

**KRANESHARES ESG LEADERS UCITS ETF**  
**(a sub-fund of KraneShares ICAV)**

**Unaudited Condensed Semi-Annual Financial Statements**

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020

# KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)

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For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020

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## KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)

Directors and Other Information

31 March 2020

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### Directors

Feargal Dempsey (Irish) <sup>(1)(2)</sup>  
Jonathan Krane (*American*)  
Lorcan Murphy (Irish) <sup>(1)(2)</sup>  
Xiaolin Chen (*British*)

### Registered Office

70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Manager

DMS Investment Management Services  
(Europe) Limited  
3<sup>rd</sup> Floor  
76 Lower Baggot Street  
Dublin 2  
Ireland

### Investment Manager

Krane Funds Advisors, LLC  
280 Park Avenue, 32<sup>nd</sup> Floor  
New York, New York 10017  
USA

### Administrator, Registrar and Transfer Agent

SEI Investments – Global Fund Services Limited  
Styne House  
Upper Hatch Street  
Dublin 2  
Ireland

### Depository

SEI Investments - Depository and Custodial Services  
(Ireland) Limited  
Styne House  
Upper Hatch Street  
Dublin 2  
Ireland

### ICAV Secretary

Matsack Trust Limited  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Registrar

Brown Brothers Harriman Fund Administration Services  
(Ireland) Limited  
30 Herbert Street  
Dublin 2  
Ireland

### Legal Advisers and Listing Sponsor

Matheson  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Independent Auditors

KPMG Chartered Accountants  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

### Sub-Custodian

Brown Brothers Harriman & Co.  
50 Post Office Square  
Boston, MA 0211  
USA

### Distributor

Krane Funds Advisors, LLC  
280 Park Avenue, 32<sup>nd</sup> Floor  
New York, New York 10017  
USA

### Sub Distributor

Silcarv Consulting Limited  
2<sup>nd</sup> Floor  
201 Haverstock Hill  
London, NW3  
United Kingdom

<sup>(1)</sup> Non-executive

<sup>(2)</sup> Independent

31 March 2020

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## **China Review**

Global equity markets experienced an upward trend through the end of 2019. The easing of trade tension between the US and China, which continued to be a source of volatility in the second half of 2019, provided a year-end catalyst for equities. In December, the two countries signed a phase one trade deal and trade policy escalation has been absent since. Since the beginning of 2020 the coronavirus pandemic has had a negative effect on China's equity markets. However, the market reaction in China was muted in comparison to that in the US and Europe. In response to the pandemic, The Fed augmented its already dovish stance and lowered the fed funds rate to near zero. Central banks in Europe also lowered rates, many of which were already negative. Meanwhile, China focused more on fiscal stimulus in response to the pandemic and lowered key rates only slightly. Equity markets in the US, Europe, and China have rebounded since the onset of the outbreak in each region, but remain below pre-pandemic levels.

We see two key positive catalysts for China's equity and bond markets in the year to come:

- The lasting after-effects of the coronavirus pandemic including the revamp of China's health care system, increased demand for work from home platforms operated by China's internet giants, and the increased penetration of ecommerce.
- In November 2020, Bloomberg Barclays will complete its inclusion of RMB-denominated bonds issued by the Chinese government and policy banks to their Global Aggregate Index, which is tracked by \$2.5 trillion in assets.

China capital market overview (31 March 2019 to 31 March 2020)

- China's equity market, as measured by the MSCI China All Shares Index, was down for the period, returning -5.95%, while China's currency, the renminbi (RMB) depreciated 5.2% against the US dollar.
- The best performing sectors across China's equity markets included Consumer Staples (+14.72%), Health Care (+9.24%), and Information Technology (+6.49%)
- The worst performing sectors across China's equity markets were Energy (-31.26%), Industrials (-15.72%), and Real Estate (-14.05%)

From the Fund's inception and ending on 31 March 2020 (the "reporting period"), the NAV of the Fund decreased -6.16%, while the Underlying Index decreased -5.68%.

The Fund held 23.90% of the portfolio in the Consumer Discretionary sector and 16.96% in the Financials sector.

Krane Funds Advisors, LLC

14 May 2020

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**  
Statement of Financial Position (Unaudited)

As at 31 March 2020

*(Expressed in United States Dollars)*

	Note	USD 31 March 2020 <sup>1</sup>
<b>Assets</b>		
<b>Current assets</b>		
Financial assets at fair value through profit or loss - transferable securities	7, 8	1,587,686
Cash and cash equivalents		10,254
Other receivables		78
<b>Total assets</b>		<u>1,598,018</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
TER fees payable	5	<u>1,365</u>
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<u>1,365</u>
<b>Net assets attributable to holders of redeemable participating shares</b>		<u><u>1,596,653</u></u>

<sup>1</sup> The Fund commenced operations on 4 February 2020.

*The accompanying notes form an integral part of these financial statements.*

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**

Schedule of Investments (Unaudited)

As at 31 March 2020

(Expressed in United States Dollars)

<b>Description</b>	<b>Quantity</b>	<b>Cost USD</b>	<b>Fair Value USD</b>	<b>% of Net Assets</b>
<b>Transferable securities admitted to an official stock exchange listing</b>				
<b>Equities</b>				
<b>China</b>				
<i>Basic Materials</i>				
Baoshan Iron & Steel Co Ltd	4,800	3,338	3,296	0.20%
Beijing Sanju Environmental Protection and New Material Co Ltd	700	529	447	0.03%
China Molybdenum Co Ltd	18,000	5,638	5,039	0.31%
China Molybdenum Co Ltd	4,500	2,308	2,201	0.14%
China Zhongwang Holdings Ltd	7,200	2,374	1,895	0.12%
Hengli Petrochemical Co Ltd	1,500	2,903	2,639	0.17%
Shenzhen Zhongjin Lingnan Nonfemet Co Ltd	1,000	514	502	0.03%
Xiamen Tungsten Co Ltd	400	646	639	0.04%
Xinjiang Zhongtai Chemical Co Ltd	600	448	414	0.03%
Zhejiang Huayou Cobalt Co Ltd	300	1,493	1,244	0.08%
<i>Total Basic Materials</i>		20,190	18,317	1.15%
<i>Communications</i>				
51job Inc	114	7,256	6,998	0.44%
Alibaba Group Holding Ltd	732	138,917	142,359	8.92%
Baozun Inc	186	4,808	5,197	0.33%
Meituan Dianping	4,300	48,427	51,955	3.25%
Pinduoduo Inc	829	28,478	29,869	1.87%
Tencent Holdings Ltd	3,100	146,335	152,062	9.52%
Vipshop Holdings Ltd	1,890	26,399	29,446	1.84%
<i>Total Communications</i>		400,619	417,887	26.17%
<i>Consumer, Cyclical</i>				
Air China Ltd	8,000	5,817	5,161	0.32%
Air China Ltd	1,100	1,076	1,010	0.06%
BAIC Motor Corp Ltd	7,500	2,951	2,980	0.19%
BYD Co Ltd	3,000	14,875	15,676	0.98%
BYD Co Ltd	500	3,767	4,227	0.26%
China Eastern Airlines Corp Ltd	8,000	2,987	2,735	0.17%
China Eastern Airlines Corp Ltd	2,400	1,456	1,397	0.09%
China Meheco Co Ltd	300	641	636	0.04%
Fosun International Ltd	11,000	12,265	12,716	0.80%
Guangzhou Automobile Group Co Ltd	14,000	13,822	14,071	0.88%
Guangzhou Automobile Group Co Ltd	700	1,035	1,041	0.07%
Guoxuan High-Tech Co Ltd	300	846	739	0.05%
Hangzhou Robam Appliances Co Ltd	200	748	802	0.05%
Shanghai M&G Stationery Inc	300	1,872	1,958	0.12%
Shanghai Pharmaceuticals Holding Co Ltd	3,500	5,918	5,952	0.37%
Shanghai Pharmaceuticals Holding Co Ltd	500	1,366	1,375	0.09%
Shanghai Waigaoqiao Free Trade Zone Group Co Ltd	200	427	413	0.03%
Shenzhou International Group Holdings Ltd	3,300	37,027	35,082	2.20%
Sinochem International Corp	700	503	505	0.03%
Sinotruk Hong Kong Ltd	2,500	3,892	4,161	0.26%
Suning.com Co Ltd	2,400	3,073	3,055	0.19%
TCL Technology Group Corp	3,400	2,345	1,984	0.12%
Wanxiang Qianchao Co Ltd	800	591	575	0.04%
Zhengzhou Yutong Bus Co Ltd	600	1,123	1,158	0.07%
Zhongsheng Group Holdings Ltd	2,500	8,201	8,741	0.55%
<i>Total Consumer, Cyclical</i>		128,624	128,151	8.03%

The accompanying notes form an integral part of these financial statements.

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**  
Schedule of Investments (Unaudited) (continued)

As at 31 March 2020

(Expressed in United States Dollars)

<b>Description</b>	<b>Quantity</b>	<b>Cost USD</b>	<b>Fair Value USD</b>	<b>% of Net Assets</b>
<b>Transferable securities admitted to an official stock exchange listing (continued)</b>				
<b>Equities (continued)</b>				
<i>China (continued)</i>				
<i>Consumer, Non-cyclical</i>				
3SBio Inc	5,500	5,666	5,726	0.36%
China Medical System Holdings Ltd	6,000	6,820	6,495	0.41%
China Resources Pharmaceutical Group Ltd	7,000	4,712	4,200	0.26%
CSPC Pharmaceutical Group Ltd	20,000	39,958	40,047	2.51%
Dali Foods Group Co Ltd	9,000	5,708	6,270	0.39%
Genscript Biotech Corp	4,000	5,925	6,482	0.41%
Huadong Medicine Co Ltd	500	1,254	1,230	0.08%
Jiangsu Expressway Co Ltd	6,000	6,523	6,696	0.42%
Shandong Weigao Group Medical Polymer Co Ltd	8,000	9,536	10,115	0.63%
Shanghai International Port Group Co Ltd	2,200	1,394	1,390	0.09%
Shenzhen Expressway Co Ltd	4,000	4,495	4,077	0.26%
Sinopharm Group Co Ltd	6,000	14,247	13,500	0.84%
Wuxi Biologics Cayman Inc	3,500	44,153	45,382	2.84%
Zhejiang Expressway Co Ltd	6,000	4,195	4,180	0.26%
<i>Total Consumer, Non-cyclical</i>		<u>154,587</u>	<u>155,790</u>	<u>9.76%</u>
<i>Energy</i>				
China Shenhua Energy Co Ltd	15,000	26,176	28,564	1.79%
China Shenhua Energy Co Ltd	1,200	2,581	2,747	0.17%
Offshore Oil Engineering Co Ltd	1,200	935	827	0.05%
<i>Total Energy</i>		<u>29,693</u>	<u>32,139</u>	<u>2.01%</u>
<i>Financial</i>				
A-Living Services Co Ltd	1,750	7,755	8,512	0.53%
Bank of Shanghai Co Ltd	3,700	4,303	4,298	0.27%
China CITIC Bank Corp Ltd	39,000	19,116	19,271	1.21%
China Construction Bank Corp	171,000	134,040	139,873	8.76%
China Everbright Bank Co Ltd	14,000	5,303	5,365	0.34%
China Merchants Bank Co Ltd	16,500	74,562	74,507	4.67%
China Merchants Securities Co Ltd	1,400	3,333	3,379	0.21%
China Merchants Shekou Industrial Zone Holdings Co Ltd	2,100	4,995	4,879	0.31%
China Minsheng Banking Corp Ltd	30,500	21,057	22,666	1.42%
China Vanke Co Ltd	2,500	9,221	9,040	0.57%
China Vanke Co Ltd	6,500	21,768	21,427	1.34%
Country Garden Services Holdings Co Ltd	5,000	18,095	20,320	1.27%
Grandjoy Holdings Group Co Ltd	800	626	607	0.04%
Greenland Holdings Corp Ltd	2,100	1,642	1,602	0.10%
Greentown Service Group Co Ltd	4,000	4,453	4,851	0.30%
Jinke Properties Group Co Ltd	1,400	1,399	1,571	0.10%
Legend Holdings Corp	1,700	2,446	2,099	0.13%
Oceanwide Holdings Co Ltd	900	523	501	0.03%
Poly Developments and Holdings Group Co Ltd	3,100	6,277	6,499	0.41%
Shui On Land Ltd	16,000	2,639	2,684	0.17%
Sino-Ocean Group Holding Ltd	13,500	4,058	3,431	0.21%
SOHO China Ltd	9,000	4,013	4,645	0.29%
Yuzhou Properties Co Ltd	8,000	3,235	3,406	0.21%
<i>Total Financial</i>		<u>354,857</u>	<u>365,433</u>	<u>22.89%</u>

The accompanying notes form an integral part of these financial statements.

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**  
Schedule of Investments (Unaudited) (continued)

As at 31 March 2020

(Expressed in United States Dollars)

<u>Description</u>	<u>Quantity</u>	<u>Cost USD</u>	<u>Fair Value USD</u>	<u>% of Net Assets</u>
<b>Transferable securities admitted to an official stock exchange listing (continued)</b>				
<b>Equities (continued)</b>				
<u>China (continued)</u>				
<i>Industrial</i>				
AAC Technologies Holdings Inc	3,000	17,403	15,559	0.97%
BBMG Corp	10,000	2,477	2,503	0.16%
BBMG Corp	2,200	1,023	1,017	0.06%
Beijing Oriental Yuhong Waterproof Technology Co Ltd	400	1,742	1,919	0.12%
Beijing Originwater Technology Co Ltd	800	1,085	1,040	0.07%
BEST Inc	861	4,475	4,606	0.29%
BYD Electronic International Co Ltd	2,500	4,045	4,174	0.26%
China Conch Venture Holdings Ltd	7,000	30,567	31,248	1.96%
China International Marine Containers Group Co Ltd	400	440	435	0.03%
China Jushi Co Ltd	900	1,051	1,002	0.06%
China Lesso Group Holdings Ltd	4,000	4,595	5,274	0.33%
Contemporary Amperex Technology Co Ltd	600	10,422	10,184	0.64%
COSCO SHIPPING Development Co Ltd	2,100	614	601	0.04%
Dongfang Electric Corp Ltd	700	902	833	0.05%
Eve Energy Co Ltd	300	2,450	2,458	0.15%
GEM Co Ltd	1,100	762	721	0.05%
NARI Technology Co Ltd	1,100	2,998	3,063	0.19%
Shanghai International Airport Co Ltd	200	1,781	1,715	0.11%
Shenzhen Inovance Technology Co Ltd	500	1,795	1,822	0.11%
Siasun Robot & Automation Co Ltd	400	809	770	0.05%
Sinotrans Ltd	9,000	2,182	2,218	0.14%
Sinotrans Ltd	1,200	609	592	0.04%
TBEA Co Ltd	1,000	1,018	1,029	0.06%
Transfar Zhilian Co Ltd	800	713	695	0.04%
Tus Environmental Science And Technology Development Co Ltd	300	368	342	0.02%
Xinjiang Goldwind Science & Technology Co Ltd	3,200	2,791	2,787	0.17%
Xinjiang Goldwind Science & Technology Co Ltd	900	1,256	1,205	0.08%
Yunnan Energy New Material Co Ltd	100	676	599	0.04%
Zhejiang Weixing New Building Materials Co Ltd	400	628	624	0.04%
Zoomlion Heavy Industry Science and Technology Co Ltd	5,800	4,054	4,220	0.26%
Zoomlion Heavy Industry Science and Technology Co Ltd	1,600	1,273	1,284	0.08%
<i>Total Industrial</i>		107,005	106,539	6.67%
<i>Technology</i>				
Kingdee International Software Group Co Ltd	10,000	12,599	13,340	0.84%
Lenovo Group Ltd	32,000	17,028	17,175	1.07%
<i>Total Technology</i>		29,627	30,515	1.91%
<i>Utilities</i>				
China Longyuan Power Group Corp Ltd	14,000	7,174	7,695	0.48%
ENN Energy Holdings Ltd	3,400	32,599	32,921	2.06%
Sichuan Chuantou Energy Co Ltd	1,100	1,337	1,427	0.09%
<i>Total Utilities</i>		41,110	42,043	2.63%
<u>Total China</u>		1,266,311	1,296,813	81.22%

The accompanying notes form an integral part of these financial statements.

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**  
Schedule of Investments (Unaudited) (continued)

As at 31 March 2020

(Expressed in United States Dollars)

<u>Description</u>	<u>Quantity</u>	<u>Cost USD</u>	<u>Fair Value USD</u>	<u>% of Net Assets</u>
<b>Transferable securities admitted to an official stock exchange listing (continued)</b>				
<b>Equities (continued)</b>				
<u>Hong Kong</u>				
<i>Consumer, Cyclical</i>				
Alibaba Health Information Technology Ltd	2,000	3,177	3,344	0.21%
Alibaba Pictures Group Ltd	70,000	9,240	9,031	0.57%
Geely Automobile Holdings Ltd	22,000	32,394	32,471	2.03%
<i>Total Consumer Cyclical</i>		<u>44,812</u>	<u>44,846</u>	<u>2.81%</u>
<i>Consumer, Non-cyclical</i>				
China Agri-Industries Holdings Ltd	-	-	-	0.00%
China Mengniu Dairy Co Ltd	12,000	42,025	41,724	2.61%
Hutchison China MediTech Ltd	257	4,745	4,587	0.29%
Sino Biopharmaceutical Ltd	30,000	40,208	39,557	2.48%
<i>Total Consumer, Non-cyclical</i>		<u>86,978</u>	<u>85,868</u>	<u>5.38%</u>
<i>Energy</i>				
China Everbright International Ltd	16,000	8,968	9,186	0.58%
<i>Total Energy</i>		<u>8,968</u>	<u>9,186</u>	<u>0.58%</u>
<i>Financial</i>				
China Overseas Land & Investment Ltd	16,000	50,190	49,646	3.11%
CITIC Ltd	25,000	27,056	26,158	1.64%
Shanghai Industrial Holdings Ltd	2,000	2,950	3,024	0.19%
Shenzhen Investment Ltd	14,000	4,195	4,371	0.27%
<i>Total Financial</i>		<u>84,391</u>	<u>83,199</u>	<u>5.21%</u>
<i>Industrial</i>				
Lee & Man Paper Manufacturing Ltd	6,000	3,826	3,638	0.23%
<i>Total Industrial</i>		<u>3,826</u>	<u>3,638</u>	<u>0.23%</u>
<i>Utilities</i>				
Beijing Enterprises Water Group Ltd	22,000	8,726	8,600	0.54%
China Gas Holdings Ltd	7,800	25,455	27,171	1.70%
China Resources Gas Group Ltd	4,000	19,889	20,127	1.26%
Towngas China Co Ltd	5,000	2,534	2,477	0.16%
<i>Total Utilities</i>		<u>56,604</u>	<u>58,375</u>	<u>3.66%</u>
<u>Total Hong Kong</u>		<u>285,579</u>	<u>285,114</u>	<u>17.86%</u>
<u>Singapore</u>				
<i>Financial</i>				
BOC Aviation Ltd	900	5,475	5,759	0.36%
<i>Total Financial</i>		<u>5,475</u>	<u>5,759</u>	<u>0.36%</u>
<u>Total Singapore</u>		<u>5,475</u>	<u>5,759</u>	<u>0.36%</u>
<b>Total Equities</b>		<u>1,557,365</u>	<u>1,587,686</u>	<u>99.44%</u>
<b>Total financial assets at fair value through profit or loss</b>			<u>1,587,686</u>	<u>99.44%</u>
Cash and cash equivalents			10,254	0.64%
Other net liabilities			(1,288)	(0.08%)
<b>Net assets attributable to holders of redeemable participating shares</b>			<u>1,596,653</u>	<u>100.00%</u>

The accompanying notes form an integral part of these financial statements.

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**  
Schedule of Investments (Unaudited) (continued)

As at 31 March 2020

*(Expressed in United States Dollars)*

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<b><u>Analysis of Total Asset</u></b>	<b>Fair Value</b>	<b>% of</b>
	<b>USD</b>	<b>Total Assets</b>
Transferable securities admitted to an official stock exchange listing	1,587,686	100.00%
Other assets	10,332	0.00%
<b>Total Assets</b>	<b>1,598,018</b>	<b>100.00%</b>

*The accompanying notes form an integral part of these financial statements.*

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**  
Statement of Comprehensive Income (Unaudited)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
*(Expressed in United States Dollars)*

	Note	USD For the period ended 31 March 2020 <sup>1</sup>
<b>Investment income</b>		
Dividend income		67
Net loss on financial assets at fair value through profit or loss		(176,409)
Net loss on foreign exchange translation		(1,327)
Total loss		<u>(177,669)</u>
<b>Expenses</b>		
TER fees	5	1,365
Total expenses		<u>1,365</u>
Loss before tax		(179,034)
Withholding taxes		-
<b>Net decrease in net assets resulting from operations attributable to holders of redeemable participating shares</b>		<u><u>(179,034)</u></u>

<sup>1</sup> The Fund commenced operations on 4 February 2020.

Gains and losses arose solely from continuing investment activities. There were no gains or losses other than those presented in the Statement of Comprehensive Income.

*The accompanying notes form an integral part of these financial statements.*

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**  
Statement of Changes in Equity (Unaudited)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
(Expressed in United States Dollars)

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	<b>USD</b>
	<b>For the</b>
	<b>period ended</b>
	<b>31 March 2020 <sup>1</sup></b>
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the period</b>	-
Subscriptions of redeemable participating shares during the period	3,587,291
Redemptions of redeemable shares redeemed during the period	(1,811,604)
Net decrease in net assets resulting from operations attributable to holders of redeemable participating shares	<u>(179,034)</u>
<b>Net assets attributable to holders of redeemable participating shares at the end of the period</b>	<u><b>1,596,653</b></u>

<sup>1</sup> The Fund commenced operations on 4 February 2020.

*The accompanying notes form an integral part of these financial statements.*

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**  
Statement of Cash Flows (Unaudited)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
*(Expressed in United States Dollars)*

	<b>USD</b>
	<b>For the</b>
	<b>period ended</b>
	<b>31 March 2020 <sup>1</sup></b>
<b><i>Cash flows from operating activities:</i></b>	
Net decrease in net assets resulting from operations attributable to holders of redeemable participating shares	(179,034)
<b>Operating loss before working capital changes</b>	<u>(179,034)</u>
Net increase in financial assets at fair value through profit or loss	(1,587,686)
Increase in other receivables	(78)
Increase in TER fees payable	1,365
<b>Cash used in operations</b>	<u>(1,586,399)</u>
<b>Net cash used in operating activities</b>	<u>(1,765,433)</u>
<b><i>Cash flows from financing activities</i></b>	
Subscriptions of redeemable participating shares during the period	3,587,291
Redemptions of redeemable shares redeemed during the period	<u>(1,811,604)</u>
<b>Net cash provided by financing activities</b>	<u>1,775,687</u>
<b>Net increase in cash and cash equivalents</b>	10,254
Cash and cash equivalents at start of the period	-
<b>Cash and cash equivalents at end of the period</b>	<u><u>10,254</u></u>

<sup>1</sup> The Fund commenced operations on 4 February 2020.

*The accompanying notes form an integral part of these financial statements.*

## **KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**

Notes to the Financial Statements (Unaudited)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020

*(Expressed in United States Dollars)*

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### **1. Nature of operations**

The KraneShares ESG Leaders UCITS ETF (the “Fund”) is a sub-fund of KraneShares ICAV (the “ICAV”). The Fund commenced operations on 4 February 2020. The ICAV was registered in Ireland pursuant to the Irish Collective Asset-management Vehicles Act 2015 (the “ICAV Act”) on 15 May 2018 and authorised on 11 October 2018 by the Central Bank of Ireland (the “Central Bank”) as an Undertaking for Collective Investment in Transferable Securities pursuant to the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No 352 of 2011), as amended and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investments in Transferable Securities) Regulations 2019 (collectively the “UCITS Regulations”). The ICAV has been established for the purpose of investing in transferable securities in accordance with the UCITS Regulations.

The ICAV is organised in the form of an umbrella fund with segregated liability between sub-funds. Each sub-fund will have a distinct portfolio of investments and the investment objective and policy of each sub-fund will be formulated by each sub-fund’s respective investment manager. At 31 March 2020, the following sub-funds were in operation:

<b>Sub-funds</b>	<b>Launch date</b>
KraneShares CSI China Internet UCITS ETF	21 November 2018
KraneShares MSCI China A Share UCITS ETF	26 June 2019
KraneShares ESG Leaders UCITS ETF	4 February 2020

The objective of the Fund is to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the investable universe of Chinese companies listed on the Shanghai, Shenzhen or Hong Kong Stock Exchanges (“China Companies”). In order to seek to achieve the Fund’s investment objective, the Investment Manager will aim to replicate the Index by holding all of the constituents of the Index in a similar proportion to their weighting in the Index.

DMS Investment Management Services (Europe) Limited (the “Manager”) has appointed Krane Funds Advisors LLC as Investment Manager and Distributor of the Fund pursuant to the investment management and distribution agreement between the ICAV, the Manager and the Investment Manager dated 11 October 2018.

The registered office of the ICAV is 70 Sir John Rogerson’s Quay, Dublin 2, Ireland. SEI Investments - Global Fund Services Limited (the “Administrator”) is the administrator. SEI Investments – Depositary and Custodial Services (Ireland) Limited (the “Depositary”) is the depositary. Brown Brothers Harriman & Co. has been appointed as the sub-custodian (the “Sub-Custodian”) in accordance with the requirements of the Central Bank to perform in whole or in part any of the Depositary’s duties.

### **2. Basis of preparation and significant accounting policies**

#### **(a) Statement of compliance**

The unaudited condensed semi-annual financial statements are prepared in accordance with IAS 34 ‘Interim Financial Reporting’, the ICAV Act and the UCITS Regulations. This report presents financial statements for the period from 4 February 2020 (date of commencement of operations) to 31 March 2020. The Fund commenced operations on 4 February 2020. As such, there are no comparative figures to disclose.

#### **(b) Basis of preparation**

The financial statements are presented in United States Dollars (“USD”). The financial statements have been prepared under the going concern and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with International Financial Reporting Standards (“IFRS”) as adopted by the European Union requires management to make judgements, critical accounting estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## **KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
(Expressed in United States Dollars)

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### **2. Basis of preparation and significant accounting policies (continued)**

#### **(b) Basis of preparation (continued)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period and future periods if the revision affects both current and future periods.

All references to net assets throughout this document refer to net assets attributable to holders of redeemable participating shares, unless otherwise stated.

#### **(c) Changes in relevant accounting standards**

##### **Standards, amendments and interpretations that are not yet effective for the period and not early adopted**

There are no standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Fund.

#### **(d) Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for the period presented, unless otherwise stated.

##### **i. Foreign currency translation**

###### *Functional and presentation currency*

These financial statements are presented in USD, which is the Fund's functional currency.

'Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Investor subscriptions and redemptions are determined based on net asset value, and received and paid in USD. The expenses (including management fees, custodian fees and administration fees) are denominated and paid mostly in USD. Accordingly, management has determined that the functional currency of the Fund is USD.

###### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the period end date.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

###### *Net gain on foreign exchange translation*

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within 'Net gain on foreign exchange translation'.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within 'Net gains on financial assets at fair value through profit or loss'.

## KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020

(Expressed in United States Dollars)

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### 2. Basis of preparation and significant accounting policies (continued)

#### (d) Significant accounting policies (continued)

##### ii. Financial instruments

###### *Recognition and initial measurement*

The Fund initially recognises financial assets at fair value through profit or loss (“FVTPL”) on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets are recognised on the date on which they originated. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

###### *Classification and subsequent measurement*

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”).
- Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest (“SPPI”), and that are not designated at fair value through profit and loss, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance.

All other financial assets of the Fund are measured at FVTPL.

###### Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund’s continuing recognition of the assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

## **KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020

*(Expressed in United States Dollars)*

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### **2. Basis of preparation and significant accounting policies (continued)**

#### **(d) Significant accounting policies (continued)**

##### **ii. Financial instruments (continued)**

###### *Subsequent measurement of financial assets*

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any dividend income and foreign exchange gains and losses, are recognised in profit or loss in 'net income from financial instruments at FVTPL' in the statement of comprehensive income.

Equity investments are included in this category.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in 'interest income calculated using the effective interest method', foreign exchange gains and losses are recognised in 'net foreign exchange loss' and impairment is recognised in 'impairment losses on financial instruments' in the statement of comprehensive income. Any gain or loss on derecognition is also recognized in profit or loss.

Cash and cash equivalents is included in this category.

###### *Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at FVTPL:

- Held for trading: there are no financial liabilities held at FVTPL.

Financial liabilities at amortised cost:

- This comprises the TER accrual.

###### *Derecognition*

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

## **KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
(Expressed in United States Dollars)

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### **2. Basis of preparation and significant accounting policies (continued)**

#### **(d) Significant accounting policies (continued)**

##### **ii. Financial instruments (continued)**

###### *Derecognition (continued)*

The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

###### *Impairment*

The Fund recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost. The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund’s historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of ‘investment grade’. The Fund considers this to be Baa3 or higher per Moody’s Investors Service or BBB- or higher per Standard & Poor’s.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

###### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**  
Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
(Expressed in United States Dollars)

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**2. Basis of preparation and significant accounting policies (continued)**

**(d) Significant accounting policies (continued)**

**ii. Financial instruments (continued)**

*Impairment (continued)*

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

*Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when, and only when, there is a legal enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously. As at 31 March 2020, the Fund did not have any netting agreements in place.

Income and expenses are represented on a net basis for gain and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

**iii. Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less. As at 31 March 2020, all cash and cash equivalents were held with the Sub-Custodian.

**iv. Expenses**

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using effective interest rate method.

**v. Income**

Dividend income is recognised when the right to receive payment is established and it is shown separately in the Statement of Comprehensive Income. The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the Statement of Comprehensive Income.

## **KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
(Expressed in United States Dollars)

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### **2. Basis of preparation and significant accounting policies (continued)**

#### **(d) Significant accounting policies (continued)**

##### **vi. Redeemable participating shares**

The Fund issues redeemable participating shares, which are redeemable at the Shareholder's option and are classified as equity in accordance with IAS 32 Financial Instruments - Presentation ("IAS 32"). Should the redeemable participating shares terms or conditions change such that they do not comply with the strict criteria contained in IAS 32, the redeemable participating shares would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Redeemable participating shares can be put back to the Fund for cash equal to a proportionate share of the Fund's trading Net Asset Value ("NAV") calculated in accordance with the Fund Prospectus.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the conditions below:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's one class of shares in issue meet these conditions and are classified as equity. As at 31 March 2020, the Fund had USD 1,587,686 of Net Assets classified as equity.

##### **vii. Distribution policy**

The Fund has an accumulating share class. The ICAV intends to accumulate all net investment income and net realised capital gains. The ICAV does not intend to make distributions in respect of the accumulating share class.

##### **viii. Redemptions payable**

Redemptions are recognised as liabilities when the amount requested in the redemption notice become fixed. This generally may occur either at the time of the receipt of a valid and approved notice, or on the last day of a fiscal period, depending on the nature of the request. As a result, redemptions paid after the end of the period, but based upon period end capital balance are reflected as redemptions payable.

##### **ix. Subscriptions payable**

Subscriptions receivable are reported on the Statement of Financial Positions and relate to unsettled subscriptions.

## **KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020

*(Expressed in United States Dollars)*

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### **3. Taxation**

Under current law and practice the ICAV qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act 1997, as amended. On that basis, it is not chargeable to Irish tax on its income or gains.

Notwithstanding the above, Irish tax may arise on the happening of a “chargeable event”. A chargeable event includes:

- a) Any distribution payments made to shareholders by the ICAV in respect of their shares;
- b) Any encashment, redemption, cancellation or transfer of shares;
- c) The holding of shares at the end of each eight year period beginning with the acquisition of such shares.

No Irish tax will arise on the ICAV in respect of chargeable events in respect of:

- a) A shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with Section 739D of the Taxes Consolidation Act, 1997, as amended, are held by the ICAV or the ICAV has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations under the ICAV with the necessary signed statutory declarations; and
- b) Certain exempted Irish tax resident shareholders who have provided the ICAV with the necessary signed statutory declarations.

Capital gains, dividends and interest received by the ICAV may be subject to taxes, including withholding taxes in the countries in which the issuers of investments are located, which may be reflected in the Net Asset Value (“NAV”) of the ICAV. Such taxes may not be recoverable by the ICAV or its shareholders.

The Fund has evaluated the tax positions and has concluded that there are no significant tax positions requiring recognition, measurement or disclosure in the financial statements. Tax penalties and interest, if any, would be accrued as incurred and would be classified as a tax expense in the Statement of Comprehensive Income. During the period ended 31 March 2020, the Fund did not incur any interest or penalties.

## KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
(Expressed in United States Dollars)

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### 4. Share capital

The authorised share capital of the ICAV is 500,000,000,002 shares of no par value divided into 2 Subscriber Shares of no par value and 500,000,000,000 shares of no par value. The Directors are empowered to issue up to all of the Shares of the ICAV on such terms as they think fit. The Subscriber Shares entitle the holders to attend and vote at any general meetings of the ICAV but do not entitle the holders to participate in the profits or assets of the ICAV except for a return of capital on a winding-up. The Subscriber Shares do not form part of the NAV of any of the ICAV's Funds. The participating shares entitle the holders to attend and vote at general meetings of the ICAV and (other than the Subscriber Shares) to participate equally in the profits and assets of the Fund to which the Shares relate, subject to any differences between fees, charges and expenses applicable to different share classes. The ICAV may from time to time by ordinary resolution increase its capital, consolidate the shares or any of them into a smaller number of shares, sub-divide the shares or any of them into a larger number of shares or cancel any shares not taken or agreed to be taken by any person. The ICAV may by special resolution from time to time reduce its share capital in any way permitted by law. At a meeting of Shareholders, on a show of hands, each Shareholder shall have one vote and, on a poll, each Shareholder shall have one vote for each whole share held by such Shareholder.

The ICAV offers the Classes of Shares in the Fund as set out below. The ICAV may also create additional classes of shares in the Fund in the future with prior notification to, and clearance in advance by, the Central Bank.

Class	Minimum Subscription Amount	Initial Offer Price	Hedged
Class USD	USD 5,000,000	USD 25	No
Class EUR	EUR 5,000,000	EUR 25	Yes
Class GBP	GBP 5,000,000	GBP 25	Yes

Application was made to have all classes of shares in the Fund admitted to the Official List and to trading on the Main Securities Market of Euronext Dublin. It is expected that such classes of shares will be admitted to the Official List and to trading on the Main Securities Market of Euronext Dublin on launch. Currently one share class, the Class USD, have launched and been listed the official list and on the Main Securities Market.

Each of the Shares (other than the Subscriber Shares) entitles the Shareholder to participate equally on a pro rata basis in the dividends and net assets of the Fund in respect of which they are issued, save in the case of dividends declared prior to becoming a Shareholder.

### Subscriptions

Shares will be issued on each dealing day at the appropriate Net Asset Value per Share with an appropriate provision for duties and charges. Investors may subscribe for shares for cash on each dealing day by making an application by the dealing deadline. Consideration, in the form of cleared subscription monies/securities, must be received by the applicable settlement deadline.

### Redemptions

Shareholders may effect a redemption of shares on any dealing day at the appropriate Net Asset Value per Share, subject to an appropriate provision for duties and charges, provided that a valid redemption request from the shareholder is received by the ICAV by the dealing deadline on the relevant dealing day. Settlement will normally take place within two business days of the dealing day but may take longer depending on the settlement schedule of the underlying markets. In any event, settlement will not take place later than 10 business days from the dealing deadline.

Shares will be redeemed at the applicable NAV per Share on the Dealing Day as of which the redemption is effected, subject to any applicable fees associated with such redemption.

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
(Expressed in United States Dollars)

**4. Share capital (continued)**

The net assets and NAV per share of each class of shares as at 31 March 2020 was as follows:

31 March 2020			Net Assets per Share Class USD
Class	Number of shares	NAV per share	
Class USD	70,000	\$22.810	1,596,653

Transactions in the shares of the Fund for the period ended 31 March 2020 was as follows:

31 March 2020				
Class	Shares at start of period	Shares Issued	Shares Redeemed	Shares at end of period
Class USD	-	150,000	(80,000)	70,000

**5. Fees and Expenses****TER Fees**

All of the following fees and expenses payable in respect to the Share Class of the Fund are paid as one single fee, which will not exceed an amount described listed below. This is referred to as the total expense ratio or "TER". The TER is calculated and accrued daily from the Net Asset Value of the Fund and payable monthly in arrears to the Investment Manager at the rate set out below. The following fees and operational expenses of the Fund shall be paid out of the TER:

- All the ordinary operating and administrative expenses of the ICAV or Share Class, including, but not limited to, Directors', auditors', legal advisors', Investment Manager's, Management Company's, Administrator's, Depositary's, sub-custodian's, sub-custodian's overdraft fees, Index Providers', and Central Bank of Ireland Levies.

Class	TER
Class USD	40 bps
Class EUR	40 bps
Class GBP	40 bps

During the period ended 31 March 2020, the Fund incurred USD 1,365 in TER fees and as at 31 March 2020, USD 1,365 remained payable.

**Management fees**

A minimum fee of €20,000 per sub-fund per annum or, if higher, a basis point charge calculated from the table hereunder. Each additional sub-fund will be charged an annual minimum fee of €20,000.

The fee will be calculated at each valuation point based on the Net Asset value of the fund or sub-fund (before the deduction of the management fee and performance fee for the relevant valuation point) and will be paid quarterly in arrears. DMS may also provide services in respect of structured finance & corporate, company secretarial & registered office, FATCA support & fund governance support, money laundering reporting officer (MLRO), independent fund directors, KIID production and PRIIPS production.

AUM	Basis Points
Up to €1,000,000,000	2.5
€1,000,000,001 and upwards	1.75

## KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
(Expressed in United States Dollars)

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### 5. Fees and Expenses (continued)

#### Management fees (continued)

The Investment Manager pays out of its fees (and not out of the assets of the Fund) the fees and expenses of the Manager.

During the period ended 31 March 2020, the Fund incurred USD 3,418 (EUR 3,086) in management fees, MLRO fees, OOP fees and AP fees. As at 31 March 2020 USD Nil (EUR Nil) remained payable.

#### Administration Fees

The following fees are payable to SEI Investments – Global Fund Services Limited, (the “Administrator”). The ICAV will be charged the greater of the basis point fee or the monthly minimum fee. The basis point fee is calculated based on the aggregate net assets of the ICAV and allocated to the Fund pro-rata based on the net assets of the Fund. Fees are invoiced and payable monthly in arrears.

#### Monthly NAV Calculation

Net Assets	Basis Points
First USD 1 billion	7.0
Next USD 1 billion	6.5
AUM over USD 2 billion	6.0
Monthly minimum per Fund Year 1	USD 4,167
Monthly minimum per Fund Year 2	USD 5,833
Monthly minimum per Fund Year 3	USD 7,500

The fees listed on the previous page are inclusive of the first USD share class. Additional share classes are charged an annual fixed fee of USD 12,000 per annum.

During the period ended 31 March 2020, the Fund incurred USD 7,903 in administration fees as part of the TER and as at 31 March 2020, USD Nil remained payable. The Investment Manager pays out of its fees (and not out of the assets of the Fund) the fees and expenses of the Administrator.

#### Depositary Fees

The Fund will be charged the greater of the basis point fee or the monthly minimum fee. The basis point fee is calculated based on the aggregate net assets of the ICAV and allocated to the Fund pro-rata based on the net assets of the Fund. Fees are invoiced and payable monthly in arrears.

#### Depositary Fees (continued)

#### Monthly NAV Calculation

Net Assets	Basis Points
First USD 1 billion	3.00
Next USD 1 billion	2.50
AUM over USD 2 billion	2.00
Depositary Annual Minimum Fee*	USD 20,000

\*Sub-Custody Schedule may apply if financial instruments have to be held at a sub-custodian.

During the period ended 31 March 2020, the Fund incurred USD 3,161 in depositary fees and as at 31 March 2020, USD Nil remained payable. The Investment Manager pays out of its fees (and not out of the assets of the Fund) the fees and expenses of the Depositary.

## KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
(Expressed in United States Dollars)

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### 5. Fees and Expenses (continued)

#### Transaction Fees

Transaction fees USD 2,956 are included within net gains/(losses) on financial assets at fair value through profit or loss.

#### Directors' Fees

No element of Directors' remuneration is performance-related. Only the Independent Directors have fees paid to them, such fees which are agreed by the Board.

During the period ended 31 March 2020, the ICAV incurred fees USD 66 in Directors fees of which USD Nil has been allocated directly to this Fund. The Investment Manager pays out of its fees (and not out of the assets of the Fund) the fees of the Directors.

### 6. Foreign exchange rate

The exchange rate as at 31 March 2020 used in the production of these financial statements to the presentation currency of USD was as follows:

	<b>31 March 2020</b>
CNY	7.7509

### 7. Fair value measurement

As the Fund's investments are classified as financial assets and financial liabilities at fair value through profit or loss, the carrying value of the Fund's investments is a reasonable approximation of fair value. The Fund's accounting policy on fair value measurements is discussed in Note 2(d). The Fund measures fair values, as defined by IFRS 13 'Fair Value Measurement' ("IFRS 13"), using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair values using valuation techniques as described in Note 2.

## KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
(Expressed in United States Dollars)

### 7. Fair value measurement (continued)

The table below analyses the Fund's assets and liabilities measured at fair value as at 31 March 2020 by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 March 2020	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	1,587,686			1,587,686
	1,587,686	-	-	1,587,686

Transfers between levels are recognised at the end of the reporting period. There were no transfers between levels during the period ended 31 March 2020.

### 8. Related Parties and Connected Persons

#### Related Party Transactions

The following parties are considered related parties:

- The Directors
- DMS Investment Management Services - Manager
- Krane Fund Advisors, LLC – Investment Manager

DMS Investment Management Services (Europe) Limited, the Manager of the Fund, receives fees which are paid in line with the underlying Management Agreement.

In line with the underlying Management Agreement certain costs and expenses of the ICAV shall be borne by the Investment Manager.

Foreign Account Tax Compliance Act ("FATCA") services are provided by DMS FATCA Services Limited, a Company within the DMS Group. The fee for the provision of FATCA services are included in the TER Fees and the Manager reimburses DMS FATCA Services Limited directly.

Money Laundering Reporting Officer ("MLRO") services are provided by DMS Investment Management Services (Europe) Limited. The fee for the provision of MLRO services are included in the TER Fees.

Other ancillary services are provided for by DMS Investment Management Services (Europe) Limited.

There were no other related party transactions for the financial period other than those disclosed above, and in Note 5, including any other emoluments or gains which have been paid or are payable, to any Director of the ICAV. All transactions with related parties were at arm's length.

#### Connected Persons

In accordance with the requirements of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (the "Central Bank UCITS Regulations"), all transactions carried out with the ICAV by the Manager, Investment Manager, Investment Adviser, Depository, delegates or sub-delegates of these parties (the "connected persons") must be conducted at arm's length and be in the best interests of shareholders of the ICAV. The Directors are satisfied that there are arrangements in place to ensure that the obligations set out in the Central Bank UCITS Regulations are applied to all transactions with connected persons and transactions with connected persons entered into during the financial period complied with the obligations set out in the Central Bank UCITS Regulations.

## **KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**

Notes to the Financial Statements (Unaudited) (continued)

For the period from 4 February 2020 (date of commencement of operations) to 31 March 2020  
(Expressed in United States Dollars)

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### **8. Related Parties and Connected Persons (continued)**

#### **Related Party Transactions (continued)**

Shareholders should note that not all connected parties as defined by IAS 24 'Related Party Disclosures' are deemed related parties as defined by the Central Bank UCITS Regulations.

### **9. Distributions**

Subject to income being available for distribution, the Fund distributes income in respect of the Class USD, Class EUR Shares and Class GBP Shares, in accordance with the provisions set out in "Dividend Policy" of the Prospectus. There were no distributions made by the Fund for the period ended 31 March 2020.

### **10. Commitments and contingent liabilities**

As at 31 March 2020, the Fund did not have any significant commitments or contingent liabilities.

### **11. Indemnities**

The Fund has entered into agreements that contain a variety of indemnities. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. The Fund expects the risk of loss to be remote.

### **12. Soft commissions**

The Investment Manager has not entered into soft commission arrangements with brokers in respect of which certain goods and services used to support investment decision making were received during the period ended 31 March 2020.

### **13. Significant events during the reporting period**

The Fund commenced operations on 4 February 2020.

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Fund's performance.

There were no other significant events during the reporting period that requires adjustments or disclosure in these financial statements.

### **14. Events after the reporting period**

There were no events after the reporting period that requires adjustments or disclosure in these financial statements.

### **15. Approval of the unaudited condensed semi-annual financial statements**

The unaudited condensed semi-annual financial statements were approved by the Board of Directors on 14 May 2020.

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**

## Appendix 1 – Statement of Portfolio Changes (Unaudited)

31 March 2020

*(Expressed in United States Dollars)*

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<b>Purchases</b>	<b>Cost \$</b>
Tencent Holdings Ltd	(342,798)
Alibaba Group Holding Ltd	(330,511)
China Construction Bank Corp	(324,490)
China Merchants Bank Co Ltd	(185,241)
Meituan Dianping	(125,404)
China Overseas Land & Investment Ltd	(122,360)
CSPC Pharmaceutical Group Ltd	(109,353)
China Mengniu Dairy Co Ltd	(102,266)
Wuxi Biologics Cayman Inc	(96,449)
Sino Biopharmaceutical Ltd	(95,583)
Shenzhou International Group Holdings Ltd	(92,113)
ENN Energy Holdings Ltd	(87,018)
Geely Automobile Holdings Ltd	(77,884)
China Conch Venture Holdings Ltd	(73,011)
Pinduoduo Inc	(69,015)
CITIC Ltd	(59,289)
China Gas Holdings Ltd	(59,146)
China Shenhua Energy Co Ltd	(58,019)
Vipshop Holdings Ltd	(57,365)
China Vanke Co Ltd	(53,065)
China Minsheng Banking Corp Ltd	(48,407)
AAC Technologies Holdings Inc	(46,827)
Lenovo Group Ltd	(44,918)
China CITIC Bank Corp Ltd	(44,830)
Country Garden Services Holdings Co Ltd	(42,316)
Sinopharm Group Co Ltd	(41,433)
China Resources Gas Group Ltd	(39,919)

The above purchases represent trades which were above 1% of the total purchases.

**KRANESHARES ESG LEADERS UCITS ETF (a sub-fund of KraneShares ICAV)**

## Appendix 1 – Statement of Portfolio Changes (Unaudited) (continued)

31 March 2020

*(Expressed in United States Dollars)*

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<b>Sales</b>	<b>Proceeds \$</b>
China Construction Bank Corp	194,957
Tencent Holdings Ltd	180,289
Alibaba Group Holding Ltd	166,857
China Merchants Bank Co Ltd	97,304
China Overseas Land & Investment Ltd	69,180
Meituan Dianping	64,666
CSPC Pharmaceutical Group Ltd	60,728
Sino Biopharmaceutical Ltd	54,070
China Mengniu Dairy Co Ltd	53,783
Wuxi Biologics Cayman Inc	48,965
ENN Energy Holdings Ltd	43,876
Shenzhou International Group Holdings Ltd	42,818
Geely Automobile Holdings Ltd	42,754
China Conch Venture Holdings Ltd	41,953
Pinduoduo Inc	37,859
Vipshop Holdings Ltd	33,790
China Shenhua Energy Co Ltd	30,963
China Vanke Co Ltd	30,745
CITIC Ltd	30,296
China Gas Holdings Ltd	28,156
China Minsheng Banking Corp Ltd	26,568
Country Garden Services Holdings Co Ltd	23,661
China CITIC Bank Corp Ltd	23,537
Lenovo Group Ltd	22,138
AAC Technologies Holdings Inc	20,690
BYD Co Ltd	20,341

The above sales represent trades which were above 1% of the total purchases.

In accordance with the UCITS regulations this statement presents the aggregate purchases and aggregate sales of a security exceeding 1.00% of the total value of purchases or sales for the period or at least the top 20 purchases and sales.

The full list of purchases and sales for the period ended 31 March 2020 is available on request from the Administrator.