

KRANESHARES ICAV

KraneShares ICBCCS S&P China 500 UCITS ETF

20 February 2024

(A sub-fund of KraneShares ICAV, an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds with registered number C181441 authorised by the Central Bank of Ireland pursuant to the UCITS Regulations).

This Supplement (the “Supplement”) forms part of the Prospectus dated 20 February 2024 (the “Prospectus”) in relation to KraneShares ICAV (the “ICAV”) for the purposes of the UCITS Regulations. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the KraneShares ICBCCS S&P China 500 UCITS ETF (the “Sub-Fund”) which is a separate sub-fund of the ICAV.

The Sub-Fund is an Index Tracking Sub-Fund.

Prospective investors should review this Supplement and the Prospectus carefully and in their entirety and consider the risk factors set out in the Prospectus and in this Supplement before investing in this Sub-Fund. If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant and/or financial adviser. An investment in the Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

The Directors, as listed in the “*Management*” section of the Prospectus accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

KEY INFORMATION

Unless otherwise defined herein or unless the context otherwise requires, all defined terms used in this Supplement shall bear the same meaning as in the Prospectus.

Base Currency	USD
Business Day	any full day on which banks and stock exchanges are open for normal business banking in China, Hong Kong, UK and US, including days on which such commercial banks are open only half a day.
CNH	Offshore RMB, accessible outside the PRC and traded primarily in Hong Kong. The government of the PRC introduced this currency in July 2010 to encourage trade and investment with entities outside the PRC.
Dealing Deadline	For cash subscriptions and redemptions, 5 pm (Irish time) on the Business Day immediately prior to each Dealing Day.
Index	S&P China 500 Index.
Index Provider	Standard & Poor's Financial Services LLC.
Listing Stock Exchange	Euronext Dublin, London Stock Exchange, Borsa Italiana, Xetra
Minimum Subscription Amount	50,000 Shares (for in-kind subscriptions) or cash equivalent (for cash subscriptions)
Offer Period	9am on 21 February 2024 to 5pm on 20 August 2024 or such earlier or later date as the Directors may determine.
RMB	Renminbi, the official currency of the PRC; is used to denote the Chinese currency traded in the onshore (CNY) renminbi and the offshore (CNH) renminbi markets (primarily in Hong Kong). The value of CNY and CNH may be different.
Settlement Deadline	Appropriate cleared subscription monies must be received on the Business Day immediately prior to each Dealing Day, or such later date as may be determined by the ICAV and notified to prospective investors from time to time.
Valuation	The Net Asset Value per Share is calculated in accordance with the " <i>Determination of Net Asset Value</i> " section of the Prospectus, using the official closing price published by the relevant exchange.
Valuation Point	Close of business on the New York Stock Exchange on each Valuation Day or such other time as the Directors may determine in respect of the Sub-Fund from time to time and notify to Shareholders in advance.

The following Share Classes are available in the Sub-Fund:

Class	Initial Offer Price	TER
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Class USD	N/A	0.55%
Class CNH	25	0.55%
Class EUR	25	0.55%

Shares will be issued as described in the "*Subscriptions – Primary Market*" section.

INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective. The objective of the Sub-Fund is to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the investable universe of the largest and most liquid publicly traded Chinese companies ("**China Companies**").

Investment Policy. The investment policy of the Sub-Fund is to track the performance of the Index (or such other index determined by the Directors from time to time as being able to track substantially the same market as the Index and which is considered by the Directors to be an appropriate index for the Sub-Fund to track, in accordance with the Prospectus), as closely as possible, regardless of whether the Index level rises or falls, while seeking to minimise as far as possible the tracking error between the Sub-Fund's performance and that of the Index. Any determination by the Directors that the Sub-Fund should track another index at any time shall be subject to the provision of reasonable notice to Shareholders to enable any Shareholders who wish to do so to redeem their Shares prior to implementation of this change and the Supplement will be updated accordingly.

Under normal circumstances, the Sub-Fund invests at least 80% of its net assets in securities or depositary receipts representing securities of the Index.

The Index comprises 500 of the largest, most liquid Chinese Companies, weighted by float-adjusted market capitalisation, while approximating the sector composition of the broader Chinese equity market. The largest companies (measured by total market cap, including all share classes) are selected within each GICS® sector with the goal of matching the sector weights of the broader S&P Total China BMI Domestic. All Chinese share classes, including A-shares and offshore listings, as listed in the "*Instruments / Asset Classes*" section are eligible for inclusion. Rebalancing occurs semi-annually, effective at the close of trading on the third Friday of June and December.

The Index Provider is independent of the ICAV and the Investment Manager. Further details on the Index, including in respect of the composition of the Index, as may be updated from time to time and information on the exact methodology of the Index, can be found on <http://supplemental.spindices.com/supplemental-data/europe>.

In order to seek to achieve the Sub-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. Further information on the use of the replication methodology can be found under "*Index Tracking Sub-Funds*" in the "*Investment Objectives and Policies*" section of the Prospectus. The Sub-Fund may in certain, limited circumstances, where replication of the Index is not reasonably practical (for example as a result of the illiquidity or unavailability of certain securities within the Index) or possible (for example as a result of applicable legal, regulatory or similar reasons referred to above), invest in instruments that are not included in the Index but which the Investment Manager believes will help the Sub-Fund replicate the Index, e.g. securities which provide similar price and yield performance and risk

profiles to constituents of the Index. These investments may include equity securities and depositary receipts of issuers whose securities are not components of the Index.

Although the Index is generally well diversified, because of the market it reflects it may, depending on market conditions, contain constituents issued by the same body that may represent more than 10% of the Index. In order for the Sub-Fund to track the Index accurately, the Sub-Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations. These limits permit the Sub-Fund to hold positions in individual constituents of the Index issued by the same body of up to 20% of the Sub-Fund's Net Asset Value.

Instruments / Asset Classes. The following types of China-related equity securities may be included in the Index and/or represent investments of the Sub-Fund:

- *China A-Shares* of China Companies incorporated in mainland China and traded on Chinese exchanges. China A-Shares are primarily purchased and sold in the domestic Chinese market. To the extent the Sub-Fund invests in China A-Shares, it will do so through a QFII or RQFII license obtained by the Investment Manager and/or the sub-investment manager of the Sub-Fund and/or the Shanghai-Hong Kong Stock Connect Program or Shenzhen-Hong Kong Stock Connect Program.
- *China B-Shares* of China Companies listed on the Shanghai or Shenzhen Stock Exchange but quoted and traded in foreign currencies (such as Hong Kong Dollars or U.S. Dollars), which were primarily created for trading by foreign investors.
- *China H-Shares* of China Companies incorporated in mainland China and listed on the Hong Kong Stock Exchange, where they are traded in Hong Kong Dollars and may be traded by foreign investors.
- *China N-Shares* of China Companies with business operations in mainland China and listed on an American stock exchange, such as NYSE or NASDAQ.
- *P-Chips* of private sector China Companies with a majority of their business operations in mainland China and controlling private Chinese shareholders, which are incorporated outside of mainland China and traded on the Hong Kong Stock Exchange in Hong Kong Dollars.
- *Red Chips*, which are shares of China Companies with a majority of their business operations in mainland China and controlled by the central, provincial or municipal governments of the PRC, whose shares are traded on the Hong Kong Stock Exchange in Hong Kong Dollars.
- *S-Chips*, which are shares of China Companies with business operations in mainland China and listed on the Singapore Exchange. S-Chip shares are issued by companies incorporated anywhere, but many are registered in Singapore, the British Virgin Islands, the Cayman Islands or Bermuda.
- Global Depositary Receipts as alternatives to directly purchasing the above equity securities in their national markets and currencies.

The Sub-Fund may invest in Index components that rely on VIE structures to gain indirect exposure to the types of securities described above. The Sub-Fund's exposure to such structures is expected to be approximately equal to the proportion of the Index which such structures represent and may therefore

vary over time, in line with the performance of the Index. As at 14 April 2023 VIE structures represented 19.2% of the Index. Please see the "*Investment Risks*" section below for further details in this respect.

The securities in which the Sub-Fund invests will be primarily listed or traded on Recognised Markets globally, although the Sub-Fund may also invest in unlisted securities in accordance with the limits set out in the UCITS Regulations. In normal circumstances, the Sub-Fund may hold up to 10% of its Net Asset Value in ancillary liquid assets (deposits, certificates of deposit, commercial paper and fixed rate bonds issued by governments which are rated investment grade) in accordance with the UCITS Regulations, provided however that this restriction will not apply following large subscriptions and/or large redemptions to/from the Sub-Fund. The Sub-Fund may also, subject to a maximum of 10% of its Net Asset Value, invest in other regulated, open-ended collective investment schemes, including ETFs, as described under "*Investment in other Collective Investment Schemes*" in the "*Investment Objectives and Policies*" section of the Prospectus, where the objectives of such funds are consistent with the objective of the Sub-Fund. Such funds may be advised, sponsored or otherwise serviced by the Investment Manager or an affiliate.

The Sub-Fund does not currently use financial derivative instruments.

Sustainable Finance. The Sub-Fund's investment policy and the nature of the Index means that the Investment Manager will not generally be able to take Sustainability Risks into account in making investment decisions, as such decisions will be driven instead by the constituents of the Index. Investors should refer to the "*Sustainable Finance*" section of the Prospectus for further details with respect to Sustainability Risk and ESG Integration for the Sub-Fund.

Risk Management. The expected proportion of the assets under management of the Sub-Fund that could be subject to securities lending will be 0%, subject to a maximum of 50%. The Sub-Fund will not have any exposure to repurchase agreements or total return swaps.

For information in relation to the difficulties associated with tracking indices, please refer to "*Index Tracking Risk*" in the "*Risk Information*" section of the Prospectus. It is currently anticipated that the tracking error of the Sub-Fund will be up to 1% under normal market conditions. The causes of tracking error can include but are not limited to the following: holdings/size of the Sub-Fund, cash flows, such as any delays in investing subscription proceeds into the Sub-Fund or realising investments to meet redemptions, fees and the frequency of rebalancing against the Index.

Portfolio Holding Disclosure Policy. The Sub-Fund will publicly disclose its complete holdings on a daily basis. Details of the Sub-Fund's holdings and full disclosure policy may be found at: www.kraneshares.eu.

SUB-INVESTMENT MANAGER

As at the date of this Supplement, the Investment Manager has appointed ICBC Credit Suisse Asset Management (International) Company Limited ("**ICBCCS**"), having its registered office at Suite 801, 8F, ICBC Tower, 3 Garden Road, Central, Hong Kong as a sub-investment manager to the Sub-Fund. ICBCCS is authorised as an investment manager and advisor registered with the Hong Kong Securities and Futures Commission. ICBCCS had US\$ 1,209,621,743.93 in assets under management as at 31 October 2023. ICBCCS was appointed to the ICAV pursuant to a sub-investment management agreement dated 28 April 2021, as amended from time to time (the "**Sub-IMA**").

Pursuant to the Sub-IMA, ICBCCS shall not be liable for any loss or damage arising directly or indirectly

out of or in connection with the performance by ICBCCS of its obligations and duties thereunder unless such loss or damage arose out of or in connection with its negligence, recklessness, fraud, bad faith or wilful default or breach of the terms of the Sub-IMA of or by ICBCCS in the performance of its duties thereunder. In no circumstances shall either the Investment Manager or ICBCCS be liable for special, indirect or consequential damages, or for lost profits or loss of business, arising out of or in connection with the performance or non-performance of their respective duties, or the exercise of their respective powers, under the Sub-IMA.

The Sub-IMA shall continue in force until termination pursuant to that agreement. The Investment Manager or ICBCCS may terminate the Sub-IMA at any time, without the payment of any penalty, upon at least ninety (90) days' notice in writing to the other party. The Sub-IMA shall terminate forthwith upon; (i) the termination of the Investment Management Agreement between the Management Company and the Investment Manager; (ii) the revocation of authorisation of the ICAV; or (iii) the revocation of approval, howsoever arising, of the Sub-Fund.

INVESTMENT RISKS

Investment in the Sub-Fund carries with it a degree of risk including the risks described in the "*Risk Information*" section of the Prospectus. These risks are not intended to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before purchasing Shares. In addition, investors should be aware of the risks headed "*Country Concentration*", "*Equity Related Risks*", "*A-Shares Risk*", "*Emerging Markets Including China*", "*Sustainability Risk*" and "*Index Related Risks*" in the "*Risk Information*" section of the Prospectus.

The Sub-Fund will invest in China A-Shares through the Stock Connect Programs which may entail additional clearing, settlement, regulatory, operational and counterparty risk, quota limitations and other operational constraints (as set out in the Prospectus).

The Sub-Fund may invest in a single country or a small number of countries and as a result may have greater exposure to market, political, legal, economic and social risks of those countries than a Sub-Fund which diversifies country risk across a greater number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate. The consequences of these actions, and others such as confiscation of assets, could be to hinder the normal operation of the Sub-Fund with regard to the purchase and sale of investments and possibly the ability to meet redemptions. In such cases, the Sub-Fund may be suspended and investors may not be able to acquire or redeem Shares. These and other actions could also adversely affect the ability to price investments in the Sub-Fund which could affect the Net Asset Value of the Sub-Fund in a material way.

The Sub-Fund may invest in Variable Interest Entity (VIE) structures. An investment in a VIE structure is an investment in a company which indirectly maintains contractual arrangements with an underlying China-based operating company and does not constitute a direct investment in the underlying China-based operating company. VIE structures do not provide ownership or voting rights in the underlying company but give exposure to the financial performance of such companies. VIE structures are used commonly by many China-based operating companies due to Chinese government restrictions on direct foreign ownership of companies in certain industries.

If any of the following occur, the market value of the Sub-Fund's holdings in VIEs would likely fall, causing investment losses for the Sub-Fund:

- The Chinese company engages in activity that negatively impacts its investment value. The VIE's ability to control the activities of the Chinese company is limited.
- Intervention by the Chinese government adversely affects the enforceability of the VIE's contractual arrangements with the Chinese company and thereby the value of the VIE's shares.
- The Chinese government determines that the agreements establishing the VIE structure do not comply with Chinese law and regulations, including those related to prohibitions on foreign ownership.
- If legal formalities are not observed in connection with the agreements, if the agreements are breached or if the agreements are otherwise determined not to be enforceable this may jeopardise the VIE's control over the Chinese company.

INVESTOR PROFILE

Typical investors in the Sub-Fund are expected to be investors who want to take long term exposure to the performance of large China based companies.

SUBSCRIPTIONS – PRIMARY MARKET

Shares in Share Classes which have not already launched at the date of this Supplement will be available during the Offer Period at the Initial Offer Price per Share set out above under “Key Information” or such other amount as determined by the Investment Manager and communicated to investors prior to investment.

After the Closing Date, Shares will be issued on each Dealing Day at the appropriate Net Asset Value per Share with an appropriate provision for Duties and Charges in accordance with the provisions set out below and in the Prospectus. Investors may subscribe for Shares for cash on each Dealing Day by making an application by the Dealing Deadline in accordance with the requirements set out below and in the “*Purchase and Sale Information*” section of the Prospectus. Consideration, in the form of cleared subscription monies/securities, must be received by the applicable Settlement Deadline.

REDEMPTIONS – PRIMARY MARKET

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, in accordance with the provisions set out in this section and at the “*Purchase and Sale Information*” section of the Prospectus. 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.

FEES AND EXPENSES

The TER for each Class is set out in the table in the “*Key Information*” section above. For the avoidance of doubt, the fees of the Sub-Investment Manager will be paid out of the TER.

Further information in this respect is set out in the “*Fees and Expenses*” section of the Prospectus.

DISTRIBUTIONS

The Sub-Fund may distribute Net Income in respect of the Shares annually, in accordance with the provisions set out in the “*Distributions*” section of the Prospectus.

LISTING

Application has been made for the Shares to be admitted to the Official List and to trading on the Regulated 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.

INDEX DISCLAIMER

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