

**KRANESHARES CSI CHINA INTERNET UCITS ETF**  
**(a sub-fund of KraneShares ICAV)**

**Unaudited Condensed Semi-Annual Financial Statements**

For the period ended 31 March 2020

# KRANESHARES CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)

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For the period ended 31 March 2020

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**KRANESHARES CSI CHINA INTERNET 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 31 March 2019 and ending on 31 March 2020 (the "reporting period"), the NAV of the Fund decreased -4.60%, while the Underlying Index decreased -3.84%.

The Fund held 47.36% of the portfolio in Consumer Discretionary and 46.36% in the Communication Services Sector.

Krane Funds Advisors, LLC

14 May 2020

**KRANESHARES CSI CHINA INTERNET 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	USD 30 September 2019 <sup>1</sup>
<b>Assets</b>			
Financial assets at fair value through profit or loss	7	58,843,623	23,160,594
Cash and cash equivalents	2(d)	36,074	15,360
Subscriptions receivable	2(d)	1,400,012	-
Other receivables		-	709
<b>Total assets</b>		<u>60,279,709</u>	<u>23,176,663</u>
<b>Liabilities</b>			
Redemptions payable	2(d)	1,403,607	-
TER fees payable	5	76,925	8,260
<b>Total liabilities</b>		<u>1,480,532</u>	<u>8,260</u>
<b>Net assets attributable to holders of redeemable participating shares</b>		<u>58,799,177</u>	<u>23,168,403</u>

<sup>1</sup> The Fund commenced operations on 21 November 2018.*The accompanying notes form an integral part of these financial statements.*

**KRANESHARES CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**

Schedule of Investments (Unaudited)

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>Equities</b>				
<i>China</i>				
<i>Communications</i>				
51job Inc	11,623	873,361	713,536	1.21%
58.com Inc	36,141	1,993,564	1,760,790	2.99%
Alibaba Group Holding Ltd	30,131	5,259,531	5,859,877	9.97%
Autohome Inc	20,233	1,587,668	1,436,948	2.44%
Autohome Inc	12,988	190,850	134,945	0.23%
Baidu Inc	35,835	3,945,924	3,611,810	6.14%
Baozun Inc	15,535	569,854	434,048	0.74%
China Literature Ltd	141,200	616,083	561,091	0.95%
iQIYI Inc	104,249	1,976,587	1,855,632	3.16%
JD.com Inc	108,535	3,415,149	4,395,668	7.48%
JOYY Inc	23,665	1,394,658	1,260,398	2.15%
Maoyan Entertainment	217,200	365,590	276,022	0.47%
Meituan Dianping	378,300	4,045,400	4,570,798	7.77%
Momo Inc	61,066	1,845,029	1,324,522	2.25%
Pinduoduo Inc	67,854	1,779,827	2,444,780	4.16%
Sogou Inc	42,459	203,769	142,662	0.24%
So-Young International Inc	22,033	273,304	225,618	0.38%
Tencent Holdings Ltd	120,900	5,096,906	5,930,431	10.09%
Tencent Music Entertainment Group	122,728	1,627,167	1,234,644	2.10%
Tongcheng-Elong Holdings Ltd	327,200	536,596	460,138	0.78%
Trip.com Group Ltd	73,964	2,236,714	1,734,456	2.95%
Uxin Ltd	99,180	246,552	152,737	0.26%
Vipshop Holdings Ltd	167,366	1,772,580	2,607,562	4.43%
Weibo Corp	24,765	1,143,798	819,969	1.40%
Weimob Inc	544,000	298,973	344,610	0.59%
Yunji Inc	32,314	169,954	118,269	0.20%
<i>Total Communications</i>		<u>43,465,389</u>	<u>44,411,959</u>	<u>75.53%</u>
<i>Consumer, Non-cyclical</i>				
Koolearn Technology Holding Ltd	129,500	377,078	487,031	0.83%
TAL Education Group	54,290	2,226,371	2,891,485	4.92%
<i>Total Consumer, Non-cyclical</i>		<u>2,603,449</u>	<u>3,378,516</u>	<u>5.75%</u>
<i>Financial</i>				
360 Finance Inc	24,703	240,001	197,624	0.34%
Fanhua Inc	19,753	465,444	397,430	0.68%
FinVolution Group	68,554	208,420	122,026	0.21%
LexinFintech Holdings Ltd	42,048	444,313	372,966	0.63%
Qudian Inc	94,643	475,032	170,357	0.29%
Yixin Group Ltd	900,500	209,526	147,549	0.25%
ZhongAn Online P&C Insurance Co Ltd	132,600	475,782	437,957	0.74%
<i>Total Financial</i>		<u>2,518,519</u>	<u>1,845,909</u>	<u>3.14%</u>
<i>Technology</i>				
DouYu International Holdings Ltd	52,231	415,736	334,801	0.57%
GSX Techedu Inc	33,942	857,460	1,437,783	2.45%
HUYA Inc	24,418	483,265	413,885	0.70%
Kingsoft Corp Ltd	267,000	608,867	871,525	1.48%
NetEase Inc	7,952	2,180,044	2,552,274	4.34%

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

**KRANESHARES CSI CHINA INTERNET 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>Equities (continued)</b>						
<i>Technology (continued)</i>						
Qutoutiao Inc	52,133	223,318	124,598	0.21%		
Sina Corp	24,669	1,039,558	785,461	1.34%		
<i>Total Technology</i>		<u>5,808,248</u>	<u>6,520,326</u>	<u>11.09%</u>		
<u>China Total</u>		<u>54,395,604</u>	<u>56,156,710</u>	<u>95.51%</u>		
<u>Hong Kong</u>						
<i>Consumer, Cyclical</i>						
Alibaba Pictures Group Ltd	4,770,000	747,139	615,412	1.04%		
<i>Technology</i>						
NetDragon Websoft Holdings Ltd	92,000	207,169	221,961	0.38%		
<u>Hong Kong Total</u>		<u>954,308</u>	<u>837,374</u>	<u>1.42%</u>		
<u>Japan</u>						
<i>Government</i>						
Hyogo Prefecture	78,973	1,444,289	1,849,548	3.15%		
<u>Japan Total</u>		<u>1,444,289</u>	<u>1,849,548</u>	<u>3.15%</u>		
<b>Total Equities</b>		<u>56,794,202</u>	<u>58,843,632</u>	<u>100.08%</u>		
<b>Total financial assets at fair value through profit or loss</b>		<u>56,794,202</u>	<u>58,843,632</u>	<u>100.08%</u>		
<u>Description</u>	<u>Maturity Date</u>	<u>Amount Bought</u>	<u>Amount Sold</u>	<u>Fair Value USD</u>	<u>% of Net Assets</u>	
<b>Unrealised Loss on Forward Foreign Currency Contracts</b>						
(Counterparty: Brown Brothers Harriman)						
Buy HKD/Sell USD	02/04/2020	2,754,894	355,483	(9)	0.00%	
<b>Total Derivative Liabilities</b>				<u>(9)</u>	<u>0.00%</u>	
<b>Total financial liabilities at fair value through profit or loss</b>				<u>(9)</u>	<u>0.00%</u>	
<b>Total Financial Assets and Liabilities at Fair Value Through Profit or Loss</b>				<u>56,794,202</u>	<u>58,843,623</u>	<u>100.08%</u>
Cash and cash equivalents				36,074	0.06%	
Current liabilities				(80,520)	(0.14%)	
<b>Net assets attributable to holders of redeemable participating shares</b>				<u>58,799,177</u>	<u>100.00%</u>	
				<u>Fair Value USD</u>	<u>% of Total Assets</u>	
<b>Analysis of Total Assets</b>						
Transferable securities admitted to official stock exchange listing				58,843,623	97.62%	
Other Assets				1,436,086	2.38%	
<b>Total Assets</b>				<u>60,279,709</u>	<u>100.00%</u>	

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

**KRANESHARES CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**

Schedule of Investments (Unaudited) (continued)

As at 30 September 2019

*(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</b>				
<b>Equities</b>				
<u>China</u>				
<i>Communications</i>				
51job Inc	4,351	305,461	321,974	1.39%
58.com Inc	14,482	826,570	714,107	3.08%
Alibaba Group Holding Ltd	13,071	2,006,793	2,185,863	9.43%
Autohome Inc	8,479	648,353	704,859	3.04%
Baidu Inc	16,631	2,181,202	1,709,002	7.39%
Baozun Inc	5,800	209,527	247,660	1.07%
China Literature Ltd	55,000	269,408	186,972	0.81%
Ctrip.com International Ltd	27,003	779,500	790,918	3.42%
Fang Holdings Ltd	8,899	26,863	19,756	0.09%
iQIYI Inc	40,334	729,799	650,587	2.81%
JD.com Inc	51,369	1,236,142	1,449,119	6.25%
Meituan Dianping	210,000	1,494,175	2,145,700	9.26%
Pinduoduo Inc	45,725	987,278	1,473,260	6.36%
Sina Corp	9,715	508,332	380,731	1.64%
Sogou Inc	10,748	54,945	53,095	0.23%
Tencent Holdings Ltd	54,600	2,146,993	2,299,783	9.93%
Tencent Music Entertainment Group	66,287	912,740	846,485	3.65%
Tongcheng-Elong Holdings Ltd	294,400	598,726	452,149	1.95%
Uxin Ltd	25,403	55,048	62,237	0.27%
Vipshop Holdings Ltd	63,097	380,585	562,825	2.43%
Weibo Corp	9,538	471,552	426,826	1.84%
Wise Talent Information Technology Co Ltd	20,600	55,453	48,508	0.21%
YY Inc	9,204	595,113	517,541	2.23%
<i>Total Communications</i>		<u>17,480,558</u>	<u>18,249,957</u>	<u>78.78%</u>
<i>Consumer, discretionary</i>				
TAL Education Group	25,918	759,673	887,432	3.83%
<i>Financial</i>				
360 Finance Inc	2,380	31,392	21,182	0.09%
Fanhua Inc	6,642	170,662	176,876	0.76%
LexinFintech Holdings Ltd	11,390	95,732	114,242	0.49%
PPDAI Group Inc	27,518	113,005	79,802	0.34%
Qudian Inc	28,760	178,581	198,156	0.86%
Yirendai Ltd	1,738	22,788	12,201	0.05%
Yixin Group Ltd	359,500	86,888	83,920	0.36%
ZhongAn Online P&C Insurance Co Ltd	52,200	174,134	123,185	0.53%
<i>Total Financial</i>		<u>873,182</u>	<u>809,564</u>	<u>3.48%</u>

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



**KRANESHARES CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**

Schedule of Investments (Unaudited) (continued)

As at 30 September 2019

*(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</b>				
<b>Equities (continued)</b>				
<u>China (continued)</u>				
<i>Technology</i>				
Bilibili Inc	26,698	405,478	376,976	1.63%
Bitauto Holdings Ltd	5,134	77,278	76,856	0.33%
HUYA Inc	9,203	176,942	217,559	0.94%
iDreamSky Technology Holdings Ltd	66,800	42,300	35,959	0.16%
Kingsoft Corp Ltd	117,000	201,822	248,346	1.07%
Momo Inc	22,809	627,433	706,623	3.05%
NetEase Inc	3,537	818,278	941,479	4.06%
Qutoutiao Inc	20,114	90,827	74,422	0.32%
Weimob Inc	225,000	135,198	101,028	0.44%
<i>Total Technology</i>		<u>2,575,556</u>	<u>2,779,248</u>	<u>12.00%</u>
<u>China Total</u>		<u>21,688,969</u>	<u>22,726,201</u>	<u>98.09%</u>
<u>Hong Kong</u>				
<i>Consumer, Cyclical</i>				
Alibaba Pictures Group Ltd	2,150,000	358,789	348,305	1.50%
<i>Technology</i>				
NetDragon Websoft Holdings Ltd	37,000	70,512	86,088	0.37%
<u>Hong Kong Total</u>		<u>429,301</u>	<u>434,393</u>	<u>1.87%</u>
<b>Total Equities</b>		<u>22,118,270</u>	<u>23,160,594</u>	<u>99.96%</u>
<b>Total financial assets at fair value through profit or loss</b>			<u>23,160,594</u>	<u>99.96%</u>
Cash and cash equivalents			15,360	0.07%
Current liabilities			(7,551)	(0.03%)
<b>Net assets attributable to holders of redeemable participating shares</b>			<u>23,168,403</u>	<u>100.00%</u>
		<b>Fair Value USD</b>	<b>% of Total Assets</b>	
<b>Analysis of Total Assets</b>				
Transferable securities admitted to an official stock exchange listing		23,160,594	99.93%	
Other Assets		16,069	0.07%	
<b>Total Assets</b>		<u>23,176,663</u>	<u>100.00%</u>	

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

**KRANESHARES CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**  
Statement of Comprehensive Income (Unaudited)

For the period ended 31 March 2020  
*(Expressed in United States Dollars)*

	Note	USD For the period ended 31 March 2020	USD For the period ended 31 March 2019 <sup>1</sup>
<b>Investment income</b>			
Dividend income	2(d)	59,140	12,366
Other income		188	-
Net gain on financial assets and liabilities at fair value through profit or loss	2(d)	1,127,702	5,930,457
Net loss on foreign exchange translation	2(d)	(529)	4,384
Total gain		<u>1,186,501</u>	<u>5,947,207</u>
<b>Expenses</b>			
TER fees	5	<u>172,892</u>	<u>96,596</u>
Total expenses		<u>172,892</u>	<u>96,596</u>
Profit before tax		1,013,609	5,850,611
<b>Net increase in net assets resulting from operations attributable to holders of redeemable participating shares</b>		<u><u>1,013,609</u></u>	<u><u>5,850,611</u></u>

<sup>1</sup> The Fund commenced operations on 21 November 2018.

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 CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**

## Statement of Changes in Equity (Unaudited)

For the period ended 31 March 2020

*(Expressed in United States Dollars)*

	USD For the period ended 31 March 2020	USD For the period ended 31 March 2019 <sup>1</sup>
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the period</b>	23,168,403	-
Subscriptions of redeemable participating shares during the period	37,541,127	35,235,360
Redemptions of redeemable shares redeemed during the period	(2,923,963)	-
Net increase in net assets resulting from operations attributable to holders of redeemable participating shares	<u>1,013,609</u>	<u>5,850,611</u>
<b>Net assets attributable to holders of redeemable participating shares at the end of the period</b>	<u><b>58,799,177</b></u>	<u><b>41,085,971</b></u>

<sup>1</sup> The Fund commenced operations on 21 November 2018.*The accompanying notes form an integral part of these financial statements.*

**KRANESHARES CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**  
Statement of Cash Flows (Unaudited)

For the period ended 31 March 2020  
*(Expressed in United States Dollars)*

	USD For the period ended 31 March 2020	USD For the period ended 31 March 2019 <sup>1</sup>
<b><i>Cash flows from operating activities:</i></b>		
Net increase in net assets resulting from operations attributable to holders of redeemable participating shares	1,013,609	5,850,611
<b>Operating profit before working capital charges</b>	<u>1,013,609</u>	<u>5,850,611</u>
Net increase in financial assets and financial liabilities at fair value through profit or loss	(35,683,029)	(41,084,340)
Increase in subscriptions receivable	(1,400,012)	-
Decrease/(increase) in other receivables	709	(2,846)
Increase in redemptions payable	1,403,607	-
Increase in other fees payable	68,665	12,221
<b>Cash used in operations</b>	<u>(35,610,060)</u>	<u>(41,074,965)</u>
<b>Net cash used in operating activities</b>	<u>(34,596,451)</u>	<u>(35,224,354)</u>
<b><i>Cash flows from financing activities</i></b>		
Subscriptions of redeemable participating shares during the period	37,541,127	35,235,360
Redemptions of redeemable shares redeemed during the year	(2,923,963)	-
<b>Net cash provided by financing activities</b>	<u>34,617,165</u>	<u>35,235,360</u>
<b>Net increase in cash and cash equivalents</b>	20,714	11,006
Cash and cash equivalents at start of the period	15,360	-
Cash and cash equivalents at end of the period	<u>36,074</u>	<u>11,006</u>

<sup>1</sup> The Fund commenced operations on 21 November 2018.

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

**KRANESHARES CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**  
Notes to the Financial Statements (Unaudited)

For the period ended 31 March 2020  
(Expressed in United States Dollars)

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**1. Nature of operations**

The KraneShares CSI China Internet UCITS ETF (the “Fund”) is a sub-fund of KraneShares ICAV (the “ICAV”). The Fund commenced operations on 21 November 2018. 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 2015, as amended (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 MCSI China A Share UCITS ETF	26 June 2019
KraneShares MSCI China ESG Leaders UCITS ETF	4 February 2020

The investment 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 publicly traded China-based companies whose primary business or businesses are in the Internet and Internet-related sectors and which are listed outside of China (“China Internet Companies”).

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 – Depository and Custodial Services (Ireland) Limited (the “Depository”) is the depository. Brown Brothers Harriman 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 Depository’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 comparative financial statements as at 30 September 2019 on the Statement of Financial Position and related notes; and for the period ended 31 March 2019 on the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and related notes.

**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 CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**  
Notes to the Financial Statements (Unaudited) (continued)

For the period ended 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.

**(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'.

For the period ended 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 designed 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 CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**  
Notes to the Financial Statements (Unaudited) (continued)

For the period ended 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 CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**  
Notes to the Financial Statements (Unaudited) (continued)

For the period ended 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 CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**  
Notes to the Financial Statements (Unaudited) (continued)

For the period ended 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.

For the period ended 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 58,843,632 (30 September 2019: USD 23,160,594) 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 CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**  
Notes to the Financial Statements (Unaudited) (continued)

For the period ended 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 CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**  
Notes to the Financial Statements (Unaudited) (continued)

For the period ended 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 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.

<b>Class</b>	<b>Minimum Subscription Amount</b>	<b>Initial Offer Price</b>	<b>Hedged</b>
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 of the London Stock Exchange, and to trading on the Main Securities Market of Euronext Dublin and Euronext Amsterdam. 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 and Euronext Amsterdam on launch. Currently one share class, the Class USD, has launched and been listed on the Official List, Main Securities Market and Euronext Amsterdam.

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.

There were no externally imposed capital requirements.

**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 CSI CHINA INTERNET UCITS ETF (a sub-fund of KraneShares ICAV)**  
Notes to the Financial Statements (Unaudited) (continued)

For the period ended 31 March 2020  
(Expressed in United States Dollars)

**4. Share capital (continued)**

**Redemptions (continued)**

The net assets and NAV per share of each class of shares as at 31 March 2020 and 30 September 2019 were as follows:

**31 March 2020**

<b>Class</b>	<b>Number of shares</b>	<b>NAV per share</b>	<b>Net Assets per Share Class USD</b>
Class USD	2,100,000	\$27.9996	58,799,177

**30 September 2019**

<b>Class</b>	<b>Number of shares</b>	<b>NAV per share</b>	<b>Net Assets per Share Class USD</b>
Class USD	900,000	\$25.743	23,168,403

Transactions in the shares of the Fund for the period ended 31 March 2020 and year ended 30 September 2019 were as follows:

**31 March 2020**

<b>Class</b>	<b>Shares at start of period</b>	<b>Shares Issued</b>	<b>Shares Redeemed</b>	<b>Shares at end of period</b>
Class USD	900,000	1,300,000	(100,000)	2,100,000

**30 September 2019**

<b>Class</b>	<b>Shares at start of period</b>	<b>Shares Issued</b>	<b>Shares Redeemed</b>	<b>Shares at end of period</b>
Class USD	-	1,800,000	(900,000)	900,000

**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.

<b>Class</b>	<b>TER</b>
Class USD	75 bps
Class EUR	75 bps
Class GBP	75 bps

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

For the period ended 31 March 2020  
(Expressed in United States Dollars)

**5. Fees and Expenses (continued)**

**TER Fees (continued)**

During the period ended 31 March 2020, the Fund incurred fees of USD 172,892 (31 March 2019: USD 95,596) in TER fees and as at 31 March 2020, USD 76,925 (30 September 2019: USD 8,260) 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.

<b>AUM</b>	<b>Basis Points</b>
Up to €1,000,000,000	2.5
€1,000,000,001 and upwards	1.75

During the period ended 31 March 2020, the Fund incurred USD 15,764 (EUR 14,235) (31 March 2019: USD 26,631 (EUR 24,271)) in management fees, MLRO fees, OOP fees and AP fees. As at 31 March 2020, USD 37,659 (EUR 34,322) (30 September 2019: USD 29,302 (EUR 26,878)) 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 Manager.

**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

<b>Net Assets</b>	<b>Basis Points</b>
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 above fees 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 32,221 (31 March 2019: USD 18,057) in administration fees and as at 31 March 2020, USD 44,722 (30 September 2019: USD 12,501) 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.

**Transaction Fees**

Transaction fees of USD 34,536 (31 March 2019: USD 29,611) are included within net gains/(losses) on financial assets at fair value through profit or loss.

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

For the period ended 31 March 2020  
(Expressed in United States Dollars)

**5. Fees and Expenses (continued)**

**Depository 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.

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
Depository 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 10,000 (31 March 2019: USD 7,222) in depository fees and as at 31 March 2020 USD 11,930 (30 September 2019: USD 1,930) remained payable. The Manager pays out of its fees (and not out of the assets of the Fund) the fees and expenses of the Depository.

**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 USD 4,945 (31 March 2019: USD 10,951) in Directors fees of which USD 10,132 (31 March 2019: USD 26,250) is allocated to this Fund. The 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 rates as at 31 March 2020, 30 September 2019 and 31 March 2019 used in the production of these financial statements to the presentation currency of USD were as follows:

	31 March 2020	30 September 2019	31 March 2019
HKD	0.12902	0.12757	0.12739

**7. Fair value measurement (continued)**

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.



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

For the period ended 31 March 2020  
(Expressed in United States Dollars)

**7. Fair value measurement**

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.

The tables below analyses the Fund's assets and liabilities measured at fair value as at 31 March 2020 and 30 September 2019 by the level in the fair value hierarchy into which the fair value measurement is categorised:

<b>31 March 2020</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	58,843,623			58,843,623
	<u>58,843,623</u>	-	-	<u>58,843,623</u>

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.

<b>30 September 2019</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	23,160,594	-	-	23,160,594
	<u>23,160,594</u>	-	-	<u>23,160,594</u>

Transfers between levels are recognised at the end of the reporting year. There were no transfers between levels during the year ended 30 September 2019.

**8. Related Parties and Connected Persons**

**Related Party Transactions**

The following parties are considered related parties:

- The Directors
- DMS Investment Management Services (Europe) Limited - Manager
- Krane Fund Advisors, LLC – Investment Manager

Expenses charged during the period ended 31 March 2020 by the Manager and Investment Manager are detailed in Note 5.

DMS Investment Management Services (Europe) Limited, the Manager of the Fund, receives fees which are paid in line with the underlying Management Agreement (see Note 5).

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

In line with the Administration Agreement dated 11 October 2018, SEI Investments – Global Fund Services Limited, the Administrator receives fees under the terms of this agreement and is due fees for provision of Administration Services (see Note 5).

In line with the Depositary Agreement dated 11 October 2018, SEI Investments - Depositary and Custodial Services (Ireland) Limited, the Depositary receives fees under the terms of this agreement and is due fees for provision of Depositary Services (see Note 5).

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

For the period ended 31 March 2020  
(Expressed in United States Dollars)

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

**Related Party Transactions (continued)**

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. There were no fees charged in relation to MLRO services.

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.

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 and 31 March 2019.

**10. Commitments and contingent liabilities**

As at 31 March 2020 and 30 September 2019, 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 and 31 March 2019.

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

For the period ended 31 March 2020  
(Expressed in United States Dollars)

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

An updated supplement for the Fund was issued on 18 October 2019 to provide for the following:

*Key information*

- As amendment to the offer period of Class EUR and Class GBP shares, to now be from 8am on 21 October 2019 to 5pm on 20 April 2020;
- An additional Listing Stock Exchange – Euronext Amsterdam;
- A Business Day has been defined as a day on which commercial banks are open and settle payments in London, Hong Kong and New York, excluding days and on which such commercial banks are open only half a day.

*Distributions*

The Fund has determined to accumulate all net investment income and net realised capital gains attributable to the Class USD, Class EUR Shares and Class GBP Shares and therefore does not intend to declare dividends in respect of Shares in such Share Classes.

*Listing*

Shares have been admitted to the Official List of the London Stock Exchange and to trading on the Main Securities Market of Euronext Dublin and to trading on each of the Listing Stock Exchanges. Shares may also be admitted to trading on other stock exchanges.

On 4 February 2020, a sub-fund of the ICAV, KraneShares MSCI China ESG Leaders UCITS ETF commenced operations.

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 CSI CHINA INTERNET 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>
Alibaba Group Holding Ltd	(3,638,612)
Meituan Dianping	(3,426,231)
Tencent Holdings Ltd	(3,397,758)
Baidu Inc	(2,553,801)
JD.com Inc	(2,532,882)
Pinduoduo Inc	(2,304,564)
TAL Education Group	(1,732,872)
NetEase Inc	(1,547,678)
Vipshop Holdings Ltd	(1,479,178)
iQIYI Inc	(1,399,765)
Momo Inc	(1,303,542)
58.com Inc	(1,302,360)
Tencent Music Entertainment Group	(1,192,093)
Hyogo Prefecture	(1,107,748)
Autohome Inc	(1,053,792)
Trip.com Group Ltd	(860,862)
GSX Techedu Inc	(857,460)
Weibo Corp	(769,152)
Ctrip.com International Ltd	(707,761)
51job Inc	(605,963)
Sina Corp	(596,342)
Tongcheng-Elong Holdings Ltd	(551,383)
YY Inc	(550,454)
Alibaba Pictures Group Ltd	(462,697)
Kingsoft Corp Ltd	(434,694)

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

**KRANESHARES CSI CHINA INTERNET 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>
Meituan Dianping	1,427,089
Pinduoduo Inc	1,373,567
Baidu Inc	538,917
JD.com Inc	499,073
Tencent Holdings Ltd	472,526
Tongcheng-Elong Holdings Ltd	458,877
Alibaba Group Holding Ltd	437,906
Tencent Music Entertainment Group	397,794
TAL Education Group	365,392
NetEase Inc	216,655
iQIYI Inc	157,066
58.com Inc	125,192
Autohome Inc	105,675
Trip.com Group Ltd	98,480
Momo Inc	93,784
Weibo Corp	88,271
Vipshop Holdings Ltd	87,310
Wise Talent Information Technology Co., Ltd.	81,216
Idreamsky Technology	71,809
Hyogo Prefecture	69,887

The above sales represent the top 20 sales during the period.

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.