging instruments		\$ -		\$ (772,336)

†Includes cumulative appreciation/depreciation of swap contracts as reported in the Schedules of Investments. Market Value is reported within the Statements of Assets & Liabilities for swap contracts that have paid premiums.

Notes to Financial Statements (continued)

The effect of derivative instruments on the Statements of Operations for the period ended March 31, 2025:

Amount of realized gain or (loss) on derivatives recognized in income:

Derivatives Not Accounted for as Hedging Instruments	Swaps
KraneShares 2x Long BABA Daily ETF	
Equity contracts	\$ 350,961
Total	\$ 350,961

KraneShares 2x Long PDD Daily ETF	
Equity contracts	745,752
Total	\$ 745,752

Change in unrealized appreciation or (depreciation) on derivatives recognized in income:

Derivatives Not Accounted for as Hedging Instruments	Swaps
KraneShares 2x Long BABA Daily ETF	
Equity contracts	\$ (616,449)
Total	\$ (616,449)

KraneShares 2x Long PDD Daily ETF	
Equity contracts	\$ (772,336)
Total	\$ (772,336)

4. RELATED PARTY TRANSACTIONS

INVESTMENT ADVISORY AGREEMENT – The Adviser serves as investment adviser to each Fund pursuant to an Investment Advisory Agreement between the Trust on behalf of each Fund and the Adviser (the “Agreement”). Under the Agreement, Krane is responsible for reviewing, supervising and administering each Fund’s investment program and the general management and administration of the Trust. In addition to these services, to the extent a Fund engages in securities lending, Krane will: (i) determine which securities are available for loan and notify the securities lending agent for a Fund (the “Agent”), (ii) monitor the Agent’s activities to ensure that securities loans are effected in accordance with Krane’s instructions and in accordance with applicable procedures and guidelines adopted by the Board, (iii) make recommendations to the Board regarding the Fund’s participation in securities lending; (iv) prepare appropriate periodic reports for, and seek appropriate periodic approvals from, the Board with respect to securities lending activities, (v) respond to Agent inquiries concerning the Agent’s activities, and (vi) such other related duties as Krane deems necessary or appropriate. The Board supervises Krane and establishes policies that Krane must follow in its management activities.

The Agreement requires the Adviser to pay all operating expenses of the Funds, except: (a) interest and taxes (including, but not limited to, income, excise, transaction, transfer and withholding taxes); (b) expenses of the Funds incurred with respect to the acquisition and disposition of portfolio securities and the execution of portfolio transactions, including brokerage commissions and short sale dividend or interest expense; (c) expenses incurred in connection with any distribution plan adopted by the Trust in compliance with Rule 12b-1 under the Investment Company Act, including distribution fees; (d) “Acquired Fund Fees and Expenses” (as defined by Form N-1A under the Investment Company Act); (e) litigation expenses; (f) the compensation payable to the Adviser under the Agreement; (g) compensation and expenses of the Independent Trustees (including any fees of independent legal counsel to the Independent Trustees); and (h) any expenses determined

Notes to Financial Statements (continued)

to be extraordinary expenses by the Board. In addition, under the Agreement, while the fees and expenses related to the Funds’ securities lending-related activities reduce the gross revenues and income of the Funds from such activities, they are not fees and expenses for which Krane is responsible.

Each Agreement provides that each Fund pays a unitary (or unified) fee to the Adviser for advisory and management services provided to the Fund, subject to the exceptions noted herein. In this context, there exists a risk that a Trust service provider will seek recourse against the Trust if it is not timely paid by Krane for the fees and expenses for which it is responsible, which could materially adversely affect the Funds. Pursuant to the Agreement between the Trust and the Adviser, the Funds below pay the Adviser a fee, which is calculated daily and paid monthly, at the following annual rates, based on a percentage of the average daily net assets of each Fund. In addition, as compensation for the services provided by the Adviser in connection with any securities lending-related activities, each Fund pays the Adviser 10% of the monthly investment income received from the investment of cash collateral and loan fees received from borrowers in respect to securities loans (net of any amounts paid to the custodian and/or securities lending agent or rebated to borrowers), included on the Statements of Operations as “Security Lending Fees”.

	<u>Management Fee</u>
KraneShares 2X Long BABA Daily ETF	1.25%
KraneShares 2X Long PDD Daily ETF.	1.25%

The Adviser bears all of its own costs associated with providing these advisory services.

Pursuant to the terms of the Fee Waiver Agreement, Krane has contractually agreed to waive its management fee for the below listed Fund by the following amount of the Fund’s average daily net assets until August 1, 2026. The Fee Waiver Agreement may only be terminated prior thereto by the Board. In addition, the Fee Waiver Agreement will terminate if the Agreement for the Fund is terminated.

	<u>Fee Waiver</u>
KraneShares 2X Long BABA Daily ETF	0.27%

DISTRIBUTION AGREEMENT – SEI Investments Distribution Co. (the “Distributor”), a wholly-owned subsidiary of SEI Investments Company, and an affiliate of the Administrator, serves as the Funds’ distributor of Creation Units pursuant to a Distribution Agreement. The Distributor does not maintain any secondary market in Fund shares.

The Trust has adopted a Distribution and Service Plan (“Plan”) pursuant to Rule 12b-1 under the Investment Company Act. In accordance with its Plan, each Fund is authorized to pay an amount up to 0.25% of its average daily net assets each year for certain distribution-related activities. For the period ended March 31, 2025, no fees were charged under the Plan. Fees would only be charged under the Plan upon approval by the Board.

ADMINISTRATOR, CUSTODIAN AND TRANSFER AGENT – SEI Investments Global Funds Services (the “Administrator”) serves as the Funds’ Administrator pursuant to an Administration Agreement. BBH serves as the Funds’ Custodian and Transfer Agent pursuant to a Custodian and Transfer Agent Agreement.

5. INVESTMENT TRANSACTIONS

For the period ended March 31, 2025, there were no purchases or sales of investments in securities excluding long-term U.S. Government and short-term securities.

For the period ended March 31, 2025, there were no purchases or sales of long-term U.S. government securities for the Funds.

For the period ended March 31, 2025, there were no in-kind transactions associated with creations and redemptions.

6. TAX INFORMATION

The amount and character of income and capital gain distributions to be paid, if any, are determined in accordance with Federal income tax regulations, which may differ from U.S. GAAP. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. These book/tax differences may be temporary or permanent. To the extent these differences are permanent in nature, they are charged or credited to distributable earnings (loss) or paid-in capital, as appropriate, in the period that the differences arise.

The permanent differences primarily consist of net operating loss. The permanent differences that are credited or charged to Paid-in Capital and Distributable Earnings for the fiscal period ended March 31, 2025 are primarily related to net operating loss.

	<u>Distributable Earnings/(Loss)</u>	<u>Paid-in Capital</u>
KraneShares 2x Long BABA Daily ETF	\$266,750	\$(266,750)
KraneShares 2x Long PDD Daily ETF	28,394	(28,394)

The Funds did not pay dividends or distributions for the period ended March 31, 2025.

As of March 31, 2025, the Funds did not have the components of tax basis distributable earnings (distributable losses).

The differences between book and tax-basis unrealized appreciation and depreciation are attributable primarily to the tax deferral of losses on swaps. The federal tax cost and aggregate gross unrealized appreciation and depreciation on investments held by the Funds at March 31, 2025 were as follows:

	<u>Federal Tax Cost</u>	<u>Aggregated Gross Unrealized Appreciation</u>	<u>Aggregated Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
KraneShares 2x Long BABA Daily ETF	\$(599,989)	\$-	\$-	\$-
KraneShares 2x Long PDD Daily ETF	(754,009)	-	-	-

7. CONCENTRATION OF RISKS

As with all exchange-traded funds (“ETFs”), shareholders of the Funds are subject to the risk that their investment could lose money. Each Fund is subject to certain of the principal risks noted below, any of which may adversely affect a Fund’s NAV, trading price, yield, total return and ability to meet its investment objective. A more complete description of principal risks is included in each Fund’s prospectus under the heading “Principal Risks”.

CHINA RISK — The economy of China differs, sometimes unfavorably, from the U.S. economy in such respects as structure, general development, government involvement, wealth distribution, rate of inflation, growth rate, allocation of resources and capital reinvestment, among others. Under China’s political and economic system, the central government has historically exercised substantial control over virtually every sector of the Chinese economy through administrative regulation and/or state ownership. For example, the Chinese government has from time to time taken actions that influence the prices at which certain goods may be sold, encourage companies to invest or concentrate in particular industries, induce mergers between companies in certain industries and induce private companies to publicly offer their securities to increase or continue the rate of economic growth, control the rate of inflation or otherwise regulate economic expansion. It may do so in the future as well. Such actions and a variety of other centrally planned or determined activities by the Chinese government could have a significant adverse effect on economic conditions in China, the economic prospects for, and the market prices and liquidity of, the securities of Chinese companies and the payments of dividends and interest by Chinese companies.

During the last 30 years, the Chinese government has reformed its economic policies, which has resulted in less direct central and local government control over the business and production activities of Chinese enterprises and companies. Notwithstanding the economic reforms instituted by the Chinese government and the Chinese Communist Party, actions of the Chinese central and local government authorities continue to have a substantial effect on economic conditions in China, which could affect the public and private sector companies in which the Funds invests. The Chinese government may also change course and exercise greater central and local government control over Chinese firms.

In certain cases where China has begun a process of privatization of certain entities and industries, investors in newly privatized entities have suffered losses due to the inability of the newly privatized entities to adjust quickly to a competition environment or changing regulatory and legal standards, or in some cases, due to re-nationalization of such privatized entities. There is no assurance that such losses will not recur.

Export growth continues to be a major driver of China’s rapid economic growth. Reduction in spending on Chinese products and services, supply chain diversification, institution of tariffs, sanctions or other trade barriers, or a downturn in any of the economies of China’s key trading partners may have an adverse impact on the Chinese economy. The Chinese economy is particularly dependent upon trading with key partners, such as the United States, Japan, South Korea and countries in the European Union. Recent developments in relations between the United States and China have heightened concerns of increased tariffs and restrictions on trade between the two countries. An increase in tariffs or trade restrictions, or even the threat of such developments, could lead to a significant reduction in international trade, which could have a negative impact on China’s export industry and a commensurately negative impact on the Funds.

In recent years, Chinese entities have incurred significant levels of debt and Chinese financial institutions currently hold relatively large amounts of non-performing debt. Thus, there exists a possibility that widespread defaults could occur, which could trigger a financial crisis, freeze Chinese debt and finance markets and make Chinese securities illiquid.

In addition, trade relations between the U.S. and China have been strained. Worsening trade relations between the two countries could adversely impact the Funds, particularly to the extent that the Chinese government restricts foreign investments in on-shore Chinese companies or the U.S. government restricts investments by U.S. investors in China including by limiting the ability of Chinese issuers to list on the U.S. exchanges. Worsening trade relations may also result in market volatility and volatility in the price of Fund shares. In addition, the U.S. government has imposed restrictions on the ability of U.S. investors to hold and/or acquire securities of certain Chinese companies, which may adversely impact the Funds.

Disclosure and regulatory standards in emerging market countries, such as China, are in many respects less stringent than U.S. standards. There is substantially less publicly available information about Chinese issuers than there is about U.S. issuers.

CONCENTRATION RISK – The Funds' assets are expected to be concentrated in the particular industry to which its Underlying Stock is assigned. The securities of companies in an industry or group of industries could react similarly to market developments. Thus, the Funds are subject to loss due to adverse occurrences that affect one industry or group of industries or sector. While the Funds' sector and industry exposure may vary over time based on the particular industry to which its Underlying Stock is assigned, the Funds are currently subject to Consumer Discretionary Sector Risk and Consumer Distribution and Retail Industry Risk.

DERIVATIVES RISK – The use of derivatives (including swaps, futures, forwards, structured notes and options) may involve leverage, which includes risks that are different from, and greater than, the risks associated with investing directly in a reference asset, because a small investment in a derivative can result in a large impact on the Funds and may cause the Funds to be more volatile. Derivatives may at times be highly illiquid, and the Funds may not be able to close out or sell a derivative at a particular time or at an anticipated price. Derivatives can be difficult to value and valuation may be more difficult in times of market turmoil. There may be imperfect correlation between the derivative and that of the reference asset, resulting in unexpected returns that could materially adversely affect the Funds. Certain derivatives (such as swaps and options) are bilateral agreements that expose the Funds to counterparty risk, which is the risk of loss in the event that the counterparty to an agreement fails to make required payments or otherwise comply with the terms of derivative. In that case, the Funds may suffer losses potentially equal to, or greater than, the full value of the derivative if the counterparty fails to perform its obligations. That risk is generally thought to be greater with over-the-counter (OTC) derivatives than with derivatives that are exchange traded or centrally cleared. Counterparty risks are compounded by the fact that there are only a limited number of ways available to invest in certain reference assets and, therefore, there may be few counterparties to swaps or options based on those reference assets.

SWAP RISK – Swaps are subject to tracking risk because they may not be perfect substitutes for the instruments they are intended to hedge or replace. Over the counter swaps are subject to counterparty default. Leverage inherent in derivatives will tend to magnify the Fund's losses.

MARKET RISK – The values of the Funds’ holdings 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 could cause volatility in global financial markets, negative sentiment and higher levels of Fund redemptions, which could have a negative impact on the Funds and could result in losses. Geopolitical and other risks, including environmental and public health risks may add to instability in world economies and markets generally. Changes in value may be temporary or may last for extended periods. Further, the Funds are susceptible to the risk that certain investments may be difficult or impossible to sell at a favorable time or price. Market developments may also cause the Funds’ investments to become less liquid and subject to erratic price movements.

NEW FUND RISK – If the Fund does not grow in size, it will be at greater risk than larger funds of wider bid-ask spreads for its shares, trading at a greater premium or discount to NAV, liquidation and/or a trading halt.

NON-DIVERSIFIED FUND RISK – Because a Fund is non-diversified and may invest a greater portion of its assets in fewer issuers than a diversified fund, changes in the market value of a single portfolio holding 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 single portfolio holding or a relatively small number of portfolio holdings to have a greater impact on the Fund’s performance.

8. INDEMNIFICATIONS

In the normal course of business, the Funds enter into contracts that provide general indemnifications. The Funds’ maximum exposure under these arrangements is dependent on future claims that may be made against the Funds and, therefore, cannot be established; however, based on experience, the risk of loss from such claims is considered remote.

9. RECENT ACCOUNTING PRONOUNCEMENT

In this reporting period, the Funds adopted FASB Accounting Standards Update 2023-07, Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures (“ASU 2023-07”). Adoption of the new standard impacted financial statement disclosures only and did not affect each Fund’s financial position or the results of its operations. An operating segment is defined in Topic 280 as a component of a public entity that engages in business activities from which it may recognize revenues and incur expenses, has operating results that are regularly reviewed by the public entity’s chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and has discrete financial information available. Krane Funds Advisors, LLC acts as each Fund’s CODM. Each Fund represents a single operating segment, as the CODM monitors the operating results of each Fund as a whole and each Fund’s long-term strategic asset allocation is pre-determined in accordance with each Fund’s single investment objective which is executed by each Fund’s portfolio managers. The financial information in the form of each Fund’s schedule of investments, total returns, expense ratios and changes in net assets (i.e., changes in net assets resulting from operations, subscriptions and redemptions), which are used by the CODM to assess the segment’s performance versus each Fund’s comparative benchmarks and to make resource allocation decisions for each Fund’s single segment, is consistent with that presented within each Fund’s financial statements. Segment assets are reflected on the accompanying Statements of Assets and Liabilities as “total assets” and significant segment expenses are listed on the accompanying Statements of Operations.

10. SUBSEQUENT EVENTS

The Funds have evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through the date the financial statements were issued.

Based on this evaluation, no additional disclosures or adjustments were required to the financial statements as of the date the financial statements were issued.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees
KraneShares Trust:

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities of the funds listed in the Appendix, two of the funds comprising KraneShares Trust (collectively, the Funds), including the schedules of investments, as of March 31, 2025, the related statements of operations and changes in net assets for the period listed in the Appendix, and the related notes (collectively, the financial statements) and the financial highlights for the period listed in the Appendix. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of each of the Funds as of March 31, 2025, the results of its operations and changes in its net assets for the period listed in the Appendix, and the financial highlights for the period listed in the Appendix, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of March 31, 2025, by correspondence with custodian and brokers or by other appropriate auditing procedures when replies from brokers were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have served as the auditor of one or more KraneShares investment companies since 2017.
Philadelphia, Pennsylvania
May 27, 2025

Appendix

Funds with inception during the year ended March 31, 2025:

KraneShares 2x Long BABA Daily ETF

KraneShares 2x Long PDD Daily ETF

Statement of operations and changes in net assets and the financial highlights for the period from March 11, 2025 (inception) through March 31, 2025

Notice To Shareholders (Unaudited)

For shareholders that do not have a March 31, 2025 tax year end, this notice is for informational purposes only. For shareholders with a March 31, 2025 tax year end, please consult your tax advisor as to the pertinence of this notice. For the fiscal year ended March 31, 2025, the Funds are designating the following items with regard to distributions paid during the year.

Return of Capital ⁽¹⁾	Long-Term Capital Gain Distributions	Ordinary Income Distributions	Total Distributions	Qualifying Dividends Received Deduction ⁽²⁾	Qualifying Dividend Income ⁽³⁾	U.S. Government Interest ⁽⁴⁾	Interest Related Dividends ⁽⁵⁾	Short Term Capital Gain Dividends ⁽⁶⁾	Foreign Tax Credit ⁽⁷⁾
<i>KraneShares 2x Long BABA Daily ETF</i>									
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<i>KraneShares 2x Long PDD Daily ETF</i>									
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- (1) *Return of capital is a payment received from the fund that is not considered to be taxable income. The return of capital distribution is considered to be a return of the investor's original investment and reduces the investor's cost basis in the fund.*
- (2) *Qualifying dividends represent dividends which qualify for the corporate dividends received deduction and are reflected as a percentage of ordinary income distributions (the total of short term capital gain and net investment income distributions).*
- (3) *The percentage in this column represents the amount of "Qualifying Dividend Income" as created by the Jobs and Growth Relief Reconciliation Act of 2003 and is reflected as a percentage of ordinary income distributions (the total of short term capital gain and net investment income distributions). It is the intention of each of the aforementioned funds to designate the maximum amount permitted by law.*
- (4) *"U.S. Government Interest" represents the amount of interest that was derived from U.S. Government obligations and distributed during the fiscal year. Generally, interest from direct U.S. Government obligations is exempt from state income tax. However, for shareholders who are residents of California, Connecticut and New York, the statutory threshold requirements were not satisfied to permit exemption of these amounts from state income.*
- (5) *The percentage in this column represents the amount of "Interest Related Dividends" and is reflected as a percentage of ordinary income distributions that is exempt from U.S. withholding tax when paid for foreign investors.*
- (6) *The percentage in this column represents the amount of "Short Term Capital Gain Dividends" and is reflected as a percentage of short term capital gain distributions that is exempt from U.S. withholding tax when paid for foreign investors.*
- (7) *The allocable share of foreign tax credit will be reported on Form 1099-DIV.*

Item 8. Changes in and Disagreements with Accountants for Open-End Management Investment Companies.

Not applicable.

Item 9. Proxy Disclosures for Open-End Management Investment Companies.

Not applicable.

Item 10. Remuneration Paid to Directors, Officers, and Others of Open-End Management Investment Companies.

Remuneration is shown on the Statements of Operations of the financial statements included in Item 7.

Item 11. Statement Regarding Basis for Approval of Investment Advisory Contract.

At a meeting held on December 4-5, 2024, the Board of Trustees (the "Board") of KraneShares Trust (the "Trust"), including a majority of the Trustees who are not "interested persons" of the Trust, as that term is defined in the Investment Company Act of 1940, as amended (the "Independent Trustees"), approved the existing investment advisory agreement (the "Advisory Agreement") between Krane Funds Advisors, LLC ("Krane") and the Trust, on behalf of two new series of the Trust: KraneShares 2x Long BABA Daily ETF and KraneShares 2x Long PDD Daily ETF (each, a "New Fund" and, collectively, the "New Funds").

In advance of the meeting, and at a separate meeting of the Independent Trustees in executive session held on December 4, 2024, the Board received and considered information provided by Krane in response to the Independent Trustees' written request for information regarding the New Funds and the Advisory Agreement.

The Board noted that it considers information at each of its regularly scheduled meetings related to, among other matters, the services provided by Krane to each series of the Trust, and that, going forward, such information will include information related to each New Fund after it is operational. The Board considered that the Independent Trustees also receive additional information outside of regularly scheduled Board meetings and at executive sessions held by the Independent Trustees. As a result, the Board considered that its evaluation process with respect to Krane and each series of the Trust is an ongoing one.

In evaluating the Advisory Agreement with respect to each New Fund, the Board considered, among other matters: (1) the nature, extent, and quality of the services to be provided to each New Fund by Krane; (2) the proposed compensation to be paid by each New Fund under the Advisory Agreement; (3) the estimated costs of the services to be provided by Krane and the profitability expectations of Krane with respect to its relationship with each New Fund; (4) the extent to which economies of scale could be realized as the New Funds grow and whether the unitary fee charged under the Advisory Agreement will enable investors in the New Funds to share in any such economies of scale; and (5) other benefits Krane anticipates it may receive from its relationship with the New Funds.

A. Nature, Extent and Quality of Services

Based on written and oral reports received by the Board prior to and at the December 4, 2024 executive session of the Independent Trustees and December 4-5, 2024 meeting of the Board, the Board considered the nature, quality, and extent of the overall services to be provided by Krane to the New Funds under the Advisory Agreement. The Board took note of the qualifications, background and responsibilities of Krane personnel who will provide services to the New Funds.

For KraneShares 2x Long BABA Daily ETF and KraneShares 2x Long PDD Daily ETF, the Board noted that the New Funds will be the first leveraged portfolios to be managed by Krane. The Board considered the experience of Krane's portfolio personnel with respect to the use of and trading in equity derivatives, including swap agreements and options. The Board considered that leveraged funds targeting US and technology holding had been well received in the US market, and considered Krane's views that providing a similar structure with respect to certain individual China stocks would give investors unique exposure to such holdings. The Board considered Krane's years of experience in investing in China markets.

The Board recognized that Krane invests significant time and effort in structuring new series of the Trust, including the New Funds. The Board considered Krane's evaluation of the market appeal for each New Fund and considered that Krane worked with the Trust's service providers to manage the administrative and other requirements for the New Fund. The Board considered that Krane continually evaluates its existing compliance, operational and investment teams and that Krane has consistently sought to retain qualified and experienced staff in these areas as its business has grown. The Board considered Krane's current ownership structure, financial strength and long-term strategic plans, and noted that Krane is part of a family of investment management firms with significant resources, including administrative resources utilized by Krane.

B. Investment Performance

The Board noted that, because the New Funds have not yet commenced investment operations, they have no investment performance. The Board considered that once the New Funds commence operations, the Board will receive regular reports regarding the performance of each New Fund relative to a broad Morningstar peer group, as well as a select group of peers identified by Krane. The Board also considered that at its regular meetings it will receive information regarding the performance of each New Fund against the performance of its respective underlying index. The Board considered that there are limited peers available for each New Fund.

C. Compensation

The Board considered that, pursuant to the Advisory Agreement, Krane will enter into a unitary advisory fee arrangement for each New Fund. The Board also considered that Krane structured the proposed fee for the New Funds in a manner that is consistent with other series of the Trust. The Board took note that under the unitary fee arrangement, Krane will be responsible for paying most of the expenses incurred by a New Fund, including those of its principal service providers, and that Krane takes the risk that the New Funds may not be successful in raising sufficient assets to enable Krane to cover the cost of such expenses.

The Board considered the proposed fee for each New Fund compared to its respective Morningstar universe, noting that the proposed fees and expenses for each New Fund are higher than the median of the peer group. The Board considered that each New Fund will provide investors with a highly differentiated strategy based on single China stocks in the thematic China strategy space. The Board noted that most peer leveraged funds focus exclusively on U.S. equities.

The Board considered that Krane structured the proposed fee for the New Funds in a manner that is consistent with the other thematic series of the Trust. The Board noted that under the unitary fee arrangement, Krane will be responsible for paying most of the expenses incurred by the New Funds, including those of its principal service providers. The Board noted that, under the unitary fee structure, Krane takes the risk that a New Fund may not be successful in raising sufficient assets to enable Krane to cover the cost of such expenses.

D. Costs and Profitability

The Board considered pro-forma projected profit and loss statements for each New Fund, including the estimated cost of Krane's services to each New Fund. The Board recognized that, because the New Funds have not yet launched, it is difficult to estimate how profitable they will be to Krane, although the Board recognized that the New Funds will leverage procedures and systems put in place in connection with management of other series of the Trust. The Independent Trustees also considered information from Krane regarding its overall profitability and discussed with Krane's management how launching the New Funds could impact such profitability. The Board noted Krane's continuing commitment to operating the Trust and its continued use of a unitary fee structure under which it will bear many of the expenses of the New Funds.

E. Other Benefits

The Board considered the extent to which Krane could derive ancillary benefits from the operations of the New Funds. They noted that it was unlikely that the New Funds would participate in the Trust's securities lending program. The Board also considered whether Krane would benefit as a result of its ability to use the New Funds' assets to engage in soft dollar transactions.

F. Economies of Scale

The Board considered whether Krane would realize economies of scale with respect to its services as the New Funds grow, including the extent to which this is reflected in the level of fees to be paid by each New Fund. The Board noted that the proposed advisory fees for the New Funds do not include breakpoints, and considered that it is not possible—before the commencement of investment operations—to accurately evaluate potential economies of scale. The Board also noted that Krane continues to reinvest a portion of its profits in its business, including through the evolution of its compliance and investment infrastructure, and that any economies of scale could be shared with the New Funds in this manner. Based on these and other considerations, including that each New Fund is newly organized, the Board considered economies of scale not to be a material factor in its consideration of the Advisory Agreement.

G. Conclusion

The Board did not identify any single factor as being of paramount importance, and different Trustees may have given different weight to different factors in their review of the Advisory Agreement. The Board reviewed a memorandum from Independent Trustee counsel discussing the legal standards and judicial precedent applicable to its consideration of the Advisory Agreement. The Board noted that, consistent with its approach to other series of the Trust, it will continue

OTHER INFORMATION - (FORM N-CSR ITEMS 8-11) (Unaudited) (concluded)

to monitor the New Funds at its regular meetings, during executive sessions of the Independent Trustees and outside of the Board meetings. Based on its review, including consideration of each of the factors referenced above, the Board determined, in the exercise of its reasonable business judgment, that the advisory arrangements, as outlined in the Advisory Agreement, were reasonable in light of the factors considered by the Board.



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