

Form ADV Part 2A

Krane Funds Advisors, LLC

**280 Park Avenue, 32nd Floor
New York, NY 10017**

www.kraneshares.com

March 27, 2024

This brochure provides information about the qualifications and business practices of Krane Funds Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 933-0393. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any other state securities authority. Additional information about Krane Funds Advisors, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Krane Funds Advisors, LLC is an SEC registered investment adviser. This registration does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

No material changes have been made since the last annual update made on March 31, 2023.

ITEM 3. TABLE OF CONTENTS

ITEM 2. MATERIAL CHANGES	2
ITEM 3. TABLE OF CONTENTS	3
ITEM 4. ADVISORY BUSINESS	4
ITEM 5. FEES AND COMPENSATION	7
ITEM 6. PERFORMANCE-BASED ALLOCATION AND SIDE-BY-SIDE MANAGEMENT	9
ITEM 7. TYPES OF CLIENTS	10
ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	11
ITEM 9. DISCIPLINARY INFORMATION	28
ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	29
ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	31
ITEM 12. BROKERAGE PRACTICES	33
ITEM 13. REVIEW OF ACCOUNTS	37
ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION	38
ITEM 15. CUSTODY	39
ITEM 16. INVESTMENT DISCRETION	40
ITEM 17. VOTING CLIENT SECURITIES	41
ITEM 18. FINANCIAL INFORMATION	43

ITEM 4. ADVISORY BUSINESS

Krane Funds Advisors, LLC (“Krane”) delivers differentiated, high-conviction investment strategies to global investors and is passionate about identifying groundbreaking capital market opportunities and developing them into investment vehicles that offer a source of non-traditional diversification to clients. Krane seeks to provide innovative, first to market strategies that have been developed based on the firm and its partners’ deep knowledge of investing. The firm has been a registered investment adviser since 2013. As of 2017, KFA One Holdings, LLC entered into a strategic partnership with China International Capital Corporation (USA) Holdings Inc., a wholly-owned, indirect subsidiary of China International Capital Corporation Limited (“CICC”), and Krane became a majority-owned, indirect subsidiary of CICC. CICC is a leading publicly traded Chinese financial services company with expertise in research, asset management, investment banking, private equity and wealth management. KFA One Holdings, LLC also remains a principal owner of Krane.

Krane primarily serves as the investment manager for KraneShares ETFs, two a suites of passively-managed and actively-managed registered open-end management investment companies that operate exchange-traded funds (“ETFs”) (collectively, the “Krane Registered Funds”). Each Krane Registered Fund is managed in accordance with its respective investment objectives, strategies and restrictions as approved by the Board of Trustees.

From time to time Krane hires unaffiliated investment advisors to provide discretionary and non-discretionary investment advisory services to the Krane Registered Funds in a sub-advisory capacity. In this capacity, Krane recommends the engagement, retention and termination of sub-advisory firms and provides ongoing oversight of such sub-advisory firms in connection with the services provided to the Krane Registered Funds.

Krane also offers investment advisory services through model delivery programs (which may be managed as separately managed accounts) and other pooled investment vehicles. Krane also provides discretionary and/or non-discretionary investment advisory services to unaffiliated third parties, including UCITS and other non-US funds.

UCITS and Other Non-US Funds

Krane acts as the investment adviser for a series of Ireland domiciled funds regulated pursuant to the Undertakings for Collective Investment in Transferable Securities (“UCITS”). Information about these UCITS funds, including a description of the management fees and investor eligibility, is generally contained in each UCITS fund’s prospectus, key information document, key investor information document and supplements, which can be found on each UCITS fund’s website as applicable.

Model Delivery Programs

Krane creates, maintains and makes available asset allocation models (each a “Model Portfolio”), which have underlying allocations generally consisting of individual ETFs, including ETFs managed by Krane. The Model Portfolios are not limited to allocations to ETFs managed by Krane; however, a Model Portfolio may be allocated up to 100% to such ETFs. Model Portfolios typically

include ETFs managed by Krane, notwithstanding the fact that there may be a similar ETF with a higher rating, lower fees and expenses, or substantially better performance. Krane is subject to an inherent conflict of interest in constructing the Model Portfolios because it earns underlying fund fees when accounts invested based on a Model Portfolio include an allocation to its own ETFs.

Krane provides the Model Portfolios to third-parties, including investment advisors and broker-dealers (“Sponsors”) through model portfolio delivery programs (“Model Delivery Programs”) on a non-discretionary basis. In these relationships, Krane’s client is the Sponsor or other third-party receiving the Model Portfolios, rather than the underlying participant in the Model Delivery Program. The Sponsor retains discretion to implement, reject, or adjust such Model Portfolios and is responsible for executing any corresponding transaction on behalf of the Sponsor’s underlying client. Krane does not execute transactions for any underlying clients of the third party participating in the Model Delivery Program. In addition, Krane typically neither receives nor has access to information regarding the underlying participants in Model Delivery Programs and does not have any contractual arrangement with such participants. The Sponsor determines the fee to charge the underlying program participants. Participants in Model Delivery Programs should refer to the Sponsor’s disclosures for additional information regarding their account.

Krane from time to time makes updates to the recommended allocations to ETFs that comprise the Model Portfolios. In the event of an update to the Model Portfolios, Krane will make such update available to the third-party advisors, who in their sole discretion may determine whether to implement such updates on behalf of their clients. In some instances Krane receives compensation from third-party advisors for use of the Model Portfolios and will be indirectly compensated by investments in the Krane Registered Funds underlying the Model Portfolios.

The Sponsor or third party making use of the Model Portfolios may do so through investment advisory programs designed to comply with Rule 3a-4 under the Investment Company Act of 1940, as amended. In such cases, it is the Sponsor or third party’s, and not Krane’s, obligation: (i) to manage the client’s account on the basis of the client’s financial situation and investment objectives; (ii) to obtain sufficient client information to be able to provide individualized investment advice to the client; (iii) to be reasonably available to consult with the client; (iv) to allow the client the opportunity to impose reasonable investment restrictions on the management of the account; and (v) to provide the client with a quarterly statement with a description of all account activity. Please refer to the Form ADV Part 2 of your relevant Sponsor for more information.

Separate Accounts

Krane may also offer investment advisory services through separately managed accounts primarily to high net worth individuals and institutional clients. Separate accounts would be tailored to each client based on the client’s individual investment objectives. Separate account arrangements would be documented through an investment management agreement, which incorporates investment management restrictions and guidelines developed in consultation with each client, as well as any additional services required by the client. These restrictions and guidelines may impose limitations on the types of securities that may be purchased and/or the percentage of account assets that may be invested in certain types of securities.

Assets Under Management

As of December 31, 2023, Krane managed \$8.7 billion in client assets on a discretionary basis and \$0 managed on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

Krane Registered Funds and other pooled vehicles generally charge a management fee calculated daily based on a percentage of assets under management and paid to the investment manager monthly in arrears. Each Krane Registered Fund pays Krane a management fee in return for providing investment advisory, supervisory, and administrative services under a unitary fee structure. For each Krane Registered Fund, the management fee charged by Krane is documented in writing in an investment advisory agreement between Krane and the KraneShares Trust, which obligates Krane to pay all expenses of such funds other than brokerage commissions and other fees to financial intermediaries. Such agreement is approved by the Board of Trustees. The management fee with respect to a Krane Registered Fund may vary due to various factors, including, but not limited to, the applicable investment strategy or benchmark, the size of the fund, the fund's servicing or reporting requirements, and any contractual or voluntary fee waivers. Investors are encouraged to review the offering documents of the applicable Krane Registered Fund or other pooled vehicle to understand their fees and expenses, which may include expenses for custody, administration, and other non-advisory services. As of 12/31/2023, gross expenses for US ETFs ranged from 0.49% to 1.04% and net expenses ranged from 0.24% to 0.82%. For UCITS ETFs, total expenses ranged from 0.35% to 0.82%.

For separately managed accounts, advisory fees charged by Krane would be documented in writing in the client's investment management agreement with Krane, as such agreement may be amended from time to time. Fees for separately managed accounts clients will be calculated as set forth in the client's agreement. While fees are generally payable quarterly in arrears, Krane and clients may mutually agree on alternative payment options. Fees for partial periods will be prorated for the portion of the period for which services were rendered. Separately managed account clients will be billed directly for fees in accordance with the terms of their investment management agreement.

Krane's separate account fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses. Such expenses will be passed through to the client. Clients may incur certain charges imposed by custodians, broker-dealers and other third-parties, including but not limited to: custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, withholding fees, country tax or delivery fees, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Certain Krane investment strategies may invest in pooled investment vehicles that pay their own management, transaction, and administrative fees and expenses. Such fees and expenses are indirectly borne by the investors in those vehicles, including Krane clients, in addition to management fees paid to Krane directly.

Model Portfolios

In some instances Krane receives a fee from or pays a fee to third-party advisors or Sponsors to whom it provides Model Portfolios. The terms of Krane's agreements with such third-parties vary between such third-parties and will be specified in the applicable agreement. Fees will be calculated and billed in accordance with the applicable agreement and may be in the form of a flat or asset-based fee. A third-party provider may pay or charge a fee to Krane for the use of the Model Portfolios in providing investment advice to its underlying clients. Krane also, in some cases, pays installation, maintenance, technology, or other fees to third-party providers for making the Model

Portfolios available through the applicable third-party's platform. Krane is not compensated directly by any investor with respect to the assets of which are invested based on a Model Portfolio. However, in some instances, a third-party provider, in its sole discretion or in connection with the applicable written agreement between Krane and the third-party provider, passes all or a portion of its costs, including fees due to Krane, on to the underlying investor. Third-party advisors may charge clients a fee for their services separate and distinct from any fees paid to Krane by the third-party provider. Krane may from time to time, in its sole discretion, reduce or waive its fees for certain third-party advisors, which may result in a disparity in fees charged. In addition, ETFs, including those ETFs used in the Model Portfolios, pay certain fees and expenses including investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses. When third-party advisors invest assets of their underlying clients in Krane ETFs based on the Model Portfolios, the underlying participants will indirectly pay fees and expenses of the applicable Krane ETF and therefore ultimately benefit Krane.

ITEM 6. PERFORMANCE-BASED ALLOCATION AND SIDE-BY-SIDE MANAGEMENT

As of the date of this brochure, Krane does not charge performance-based fees.

Krane may provide investment advisory services with respect to the same or similar strategies through various investment vehicles, such as separate accounts, UCITS and/or Krane Registered Funds. This gives rise to potential conflicts of interest because Krane has an incentive to favor certain clients over others. For example, Krane may be incentivized to dedicate more time and/or to allocate favored investment opportunities to clients that pay higher fee rates. To address these and other conflicts of interest, Krane has adopted various policies and procedures designed so that all clients are treated equitably and that no client is systematically favored or disadvantaged over time.

ITEM 7. TYPES OF CLIENTS

Krane provides investment advisory services to registered investment companies (i.e. ETFs) and offshore pooled vehicles sponsored by Krane. Krane may also offer separate accounts for institutional clients, including high net worth individuals.

Primary market investments in pooled investment vehicles, including the Krane Registered Funds and UCITS, are generally subject to minimum investment requirements as disclosed in the applicable fund's offering materials.

Krane would require any separate account clients to enter into a written investment management agreement. Minimum account sizes for separate account clients are subject to negotiation and vary based on a variety of factors, including the type of client relationship and asset class.

The Model Portfolios are provided either directly to third-party advisors, or through various platform providers who make the Model Portfolios available to the third-party advisors, for use by such third-party advisers in providing services to such third-party adviser's underlying investor clients.

Krane from time to time provides investment advisory services to proprietary accounts. At any given time, we may manage proprietary accounts that are separately managed accounts or other accounts. The clients, account holders, shareholders or investors in these proprietary accounts may include: Krane Registered Funds and other pooled vehicles, another affiliate, or employees of these entities.

Proprietary accounts typically are established when a new investment strategy is being formed, or when creating or seeding a Krane Registered Fund or other pooled vehicle. Investment vehicles with unaffiliated investors may also be treated as proprietary accounts if Krane has a significant ownership interest in the investment vehicle.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

We believe that clients should have cost-effective and transparent tools for attaining asset class exposure. We apply our cross-asset class and systematic investing expertise to help investors obtain targeted and thematic market exposures. We seek to be a leading source of non-traditional diversification for global investors.

Krane manages strategies across multiple asset classes and listing exchanges. Krane products cover China onshore equities listed on the Shanghai and Shenzhen stock exchanges as well as offshore equities listed on the Hong Kong, equities listed on the New York, and NASDAQ stock exchanges, among others. In addition, Krane manages solutions with China specific and global exposures in other asset classes, including fixed income, carbon allowance markets, and metal futures. These strategies can be used to increase diversification and potentially enhance performance as a part of a balanced diversified investment portfolio.

Krane's investment strategies began by focusing on China and emerging markets, creating components that, in Krane's view, many global investors were missing from their portfolios. Krane's approach has since extended and been applied to both U.S. equity, fixed income and certain futures-based strategies.

Investing in securities and other financial instruments involves a risk of loss (which may be substantial) that clients should be prepared to bear. The investment strategies and material risks below are not comprehensive. A particular investment strategy may involve additional investment selection criteria and be subject to additional risks not described below. The principal investment strategies and associated risks for the Krane Registered Funds and other pooled investment vehicles are disclosed in the offering documents for such funds.

Investment Strategies

China-Focused Suite

The China-Focused Suite includes approximately a dozen U.S. registered ETFs, each of which provides investors with a means to obtain exposure to China in light of the Firm's belief in China's importance as an essential element of a well-designed investment portfolio. These strategies capture China's importance as a distinct asset class within a global portfolio, providing comprehensive and accessible access to China's capital markets. The China-Focused suite includes thematic and core equity exposures as well as fixed income exposure.

Broad-Thematic Suite

The Broad-Thematic Suite includes nine (9) U.S. registered ETFs, each of which provides investors with a means to obtain exposure to global themes and asset classes. These strategies provide thematic, core, and factor-based exposure to global equities and bonds. The thematic strategies offer exposure to themes that the firm believes will define the future of the world, such as emerging markets consumer technology, electric vehicles, and the One Belt & One Road Initiative. Meanwhile, core exposures are meant to realize the firm's parsing of the global equity universe

according to its core tenets. For example, KEMX represents one of two completion tools for investors to treat China as an asset class distinct from emerging markets, one of the firm's most central investment theses. Finally, factor-based exposures allow investors access to global equities that exhibit a pre-defined set of characteristics, such as attractive dividend policies, as in the case of KVLE and KDIV.

Climate-Aligned Suite

The Climate Aligned Suite includes approximately half a dozen ETFs that help investors address the impact that climate change and government policy around climate change may have on their portfolios. These strategies, many of which are first-to-market, allow investors to capitalize on the energy transition and tightening climate policies as well as manage climate risk. The Climate-Aligned Suite includes equity, commodities futures, and carbon credit/offset futures exposures to provide a comprehensive definition of the global climate-related investment universe.

The Uncorrelated Suite

IVOL (Quadratic Interest Rate Volatility and Inflation Hedge ETF), BNDD (Quadratic Deflation ETF) and KMLM (KFA Mount Lucas Managed Futures Index Strategy ETF) make up the Uncorrelated Suite, which offers differentiated, high-conviction investment strategies to global investors. All products in the suite are sub-advised by firms that Krane believes are reputable and can offer investors of all types unique exposures previously and otherwise unavailable to the general investing public.

Models Portfolio Services

Krane constructs differentiated core, strategic, and thematic model portfolios within Global, Emerging, and Chinese markets. With China playing a more critical role in the global economy, we seek to provide strategies that capture China's importance as an essential element of a well-designed investment portfolio. Krane's Model Portfolios are designed to help investors stay up to date on global market trends and aim to provide meaningful diversification.

Investment Philosophy

For broad emerging market models, we believe that China should be treated as a distinct asset class and separated from Emerging Markets allocations given its size, contribution to the global economy and differentiated risk/return characteristics. By combining a strategic allocation with a systematic valuation overlay between China and the rest of Emerging Markets excluding China ("EM Ex China"), we believe a potentially superior emerging markets portfolio can be produced.

For China thematic, we believe that as China continues to transition into a service-based and consumer-driven economy, some sectors and markets are poised to benefit more than others. By combining "New China" sectors, such as internet technology and healthcare, with Mainland China A-Shares, we believe the Krane China Growth Suite can provide investors with an enhanced China allocation for the short and long term.

For China innovation, we believe that the next phase of China's secular growth will be driven by innovation in science and technology. Chinese companies in industries such as internet, healthcare,

clean technology and 5G are becoming global leaders. China Innovation Strategy can provide investors with an enhanced and forward-looking China allocation.

For China Multi Asset Strategy, we believe that given its size, China's equity market is large enough to be considered its own asset class. As such, we believe that through managing fixed income and equity exposure, a better risk-managed China allocation could emerge. The Krane China Multi Asset Strategy is designed to act as a comprehensive, stand-alone China portfolio or as a complement to an existing China strategy.

Model Construction

Krane Model Portfolios implement a rules-based approach with respect to model construction that is based on extensive research and experience in emerging markets and China. The Model Portfolios offering includes strategic and dynamic models. The strategic Model Portfolios provide what we believe to be an enhanced beta exposure to traditional broad markets indices and are rebalanced semi-annually back to initial weights. Dynamic Model Portfolios represent an enhanced strategic allocation coupled with a fundamental and valuation overlay that seek to allocate capital based on widely used signals such as price to earnings, price to book, forward prices to earnings, yields and growth. Dynamic models are rebalanced at least quarterly depending on market conditions.

Risk Management of the Model Portfolios

Portfolio managers seek to manage the strategy risk. Risk is primarily determined and managed through the asset allocation process and the diversified nature of the Model Portfolios but can vary depending on the portfolio objective. Certain Model Portfolios may also include a stop-loss feature, designed to provide incremental benefits in the event of a severe market downturn. Risk management may also be embedded into the allocation process by electing to allocate assets based on low valuation and higher growth as indicated by the data constituting the signals.

Material Risks

Asia-Pacific Risk. Investments in securities of issuers in Asia-Pacific countries involve risks that are specific to the Asia-Pacific region, including certain legal, regulatory, political and economic risks. Certain Asia-Pacific countries have experienced expropriation and/or nationalization of assets, confiscatory taxation, political instability, armed conflict and social instability as a result of religious, ethnic, socio-economic and/or political unrest. Some economies in this region are dependent on a range of commodities, and are strongly affected by international commodity prices and particularly vulnerable to price changes for these products. The market for securities in this region may also be directly influenced by the flow of international capital, and by the economic and market conditions of neighboring countries. Many Asia-Pacific economies have experienced rapid growth and industrialization, and there is no assurance that this growth rate will be maintained. Some Asia-Pacific economies are highly dependent on trade and economic conditions in other countries can impact these economies.

Cap and Trade Risk. There is no assurance that cap and trade programs will continue to exist. Cap and trade may not prove to be an effective method of reduction in GHG emissions. As a result or due to other factors, cap and trade programs may be terminated or may not be renewed upon

their expiration. 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. Cap and trade programs set emission limits (*i.e.*, the right to emit a certain quantity of GHG emissions), which can be allocated or auctioned to the parties regulated under the program up to the total emissions cap. This allocation may be larger or smaller than is needed for a stable price of credits and can lead to large price volatility. Depending upon the industries covered under each cap and trade mechanism represented in the index, unpredictable demand for their products and services can affect the value of GHG emissions credits. For example, very mild winters or very cool summers can decrease demand for electric utilities and therefore require fewer carbon credits to offset reduced production and GHG emissions.

China Risk. The Chinese economy is generally considered an emerging market and can be significantly affected by economic and political conditions in China and surrounding Asian countries and may demonstrate significantly higher volatility from time to time in comparison to developed markets. China may be subject to considerable degrees of economic, political and social instability. Over the last few decades, the Chinese government has undertaken reform of economic and market practices and has expanded the sphere of private ownership of property in China. However, Chinese markets generally continue to experience inefficiency, volatility and pricing anomalies resulting from governmental influence, a lack of publicly available information and/or political and social instability. Chinese companies are also subject to the risk that Chinese authorities can intervene in their operations and structure. In addition, the Chinese economy is export-driven and highly reliant on trading with key partners. A downturn in the economies of China's primary trading partners could slow or eliminate the growth of the Chinese economy and adversely impact the Fund's investments. The Chinese government strictly regulates the payment of foreign currency denominated obligations and sets monetary policy. The RMB is not freely convertible, but rather is subject to approval of PRC authorities. Although Chinese authorities have indicated an intent to move to a freely convertible RMB, there is no assurance that repatriation strictions will not continue. The Chinese government may introduce new laws and regulations that could have an adverse effect on the Fund. Although China has begun the process of privatizing certain sectors of its economy, privatized entities may lose money and/or be re-nationalized.

In the Chinese securities markets, a small number of issuers may represent a large portion of the entire market. The Chinese securities markets are subject to more frequent trading halts, low trading volume and price volatility. 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 Fund.

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 recently been strained. Worsening trade relations between the two countries could adversely impact the Fund, 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. Worsening trade relations may also result in market volatility and volatility in the price of Fund shares.

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.

A-Shares Risk. A-Shares are issued by companies incorporated in mainland China and are traded on Chinese exchanges. Investments in A-Shares are made available to domestic Chinese investors and certain foreign investors, including those who have been approved as a QFII or a RQFII and through the Stock Connect Programs, which currently include the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, Shanghai-London Stock Connect, and China-Japan Stock Connect. Investments by foreign investors in A-Shares are subject to various restrictions, regulations and limits. Investments in A-Shares are heavily regulated and the recoupment and repatriation of assets invested in A-Shares is subject to restrictions by the Chinese government. A-Shares may be subject to frequent and widespread trading halts and may become illiquid. This could cause volatility in the Fund's share price and subject the Fund to a greater risk of trading halts.

Custody Risks. In accordance with Chinese regulations and the terms of a QFII or RQFII license, as applicable, and insofar as Krane acquires a QFII or RQFII license, A-Shares will be held in the joint names of the Fund and Krane. While Krane may not use such an account for any purpose other than for maintaining the Fund's assets, the Fund's assets may not be as well protected as they would be if it were possible for them to be registered and held solely in the name of the Fund. There is a risk that creditors of Krane may assert that the securities are owned by Krane and that regulatory actions taken against Krane may affect the Fund. The risk is particularly acute in the case of cash deposited with a People's Republic of China ("PRC") sub-custodian ("PRC Custodian") because it may not be segregated, and it may be treated as a debt owing from the PRC Custodian to the Fund as a depositor. Thus, in the event of a PRC Custodian bankruptcy, liquidation, or similar event, the Fund may face difficulties and/or encounter delays in recovering its cash.

Tax Risk. Per a circular (Caishui [2014] 79), the Fund is temporarily exempt from the Chinese tax on capital gains on trading in A-Shares as a QFII or RQFII or the Shanghai Stock Exchange through the Shanghai-Hong Kong Stock Connect as of November 17, 2014, and the Shenzhen Stock Exchange through the Shenzhen-Hong Kong Stock Connect as of December 5, 2016. There is no indication as to how long the temporary exemption will remain in effect. Accordingly, the Fund may be subject to such taxes in the future. In addition, there is uncertainty as to the application and implementation of China's value added tax to the Fund's activities. The Fund reserves the right to establish a reserve for taxes which present uncertainty as to whether they will be assessed, although it currently does not do so. If the Fund establishes such a reserve but is not ultimately subject to these taxes, shareholders who redeemed or sold their shares while the reserve was in place will

effectively bear the tax and may not benefit from the later release, if any, of the reserve. Conversely, if the Fund does not establish such a reserve but ultimately is subject to the tax, shareholders who redeemed or sold their shares prior to the tax being withheld, reserved or paid will have effectively avoided the tax. Investors should note that such provision, if any, may be excessive or inadequate to meet actual tax liabilities (which could include interest and penalties) on the Fund's investments. Any taxes imposed in connection with the Fund's activities will be borne by the Fund. As a result, investors may be advantaged or disadvantaged depending on the final rules of the relevant tax authorities.

Capital Controls Risk. Economic conditions, such as volatile currency exchange rates and interest rates, political events and other conditions may, without prior warning, lead to intervention by government actors and the imposition of "capital controls." Capital controls include the prohibition of, or restrictions on, the ability to transfer currency, securities or other assets. Levies may be placed on profits repatriated by foreign entities (such as the Fund). Although the RMB is not presently freely convertible, rather it is subject to the approval of the State Administration of Foreign Exchange ("SAFE") and other relevant authorities, repatriations by RQFIIIs or through the Stock Connect Programs are currently permitted daily and Chinese authorities have indicated their plans to move to a fully freely convertible RMB. There is no assurance, however, that repatriation restrictions will not be (re-)imposed in the future.

Hong Kong Risk. The economy of Hong Kong has few natural resources and any fluctuation or shortage in the commodity markets could have a significant adverse effect on the Hong Kong economy. Hong Kong is also heavily dependent on international trade and finance. Additionally, the continuation and success of the current political, economic, legal and social policies of Hong Kong is dependent on and subject to the control of the Chinese government. China may change its policies regarding Hong Kong at any time. Any such change may adversely affect market conditions and the performance of Chinese and Hong Kong issuers and, thus, the value of securities in the Fund's portfolio.

Stock Connect Program Risk. The Stock Connect Programs are subject to daily quota limitations, and an investor cannot purchase and sell the same security on the same trading day, which may restrict the Fund's ability to invest in A-Shares through the Programs and to enter into or exit trades on a timely basis. The Shanghai and Shenzhen markets may be open at a time when the participating exchanges located outside of mainland China are not active, with the result that prices of A-Shares may fluctuate at times when the Fund is unable to add to or exit its positions. Only certain China A-Shares are eligible to be accessed through the Stock Connect Programs. Such securities may lose their eligibility at any time, in which case they could be sold but could no longer be purchased through the Stock Connect Programs. Because the Stock Connect Programs are still evolving, the actual effect on the market for trading A-Shares with the introduction of large numbers of foreign investors is still relatively unknown. Further, regulations or restrictions, such as limitations on redemptions or suspension of trading, may adversely impact the program. There is no guarantee that the participating exchanges will continue to support the Stock Connect Programs in the future.

Investments in China A-Shares may not be covered by the securities investor protection programs of either exchange and, without the protection of such programs, will be subject to the risk of default by the broker. Because of the way in which China A-Shares are held in the Stock Connect Programs, the Fund may not be able to exercise the rights of a shareholder and may be limited in its ability to pursue claims against the issuer of a security, and may suffer losses in the event the depository of the Chinese exchange becomes insolvent.

B-Shares Risk. The China B-Share market is generally smaller, less liquid and has a smaller issuer base than the China A-Share market. The issuers that compose the B-Share market include a broad range of companies, including companies with large, medium and small capitalizations. Further, the B-Shares market may behave very differently from other portions of the Chinese equity markets, and there may be little to no correlation between the performance of the two.

H-Shares Risk. H-Shares are foreign securities which, in addition to the risks described herein, are subject to the risk that the Hong Kong stock market may behave very differently from the mainland Chinese stock market. There may be little to no correlation between the performance of the Hong Kong stock market and the mainland Chinese stock market.

N-Shares Risk. N-Shares are securities of companies with business operations in mainland China and listed on an American stock exchange, such as the NYSE or NASDAQ. Because companies issuing N-Shares have business operations in China, they are subject to certain political and economic risks in China. The American stock market may behave very differently from the mainland Chinese stock market, and there may be little to no correlation between the performance of the two.

P-Chip Companies Risk. P-Chip companies are often run by the private sector and have a majority of their business operations in mainland China. P-Chip shares are traded in Hong Kong dollars on the Hong Kong Stock Exchange, and may also be traded by foreigners. Because they are traded on the Hong Kong Stock Exchange, P-Chips are also subject to risks similar to those associated with investments in H Shares. They are also subject to risks affecting their jurisdiction of incorporation, including any legal or tax changes.

Red Chip Companies Risk. Red Chip companies are controlled, either directly or indirectly, by the central, provincial or municipal governments of the PRC. Red Chip shares are traded in Hong Kong dollars on the Hong Kong Stock Exchange and may also be traded by foreigners. Because Red Chip companies are controlled by various PRC governmental authorities, investing in Red Chips involves risks that political changes, social instability, regulatory uncertainty, adverse diplomatic developments, asset expropriation or nationalization, or confiscatory taxation could adversely affect the performance of Red Chip companies. Red Chip companies may be less efficiently run and less profitable than other companies.

S-Chip Companies Risk. The Fund may invest in shares of companies with business operations in mainland China and listed on the Singapore Exchange (“S-Chips”). S-Chip

shares are issued by companies incorporated anywhere, but many are registered in Singapore, the British Virgin Islands, the Cayman Islands, or Bermuda. They are subject to risks affecting their jurisdiction of incorporation, including any legal or tax changes. S-Chip companies may or may not be owned at least in part by a Chinese central, provincial or municipal government and be subject to the types of risks that come with such ownership described herein. There may be little or no correlation between the performance of the Singapore stock market and the mainland Chinese stock market.

Special Risk Considerations of Investing in China. For purposes of raising capital offshore on exchanges outside of China, including on U.S. exchanges, many Chinese-based operating companies are structured as Variable Interest Entities (“VIEs”). In this structure, the Chinese-based operating company is the VIE and establishes an entity, which is typically offshore in a foreign jurisdiction, such as the Cayman Islands. The offshore entity lists on a foreign exchange and enters into contractual arrangements with the VIE. This structure allows Chinese companies in which the government restricts foreign ownership to raise capital from foreign investors. While the offshore entity has no equity ownership of the VIE, these contractual arrangements permit the offshore entity to consolidate the VIE’s financial statements with its own for accounting purposes and provide for economic exposure to the performance of the underlying Chinese operating company. Therefore, an investor in the listed offshore entity, such as the Fund, will have exposure to the Chinese-based operating company only through contractual arrangements and has no ownership in the Chinese-based operating company. Furthermore, because the offshore entity only has specific rights provided for in these service agreements with the VIE, its abilities to control the activities at the Chinese-based operating company are limited and the operating company may engage in activities that negatively impact investment value. While the VIE structure has been widely adopted, it is not formally recognized under Chinese law and therefore there is a risk that the Chinese government could prohibit the existence of such structures or negatively impact the VIE’s contractual arrangements with the listed offshore entity by making them invalid. If these contracts were found to be unenforceable under Chinese law, investors in the listed offshore entity, such as the Fund, may suffer significant losses with little or no recourse available. If the Chinese government determines that the agreements establishing the VIE structures do not comply with Chinese law and regulations, including those related to restrictions on foreign ownership, it could subject a Chinese-based issuer to penalties, revocation of business and operating licenses, or forfeiture of ownership interest.

Commodity-Linked Derivatives Risk. 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, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments. Investments in commodity-linked derivatives may be subject to greater volatility than non-derivative based investments. Commodity-linked derivatives also may be subject to credit and interest rate risks that in general affect the values of debt securities.

Concentration Risk. Assets may be concentrated in a limited number of issuers, an industry or group of industries, or sectors. The securities of companies in an industry or group of industries or sector could react similarly to market developments. Thus, a strategy is subject to loss due to adverse occurrences that affect one industry or group of industries or sector.

Covered Call Options Risk. By writing covered call options in return for the receipt of premiums, the Fund will give up the opportunity to benefit from potential increases in the value of the Index above the exercise prices of such options, but will continue to bear the risk of declines in the value of the Index. The premiums received from the options may not be sufficient to offset any losses sustained from the volatility of the underlying stocks over time. As a result, the risks associated with writing covered call options may be similar to the risks associated with writing put options. In addition, the Fund's ability to sell the securities underlying the options will be limited while the options are in effect unless the Fund cancels out the option positions through the purchase of offsetting identical options prior to the expiration of the written options. As the writer of a call option, the Fund may not be able to control the time when it may be required to fulfill its obligation to the purchaser of the option; however, the terms of the FLEX options typically written by the Fund will make them exercisable only on their expiration date. Exchanges may suspend the trading of options in volatile markets. If trading is suspended, the Fund may be unable to write options at times that may be desirable or advantageous to do so.

The prices of options are volatile and are influenced by, among other things, actual and anticipated changes in the value of the underlying instrument, or in interest or currency exchange rates, including the anticipated volatility of the underlying instrument (known as implied volatility), which in turn are affected by the performance of the issuer of the underlying instrument, by fiscal and monetary policies and by national and international political and economic events. As such, prior to the exercise or expiration of the option, the Fund is exposed to implied volatility risk, meaning the value, as based on implied volatility, of an option may increase due to market and economic conditions or views based on the sector or industry in which issuers of the underlying instrument participate, including company-specific factors. If the Fund was required to close out an option position prior to expiration, an increase in implied volatility could result in higher option prices and losses to the Fund, depending on when the option was written. A decrease in implied volatility results in lower option prices, and this could result in lower options premiums at the time that the option is written.

There may be an imperfect correlation between the movement in prices of options and the securities underlying them and there may at times not be a liquid secondary market for various options. The trading in FLEX options may be less deep and liquid than the market for certain other securities. FLEX options may be less liquid than certain non-customized options. In a less liquid market for the FLEX options, the liquidation of a large number of options may more significantly impact the price. A less liquid trading market may adversely impact the value of the FLEX options and the value of your investment.

Currency Risk. Changes in currency exchange rates may affect the value of investments. The value of currencies are influenced by a variety of factors, that include: interest rates, national debt levels and trade deficits, changes in balances of payments and trade, domestic and foreign interest

and inflation rates, global or regional political, economic or financial events, monetary policies of governments, actual or potential government intervention, global energy prices, political instability and government monetary policies and the buying or selling of currency by a country's government. Investments in foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedged positions, that the U.S. dollar will decline relative to the currency being hedged. Currency exchange rates can be volatile and can change quickly and unpredictably.

Cyber-Security Risk. Krane, and its service providers, may be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cyber security breaches. Cyber-attacks affecting Krane or a custodian, transfer agent, intermediaries and other third-party service providers may adversely impact Krane or its clients. For instance, cyber-attacks may interfere with the processing of shareholder transactions, impact Krane's ability to calculate NAV, cause the release of private shareholder information or confidential business information, impede trading, subject Krane to regulatory fines or financial losses and/or cause reputational damage. A client may also incur additional costs for cyber security risk management purposes. While Krane's service providers have established business continuity plans, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, Krane cannot control the cyber security plans and systems put in place by its service providers or any other third-parties whose operations may affect Krane or its clients. Similar types of cyber security risks are also present for issues or securities in which Krane may invest, which could result in material adverse consequences for such issuers and may cause a client's account to lose value.

Depository Receipts Risk. Investing in depository receipts, including American Depositary Receipts and Global Depositary Receipts, entails the risks associated with foreign investments, such as fluctuations in foreign currency exchange rates and political and economic risks distinct from those associated with investing in the securities of U.S. issuers. In addition, the value of the securities underlying the depository receipts may change materially when the U.S. markets are not open for trading, which will affect the value of the depository receipts.

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 Fund and may cause the Fund to be more volatile. Derivatives may at times be highly illiquid, and the Fund 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 Fund. Certain derivatives (such as swaps and options) are bi-lateral agreements that expose the Fund 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 Fund 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. Many derivatives are subject to segregation requirements that require the Fund to segregate the market or notional value of the derivatives, which could impede the portfolio management of the Fund.

Equity Securities Risk. The values of equity securities are subject to factors such as market fluctuations, changes in interest rates and perceived trends in stock prices. Equity securities may be more volatile than other asset classes and are generally subordinate in rank to debt and other securities of the same issuer.

Emerging Markets Risk. Investments in emerging markets are subject to greater risk of loss than investments in developed markets. This is due to, among other things, greater market volatility, greater risk of asset seizures and capital controls, lower trading volume, political and economic instability, greater risk of market shutdown, and more governmental limitations on foreign investments than typically found in developed markets. The economies of emerging markets, and China in particular, may be heavily reliant upon international trade and may suffer disproportionately if international trading declines or is disrupted.

Energy Sector Risk. Investments in, and/or exposure to, the energy sector, which includes energy commodities such as oil, gasoline, and carbon credits, may be highly volatile and can change quickly and unpredictably due to a number of factors, including the legislative or regulatory changes, adverse market conditions, increased competition affecting the energy sector, financial, accounting and tax matters and other events that Krane cannot control. In addition, the value of energy commodities may fluctuate widely due to changes in supply and demand. The energy sector is typically cyclical and highly dependent upon commodities and energy prices. Issuers in this sector are usually subject to substantial government regulation and contractual fixed pricing, which may increase the cost of business and limit these issuers' earnings, and a significant portion of their revenues depends on a relatively small number of customers, including governmental entities and utilities.

European Union Risk. Recently, new concerns have emerged in regard to the economic and political stability of the European Union. These concerns have led to downward pressure on the earnings of certain European issuers and on European financial markets. Secessionist movements in various member countries to leave the European Union may have an adverse effect on the economies of those member countries and on the European Union as a whole. The economies of the European Union are dependent to a significant extent on those of certain key trading partners, including China, the United States, and other European countries. A reduction in spending on products and services exported from the European Union, or volatility in the financial markets of member countries, may have an adverse impact on the broader European Union economy.

Fixed Income Securities Risk. Fixed income securities are subject to credit risk and interest rate risk. Credit risk refers to the possibility that the issuer of a security will not make timely interest payments or repay the principal of the debt issued (*i.e.*, default on its obligations). A downgrade or default on securities could adversely affect performance. Generally, the longer the maturity and the lower the credit quality of a security, the more sensitive it is to credit risk. Interest rate risk

refers to fluctuations in the value of a debt resulting from changes in the level of interest rates. When interest rates go up, the prices of most debt instruments generally go down; and when interest rates go down, the prices of most debt instruments generally go up. Debt instruments with longer durations tend to be more sensitive to interest rate changes, typically making them more volatile. Interest rates have recently increased and may continue increasing, thereby heightening the risks associated with rising interest rates.

Foreign Securities Risk. Investments in securities of non-U.S. issuers may be less liquid than investments in U.S. issuers, may have less governmental regulation and oversight, and are typically subject to different investor protection standards than U.S. issuers. Investments in non-U.S. securities entail the risk of loss due to foreign currency fluctuations, political or economic instability, less complete financial information about the issuers, the possible imposition of withholding or confiscatory taxes, the possible seizure or nationalization of foreign holdings, and the possible establishment of exchange controls or freezes on the convertibility of currency. Foreign market trading hours, clearance and settlement procedures, and holiday schedules may limit the Fund's ability to buy and sell securities. Additionally, foreign issuers may be subject to different accounting, auditing, recordkeeping, and financial reporting requirements. Foreign investment risks may be greater in developing and emerging markets than in developed markets. These factors could result in a loss to the Fund..

Futures Strategy Risk. 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 or account 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 or account selling securities or financial instruments at a loss. As a futures contract approaches its settlement date, Krane may sell that futures contract and reinvest the proceeds in a similar contract with a more distant settlement date. This process is referred to as "rolling" a futures contract. The successful use of such a strategy depends upon Krane's skill and experience. Although Krane will attempt to roll from an expiring futures contract to another contract that it believes will generate the greatest yield, a client nevertheless may incur a cost to "roll" the contract. In a commodity futures market where current month expiring contracts trade at a lower price than next month's contract, a situation referred to as "contango," then, absent the impact of the overall movement in commodity prices, the fund or account may experience an adverse impact because it would be selling less expensive contracts and buying more expensive contracts. In the event of a prolonged period of contango, and absent the impact of rising or falling commodity prices, there could be a significant negative impact on the fund or account when it "rolls" its futures contract positions.

Geographic Focus Risk. A strategy's investments may be focused in a particular country, countries, or region and therefore the strategy may be susceptible to adverse market, political, regulatory, and geographic events affecting that country, countries or region. Such geographic focus also

may subject such a strategy to a higher degree of volatility than a more geographically diversified strategy.

High Portfolio Turnover Risk. Certain strategies may incur high portfolio turnover rates, which may increase brokerage commission costs and negatively impact performance. Such portfolio turnover also may generate net short-term capital gains.

High Yield and Unrated Securities Risk. Securities that are unrated or rated below investment grade (or “junk bonds”) are subject to greater risk of loss of income and principal than highly rated securities because their issuers may be more likely to default. Junk bonds are inherently speculative. The prices of unrated and high yield securities are likely to be more volatile than those of highly rated securities, and the secondary market for them is generally less liquid than that for highly rated securities.

Large Capitalization Company Risk. Large capitalization companies may be unable to respond quickly to new competitive challenges and attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. As such, returns on investments in stocks of large capitalization companies could trail the returns on investments in stocks of small and mid-capitalization companies.

LIBOR Risk. Certain financial instruments may be tied to LIBOR (London Interbank Offered Rate) to determine payments obligations, financing terms or investment value. Such financial instruments may include bank loans, derivatives, floating rate securities, certain asset backed securities, and other assets or liabilities tied to LIBOR. Following an announcement by the United Kingdom Financial Conduct Authority that it would cease encouraging banks in the United Kingdom to provide the quotations needed to sustain LIBOR, LIBOR maturities ceased being published after June 30, 2023. However, 1-, 3- and 6-month U.S. dollar LIBOR is expected to be published until September 30, 2024 using an unrepresentative synthetic methodology, which may be used in certain un-transitioned legacy contracts. The Secured Overnight Funding Rate (SOFR), a broad measure of the cost of overnight borrowings secured by Treasury Department securities, was selected as the appropriate replacement for U.S. dollar LIBOR. SOFR differs in several ways from LIBOR, including because SOFR is an overnight, secured, nearly risk-free rate. Although financial industry groups have planned for the transition from LIBOR to SOFR or another new benchmark, in some instances, the transition process may have resulted in, or may result in, increased volatility and illiquidity in markets that relied on LIBOR to determine interest rates. It may also have caused, or lead to, a reduction in the value of some LIBOR-based investments and the effectiveness of hedges placed against existing LIBOR-based instruments. No assurances can be given as to the impact of the LIBOR transition on a client account or a client’s investments.

Liquidity Risk. Liquidity risk exists when an investment is or becomes difficult to purchase or sell at a reasonable time and price. If a transaction is particularly large or if the relevant market is or becomes illiquid, it may not be possible to initiate a transaction or liquidate a position, which may cause a client’s account to suffer significant losses. The Chinese markets may be subject to extended settlement delays and/or foreign holidays, which may impact the ability to convert holdings to cash.

Management Risk. Actively-managed funds and client accounts may not meet investment objectives based on the success or failure to implement the applicable investment strategy. Evaluations and assumptions regarding investments, interest rates, inflation, and other factors may not successfully achieve the client's investment objective given actual market conditions.

Market Risk. The value of investments in a client account may fluctuate, sometimes rapidly or unpredictably, as the markets fluctuate. The values of a strategy's 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 and negative sentiment, which could have a negative impact on a strategy 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, a client account may be 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 investments to become less liquid and subject to erratic price movements.

Certain illnesses spread rapidly and have the potential to significantly and adversely affect the global economy. Epidemics and/or pandemics have and may further result in, among other things, closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general concern and uncertainty. The impact of such epidemics and/or pandemics that may arise in the future have the potential to affect the economies of many nations, individual companies and the global securities and commodities markets, including liquidity, in ways that cannot necessarily be foreseen at the present time. The impact of infectious diseases in developing or emerging market countries may be greater due to less established health care systems. Health crises caused by the recent coronavirus outbreak may exacerbate other preexisting political, social and economic risks in certain countries. The impact of the outbreak may last for an extended period of time and may have material adverse impacts.

Small- and Mid-Capitalization Company Risk. Investing in the securities of small or medium capitalization companies involves greater risk and the possibility of greater price volatility than investing in larger capitalization companies. Since small or medium-sized companies may have limited operating histories, product lines and financial resources, the securities of these companies may be less liquid and more volatile. They may also be sensitive to (expected) changes in interest rates and earnings. In general, smaller capitalization companies may be more vulnerable than larger companies to adverse business or economic developments.

Sovereign and Quasi-Sovereign Debt Risk. The governmental authority that controls the repayment of sovereign and quasi-sovereign debt may be unwilling or unable to repay the principal and/or interest when due including due to the extent of its foreign reserves, the availability of sufficient foreign exchange, the relative size of the debt service burden to the economy as a whole, the debtor's policy towards the International Monetary Fund, and the political constraints to which the debtor is subject. If an issuer of government or quasi-government debt defaults on payments

of principal and/or interest, Krane may have limited legal recourse against the issuer and/or guarantor. During periods of economic uncertainty, the market prices of sovereign and quasi-sovereign bonds may be more volatile and result in losses. In the past, certain governments of emerging market countries have declared themselves unable to meet their financial obligations on a timely basis, which has resulted in losses for investors.

Special Risk Considerations of Investing in China. For purposes of raising capital offshore on exchanges outside of China, including on U.S. exchanges, many Chinese-based operating companies are structured as Variable Interest Entities (“VIEs”). In this structure, the Chinese-based operating company is the VIE and establishes an entity, which is typically offshore in a foreign jurisdiction, such as the Cayman Islands. The offshore entity lists on a foreign exchange and enters into contractual arrangements with the VIE. This structure allows Chinese companies in which the government restricts foreign ownership to raise capital from foreign investors. While the offshore entity has no equity ownership of the VIE, these contractual arrangements permit the offshore entity to consolidate the VIE’s financial statements with its own for accounting purposes and provide for economic exposure to the performance of the underlying Chinese operating company. Therefore, an investor in the listed offshore entity, such as a Model Portfolio, will have exposure to the Chinese based operating company only through contractual arrangements and has no ownership in the Chinese-based operating company. Furthermore, because the offshore entity only has specific rights provided for in these service agreements with the VIE, its abilities to control the activities at the Chinese-based operating company are limited and the operating company may engage in activities that negatively impact investment value.

While the VIE structure has been widely adopted, it is not formally recognized under Chinese law and therefore there is a risk that the Chinese government could prohibit the existence of such structures or negatively impact the VIE’s contractual arrangements with the listed offshore entity by making them invalid. If these contracts were found to be unenforceable under Chinese law, investors in the listed offshore entity, such as the Fund, may suffer significant losses with little or no recourse available. If the Chinese government determines that the agreements establishing the VIE structures do not comply with Chinese law and regulations, including those related to restrictions on foreign ownership, it could subject a Chinese-based issuer to penalties, revocation of business and operating licenses, or forfeiture of ownership interest. In addition, the listed offshore entity’s control over a VIE may also be jeopardized if a natural person who holds the equity interest in the VIE breaches the terms of the agreement, is subject to legal proceedings or if any physical instruments for authenticating documentation, such as chops and seals, are used without the Chinese-based issuer’s authorization to enter into contractual arrangements in China. Chops and seals, which are carved stamps used to sign documents, represent a legally binding commitment by the company. Moreover, any future regulatory action may prohibit the ability of the offshore entity to receive the economic benefits of the Chinese-based operating company, which may cause the value of the investment in the listed offshore entity to suffer a significant loss. For example, in 2021, the Chinese government prohibited use of the VIE structure for investment in after-school tutoring companies. There is no guarantee that the government will not place similar restrictions on other industries.

U.S. Government Obligations Risk. Obligations of U.S. Government agencies and authorities receive varying levels of support and may not be backed by the full faith and credit of the U.S.

Government, which could affect Krane's ability to recover should they default. No assurance can be given that the U.S. Government will provide financial support to its agencies and authorities if it is not obligated by law to do so. Additionally, market prices and yields of securities supported by the full faith and credit of the U.S. government may decline or be negative for short or long periods of time.

Model Portfolio and ETF Risks. Although certain risks may be mitigated via the asset allocation process or by the diversified nature of the Model Portfolios, there are risks inherent in all investments, including ETFs and Model Portfolios, such as the loss of principal. Asset allocation does not guarantee profit or diversification and may not protect against loss. Fluctuations in the financial markets and other currency, economic, political, and business factors may cause declines in the value of the Model Portfolios or their underlying ETFs. The prior investment performance of underlying ETFs in the Model Portfolios does not guarantee future performance, and there is no guarantee that any particular asset allocation, strategy, or combination of ETFs will provide a given level of income or meet the stated investment objective. In a declining market environment, investment in a broad portfolio of ETFs may not protect against price volatility and diversification may not protect against loss. Investments made based on a Model Portfolio will also be subject to the risks inherent in the underlying ETFs that comprise the Model Portfolio. ETF shares are listed on a national securities exchange and generally track a particular benchmark or index. ETFs may trade for less than their net asset value, and performance can deviate from the associated benchmark or index due to, among other factors, fees, expenses, management, and market volatility. ETFs are subject to investment advisory and other expenses which may result in a layering of fees for clients. Each ETF may pay investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses, as set forth in the ETF prospectus. ETFs have exposures to various asset categories, including, among others, equities, fixed income, currencies, and international markets. The underlying securities of ETFs will therefore have different risks, and the risks of owning an ETF will generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF may result in share price volatility. As a shareholder of an ETF, an investment based on a Model Portfolio would bear its pro rata portion of the ETF's expenses, including advisory fees, in addition to the fees and other expenses the investor bears directly. Although certain risks associated with investing in an ETF and the underlying securities are included herein, please consult the applicable ETF's prospectus for more detailed information regarding ETF fees and expenses and fund-specific risks. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in its share price being more volatile. ETFs can trade at discounts or premiums to the net asset value of their underlying investments, which could cause a portfolio to experience an unanticipated loss. Although shares representing interest in ETFs are bought or sold on a stock exchange, such shares cannot be purchased or redeemed directly from the ETF except in large baskets of one or more large blocks of shares by institutions that sign an agreement to become authorized participants or market makers.

Model Portfolio Conflicts of Interest. The Model Portfolios may include a substantial portion of Krane ETFs, potentially up to 100%. Krane ETFs may be used unless there is no Krane ETF consistent with the desired asset allocation. Krane ETFs may be recommended in certain instances where other ETFs may have a higher rating, lower fees and expenses, better performance, be better in terms of exposure, or otherwise may be considered preferable to the Krane ETF. Additionally, Krane will indirectly benefit from investments made based on the Model Portfolios through fees

paid by the Krane ETFs to Krane for advisory, administrative and other services. Krane intends to communicate Model Portfolio changes to third-party advisers and other applicable parties on a periodic basis. Accordingly, to minimize potential or perceived conflicts of interest, such changes will be released on a randomized rotational basis to parties who have contracted with Krane to receive the Model Portfolios directly from Krane or from other applicable parties. Krane may be able to commence trading for its own accounts before third-party advisers receive such information or are otherwise able to act on such information, which may impact the secondary market trading price or volume for ETFs included as allocations in the Model Portfolios.

Subsidiary Investment Risk. Krane may utilize a subsidiary (the “Subsidiary”) for purposes of investing in certain commodities, including metals futures and carbon credit futures. The Subsidiary is a corporation operating under Cayman Islands law that is wholly-owned and controlled by a Krane affiliate and advised by Krane. By investing in the Subsidiary, clients are indirectly exposed to the risk associated with the Subsidiary’s investments. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Subsidiary to operate as intended, which may negatively affect its shareholders, including Accounts and Krane Registered Funds.

ITEM 9. DISCIPLINARY INFORMATION

To date there have been no material legal or disciplinary investment-related events involving Krane or any management person employed by Krane.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Krane is registered with the Commodity Futures Trading Commission as a Commodity Pool Operator and Commodity Trading Advisor and is a member of the National Futures Association (“NFA”). Certain management personnel are registered with the NFA as Principals and/or Associated Persons.

Investment Companies

Krane manages various affiliated registered investment companies, as described in Item 4. Krane does not invest the assets of its discretionary client accounts or funds in other funds managed by Krane without consent of the client or fund (which may, in some cases, be obtained through disclosure in the investment management agreement or a fund’s offering documents).

Broker-Dealers

CICC US Securities, Inc. (“CICC Securities”) is an indirect, majority-owned subsidiary of CICC, a publicly-traded Chinese financial services company and an affiliate of Krane. CICC Securities is a broker-dealer registered with the SEC and a member of FINRA. CICC Securities does not provide any brokerage services to Krane or its clients.

Certain other entities directly or indirectly owned by CICC may provide international broker-dealer services to the Krane Registered Funds, the UCITS or other non-U.S. funds.

SEI Investments Distribution Company (“SEI”) serves as the distributor for the Krane Registered Funds. In addition, certain employees of Krane, including certain management persons of Krane, are registered representatives of ACA Foreside for purposes of supporting the marketing and distribution efforts of the Krane Registered Funds. SEI and ACA Foreside are not affiliates of Krane.

Other Investment Advisors

Krane is an indirect, majority-owned subsidiary of CICC, a publicly-traded Chinese financial services company that offers investment banking, asset management, private equity and wealth management services.

Krane also controls its wholly-owned subsidiaries, Gobe Wealth Management, LLC (“Gobe”) and Krane Capital Management, LLC (“KCM”), which are both a Delaware limited liability company and an investment adviser registered with the SEC.

Gobe offers an array of investment advisory services ranging from financial planning to portfolio management services. Gobe’s primary business is to manage assets for institutional clients, high net worth clients and retail investors by providing discretionary asset allocation services through separately managed accounts. Gobe may also from time to time provide nondiscretionary services to clients.

KCM intends to provide discretionary investment management services to private investment vehicles.

In providing services to their clients, Krane, KCM and Gobe make use shared personnel. Such shared services provided by the shared personnel include investment advice, portfolio execution and trading, back office processing, accounting, reporting, compliance and client servicing. When making use of shared personnel, Krane remains fully responsible and such personnel are subject to the policies and procedures of Krane. Shared personnel arrangements present conflicts of interest because the time and attention of such personnel will not be fully devoted to the business of Krane, but will be allocated between Krane and the business needs of KCM and/or Gobe. Krane, KCM and Gobe seek to minimize these conflicts by subjecting such personnel to certain requirements with respect to the services provided to their respective clients and by having the personnel subject to the appropriate policies and procedures of each. These arrangements may also create conflicts of interest for Krane, KCM or Gobe as they may create incentives for employees to recommend an investment in an investment product that is sponsored or managed by an affiliate.

Sub-Advisors

Other than through its appointment of certain sub-advisors to provide services on behalf of the Krane Registered Funds as described in this brochure, Krane does not recommend or select other investment advisors for clients. In certain instances, transactions on behalf of the Krane Registered Funds, the UCITS or other non-U.S. funds are executed through broker-dealers that are affiliates of the sub-advisers that Krane has appointed. Krane has established policies and procedures to oversee these arrangements and to manage conflicts of interest presented by these relationships.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Krane has adopted a Code of Ethics (“Code”) in accordance with Rule 204A-1 of the Investment Advisers Act of 1940, as amended (“Advisers Act”), which is applicable to all of its employees, members, managers, and officers (collectively, “Access Persons”). The Code sets forth certain key guidelines and specifies the responsibility of all Access Persons to act in accordance with their fiduciary duty to clients and to comply with applicable federal and state laws and regulations. The Code precludes activities that may lead to or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct. Krane and its Access Persons are prohibited from engaging in any fraudulent, deceptive or manipulative conduct.

The Code includes, among other things, provisions concerning the confidentiality of client information, a prohibition on insider trading, restrictions on giving or receiving gifts, and personal securities trading procedures of Access Persons, including reporting obligations. Under the Code, Access Persons are required to file certain periodic reports with the CCO as required by Rule 204A-1 under the Advisers Act. All Access Persons must acknowledge the terms of the Code upon joining the firm and thereafter if materially amended. Krane and its Access Persons owe a duty of loyalty, fairness and good faith to all clients and have an obligation to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code.

Krane will provide a copy of the Code to any client or prospective client upon request.

Participation or Interest in Client Transactions

Krane Access Persons are permitted to invest for their own accounts or to have a financial investment in the same securities or other investments that Krane recommends or acquires for a client’s account, and may engage in transactions that are the same as or different from transactions recommended to or made for a client’s account. This creates a conflict of interest. Krane recognizes the fiduciary responsibility to act in its clients’ best interest and has established policies to mitigate such conflicts of interest.

Conflicts of Interest

As discussed in Item 4, many of the ETFs included in the Model Portfolios are ETFs managed by Krane. Each ETF pays investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses, as set forth in the ETF prospectus. An ETF pays these fees and expenses, which ultimately are borne by its shareholders. Therefore, Krane will earn fees from investors who invest in the ETFs based on the Model Portfolios, including fees from investments made by clients of its affiliated investment advisors based on the Model Portfolios. Such fees includes fees paid by the ETFs to Krane for advisory, administrative and other services. Although Krane intends to communicate Model Portfolio changes on a randomized rotational basis to parties who have contracted with Krane to receive the Model Portfolios directly from Krane or from other applicable parties to minimize potential or perceived conflicts of inter-

ests, Krane may be able to commence trading for its own accounts before Sponsors and their underlying participants receive such information or are otherwise able to act on such information, which may impact the secondary market trading price or volume for ETFs included as allocations in the Model Portfolios.

For Model Portfolios that may invest in both Krane ETFs and ETFs managed by third-parties, Krane primarily uses Krane ETFs in the Model Portfolios unless there is no Krane ETF that is consistent with the desired asset allocation or portfolio strategy. As a result, Model Portfolios typically include Krane ETFs notwithstanding the fact that there may be a similar third-party ETF with a higher rating, lower fees and expenses, or substantially better performance. Additionally, Krane will indirectly benefit from investments in Krane ETFs made based on the Model Portfolios through fees paid by the Krane ETFs to Krane for advisory services. Krane is subject to conflicts of interest in selecting Krane ETFs for the Model Portfolios because the fees payable to Krane by some of the Krane ETFs may be higher than the fees payable by other Krane ETFs. Krane's policies and procedures are designed to prevent conflicts of interest from impacting its decisions on behalf of a Model Portfolio or any Krane ETF, and that in each case where a Krane ETF is selected for incorporation in a Model Portfolio, Krane has determined that each specific Krane ETF to be used is an appropriate security to implement the applicable Model Portfolio strategy.

In addition, certain persons that may be involved in sale of Krane funds may have economic ownership interest in Krane and may indirectly benefit from sale of any Krane products.

ITEM 12. BROKERAGE PRACTICES

Selection of Broker-Dealers

As a fiduciary, Krane seeks to achieve best execution when selecting broker-dealers for client portfolio transactions. With respect to the Krane Registered Funds, Krane may delegate the authority for selecting broker-dealers through which to execute portfolio transactions to one or more sub-advisors.

Although Krane strives to obtain the best net price under prevailing circumstances surrounding each trade, the determinative factor is whether a transaction represents the best overall execution and not whether the lowest possible transaction cost is obtained. Krane considers the full range and quality of a broker-dealer's servicing in selecting the broker-dealer to meet best execution obligations, and may not pay the lowest transaction cost available. Krane reviews trading to ensure best execution, operational performance, and reasonable commission rates.

Where multiple broker-dealers are available to execute portfolio transactions, Krane's policy is to select a broker-dealer based on a variety of factors, which may include the breadth of the market in the security; the price of the security; the reasonableness of the commission or mark-up or mark-down, if any; execution capability; settlement capability; back office efficiency; and the financial condition of the broker or dealer, both for the specific transaction and on a continuing basis. The overall reasonableness of brokerage commissions paid or spreads is evaluated by Krane generally based upon its knowledge of available information as to the general level of commissions paid or spreads by other institutional investors for comparable services. Broker-dealers may also be selected because of their ability to handle special or difficult executions, such as may be involved in large block trades, less liquid securities, broad distributions, or other circumstances. Krane may also consider the provision or value of research, products, or services a broker-dealer may provide, if any, as a factor in the selection of a broker-dealer or the determination of the reasonableness of commissions paid in connection with portfolio transactions. In addition, Krane has adopted policies and procedures that prohibit the consideration of sales of a Krane Registered Fund's shares as a factor in the selection of a broker-dealer to execute portfolio transactions. Krane does not direct securities transactions to its affiliate broker-dealer on behalf of Krane Registered Funds or otherwise. However, consistent with applicable law, certain sub-advisers of the Krane Registered Funds may direct transactions to the affiliate.

Research and Other Soft Dollar Benefits

When one or more broker-dealers is believed capable of providing the best combination of price and execution, a broker-dealer need not be selected based solely on the lowest commission rate available for a particular transaction. In such cases, Krane does pay a higher commission than otherwise obtainable from other brokers in return for brokerage research services provided to Krane consistent with Section 28(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). Section 28(e) provides that Krane may cause a client to pay a broker-dealer a commission for effecting a transaction in excess of the amount of commission another broker-dealer would have charged as long as Krane makes a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage and research services provided by the broker-

dealer. To the extent Krane obtains brokerage and research services that it otherwise would acquire at its own expense, Krane may have an incentive to place a greater volume of transactions or pay higher commissions than would otherwise be the case.

The types of products and services that Krane obtains from broker-dealers through such arrangements include, but are not limited to, research reports and other information on the economy, industries, sectors, groups of securities, individual companies, statistical information, political developments, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance and other analysis, or brokerage services such as post-trade services including communication of routine settlement instructions to custodian banks and clearing agents. Krane may use products and services provided by broker-dealers in servicing all of its client accounts and not all such products and services may necessarily be used in connection with the account that paid commissions to the broker-dealer providing such products and services. Any advisory or other fees paid to Krane are not reduced as a result of the receipt of brokerage and research services.

In some cases, Krane receives a product or service from a broker beyond brokerage services that has both a “research” and a “non-research” use. When this occurs, Krane makes a good faith allocation between the research and non-research uses of the product or service. The percentage of the service that is used for research purposes is paid for with brokerage commissions, while Krane uses its own funds to pay for the percentage of the service that is used for non-research purposes. In making this good faith allocation, Krane faces a potential conflict of interest, but Krane believes that its allocation procedures are reasonably designed to appropriately allocate the anticipated use of such products and services to research and non-research uses.

Directed Brokerage

A separate account client may negotiate a directed brokerage arrangement pursuant to which some or all of the client’s transactions are executed with a particular broker-dealer. In this case, brokerage commissions (or other costs) for the execution of transactions in the client’s account may not be negotiated by Krane. When a client directs brokerage, Krane may be unable to achieve most favorable execution of client transactions, and the cost of execution may exceed the cost of execution for similarly situated accounts that do not direct brokerage.

In addition, separate account clients independently enter into arrangements for custody of their account pursuant to which the costs of custodial services as well as brokerage services using affiliates of the custodian for some or all of the client’s investment management and transactions have been set. Krane is not a party to such arrangements and generally is not aware of the terms of such arrangements. In certain cases, brokerage rates offered by affiliates of the custodian to such clients may have already been agreed to by the client. Where those rates are unfavorable given market rates, Krane will not select such brokerage unless directed by the client. Where such brokerage is preferential, Krane may take that rate into account in selecting the broker for the account. In such case, the client should recognize that Krane’s ability to seek best price and execution for transactions in the account will be limited to a review of the pricing information available to it and an evaluation of the execution received from the custodian’s affiliated broker-dealer.

Trade Allocation and Aggregation

Krane has adopted firm wide policies and procedures governing trade allocation and aggregation. Pursuant to such policies, Krane generally does not aggregate transactions for the Krane Registered Funds with those of other client accounts. However, Krane's trading desk may aggregate trades if, in the exercise of its reasonable judgment, it determines that doing so would be in the best interest of clients and in compliance with applicable policies and procedures.

When allocating investment opportunities, to the extent there is trading overlap among the Krane Registered Funds and/or other client accounts, Krane seeks to treat all clients in a fair and equitable manner over time, with no particular client or group of clients being favored or disfavored. While Krane generally seeks to allocate trades on a pro rata basis, it may not always be feasible to do so. Reasons for this include limited sellers or buyers of a particular security or illiquidity in certain markets. In such cases, Krane may deviate from pro rata allocations. When making such a determination, Krane considers factors such as: (i) whether the allocation would be so *de minimis* that it would provide no material benefit to the client and/or present difficulty in effecting an advantageous disposition; (ii) a client with specialized investment policies or instructions that coincide with the particulars of a specific offering; (iii) the relative size of a client's portfolio holdings in the same or similar investments; (iv) the percentage of uninvested cash per account; (v) for certain fixed income securities, the size of offering or minimum purchase amounts; (vi) whether the portfolio manager has specified an alternative allocation on the order ticket; and (vii) portfolio managers who have been instrumental in developing or negotiating a particular investment.

For the Model Portfolios, the Adviser uses an equitable randomized rotational system that does not favor one client over the other.

Principal Transactions and Cross Trades

Krane will not seek to execute transactions on behalf of the Krane Registered Funds when Krane or its related person acts in a principal capacity.

Cross trades present an inherent conflict of interest because Krane acts on behalf of both the selling account and the buying account in the same transaction. As a result, the use of cross trades could result in more favorable treatment of one client over the other. Additionally, there is a risk that the price at which a cross trade is executed may not be as favorable as the price available in the open market. To address these risks, Krane's policy is to engage in a cross trade only if it believes that the cross trade is appropriate based on each client's investment objectives and guidelines, is in the best interest of each client, and is consistent with its fiduciary duty to each client (including the duty to seek best execution). Where a cross trade involves a Krane Registered Fund, Krane will follow the procedures adopted pursuant to Rule 17a-7 under the Investment Company Act of 1940, as amended.

Krane or an affiliate will, from time to time, temporarily seed a Krane Registered Fund or other account for the purposes of establishing an investment strategy. These investments are generally nominal in relation to both Krane's total managed client assets and our own assets.

Trade Errors

On occasion, Krane may make an error in executing securities transactions for a client account. For example, a security may be erroneously purchased for the account instead of sold, or a trade may be entered for an incorrect number of shares. In these situations, Krane adheres to trade error policies and procedures that generally seek to rectify the error by placing the fund or account in a similar position as it would have been if there had been no error. However, to the extent that an error results in a gain in the client's account, the client will retain such gain. Depending on the circumstances, and subject to applicable legal and contractual requirements, various corrective steps may be taken, including canceling the trade, correcting an allocation, or reimbursing the client account. Krane generally does not consider errors that are corrected prior to settlement, errors committed by brokers or other third-parties, or errors related to reporting, model portfolios or systems implementation to be trade errors.

ITEM 13. REVIEW OF ACCOUNTS

Krane Registered Funds

Krane serves as investment adviser to each of the Krane Registered Funds and provides an investment program for each fund, subject to review and approval by the Board of Trustees. Day-to-day portfolio management of the Krane Registered Funds' investment portfolios may be performed by one or more sub-advisors subject to oversight by Krane and the Board of Trustees. Each Krane Registered Fund is monitored by Krane or the applicable sub-adviser(s) on a pre- and post-trade basis in seeking to ensure that all investments are made in accordance with applicable registration, declarations, and/or other applicable securities laws. Krane reviews the activities of each sub-adviser on a quarterly basis. Krane tests applicable policies and procedures that relate to the services provided on behalf of the Krane Registered Funds, as required by applicable law, the results of which are reported to the Board of Trustees.

For the Krane Registered Funds, Krane provides regular quarterly reports to the Board of Trustees and meets with the Board of Trustees on a quarterly basis, and will provide reports and/or meet with the Board of Trustees more frequently as deemed appropriate.

Other Client Accounts

The frequency of the review of client accounts, the nature of the review and the factors that may trigger reviews can vary widely among particular accounts, depending on the client's investment objectives and circumstances and the complexity, portfolio structure and size of an account. Portfolio managers review each of their accounts on a regular basis and select investments for clients in accordance with each client's investment objectives and consistent with Krane's investment philosophy.

Portfolio managers will periodically review the asset allocations in the Model Portfolios; however, clients of third-party providers invested based on the Model Portfolios do not maintain accounts with Krane and therefore Krane has no responsibility for review of such accounts. Krane provides periodic reports with respect to the Model Portfolio performance to the third-party providers utilizing such Model Portfolios.

Krane may offer separate account clients with written reports on a quarterly basis or more frequently upon agreement between Krane and the client. These reports generally include, among other things, all purchases and sales of securities made during the reporting period and a summary of investments in the portfolio. In addition, factsheets including performance for our Models are available upon request.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Krane or its affiliates, out of its legitimate business profits, from time to time enter into arrangements with, and/or make payments to, certain consultants and financial intermediaries designed to result in increased sales of the Krane Registered Funds. Such arrangements or payments, commonly referred to as “revenue sharing” payments, establish contractual obligations on the part of consultants and financial intermediaries to provide Krane Registered Funds preferable placement on platforms operated by such consultants or financial intermediaries, or give such financial intermediaries an incentive to recommend a Krane Registered fund to their clients in order to receive such payments from Krane or its affiliates. From time to time, Krane also receives advice from such consultants or financial intermediaries related to distribution strategy for the Krane Registered Funds, market analysis and shareholder servicing.

Krane does not receive any economic benefit from non-clients in conjunction with giving advice to clients. Krane does not directly or indirectly compensate any person for client referrals.

ITEM 15. CUSTODY

Krane does not maintain custody of client funds or securities and does not serve as a custodian for any clients. Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) provides that an investment adviser would be deemed to have custody of client funds and securities if the adviser has been granted authority by clients to withdraw advisory fees directly from client accounts. Krane does not currently accept authority to deduct its investment advisory fee from a client’s account and, accordingly, is not deemed to have custody of client funds and securities under the Custody Rule.

Client assets are maintained by qualified custodians. Clients generally receive quarterly statements from the broker-dealer, bank, or other qualified custodian that holds and maintains custody of the specified client assets. Clients are encouraged to carefully review such statements and to compare such official custodial records to periodic reports provided by Krane. Krane reports may vary from custodial statements based on different accounting procedures, reporting dates, or valuation methodologies for certain securities.

ITEM 16. INVESTMENT DISCRETION

Krane ordinarily manages client accounts on a discretionary basis. Clients and Krane may agree in writing to impose certain reasonable guidelines, limitations, or restrictions regarding the management of their accounts. For example, a client may instruct Krane not to invest in companies engaged in particular industries.

In managing the Krane Registered Funds and other pooled vehicles, Krane is subject to any applicable investment restrictions adopted by the funds, as well as the ongoing oversight of each fund's Board of Trustees or other governing body, as applicable. Krane consults with the applicable governing body on a variety of significant matters relating to a fund, including some strategic investment matters. Krane may also delegate investment discretion with respect to the Krane Registered Funds and other pooled vehicles to one or more sub-advisors, subject to Krane's oversight.

While Krane is responsible for establishing the allocations in each Model Portfolio, Krane generally does not have any investment discretion with respect to the implementation of any Model Portfolio for any underlying investor. Krane may, in the future, agree with a client to manage a client account or accounts based on one or more Model Portfolios.

ITEM 17. VOTING CLIENT SECURITIES

Krane has adopted proxy voting policies and procedures (the “Policies”) with respect to the voting of proxies on behalf of all clients for which Krane has voting responsibility. Krane generally does not vote proxies on behalf of separate account clients. Clients either vote their own proxies or designate an independent third party to vote proxies at the client’s discretion. Clients may delegate proxy voting authority to their custodian in their custodial agreement. Clients must confirm that proxy materials are sent directly to their current address or to the client’s assigned third party. Krane does not take action on behalf of separate account clients with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies.

Krane does vote proxies on behalf of the Krane Registered Funds for which it has been granted investment authority. Krane has retained Broadridge Investor Communication Solutions, Inc. (“Broadridge”) to track the Krane Registered Funds’ proxy votes, the subsequent action taken by the Krane Registered Funds upon receipt of the vote, and where applicable, the issuer’s management and shareholder recommendations.

Where Krane has responsibility for voting proxies, Krane will take reasonable steps under the circumstances to ensure that proxies are received and voted in the best interest of its clients, including the Krane Registered Funds, which generally means voting proxies in accordance with this policy. Krane may abstain from voting to the extent that Krane determines that such abstention is in the client’s best interest. KFA generally does not vote proxies on behalf of separate account clients (if any). Separate account clients either vote their own proxies or designate an independent third party to vote proxies at the client’s discretion.

Where Krane has proxy voting authority, Krane generally votes in accordance with pre-determined proxy voting guidelines provided by an independent, unaffiliated third-party proxy service (the “Proxy Guidelines”). Krane believes that utilizing an independent third party’s framework and analysis to support its assessment of proxy proposals ensures that all proxy voting decisions are made in the best interests of Krane’s clients. However, Krane may diverge from the Proxy Guidelines to the extent that it believes such divergence is in the best interest of a Krane Registered Fund or client account to vote differently. In determining whether to vote in accordance with the Proxy Guidelines, Krane will take into account all information received with respect to the particular proxy vote, including any information provided by the issuer.

Krane has adopted procedures that are designed to identify conflicts or potential conflicts that could arise between its own interests and those of its clients. For example, conflicts of interest may arise when:

- the issuer of the proxy event is an affiliate, or the subject of the proxy measure involved includes a material economic or business interest of an affiliate;
- Proxy votes regarding non-routine matters are solicited by an issuer that has a relationship with Krane;
- proxy votes exist for an issuer that is on loan and is generating securities lending income;
- a proponent of a proxy proposal has a business relationship with Krane; or

- Krane has business relationships with participants in proxy contests, corporate directors or director candidates.

Krane's investment team and compliance team are primarily responsible for monitoring and resolving possible material conflicts of interest with respect to proxy voting. Any person with knowledge of a personal conflict of interest relating to a particular matter is required to disclose that conflict to the investment team or compliance team and may be required to recuse him or herself from the proxy voting process. If it is determined that a conflict of interest or potential conflict of interest is material, the CCO will work with appropriate personnel to agree upon a method to resolve such conflict before voting proxies affected by the conflict. It is Krane's expectation that voting in accordance with the Policies should, in most cases, adequately address any possible conflicts of interest.

A client may obtain a complete copy of the Policies and/or information on how Krane voted proxies related to securities held in the client's account by contacting Krane at (212) 933-0393.

ITEM 18. FINANCIAL INFORMATION

Krane does not require or solicit prepayments of more than \$1,200 from clients six months or more in advance. Krane currently does not know of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients and has not been the subject of any bankruptcy proceeding.