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KSET

KraneShares Global Carbon Offset Strategy ETF

Investment Strategy:

KSET tracks the S&P GSCI Global Voluntary Carbon Liquidity Weighted Index, which provides broad coverage of the voluntary carbon market by tracking carbon offset futures contracts. These futures contracts include Nature-Based Global Emission Offsets (N-GEOs) and Global Emission Offsets (GEOs), which trade through the CME Group, the world's largest financial derivatives exchange. KSET is designed to dynamically add additional offset markets as they reach scale.

Carbon Offset Futures Highlights:

- According to CME Group, the voluntary market will need to scale by roughly 15 times its current size in order to achieve global emission goals. Establishing a physically delivered futures market is among their key recommendations for bringing this market to scale.[1]
- N-GEOs follow the industry-leading Verified Carbon Standard (VCS) for Agriculture, Forestry, and Other Land Use (AFOLU) projects and require additional certification of Verra Registry's stringent Climate Community and Biodiversity (CCB) Standard, which identifies projects that simultaneously address climate change, support local communities and smallholders, and conserve biodiversity.
- GEOs offset criteria has been vetted for years by the UN specialized agency, International Civil Aviation Organization (ICAO), for use in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).[2]

Fund Details	Data as of 04/28/2023
Primary Exchange	NYSE
CUSIP	500767538
ISIN	US5007675383
Total Annual Fund Operating Expense	0.79%
Inception Date	04/27/2022
Distribution Frequency	Annual
Primary Index	S&P GSCI Global Voluntary Carbon Liquidity Weighted Index
Primary Index Ticker	SPGVCLWT

KSET Features:

- Provides investors access to global carbon offset futures contracts, previously unavailable through an ETF[3]
- Seeks to provide investors with access to validated instruments (GEOs and N-GEOs) for the growing global voluntary emissions market, vetted by top carbon offset registries
- Potential portfolio diversification[4], as climate-focused investments may act as differentiated and uncorrelated sources of return that are not driven by the economic cycle
- Designed to add new markets as they hit scale in an evolving investible universe, and may be a beneficiary of increasing demand for offsets as the global economy decarbonizes

1. CME Group, "Finding a Solution for Global Carbon Offsets Pricing", Jan 26, 2021.
2. CME Group, "CBL Nature-Based Global Emissions Offset (N-GEO) and CBL Global Emissions Offset (GEO) Futures - Frequently Asked Questions," Jun 21 2021.
3. Data from Bloomberg as of 4/25/2022.
4. Diversification does not ensure a profit or guarantee against a loss.

KSET Performance History:

	Cumulative % Data as of month end: 04/30/2023				**Average Annualized %** Data as of month end: 04/30/2023				**Cumulative %** Data as of quarter end: 03/31/2023			
	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	-24.14%	-18.06%	-71.72%	-82.35%	-82.23%	–	–	-82.02%	–	–	–	-76.74%
Closing Price	-22.40%	-16.14%	-71.23%	-82.07%	-81.99%	–	–	-81.74%	–	–	–	-76.90%
Primary Index (SPGVCLWT)	-24.86%	-15.50%	-74.10%	–	–	–	–	–	–	–	–	–
Secondary Index	-24.86%	-15.50%	-74.10%	-75.95%	-76.06%	–	–	-75.58%	–	–	–	-68.00%

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.

*Since Inception refers to performance since the inception date of the Fund, and for the Primary Index, it refers to performance since the conversion of the objective to index tracking on August 1, 2022. See page 2 for Index definitions.

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.

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Holdings and Exposures of the KraneShares Global Carbon Offset Strategy ETF

Carbon Emission Offset Futures as of 04/28/2023	**Identifier**	**Position**	**Current Exposure($)**	**% NAV**
CBL Nature-Based Global Emission Offset (NGO) 2023 Future	LGOZ3 Comdty	540	1,452,600	78.2%
CBL Global Emission Offset (GEO) 2023 Future	UGEZ3 Comdty	200	316,000	17.01%
			1,768,600	**95%**

Collateral and Currency Management as of 04/28/2023	**Identifier**	**Position**	**Current Exposure($)**	**% NAV**
USD Cash & Equivalents**	USD	1,519,220	1,519,220	81.79%
State Street Institutional U.S. Government Money Market Fund	GVMXX	241,368	241,368	12.99%
			1,760,588	**95%**

Holdings, futures, and collateral are subject to change.
**Includes USD cash deposits & cash in margin accounts ($1,519,220)

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-adviser 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.

Index Definitions:

KSET was launched as an actively-managed ETF, and on August 1, 2022, the Fund changed into a passive, index-tracking ETF. During the period where the Fund was actively-managed, KSET was benchmarked to the IHS Markit Global Carbon Index, but did not track this Index. After becoming passively-managed, KSET began tracking its Primary Index, the S&P GSCI Global Voluntary Carbon Liquidity Weighted Index. The Secondary Index consists of the IHS Markit Global Carbon Index from the inception of the Fund through July 31, 2022, and the S&P GSCI Global Voluntary Carbon Liquidity Weighted Index going forward. Future performance may be different than past performance due to changes, including investment objectives and principal investment strategies. Additionally, before August 1, 2022, the Fund previously had an investment strategy of seeking capital appreciation and now seeks to track the performance of the Primary Index before fees and expenses.

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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. 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 relies on the existence of cap and trade regimes. 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 the way the Fund operates, increase Fund costs and/or change the competitive landscape. New technologies may arise that may diminish or eliminate the need for cap and trade markets. Ultimately, the cost of emissions credits is determined by the cost of actually reducing emissions levels. If the price of credits becomes too high, it will be more economical for companies to develop or invest in green technologies, thereby suppressing the demand for credits. For the Fund, the market for carbon offset credit futures may be less developed, and potentially less liquid and more volatile, than more established futures markets. While the market has grown, there can be no assurance that this growth will continue. The price for carbon offset credit futures is based on a number of factors, including the supply of and the demand for carbon offset credit futures as well as the supply and demand for carbon offset credits. The performance of carbon offset credit futures and carbon offset credits may differ and may not be correlated with each other, over short or long periods of time.

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.

Fluctuations in currency of foreign countries may have an adverse effect to domestic currency values. The use of futures contracts is subject to special risk considerations. The primary risks associated with the use of futures contracts include: (a) an imperfect correlation between the change in market value of the reference asset and the price of the futures contract; (b) possible lack of a liquid secondary market for a futures contract and the resulting inability to close a futures contract when desired; (c) losses caused by unanticipated market movements, which are potentially unlimited; (d) the inability to predict correctly the direction of market prices, interest rates, currency exchange rates and other economic factors; and (e) if the Fund has insufficient cash, it may have to sell securities or financial instruments from its portfolio to meet daily variation margin requirements, which may lead to the Fund selling securities or financial instruments at a loss.

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 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. 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 is subject to interest rate risk, which is the chance that bonds will decline in value as interest rates rise. 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. KSET 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.

The KraneShares ETFs, KFA Funds ETFs, and KraneShares Mutual Funds are distributed by SEI Investments Distribution Company (SIDCO), 1 Freedom Valley Drive, Oaks, PA 19456, which is not affiliated with Krane Funds Advisors, LLC, the Investment Adviser for the Funds, or any sub-advisers for the Funds.
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