

## KraneShares Global Carbon Transformation ETF

### Investment Strategy:

KGHG is an actively managed ETF that aims to capture the low-carbon leaders of the future. KGHG focuses on companies in traditionally high emissions industries that are on the cusp of the transition away from fossil fuels to renewable technology. Companies in high-impact industries with a stated commitment and demonstrated action towards decarbonization may see superior growth compared to their peers and their own histories as well as be revalued as their businesses become 'greener.'

### Decarbonization Highlights

- Global energy demand will grow 50% by 2050<sup>1</sup> and 80% of the world's energy use is still fossil fuels.<sup>2</sup> If we continue on this track scientists predict we could see catastrophic flooding and extreme weather events that could make large portions of the earth uninhabitable.
- Decarbonizing operations is becoming increasingly important as pressure for companies to address climate change intensifies.
- Three core drivers of decarbonization include: greater policy reforms around regulating emissions, increasing inflows into ESG and impact investments, and technological advancements driving down costs for renewables.
- Sectors with high emissions will face substantial impact on demand, production cost, employment and cost of capital as the cost of CO2 emissions rises.
- Green capital expenditure is an emerging multi-decade secular theme that is crucial in facilitating the decarbonization transition across industries. This significant increase in infrastructure spending will create investment opportunities.

### KGHG Features

- Provides access to the emerging decarbonization leaders disrupting their industries
- Can provide potential portfolio diversification, as climate-focused investments may act as a differentiated and non-correlated source of return that are not driven by the economic cycle<sup>3</sup>
- A liquid global thematic climate-aligned strategy, diversified by sector, geography, and market cap<sup>3</sup>
- Active management allows for dynamic exposure in an evolving investible universe
- Tax efficiency – portfolio rebalancing does not incur tax impact from capital gains in actively managed portfolio

1. US Energy Information Administration, 2021.

2. Environmental and Energy Study Institute, 2021.

3. Diversification does not ensure a profit or guarantee against a loss.

Fund Details	Data as of 03/31/2023
Primary Exchange	NYSE
CUSIP	500767520
ISIN	US5007675201
Total Annual Fund Operating Expense	0.89%
Inception Date	03/16/2022
Distribution Frequency	Annual
Benchmark	MSCI World Index
Number of Holdings	49

Top 10 Holdings as of 03/31/2023 Excluding cash. Holdings are subject to change.	Ticker	%
REXEL SA	RXL	4.31
BP PLC	BP/	4.28
NORSK HYDRO ASA	NHY	4.04
BAKER HUGHES CO	BKR	3.88
ENI SPA	ENI	3.86
SCHNEIDER ELECTRIC SE	SU	3.80
RWE AG	RWE	3.78
SIEMENS AG-REG	SIE	3.77
TOTALENERGIES SE	TTE	3.76
QUANTA SERVICES INC	PWR	3.68

### KGHG Performance History:

	Cumulative % Data as of month end: 03/31/2023				Average Annualized % Data as of quarter end: 03/31/2023			
	1 Mo	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	5 Yr	Since Inception
Fund NAV	-0.48%	5.06%	18.99%	0.14%	-7.14%	-	-	0.14%
Closing Price	-0.28%	4.54%	19.29%	-0.18%	-6.99%	-	-	-0.17%
Benchmark	3.16%	7.88%	18.54%	-0.27%	-6.54%	-	-	-0.26%

**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).**

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

Sector Breakdown	%
Data from Bloomberg as of 03/31/2023	
Energy	31.92
Industrials	30.00
Utilities	18.15
Materials	17.99
Information Technology	1.03

**Portfolio Manager: Roger Mortimer**



Roger joined Krane Funds Advisors in 2022 to manage the KraneShares Global Carbon Transformation ETF. He brings more than 20 years experience managing public equities and has followed climate-related themes for a similar period. He was previously a Senior Vice President of CI Global Investments, a portfolio manager at Capital Group Companies, and a Global Partner at Amvescap Plc. He has BA (Economics) and MBA degrees from the University of Western Ontario.

**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.

The Fund may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses. A derivative (i.e., futures/forward contracts, swaps, and options) is a contract that derives its value from the performance of an underlying asset. The primary risk of derivatives is that changes in the asset's market value and the derivative may not be proportionate, and some derivatives can have the potential for unlimited losses. Derivatives are also subject to liquidity and counterparty risk. The Fund is subject to liquidity risk, meaning that certain investments may become difficult to purchase or sell at a reasonable time and price. If a transaction for these securities is large, it may not be possible to initiate, which may cause the Fund to suffer losses. Counterparty risk 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 the derivative.

The Fund is actively-managed and may not meet its investment objective based on the Adviser's success or failure to implement investment strategies for the Fund. The Fund may incur high portfolio turnover rates, which may increase the Fund's brokerage commission costs and negatively impact the Fund's performance. Emerging markets involve heightened risk related to the same factors as well as increase volatility and lower trading volume. Fluctuations in currency of foreign countries may have an adverse effect to domestic currency values. The Fund may underperform other similar funds that do not consider conscious company/ESG guidelines when making investment decisions. The Fund is subject to the risk that governments globally could abandon or diminish their greenhouse gas (GHG) reduction initiatives, which may have the effect of reducing the corporate incentives to adopt clean and low-emission energy technologies and processes, resulting in less activity in this area and potentially adversely affecting the Fund.

The Fund is subject to the political, social or economic instability associated with investing internationally which may cause a decline in value. Emerging markets involve heightened risk related to the same factors as well as increase volatility and lower trading volume. Fluctuations in currency of foreign countries may have an adverse effect to domestic currency values. The Fund is new and does not yet have a significant number of shares outstanding. 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. Narrowly focused investments typically exhibit higher volatility. The Fund's assets are expected to be concentrated in a sector, industry, market, or group of concentrations to the extent that the Underlying Index has such concentrations. The securities or futures in that concentration could react similarly to market developments. Thus, the Fund is subject to loss due to adverse occurrences that affect that concentration.

In addition to the normal risks associated with investing, investments in smaller companies typically exhibit higher volatility. KGHG is non-diversified.

ETF 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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