

## KraneShares California Carbon Allowance ETF

### Investment Strategy:

The KraneShares California Carbon Allowance ETF (KCCA) provides targeted exposure to the California Carbon Allowances (CCA) cap-and-trade carbon allowance program. KCCA is benchmarked to the IHS Markit Carbon CCA Index, which tracks the most traded CCA futures contracts. As a part of the KraneShares suite of carbon ETFs, KCCA provides a new vehicle for participating in the price of carbon and hedging risk while supporting responsible investing and ESG goals.

### KCCA Features:

- The CCA cap-and-trade program began in 2012, implemented by the California Air Resources Board (CARB) and covers approximately 80% of the states Green House Gas (GHG) emissions. In 2014, the program was expanded to cover Quebec and its emissions<sup>1</sup>.
- The program plans to reduce carbon levels to 60% of 1990 levels by 2030 and achieve carbon neutrality by 2045. The cap will reduce 4% per year to achieve this objective. Further, the program has a floor price that rises 5% plus inflation adjustment each year.<sup>1</sup>
- CCA carbon allowances are among the fastest growing, strongest performing and diversifying asset classes. In 2021, CCA carbon allowance futures have traded around \$1.5 billion per month.<sup>2,3</sup>
- Can provide potential portfolio diversification due to the historically low correlation to traditional asset classes.<sup>3,4</sup>

Fund Details	Data as of 10/31/2021
Primary Exchange	NYSE
CUSIP	500767553
ISIN	US5007675532
Total Annual Fund Operating Expense	0.79%
Inception Date	10/5/2021
Distribution Frequency	Annual
Index Name	IHS Markit Carbon CCA Index
Net Assets	\$26,828,237

By pairing KCCA with other KraneShares carbon funds, investors can customize their allocation to the global carbon credit market:

- The [KraneShares Global Carbon ETF \(KRBN\)](#) offers broad exposure to carbon allowances by tracking the major global cap-and-trade programs: European Union Allowances (EUA), California Carbon Allowances (CCA), and the Regional Greenhouse Gas Initiative (RGGI).
- The [KraneShares European Carbon ETF \(KEUA\)](#) focuses on the European Union Allowances (EUA) program, which is the world's oldest and most liquid carbon allowance market.<sup>3</sup>

1. California Air Resources Board, 2017.
2. Data from Bloomberg as of 8/31/2021.
3. Diversification does not ensure a profit or guarantee against a loss.
4. IHS Markit, 12/31/2020.

### KCCA Performance History:

	Cumulative % Data as of month end: 10/31/2021				Average Annualized % Data as of month end: 10/31/2021				Average Annualized % Data as of quarter end: 09/30/2021			
	1 Mo	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	5 Yr	Since Inception	1 Yr	3 Yr	5 Yr	Since Inception
Fund NAV	-	-	-	7.32%	-	-	-	-	-	-	-	-
Closing Price	-	-	-	7.92%	-	-	-	-	-	-	-	-
Index	-	-	-	-	-	-	-	-	-	-	-	-

**The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investors shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please visit [www.kraneshares.com](http://www.kraneshares.com).**

Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

## Holdings and Exposures of the KraneShares California Carbon Allowance ETF

Carbon Allowance Futures as of 10/29/2021	Identifier	Position	Current Exposure(\$)	% NAV
California Carbon Allowance (CCA) Vintage 2021 Future	ZCAZ21 Comdty	1077	32,794,650	122.24%
			<b>32,794,650</b>	<b>122%</b>

  

Collateral and Currency Management as of 10/29/2021	Identifier	Position	Current Exposure(\$)	% NAV
USD Cash & Equivalents**	USD	26,167,626	26,167,626	97.54%
			<b>26,167,626</b>	<b>98%</b>

Holdings, carbon allowance futures, and collateral are subject to change.

\*\*Includes USD cash deposits & cash in margin accounts (\$26,167,626), and implied short USD exposure from Euro FX futures

### About KraneShares

Krane Funds Advisors, LLC is the investment manager for KraneShares ETFs. Our suite of China focused ETFs provides investors with solutions to capture China's importance as an essential element of a well-designed investment portfolio. We strive to provide innovative, first to market strategies that have been developed based on our strong partnerships and our deep knowledge of investing. We help investors stay current on global market trends and aim to provide meaningful diversification\*. Krane Funds Advisors, LLC is majority owned by China International Capital Corporation (CICC).

### About Climate Finance Partners

Climate Finance Partners serves as the sub-advisor of the Fund. Climate Finance Partners delivers innovative climate finance solutions and investment products to address capital needs for emerging environmental challenges. CLIFI is led by a team of investment professionals with deep experience in the fields of traditional investment and environmental finance.

**Carefully consider the Funds' investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Funds' full and summary prospectus, which may be obtained by visiting [www.kraneshares.com](http://www.kraneshares.com). Read the prospectus carefully before investing.**

**Risk Disclosures:**

Investing involves risk, including possible loss of principal. There can be no assurance that a Fund will achieve its stated objectives. There is no assurance that cap and trade regimes will continue to exist, or that they will prove to be an effective method of reduction in GHG emissions. Changes in U.S. law and related regulations may impact how the way the Fund operates, increase Fund costs and/or change the competitive landscape. Funds may underperform other similar funds that do not consider conscious company/ESG guidelines when making investment decisions.

The Fund invests through a subsidiary, and is indirectly exposed to the risks associated with the Subsidiary's investments. Since the Subsidiary is organized under the law of the Cayman Islands and is not registered with the SEC under the Investment Company Act of 1940, as such the Fund will not receive all of the protections offered to shareholders of registered investment companies. The value of a commodity-linked derivative investment typically is based upon the price movements of a physical commodity and may be affected by changes in overall market movements, volatility of the Index, changes in interest rates, or factors affecting a particular industry or commodity.

The Fund and the Subsidiary will be considered commodity pools upon commencement of operations, and each will be subject to regulation under the Commodity Exchange Act and CFTC rules. Commodity pools are subject to additional laws, regulations and enforcement policies, which may increase compliance costs and may affect the operations and performance of the Fund and the Subsidiary. Futures and other contracts may have to be liquidated at disadvantageous times or prices to prevent the Fund from exceeding any applicable position limits established by the CFTC. Additionally, the Fund's investments are subject to liquidity risk, which exists when an investment is or becomes difficult to purchase or sell at a reasonable time and price.

Investments in non-U.S. instruments may involve risk of loss due to foreign currency fluctuations and political or economic instability. The Fund's assets are expected to be concentrated in an industry or group of industries to the extent that the Index concentrates in a particular industry or group of industries. The Fund is non-diversified. Diversification does not ensure a profit or guarantee against a loss.

Fund shares are bought and sold on an exchange at market price (not NAV) and are not individually redeemed from the Fund. However, shares may be redeemed at NAV directly by certain authorized broker-dealers (Authorized Participants) in very large creation/redemption units. The returns shown do not represent the returns you would receive if you traded shares at other times. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. Beginning 12/23/2020, market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates the current NAV per share. Prior to that date, market price returns were based on the midpoint between the Bid and Ask price. NAVs are calculated using prices as of 4:00 PM Eastern Time.

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