

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name KraneShares Zacks New China ETF			2 Issuer's employer identification number (EIN) 46-3004003	
3 Name of contact for additional information KraneShares		4 Telephone No. of contact 1-855-857-2638		5 Email address of contact
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1270 Avenue of the Americans, 22nd Floor			7 City, town, or post office, state, and Zip code of contact New York, NY 10020	
8 Date of action 3/31/2017		9 Classification and description Common Stock		
10 CUSIP number 500767207	11 Serial number(s)	12 Ticker symbol KFYP	13 Account number(s)	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See attached statement.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The amount shown as a return of capital distribution in the attached statement represents a reduction of the shareholder's tax basis on shares held.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See line 15 above.

Part II Organizational Action (continued)

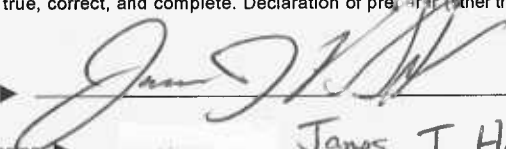
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based **Pursuant to IRS Section 301(C) (1), the portion of a distribution which is a dividend (as defined under IRC Section 316) is includable in gross income. Pursuant to IRC Section 301(C) (2), the portion of the distribution which is not a dividend shall be applied against and reduce the adjusted basis of the stock.**

18 Can any resulting loss be recognized? **Not applicable to this transaction. No loss would be recognized on the return of capital distribution. The shareholder's cost basis should be adjusted to reflect the return on capital distribution which may affect realized gain or loss upon disposition of the shares.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year **Pursuant to IRC Section 6045, as amended by the Emergency Economic Stabilization Act of 2008, brokers are required to reflect these adjustments in the cost basis reporting for covered securities. If a broker is not required to provide cost basis to a particular shareholder, the cost basis of the shareholder's shares should be adjusted as of the dividend date to reflect the return of capital described above.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature  Date **6/2/12**

Print your name **James J. Hoffmayer** Title **Assistant Treasurer**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name			Firm's EIN	
	Firm's address			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

KraneShares Zacks New China ETF
Supplemental Attachment to Form 8937

Part II, Question 14

Detail of the distributions paid during the fiscal year ending March 31, 2017 is described below:

Ex-Date	Record Date	Payable Date	Amount	% Taxable Distribution	Taxable Dividend Amount	% Return of Capital Distribution	Return of Capital Amount
12/20/2016	12/22/2016	12/23/2016	0.7066	46.21%	0.3266	53.79%	0.3800